# THE INFLUENCE OF PRODUCT QUALITY, PRICE, STORE ATHMOSPHERE, AND PROMOTION EFFECTIVENESS ON CONSUMER PURCHASE DECISION OF FLINDERS LANE ESPRESSO MANADO

*PENGARUH KUALITAS PRODUK, HARGA, SUASANA TOKO, DAN EFEKTIVITAS PROMOSI TERHADAP KEPUTUSAN PEMBELIAN DI FLINDERS LANE MANADO*

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## ABSTRACT

*Culinary industry already became one of the most industry that are developing right now. The study object is Flinders Lane Espresso Manado. The study aims to analyze the product quality, price, and promotion effectiveness to consumer purchase decision partially and simultaneously. 43 customers of Flinders Lane Espresso Manado were surveyed as respondents. As a result, the customer have realized that for any restaurant it is become an important thing to have a good quality of their product also combine it with an affordable price. Then, the customer really attracted with the quality of the product and less attracted with the store athmosphere. So as the recommendation for Flinders Lane Espresso, they should change the arrangement of Flinders to have a better relationship with the customer and for the better benefit for Flinders itself.*

*Keywords: Product Quality, Price, Store Athmosphere, Promotion Effectiveness, Consumer Purchase Decision*

## ABSTRAK

Industri kuliner telah menjadi salah satu industri yang sedang berkembang. Penelitian ini bertujuan untuk menganalisa pengaruh dari kualitas produk, harga, suasana toko, dan eve04ktivitas promosi terhadap keputusan pembelian di Flinders Lane Espresso per bagian dan keseluruhan. Penelitian ini menggunakan analisa reggresi berganda untuk menganalisa data dengan 43 jumlah responden. Hasilnya terdapat pengaruh positif dari kualitas produk, harga, dan efektivitas promosi terhadap keputusan pembelian per bagian maupun keseluruhan dan terdapat juga pengaruh negatif dari suasana toko terhadap keputusan pembelian. Para pengunjung sadar bahwa sangat penting bagi restoran untuk mengutamakan kualitas produk mereka dikombinasikan dengan harga yang terjangkau. Dari hasil kuesioner para pengunjung lebih tertarik dengan kualitas produk dan tidak terlalu tertarik dengan suasana toko. Sebagai rekomendasi untuk mengubah tata ruang didalamnya untuk mrnjaga hubungan baik dengan  pengunjung.

Kata Kunci: Kualitas Produk, Harga, Suasana Toko, Eve04ktivitas Promosi, Keputusan Pembelian

## 1.  INTRODUCTION

### 1.1.  Research Background

In today's society consumers are experiencing more time pressures and have a need to escape from hectic and stressful days. Thus, a new-wave of lifstyle is become apparent to the mostly city urban living. Many people especially teenager or young adult had no longer spent their time playing at home or study at their bedroom or just stuck at their office, but they go to hanging out by visiting any restaurant or cafe. This become a new trends of lifestyle.  Meanwhile, restaurant and cafe are booming right now, as the improvement of many development in this Manado City; development of restaurant and cafe are included as one of most important indicator in local economic growth. Not only talking about the trend itself, it will directly associate to the Consumer Behavior about Purchase Decision. Consumer behaviour is defined as the behaviour that consumer display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items that includes what they buy, why they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it. It is really important to know what kind of product they need and how much it could satisfy them to buy.

Flinders Lane Espresso come out with something new that they would like to offer. Flinders Lane Espresso introduce themselves as a new restaurant with a new concept based on the true experiences of the owner. The owner of Flinders Lane Espresso have lived 8 years in Melbourne, Australia for her education. Along her life there, she has her own favorite restaurant. And she is trying to bring those restaurant here, in Manado City.

