

THE INFLUENCE OF PRICE, LOCATION AND SERVICE ON PURCHASING DECISIONS AT TUKU COFFEE POP UP STORE

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ABSTRACT

Business actors are required to be able to defend the market and win the competition. In order to win the competition, an entrepreneur must be able to understand the needs and desires of his customers. One of the contemporary coffees that is famous among generation Z and millennials today is tuku coffee. This research aims to analyze the influence of price, location and service at the Tuku Coffee pop up store in Medan City. The sampling technique used in this research used a purposive sampling technique. The sample in this research was 100 consumers who visited the Tuku Coffee pop up store in Medan. The data analysis technique used is multiple linear regression. The research results show that there is a negative and significant influence on purchasing decisions. Meanwhile, location and service have a positive and significant effect on purchasing decisions.

INTRODUCTION

In the current era of globalization, the business world is developing very rapidly, one of which is in the culinary sector. The large number of businesses that have sprung up has resulted in an increase in the number of similar businesses causing very tight competition. So, to deal with such situations and circumstances, entrepreneurs must be able, quick and responsive in making decisions so that the business they establish can develop well. Business actors are required to be able to defend the market and win the competition (Arda & Andriany, 2019). In order to win the competition, an entrepreneur must be able to understand the needs and desires of his customers (Tjiptono, 2018). One of the contemporary coffees that is famous among generation Z and millennials today is tuku coffee. Purchasing decisions are a concept in purchasing behavior where consumers decide to act or do something and in this case make a purchase or utilize a particular product or service (Balawera, 2013). The contemporary coffee phenomenon has been widespread in recent times on social media. This phenomenon occurs among teenagers and adults who actively use social media, quite a few also process these photos as content on social media networks (Arif, 2020). Price is an important component of a product, because it will affect the manufacturer's profits. Price is also a consideration for consumers when purchasing, so special consideration is needed to determine the price (Shiddiqi, 2016). Tuku coffee sold per cup starts at 20 thousand to 30 thousand, and a 1 liter bottle is sold for 110 thousand. In May 2024, tuku coffee opened an outlet at Sun Plaza Mall Medan. Because it went viral, this tuku coffee was attacked by

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“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

jastipers (entrustment services) by increasing the price of coffee per cup to 50 thousand and the price per liter to 150 thousand. To anticipate availability, Tuku Coffee limits purchases to 10 cups per person. Despite this, Tuku coffee outlets are still busy with buyers and jastipers in Medan City. According to (Tjiptono, 2018), a business location is a place where a business operates or where a business carries out activities to produce goods and services that prioritize the economic aspect. The location chosen for Tuku Coffee in Medan City is on the floor of LG Sun Plaza Medan, which is one of the most busy malls in Medan City. This Tuku coffee shop pop up shop in Medan is very small, measuring only 2 x 1 square meter. With a pop-up store approach, Tuku Coffee carries the theme "Toko Kopi Tuku Bertamu". This is a strategy to test the market, get feedback and preferences from local consumers before finally opening a branch in an area. Previously, Tuku Coffee even opened a pop up store in South Korea. Another factor that influences purchasing decisions is service. According to (Kasmir, 2017) Service Quality is defined as the actions or actions of a person or organization aimed at providing satisfaction to customers or employees. Tuku coffee barista service in Medan is quite minimal, they only provide 2 baristas per shift. This of course creates a very long queue. The resulting queues can reach 100 meters, and they are even willing to queue for hours. The queue even started when the Tuku coffee shop had not yet opened. Based on the problems above, the author is interested in conducting research with the title "The Influence of Price, Location and Service on Purchasing Decisions at the Kopi Tuku Pop Up Store".

METHOD

This research uses an explanatory research approach, which aims to explain the causal relationship between research variables and testing hypotheses (Nasution et al., 2020). The price indicators in this research are convenience, trust, quality of information, (Batee, 2019). The location indicators in this research are considerations or spatial planning, room planning, equipment and furniture (Tjiptono, 2018). The service indicators in this research are reliability, empathy, responsiveness, and assurance (Kotler & Keller, 2016). Indicators of purchasing decisions in this research are stability of a product, habits in buying products, speed in buying products, (Kotler & Keller, 2012). The sampling technique used was the Slovin formula, so the sample size for this study was 100 people. The technique for collecting data in this research was carried out by distributing questionnaires. The data analysis technique uses statistical analysis, namely multiple linear regression.

