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The Influence of Price Perception, Store Atmosphere, and Location on Purchase Decisions at Retjeh Kopi Coffee Shop in Mojokerto

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ABSTRACT

This study aims to determine the effect of price perception variables, store atmosphere and location on purchase decisions at Retjeh Kopi Coffee Shop in Mojokerto. The population in the study were consumers of coffee shop Retjeh Kopi Mojokerto. The sample taken was 100 respondents using accidental sampling technique. For data collection is done through observation, interviews, collecting questionnaires and literature studies. The data analysis method uses component based structural equation modeling or SEM with Partial Least Square or PLS analysis tools. The results show that price perception, store atmosphere, and location partially have a positive and significant effect on purchase decisions.

Keywords: Price Perception, Store Atmosphere, Location, Purchase Decisions dan Coffee Shop

INTRODUCTION

The current era of Globalization provides a change in the times that are advanced and developing rapidly in all aspects, especially in the business field. Currently, advanced technology has emerged that really helps business people to manage their business. The culinary business is currently widely run and in demand because it has large market potential and continues to grow. In addition, food and beverages are basic human needs, thus creating opportunities for culinary businesses. This business varies from food, beverages, frozen food, coffee shops, and so on.

Judging from the results of research conducted by the Snapcart team on September 12-15, 2023 regarding current coffee trends among Indonesia consumers, it is stated that in

2023 as many as 79% of Indonesia people are coffee drinkers and most of them drink coffee every day (Snapcart, 2023) This figure shows that coffee connoisseurs in Indonesia are quite large.

The high consumption of coffee in Indonesia is a positive thing for the development of the coffee shop business. It is therefore unsurprising that the coffee shop business is regarded by many as an attractive proposition, offering a range of promising opportunities. Currently, coffee shops are proliferating in major urban centres, from well-known coffee shops to new coffee shops.

The phenomenon of the proliferating of the coffee shop business also occurred in Mojokerto. Retjeh Kopi is one of the coffee shop businesses located in Gondang District, Mojokerto. Coffee shop Retjeh Kopi was established in 2019. In the last 5 years, many new coffee shops have sprung up in the Gondang area and its surroundings, so it has become a challenge for Retjeh Kopi in the coffee shop business to maintain its existence in Gondang, Mojokerto. The results of interviews conducted by researchers with the owner of Retjeh Kopi coffee shop obtained the results of the average sales turnover for the last 5 years which are presented in the following table.

Tabel 1. Average sales turnover of Retjeh Kopi

Year	Average Turnover
2019	720.000.000
2020	600.000.000
2021	504.000.000
2022	360.000.000
2023	350.000.000

Source: The data of Retjeh Kopi

The data presented above demonstrates a decline in the average sales turnover at Retjeh Kopi coffee shop over the past five years. The decrease in the average amount of turnover at Retjeh Kopi can occur due to a number of factors which can affect the declining purchase decisions of consumers. These factors are such as price perception, store atmosphere, and location.

According to Sudaryono (2014) in Juwita & Paludi (2021), Price perception is closely related to the way consumers process and interpret the price information presented to them and the extent to which this information provides deep meaning to the brand or company. Price perception indicators according to Stanton (2013:38) in Ramdhani & Widyasari (2022) are mentioned 4 indicators, namely affordability of prices, price to quality compatibility, competitiveness of the product price, and appropriateness of product benefits.

Based on research by Dwi & Soebiantoro, (2022) price perception can positively and significantly affect purchase decisions. This provides further support for the view that consumers base their price perception on the quality and benefits of a product, and that this perception is in line with their expectations. As stated by Imani et al., (2023) in Munir & Aminah, (2023) a product must form a good price perception with this consumer better understanding the advantages of the product and deciding to buy. These results are supported by findings from Dewi & Hadisuwarno (2023) and research findings from Purnama & Wardhani, (2023) proving that store atmosphere positively and significantly influences purchase decisions.