### 1.2.  Research Objectives
This research aims are to analyse the influence of:
1.  To analyze any significant effect of Product Quality, Price, Store Atmosphere, Promotion Effectiveness on Consumer Purchase Decision stimultaneously
2.  To analyze any significant effect of Perceived Quality Product on Consumer Purchase Decision Partially
3.   To analyze any significant effect of Price on Consumer Purchase Decision Partially
4.  To analyze any significant effect of Store Atmosphere on Consumer Purchase Decision Partially
5.  To analyze any significant effect of Promotion Effectiveness on Consumer Purchase Decision partially

## 2.  THEORETCAL REVIEW

### 2.1. Marketing

Kotler, (2009:31) : "Marketing is the processes of planning and executing and conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfied individual and organizational goals". Marketing has often been defined in terms of satisfying costumer's needs and wants. A critic, however, maintains that marketing does much more than that and creates needs and wants that did not exist before. According McDaniel, (2011:3) : "Marketing is the activity, set of institutions, and processes of creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large". Marketing involves more than just activities performed by a

group of people in a defined area or department. Marketing entails processes that focus on delivering value and benefits to customers, not just selling goods, services, and/or ideas.

## 2.2. Product Quality

Product Quality means that a product meets customer needs leading to customer satisfaction, and quality also means all of the activities in which business engages in, to ensure that the product meets customer needs. Product quality is rapidly becoming an important competitive issue. Many people looking forward to get a product with a quality that can fulfill their needs. It can be define as a wants from customer to get a product with a good quality to complete their needs.

## 2.3. Price

In ordinary usage, price is the quantity of payment or compensation given by one party to another in return for goods or services. In modern economies, prices are generally expressed in units of some forms of currency. Price sometimes refers to the quantity of payment requested by a seller of goods or services, rather than the eventual payment amount. Economist sometimes define price more generally as the raio of the quantities of goods that are exchanfed for each other.

## 2.4. Store Athmosphere

The influence of the environment on behavior has long been acknowledged by retailers, architects and interior designers. Store atmospherics is formed by different components frequently called « atmosphere factors » such as music, smell, and colors. The dealers have to act on it to modify the behavior of the consumer ."There is a surprising lack of empirical research and theoretically based frameworks addressing the role of physical surroundings in consumption settings ". In more recent times Spangenberg et al (2005) point out that "although environmental stimuli have been found to influence shopping behavior, empirical knowledge of how these variables interact to affect shopper perceptions and actions is lacking".

## 2.5. Promotion Effectiveness

Promotions are a key element in any retailer's arsenal of tools to help drive customer traffic. They are especially important during the holiday season. And, in an economy still fraught with uncertainty, some customers are hardwired only to purchase products on sale. Promotions are crucial for retailers to cummunicate when new products are available and when they are offering discounts for the items their shoppers want to buy.

## 2.6. Consumer Behaviour

According to Solomon (2011:33), Consumer Behavior is the study of the processes involved when individuals or group select, purchase, use, or dispose of product, services, ideas, or experience to satisfy needs and desires. So consumer behavior is the process when the consumer select, purchase, and finally use the product or services. According to Lovelock and Wirtz (2011:58), service communication can be divided into three principles stages : prepurcase, service encounter, and postencounter.
1. The pre - purchases stages consist of following four steps :
    1. Awareness of needs: The decision to buy or use a service is triggered by a person's or organization need. The awareness of a need will drive an information search and evaluation of alternatives before a decisions is reached.

2.  Information search: Once a need has been recognized, customers are motivated to search for the solution to satisfy the need.

3.  Evaluating alternatives: When being faced with several alternatives, customers need to compare and evaluate the different service offering, and when evaluating competing services, customers try to asses the likely performances of each service on service attributes that are important to them and choose the service that is expected to best meet their needs.

4.  Purchase Decision: after customers have evaluated possible alternatives by comparing the performances of important attributes of competing service offerings, assesings the perceived risk associated with each offering, and developing their desired, adequate, and predicted service level expectation, they are ready to select the option they like the best.

2.  Services encounter stage. In the services encounter stage, the customer intitate, experience, and consumer the services.