RESULTS

Based on descriptive analysis, it is known that the majority of respondents are women aged 18-21 years. They found out information about the Tuku coffee pop up store via the Instagram platform. This shows that women are more interested in trying tuku coffee because of viral marketing from social media (Satria & Trinanda, 2019). The classic assumption test is the analytical model used is multiple linear regression analysis. In this study, the normality test, multicollinearity test and heteroscedasticity test were used.

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

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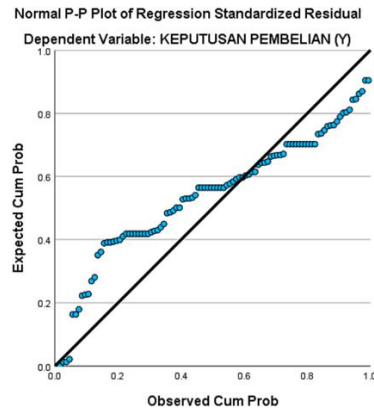


Figure 1. Normal P-Plot

Based on the picture above, the normal probability plots show that the points are spread around the diagonal line and follow the direction of the diagonal line, so it can be concluded that the residuals are normally distributed and the regression model. So, the normality requirements have been met.

Table 1. Multikolinearitas

	Collenearity Tolerance	Statistic VIF
Constant		
Price	0.155	6.472
Location	0.664	1.506
Service	0.151	6.618

Source: Data processed by SPSS, 2024

Based on table 1, it shows that each independent variable has a tolerance value ≥ 0.10 , which means that there is no correlation between the independent variables. The VIF calculation results can also show the same thing, where each independent variable value can have a VIF value ≤ 10 , so it can be concluded that there are no symptoms of multicollinearity.

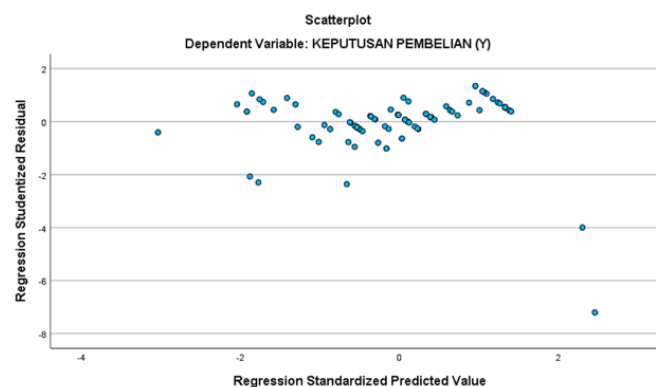


Figure 2. Scatterplot

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Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

Based on the image above, it can be seen that the points are random, both above and below the number 0 on the Y axis and do not show a particular pattern or shape. So the assumption for the heteroscedasticity test can be concluded that the regression model that can be used does not have heteroscedasticity.

Table 2. Coefficients

	B	t-counts	sig
Constant	12,308	11,799	0,001
Price	-1,220	12,583	0,001
Location	0,420	12,171	0,001
Service	1,338	12,896	0,001

Source: Data processed by SPSS, 2024

A constant value of 12,308 indicates that price, location and service are in a constant state where they do not change or are equal to zero, so the purchasing decision has a value of 12,308. The price coefficient value is -1,220 in a negative direction, indicating that prices have decreased, which will be followed by a decrease in purchasing decisions of -1,220, assuming that the other independent variables are considered constant and their influence is significant (sig value $0.001 < 0.05$). The location coefficient value is 0.420 in a positive direction, indicating that an increase in location will be followed by an increase in purchasing decisions of 0.420, assuming that the other independent variables are considered constant and their influence is significant (sig value $0.001 < 0.05$). The service coefficient value is 1,338 in a positive direction, indicating that service has increased, which will be followed by an increase in purchasing decisions of 1,338, assuming that other independent variables are considered constant and their influence is significant (sig value $0.001 < 0.05$).

Table 3. Anova Test

	Sum of Squares	df	Mean Square	f	Sig
Regression	724.760	3	241.587	143.313	0.001
Residual	161.830	96	1.686		
Total	886.990	99			

Source: Data processed by SPSS, 2024

From the ANOVA test or F test, the value Fcount (143,313) > Ftable (2.70) can be obtained with a significance level of 0.001. Because the significant probability is much smaller than 0.05, H_0 is rejected and H_a is accepted. This shows that simultaneously, there is a significant influence of price, location and service together on purchasing decisions.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std Error of Estimate	Durbin Watson
Regression	0,904	0,817	0,812	1,298	0.608

Source: Data processed by SPSS, 2024

Based on the table above, it can be seen that the coefficient of determination (R^2) is 0.812, indicating that the ability of the independent variables, namely price, location and service, in explaining the dependent variable, namely purchasing decisions, is 81.2%. So it

can be concluded that purchasing decisions are influenced by price, location and service in explaining purchasing decisions by 81.2%, while the remaining amount is (100% - 81.2% = 18.8%) which has been influenced by other factors that have not been able to explain by the independent variables in this research model.