According to Berman & Evans, (2018) in Afdillah Pulungan et al., (2023) Store atmosphere is defined as the collective set of factors that influence consumer perceptions of the physical environment of the store, including but not limited to interior design, store layout, color, light, music, aroma, and other sensory elements. Which store atmosphere will affect consumer emotions, perceptions, and behaviors in shopping. According to Berman and Evan (2014:545) in (Tanjung, 2020) the store atmosphere can be conceptualized along four dimensions namely, ¹² general exterior, general interior, store layout and interior display.

As Levy and Weitz (2001: 576) observe in Eli Achmad Mahiri, (2020) an atmosphere store includes environmental design that is expressed through the delivery of visual messages, light settings, room colors, music played, and indoor aromas, which collectively drive consumer perception and consumer reactions, thus influencing purchasing behavior. Therefore, if the store atmosphere is well designed and provides a sense of comfort for consumers, it will make them want to stay in the *coffee shop* or store and make them make a purchase. This is reinforced by Rumajar et al., (2022) and Eli Achmad Mahiri, (2020) who obtained research results that store atmosphere ¹ has a positive and significant impact on purchase decisions.

A business location is defined as the site where all business activities are conducted, encompassing the procurement of goods, distribution, and marketing to consumers. Having a strategic business location will facilitate the development of Permata Sari's business, (2021). Meanwhile, according to Nurlia, (2021) The location is described as a place to sell products that have been determined by the company to be visited by consumers. In accordance with the theory proposed by Fandy Tjiptono in Imanulah et al., (2022) location variables are measured through the use of eight indicators. The eight location variables are as follows: Access, visitation, traffic, the availability of large parking lots, expansion potential, environmental impact, competition, and government influence.

The location of a business is a significant factor in the decision-making process for many consumers. These individuals often prioritize locations that are easily accessible, have a strategic position, and offer convenient transportation options. Additionally, they tend to prefer locations that are in close proximity to highways Puspitaningrum & Damanuri, (2022). So it can be said that having a strategic location can form the attraction of consumers to decide on a purchase. This is corroborated by the findings of Rumajar et al., (2022) and Liswandany et al., (2022), which indicate that location exerts a positive and statistically significant influence on purchase decisions.

Based on previous research above, the three attributes, namely price perception, store atmosphere, and location, show that they have a positive and significant effect on purchase decisions. However, there are still contradictions in the findings of previous research related to price perception, store atmosphere, and location. The research conducted by Mendur et al., (2021) indicates that price perception has no impact on purchase decisions. Research by Tanjung (2020) shows that price perception has no effect on purchase decisions. Furthermore, research by Azizah & Prasetyo (2019) the results demonstrate that the location of the purchase has no impact on the decision-making process. The objective of the study was to ascertain the influence of price perceptions, store atmosphere, and location on consumer purchasing decisions at Retjeh Kopi coffee shop in Mojokerto.

METHOD

This study uses a quantitative method. The population used is the consumers of the Retjeh Kopi coffee shop in Mojokerto. A total of 100 respondents were selected for inclusion in the sample, with the sampling process occurring via accidental sampling. In accidental sampling, the subjects are selected at random from those encountered at the research site and deemed suitable as a data source. The primary data source used was from the questionnaire collection. And using secondary data sources that refer to, relevant company data, books, articles or journals to support research. Data analysis through the Structural Equation Modeling (SEM) approach and its analysis tools using SmartPLS version 3.

RESULTS AND DISCUSSION

The findings presented in this study are based on the responses of 100 consumers of Retjeh Kopi coffee shops in Mojokerto. It is established that the majority of respondents are female. Which shows that female consumers tend to make more purchases at the Retjeh Kopi Mojokerto coffee shop. This is because most women prefer refreshing and one of the refreshing places they visit is a coffee shop. Meanwhile, the majority of respondents are within the 21-25 age range. This is because young people love entertainment and like to socialize, so they choose coffee shops as a place to hang out with their friends. The majority of consumers who frequent Retjeh Kopi are students. This condition occurs because students come to coffee shops to discuss assignments or just gather with their friends. The majority of consumers of Retjeh Kopi have an income below Rp. 1,000,000. This condition occurs because most of the consumers who come are still students or students so they still do not have income or only rely on pocket money from their parents.