3.  Post encounter stage. In the postencounter stage, customers evaluate the services performances and compare it with their prior expectation

## 2.7.  Previous Research

Price, Promotion, and service quality are having biggest influence on consumer buying decision of convinience store. Evaluation of the atmosphere of the store is significant in relation to consumer behavior. Particularly on the attraction, motivation and positive / negative atmosphere that may arise in the individual. The Overall set of independent variables was weakly associated with the dependent variables.
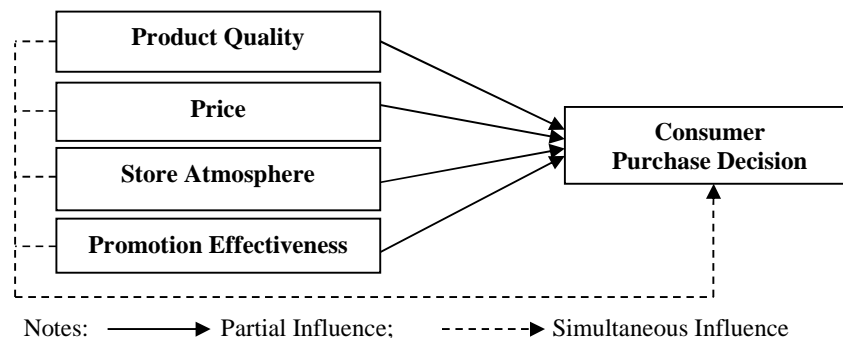
## 2.8.  Conceptual Framework



Notes: ⟶ Partial Influence;   ------▶ Simultaneous Influence

**Figure 1. Conceptual Framework**
*Source : Data process, 2015*

There are five main hypothesis those can be drawn and further examined, which are :

$H_1$ : Product Quality, Price, Store Atmosphere, Promotion Effectiveness has a significant effect on Consumer Purchase Decision simultaneously

$H_2$ : Perceived Quality Product has a significant effect on Consumer Purchase Decision partially

$H_3$ : Price has a significant effect on Consumer Purchase Decision partially

$H_4$ : Store Atmosphere has a significant effect on Consumer Purchase Decision partially

$H_5$ : Promotion Effectiveness has a significant effect on Consumer Purchase Decision partially

## 3.  RESEARCH METHOD

### 3.1.  Type of Research

This research is quantitative research uses a causal type of research that using multiple regression analysis, where the purpose is to determine whether one variable causes another variable to occur or change. The indepedent variables of this research are Quality of Product, Price, Store Atmosphere, Promotion Effectiveness, and the dependent variable is Consumer Purchase Decision.

### 3.2.  Place and Time of Research

This study was conducted in Manado between May 2015. The questionnaires are distributed to the Flinders Ln Coffee and Brunch visitors in Manado, and the data collection and analysis process take time around a month.

### 3.3.  Population and Sample

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran and Bougie, 2009:262). The population of this research is the entire Flinders Ln Coffee and Brunch customers in Manado. A sample is a subset of the population. It comprises some members selected from the population (Sekaran and Bougie, 2009:263). In other words, some elements of the population from the sample. According to Roscoe (1975) in Sekaran and Bougie (2010:296), sample size which is larger than 30 and less than 500 is appropriate for most research. For multiple regression, sample size should be preferably ten times or more as many ass the number of variables. In this research, researcher uses 75 respondents of the Flinders Ln Coffee and Brunch customers in Manado as the sample. The sample technique used in this research is random sampling technique as a part of non probability sampling, that the data obtained from specific target groups.

To measure the quantity of sample from one population, this research uses the slovin formula. This formula decreases the percentage of margin error up to 10 percent, to create a representative and creditable sample to determine this research.

$$f \quad = \quad \frac{N}{1 \; + \; N \; \left( e \; \right)^2}$$

From 75 correspondents of population in Flinders Lane Espresso, this research is using this formula to define sample:

$$n = \frac{75}{1 + 75(0,1)^2}$$
$$n = 42,85$$

According to the formula, this study decided 43 correspondents are valid as samples.

### 3.4.  Data Collection Method

This research is conducted to clarify the influence of product quality, price, store atmosphere and promotion effectiveness on consumer purchase decision of Flinders Lane Coffee and

Brunch  in Manado. In which researcher makes observations and analyzes the Flinders Lane Coffee and Brunch visitors in Manado.

### 3.5.  Measurement Research Variable

Questions in the questionnaires made by using Likert Scale, respondents will not have problems in understanding and filling out the questionnaire, and it is easy for the researcher to measure, interpreting and analyse data.

### 3.6.  Data Analysis Method

### 3.6.1.  Validity and Reliability Test

Validity test is to analyse the validity of questionnaire. An instrument measure is valid if the instrument measure what ought to be measured. Reliability test is established by testing for both consistency and stability of the answer of questions.

