



The Influence of Product Quality, Brand Image, and Price Perception on Purchase Decisions at Starbucks Coffee Surabaya

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ABSTRACT

This study entitled "The Influence of Product Quality, Brand Image, and Price Perception on Purchasing Decisions (Study at Starbucks Coffee Surabaya)" with the aim of knowing how much influence product quality, brand image, and price perceptions have on purchasing decisions at Starbucks Coffee in Surabaya. The method used in this study is a type of quantitative method with purposive sampling technique. The research sample was 98 people. This study collected data through questionnaires that were distributed to consumers with the criteria of being over 17 years old and having made a purchase at Starbucks Coffee in Surabaya. The analytical tool used in this study is the Partial Least Square (PLS) model. The results of this study indicate that product quality has a positive and significant effect on purchasing decisions, brand image has a positive and significant effect on purchasing decisions, and Price Perception has a positive and significant effect on purchasing decisions.

INTRODUCTION

Competition in today's business world is very fierce. The company's success is determined by its ability to create products that can compete with other products. Coffee shop is an interesting place to visit because it is comfortable and equipped with interesting facilities. In addition, Indonesia is the fourth largest coffee producer and exporter in the world.

The amount of coffee consumption in Indonesia continues to increase every year, this phenomenon is caused by the Indonesian people's lifestyle by hanging out in coffee shops. According to the data center and agricultural information system, the ministry of agriculture said that in 2016 Indonesia's coffee consumption was around 250,000 tons, up 10.54 percent on an annual basis. Therefore coffee is one of the drinks chosen before carrying out activities.

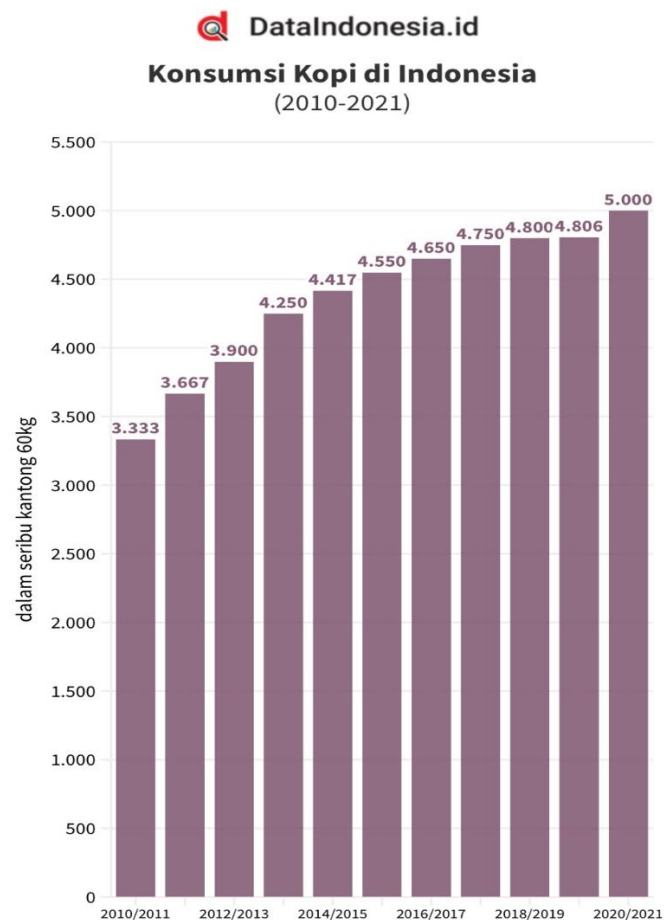


Figure 1 National Coffee Consumption Data for 2010-2021

Based on data from the International Coffee Organization (ICO), coffee consumption in Indonesia will reach 5 million bags measuring 60 kg during the 2020/2021 period. This number has increased by 4.04% compared to the previous period which reached 4.81 million 60 kg bags. Meanwhile, coffee production in Indonesia reached 774.6 thousand tons in 2021, an increase of 2.75% compared to the previous year which reached 753.9 thousand tons. This fact shows that people's interest in coffee is very high, which has resulted in an increase in the number of coffee shops in various regions.

With this intense competition, various kinds of coffee shop outlets are increasingly looking for opportunities by increasing new innovations in product quality at the coffee shop. Product quality is everything that can be offered to the market to be purchased, used and consumed so as to satisfy the wants and needs of consumers.

Table 1. Top Brands Index

Brand	2020	2021	2022
Starbucks Coffee	43.9%	49.4%	49.2%
The Coffee Bean & Tea Leaf	11.7%	11.9%	10.3%
Excelso coffee	-	-	7.5%
Ngopie Doeloe	8.2%	3.3%	-

Source: <https://www.topbrand-award.com/top-brand-index/>

From the data from the Top Brand Index above, it can be seen that Starbucks Coffee has experienced fluctuations from 2020, 2021 and 2022. The definition of fluctuation is a symptom that indicates a state of fluctuation in prices. The decline that occurred at Starbucks globally was caused by the co-19 pandemic that hit in 2020-2022 (Indonesia, 2020). The assessment of the Top Brand Award is based on three parameters, namely top of mind, top of market, and top of commitment share. Even though Starbucks has decreased by 0.2% from 2021 to 2022, it still ranks first in the Top Brand Index in the Brand Café and Coffee category. This shows that the brand image at Starbucks still dominates the world of coffee in Indonesia.