DISCUSSION

The Influence of Price on Purchasing Decision

There is a price on the purchasing decision, so the calculated t value for the price variable is -12,583 and t table with $\alpha = 5\%$ is 1,983. The price variable has a tcount value greater than ttable (-12,583 < 1,983) with a significant number of $0.001 < 0.05$. So based on decision making it can be concluded that H_0 is rejected and H_a is accepted, this shows that partially there is a negative and significant influence between price on purchasing decisions. This shows that the higher the price of Tuku coffee at pop up stores in Medan City, the more the decision to purchase this product will decrease. The increase in retail prices for Tuku coffee is due to the long queues which make people lazy to queue and because they are curious about the taste of this viral coffee, they are willing to buy Tuku coffee at a price 50% to 100% more expensive than the original price offered at the pop up store. According to (Indriyo Gitosudarmo quoted by Danang Sunyoto, 2014) Price is the value expressed in one currency or medium of exchange, for a particular product. The influence of price on purchasing decisions is very important because the price level set by the company can be a benchmark for demand for a product. Setting appropriate prices can provide more value for the company in increasing sales of its products. Likewise, if the wrong price is set for a product, it can result in the number of sales of a product not being maximized, resulting in decreased sales and reduced market share. The results of this research are in line with research by (Ibrahim, 2016), (Tirtayasa & Erwanto, 2021), and (Arda et.al, 2022).

The Effect of Location on Purchasing Decision

There is an influence of location on purchasing decisions, so the calculated t value for the location variable is -12.171 and t table with $\alpha = 5\%$ is 1.983. The Location variable has a tcount value greater than ttable (12,171 > 1,983) with a significant number of $0.001 < 0.05$. So, based on decision making, it can be concluded that H_0 is rejected and H_a is accepted, this shows that in terms of material there is a positive and significant influence between location on purchasing decisions. The Influence of Location on Purchasing Decisions Location is a decision made by a company regarding where its operations and staff will be located or location is the place used for the process of delivering goods and services from producers to consumers. A location that has a large sales area, availability of parking space, easy to find transportation and the strategic location of Sun Plaza Mall can be taken into consideration by consumers in making decisions to purchase products at that location. The results of research conducted by (Mustafid & Gunawan, 2018) and (Tirtayasa, 2022) show that location has a significant influence on consumer purchasing decisions.

The Effect of Service on Purchasing Decision

There is an influence of service on purchasing decisions, so the calculated t value for the service variable is -12,896 and t table with $\alpha = 5\%$ is 1,983. The Location variable has a

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count value greater than ttable ($12,896 > 1,983$) with a significant number of $0.001 < 0.05$. So, based on decision making, it can be concluded that H_0 is rejected and H_a is accepted, this shows that in terms of material there is a positive and significant influence between service on purchasing decisions. According to (Tjiptono, 2018) Serving customers so that customers get satisfaction which includes service is an attitude or method of speed, accuracy, friendliness and comfort. Basically, service is a form of consumer assessment of the level of service provided by the company or employees to consumers. If the service provided to consumers is satisfactory and in accordance with consumer needs and desires, this can play a role in influencing purchasing decisions. Based on research results (Nasution et.al, 2019) it shows that service quality has a positive and significant effect on purchasing decisions.

CONCLUSION

The conclusions from this research include: there is a negative and significant influence of the price variable on the purchasing decision variable, there is a positive and significant influence of the location variable on the purchasing decision variable, and there is a positive and significant influence of the service variable on the purchasing decision variable. By looking at the phenomenon of very long queues during the Tuku coffee pop up store taking place in Medan, this shows that the marketing strategy "Toko Kopi Tuku Bertamu" is quite successful in Medan City. Kopi Tuku may consider Medan City as the city chosen to open a new branch. This can provide an opportunity for new consumers who have not tried it or consumers who have previously purchased it to become loyal customers of Tuku Coffee. As well as normalizing the actual price of tuku coffee rather than consumers having to buy coffee from jastipers (entrustment services) who charge twice the original price of tuku coffee.

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Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

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