### 3.6.2.  Heteroscedastity Test

Heteroscadasticity test is to test whether the regression model variance occurs inequality or not. It show the appearance sympton of hindrance variant error that causes inequality in independent variant probability. This examination can be done by applying a regression between independent variables and the residual variables.

### 3.6.3.  Multicolinearity Test

Multicollinearoty test is to test whether the regression model finds a correlation between the independent variables or not. In a good regression model, there is no correlation between the independent variables. Multicollinearoty appears because of variable influence the dependent one multicollinearity test is done by looking at th value of tolerance and the variance inflation factor (VIF).

### 3.6.4.  Multiple Regression Analysis

Multiple regression analysis is used in a situation where two or more independent variables are hypothesized to affect one dependent varibale. In this research, multiple regression analysis is used to test the impact of each independent variable (perceived quality product, price, store atmosphere, promotion effetiveness) to th dependent variable (customer purchase decision).

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4$$

## 4.  RESULT AND DISCUSSION

**4.1.  Result**
**4.1.1.  Validity and Reliability**
**4.1.1.1.  Validity Test**

**Table 1 Validity and Test Result**

| Question | R hitung | R table (0.05) | Status |
|----------|----------|----------------|--------|
| X1.1 | 0.883 | 0.2940 | Valid |
| X1.2 | 0.846 | 0.2940 | Valid |
| X1.3 | 0.828 | 0.2940 | Valid |
| X2.1 | 0.833 | 0.2940 | Valid |
| X2.2 | 0.825 | 0.2940 | Valid |
| X2.3 | 0.742 | 0.2940 | Valid |
| X3.1 | 0.902 | 0.2940 | Valid |
| X3.2 | 0.900 | 0.2940 | Valid |
| X3.3 | 0.863 | 0.2940 | Valid |
| X4.1 | 0.893 | 0.2940 | Valid |
| X4.2 | 0.895 | 0.2940 | Valid |
| X4.3 | 0.610 | 0.2940 | Valid |
| Y1.1 | 0.935 | 0.2940 | Valid |
| Y1.2 | 0.924 | 0.2940 | Valid |
| Y1.3 | 0.941 | 0.2940 | Valid |

*Source : Data Processed SPSS,  2015*

**Table 2. Reliability and Test Result**

| Question | Cronbach alpha | Batasan | Result |
|----------|----------------|---------|--------|
| X1 | 0.859 | 0.6 | Reliable |
| X2 | 0.851 | 0.6 | Reliable |
| X3 | 0.869 | 0.6 | Reliable |
| X4 | 0.850 | 0.6 | Reliable |
| Y | 0.877 | 0.6 | Reliable |

*Source : Data Processed SPSS,  2015*

Data above we can see that the significant score for each statement is $<$   that is 0.05. Can be conclude that each statement is valid. The alpha score cronbach for each statement $> 0.6$ so can be conclude also that each statement is reliable.
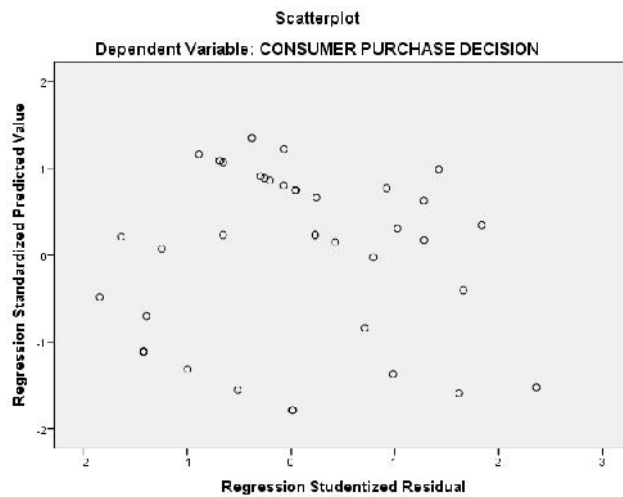
**4.1.2.  Classical Assumption Test**
**4.1.2.1.  Classical Assumption Normality Test**
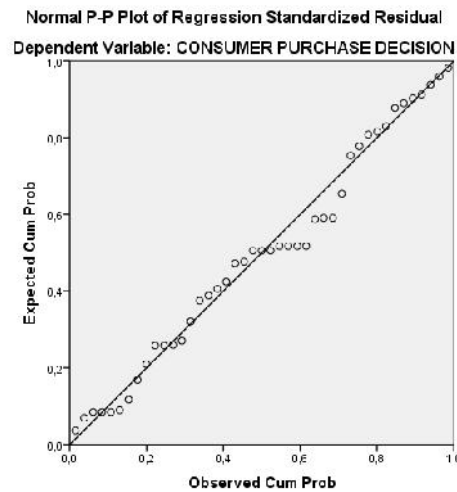