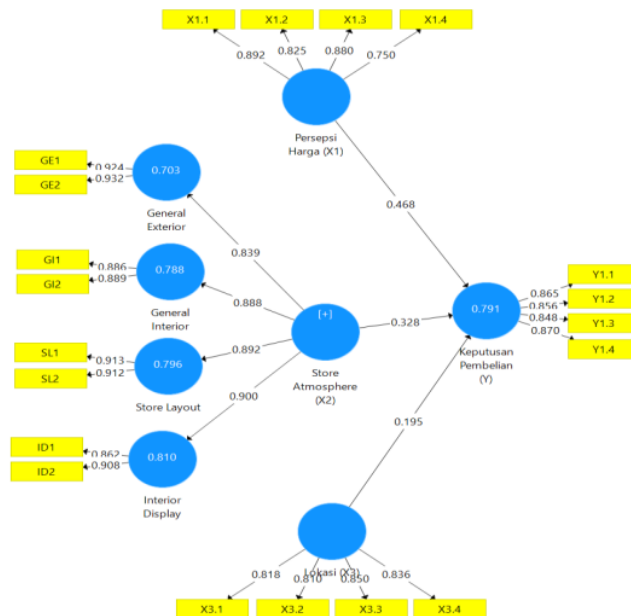


Figure 1. Outer Model

In accordance with the outer model image, a loading factor value is derived from the indicator of each variable. The loading factor value is employed to assess convergent validity. A correlation is deemed to exist if the loading factor value exceeds 0.5, indicating that the requisite validity has been achieved. The results of this study show that the loading factor value exceeds 0.5 so that it is stated that all indicators have good validity.

As for discriminant validity, it is seen from the cross loading value, where the value of each variable must be greater than the other variables, then it is considered that all indicators meet the discriminant validity. In this study, the cross loading value on each variable has met the requirement, which is greater than other variables, so it is declared to meet the discriminant validity.

Table 2. Composite Reliability dan Cronbach's Alpha

	Composite Reliability	Cronbach's Alpha
General Exterior (SA1)	0.925	0.839
General Interior (SA2)	0.881	0.730
Interior Display (SA3)	0.878	0.726
Store Layout (SA4)	0.909	0.799
Store Atmosphere (X2)	0.932	0.916
Purchase Decisions (Y)	0.919	0.883
Location(X3)	0.898	0.850
Price Perception (X1)	0.904	0.858

To see the reliability in this study, it is known from the composite reliability value or Cronbach's alpha value which must meet the requirements above 0.7, then the construct can be said to be reliable. In this study, all variables met the requisite criteria, exhibiting a value above 0.7. Consequently, they were deemed reliable, signifying that all indicators employed demonstrated consistency in measuring latent variables.

Table 3. R-Square

	R Square
Price Perception	
Store Atmosphere	
Location	
Purchase Decision (Y)	0.791

The R-Square value on the purchase decision variable yields a value of 0.791. It can be said that the variables Price Perception, Store Atmosphere, and Location are able to contribute 79.1% of variants to purchase decisions. Which results show that the model is in the strong category. The remaining 20.9% variant was attributable to other variables that were not included in the study.

Table 4. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Location (X3) -> Purchase Decision (Y)	0.195	0.196	0.085	2.296	0.022
Price Perception (X1) -> Purchase Decision (Y)	0.468	0.469	0.079	5.919	0.000
Store Atmosphere (X2) -> Purchase Decision (Y)	0.328	0.325	0.088	3.715	0.000

As evidenced by the data presented in the table above, all of the variables under examination got positive and significant results. Hypothesis 1 is accepted, this is seen from

the path coefficient of 0.468 with a T-statistic of 5.919 meeting the requirements of > 1.96 and seen from the p-value of $0.000 < 0.05$. So that the variable of price perception is said to have a positive and significant effect on purchase decisions. Hypothesis 2 was accepted, judging from the path coefficient of 0.328 with a T-statistic of $3.715 < 1.96$, for the p-value obtained a result of $0.0000 < 0.05$. So the store atmosphere has a positive and significant effect on purchase decisions. Hypothesis 3 is accepted, seen from the path coefficient of 0.195 and the t-statistic value of $2.296 > 1.96$ or seen from the p-value showing a result of $0.022 < 0.05$. The results demonstrate that location has a positive and significant impact on purchase decisions.