**Graph 1. Classical Assumption Normality Test**
*Source : Data Processed SPSS,  2015*

The graph shows that the graph Normal P-P of Regression Standardized Residual describe the spread of data around the diagonal line and spread follow the diagonal line graph, then the regression model used in this study meet the assumptions of normality.

**4.1.2.2.  Classical Assumption Heterokesdasticity Test**



**Graph 2. Classical Assumption Heterokesdascticity Test**
*Source : Data Processed SPSS,  2015*

The graph above is scatterplot graphics that shows for heterokesdastisitas. The test showed that the points are spread randomly and there is no clear pattern is formed, and the points are spread out below and above the 0 on the Y axis. So there is noheterokesdastisitas identified in the regression model, so the regression model possible to use for predict a decision variable using (y).

### 4.1.3.  Multicolinearity Test

**Table 3. Multicolinearity Test**

**Coefficients[a]**

| Model | Collinearity Statistics | |
| --- | --- | --- |
| | Tolerance | VIF |
| (Constant) | | |
| Product Quality | .147 | 6.789 |
| Price | .135 | 7.397 |
| Store Athmosphere | .117 | 8.578 |
| Promotion Effectiveness | .260 | 3.852 |

a. Dependent Variable: Consumer Purchase Decision (Y)

*Source: SPSS data analysis, 2015*

Based on the result above can be seen in the output of coefficient model, said no indication of multicolinearity if the VIF <10. Results of the calculations got VIF score for Product Quality (X1), Price (X2), Store Atmosphere (X3), and Promotion (X4) under number 10 it can be concluded that there were no indication of multicollinearity in the regression model.

### 4.1.4.  Multiple Regression Linear Analysis

From the analysis that has been conducted by using the multiple linear Regression Analysis it found that :

$$Y= 2.599 + 0.515 X_1 + 0.323 X_2 - 0.097 X_3 + 0.472 X_4$$

$X_1$ = Product Quality ; $X_2$ = Price ; $X_3$ = Store Athmosphere ; $X_4$ = Promotion Effectiveness

The result show that the independent variables product quality, price, promotion effectiveness in the model partially influence the dependent variabel positively while store athmosphere influence the dependent variable negatively. The constant ( ) of 2.599 means that product quality, price, store athmosphere, promotion effectiveness are equal to zero (0), then the value of purchase decision 2.599. The coefficient of product quality (0.515) means that if product quality increases 1 unit then the purchase decision increse 0.515. The coefficient of price (0.323) means that if price increases 1 unit then the purchase decision increse 0.323. The coefficient of store athmosphere (-0.097) means that if store athmosphere increases 1 unit then the purchase decision decrease -0.097. The coefficient of promotion effectiveness (0.472) means that if promotion effectiveness increases 1 unit then the purchase decision increse 0.472.

### 4.1.5.  Coefficient Determination ($R^2$)

**Table 5. Coefficient Determination ($R^2$)**

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| --- | --- | --- | --- | --- |
| 1 | ,908[a] | ,824 | ,805 | 1,14466 |

*Source: SPSS data analysis, 2015*

The coefficient of determination is identified by $R^2$ = 0.824 which is the correlation coefficient quadrate $(0.908)^2$= 0.824 . R square is usually called the coefficient determination which is

0.824 or 82,4%   that means the consumer buying decision is able to be explained by product quality, Price, store athmospere, and promotion effectiveness. And the rest 17.3% are caused by the other factors.

### 4.1.6. Hypothesis Test

### 4.1.6.1. F-Test and T-Test

**Table 6. F-Test**

**ANOVAª**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|--|----------------|-----|-------------|------|------|
| 1 | Regression | 232,722 | 4 | 58,181 | 44,404 | ,000ᵇ |
| | Residual | 49,789 | 38 | 1,310 | | |
| | Total | 282,512 | 42 | | | |

a. Dependent Variable: CONSUMER PURCHASE DECISION
b. Predictors: (Constant), PROMOTION EFFECTIVENESS, PRICE, PRODUCT QUALITY, STORE ATMOSPHERE

*Source: SPSS data analysis, 2015*

**Table 7. T-Test**

| Model | | T | Sig. |
|-------|--|------|------|
| 1 | (Constant) | -2,519 | ,016 |
| | PRODUCT QUALITY | 2,345 | ,024 |
| | PRICE | 1,401 | ,169 |
| | STORE ATMOSPHERE | -,469 | ,642 |
| | PROMOTION EFFECTIVENESS | 2,825 | ,007 |

*Source: SPSS data analysis, 2015*

Since the Fvalue is greater than Ftable , H0 rejected and H1 is accepted , which means Product Quality, Price, Store Athmosphere, and Promotion Effectiveness  influence the consumer purchase decision Simultaneoulsy. Thereby, hypothesis 1 is accepted. From the explanation above, it is describe that three of the independent variables which are Culture (X1), and Social (X2), Promotion Effectiveness (X4) have influence in Consumer Purchase Decision partially. And Store Athmosphere (X3) have no significant influence in Consumer decision Partially. However, by analyzing the T-test, all variables of this research were accepted.

### 4.2. Discussion

### 4.2.1. The Influence of Product Quality towards Consumer Purchase Decision

Product Quality (X1) relate to the increasing of Consumer Buying Decision. The analysis shows that Product Quality is the factor that gives the positive influence to the increasing of Consumer Purchase Decision. From the fact data the Product Quality factors exert a broad and deep influence consumer purchase decision. That is the most basic cause a person's wants . For instance, each cafe or restaurant has it's own product quality. In addition each product of any cafe or restaurant has their own unique and special product.

### 4.2.2. The Influence of Price towards Consumer Purchase Decision

Price (X2) relate to the increasing of Consumer Buying Decision. The analysis shows that Price gives the positive influence to the increasing of Consumer Purchase Decision. Based from the fact data, the Price factor could influence the consumer purchase decision.

### 4.2.3. The Influence of Store Athmosphere towards Consumer Purchase Decision

Store Athmosphere (X3) relate to the increasing of Consumer Buying Decision. The analysis shows that the Store Athmosphere is the factor that gives the positive influence to the increasing of Consumer Buying Decision. Store Athmosphere related directly with the satisfaction of the consumer. It means, Store Athmosphere factors could influence the consumer decision making.

### 4.2.4. The Influence of Promotion Effectiveness Towards Consumer Purchase Decision

Promotion Effectiveness (X4) relate to the increasing of Consumer Buying Decision. The analysis shows that Promotion Effectiveness is the factor that gives the positive influence to the Increasing of Consumer Buying decision.

## 5.  CONCLUSION AND RECOMMENDATION

### 5.1.  Conclusion

The conclusion driven from this research are as follows: All independent variables have simultaneously strong relationship with Consumer Purchase Decison as dependent variable.
1. Product Quality, Price, and Promotion Effectiveness has influencing consumer purchase decision
2. Store Atmosphere has negative effect on Consumer Purchase Decision. It means they should learn more how to put a good music, a comfort interior design, also keep the smell of the room inside, so the consumer will be satisfied and enjoy the meals and beverages with a place that has a good athmosphere

### 5.2.  Recommendation

The result and conclusion of this research, the recommenation: Because of Store Athmosphere do not have the significant influence on Consumer Purchase Decision, Flinders Ln should Increase the Knowledge about the how to re-arrange and change the atmosphere at Flinders and learn more about the design interior, the background song, even how to arrange the smell of Flinders Ln, so the consumer will comfort and will get the satisfaction that they want. And then it will help Flinders to increase their sales.

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