The results of the study showed that the variable of price perception had a positive and significant influence on the purchase decision at the Retjeh Kopi coffee shop in Mojokerto. This condition shows that with a good price perception, Retjeh Kopi consumers have great potential to make a purchase decision. The price of the products offered by Retjeh Kopi tends to be affordable, which is priced from Rp. 16,000-Rp. 18,000 for heavy food menus, for snacks or snacks priced from Rp. 12,000-Rp. 17,000 and for drinks priced from Rp. 12,000-Rp. 22,000. The price quote by Retjeh Kopi is quite affordable with a budget of Rp. 20,000 can already enjoy the product, even with a budget of Rp. 50,000 Retjeh Kopi consumers can already get food and drinks. The results are in line with the findings of research by Kasiono et al., (2022) and Ar – Rasyid et al., (2023) which show that price perception has a positive and significant effect on purchase decisions.

The results related to the store atmosphere variable had a positive and significant influence on the purchase decision at the Retjeh Kopi coffee shop in Mojokerto. This condition illustrates that the better the Store Atmosphere in Retjeh Kopi, the influence will make consumers make higher purchase decisions. Based on the results of the factor loading indicator from the store atmosphere which has the highest value, namely on the nameplate. The Retjeh Kopi signboard has 2 sides where the name of the coffee shop is also included in the coffee cup logo as a sign that the place is a coffee shop. In addition, there is also a slogan from Retjeh Kopi, namely "SMALL THINK BIG HOPES". Because the writing Retjeh Kopi uses black so that it is not visible at night, it is equipped with lights that can clarify the description of the nameplate. These results are supported by findings from Dewi &

Hadisuwarno (2023) and research findings from Purnama & Wardhani, (2023) proving that store atmosphere positively and significantly influences purchase decisions.

The results show that the location positively and significantly affects the purchase decisions at Retjeh Kopi coffee shop in Mojokerto. This shows that the more strategic the location of Retjeh Kopi, the greater the impact on purchasing decisions. Even though the place is on the highway, it is still fairly easy to reach by consumers because traffic jams do not occur every day and even though the weekend traffic rarely reaches the front of the coffee shop, so consumers are still easy to cross to the coffee shop location. In addition, the parking lot provided by Retjeh Kopi is spacious enough so that its consumer vehicles do not interfere with traffic. This result is reinforced by the findings of previous research conducted by Liswandany et al., (2022) and research by Pratama & Supriyono, (2023) proving that location is positively and significantly able to influence purchase decisions.

CONCLUSION

From the testing and discussion ¹above, it can be concluded that price perception has a contribution to purchasing decisions by having a good pricing strategy, then the purchase decision at Retjeh Kopi will be greater. Store Atmosphere also contributes to purchasing decisions, this explains that a well-organized store atmosphere in a coffee shop can increase purchases at Retjeh Kopi. Likewise, the location has a good contribution to the purchase decision at Retjeh Kopi. Showing that choosing a strategic coffee shop place, the location will be easier to reach and known by consumers so that it can increase purchase decisions.

Retjeh Kopi must pay attention to the affordability of the price of its products in accordance with the quality and benefits provided, Retjeh Kopi should improve the nameplate, which in the future can be clarified and made more prominent so that it is easier for potential consumers to read the Retjeh Kopi signboard when looking for a place to have coffee or hang out. And Retjeh Kopi needs to add parking attendants to make it easier for consumers when crossing to the location.

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