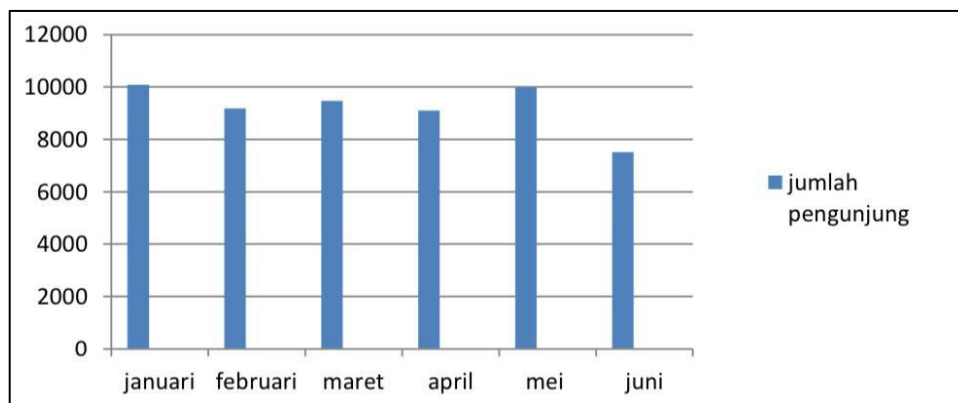


Figure 2. Number of visitors to Starbucks Tunjungan Plaza 6 Surabaya Jan - Jun 2022

From the picture above it can be seen that the average number of visitors per month is fluctuating. This can be based on several things such as product quality, promotion, service quality and other things. The number of visitors can also have an impact on the sales results received by the company every month and will have an impact on the profits received by the company.

Research by Soegihartono (2020) concluded that to achieve the sustainability of a business by improving better quality by providing products as expected or needed by consumers. The characteristics of products and services are highly dependent on the ability to satisfy consumer needs which can be implied. Starbucks coffee shop is able to offer various types of coffee beans from all over the world so that it can be consumed properly by consumers.

If the company's brand image has a good representation with experience and information from consumer ratings, then consumers will have more confidence to buy the product. According to Chalil *et al.* (2020) brand image is a brand that results from a brand organization which is then stored in the minds of consumers. It has been proven in research conducted by previous researchers that brand image can influence purchasing decisions (Jonathan Caesar Putra, Ricky Talumantak, 2022).

In companies, price perceptions also influence consumers in determining purchasing decisions for the products to be purchased. Because, consumers will feel satisfied if the money spent to buy a product will be in accordance with their expectations. According to Schiffman & Kanuk, L. (2018) price perception is a consumer's point of view about high and low prices, then has an appeal for purchasing decisions.

The purchase decision is the stage of the buyer decision process in which the customer actually buys the product. The purpose of this study is to determine the effect of product quality, brand image, price perceptions on purchasing decisions partially.

THEORETICAL REVIEW

Effect of Product Quality on Purchasing Decisions

Product quality has a significant influence on consumer purchasing decisions. Consumers tend to look for products with good quality, because they associate them with better performance, user satisfaction, and long-term value. Quality products tend to provide the expected benefits, reliable performance, and satisfying experiences. Consumers who are satisfied with product quality tend to remain loyal to the brand. They are more likely to make repeat purchases and recommend products to others. Research by Alvina Rahma Anggraeni and Euis Soliha (2020) shows product quality has a significant positive effect on the purchasing decision process.

H1: Product quality has a positive and significant effect on purchasing decisions

The Effect of Brand Image on Purchasing Decisions

Brand image refers to the perception, image, and association that consumers have for a brand. A positive brand image can build consumer trust in the brand. Consumers tend to trust more and feel more comfortable buying from brands that have a good reputation. Attractive and positive brand image can influence impulse buying decisions. A successful brand image builds an emotional connection and creates a strong appeal that can trigger impulse purchases. This is in line with research from Jonathan Caesar Putra & Ricky Talumantak (2022) and Rizky Syamsidar & Euis Soliha (2019) which shows brand image has a significant positive effect on purchasing decisions.

H2: Brand image has a positive and significant effect on purchasing decisions

The Effect of Price Perception on Purchasing Decisions

Price Perception refers to how consumers view and evaluate the price of a product or service. Perceptions of competitive prices can influence consumer purchasing decisions. If consumers feel that the price of a product or service is comparable or lower than that of similar competitors, they are more likely to purchase the product. Price Perception in accordance with product quality also influences purchasing decisions. Consumers tend to look for products that provide comparable or higher value for the price they pay. This is in line with research from Laisina & Fairliantina (2022) and Liswana, Rahwana, & Pauzy (2022) which shows price perceptions have a significant positive effect on purchasing decisions.

H3: Price Perception has a positive and significant effect on purchasing decisions.

Based on a review of the theoretical basis and previous research, a framework for this research can be compiled which is presented in the following.

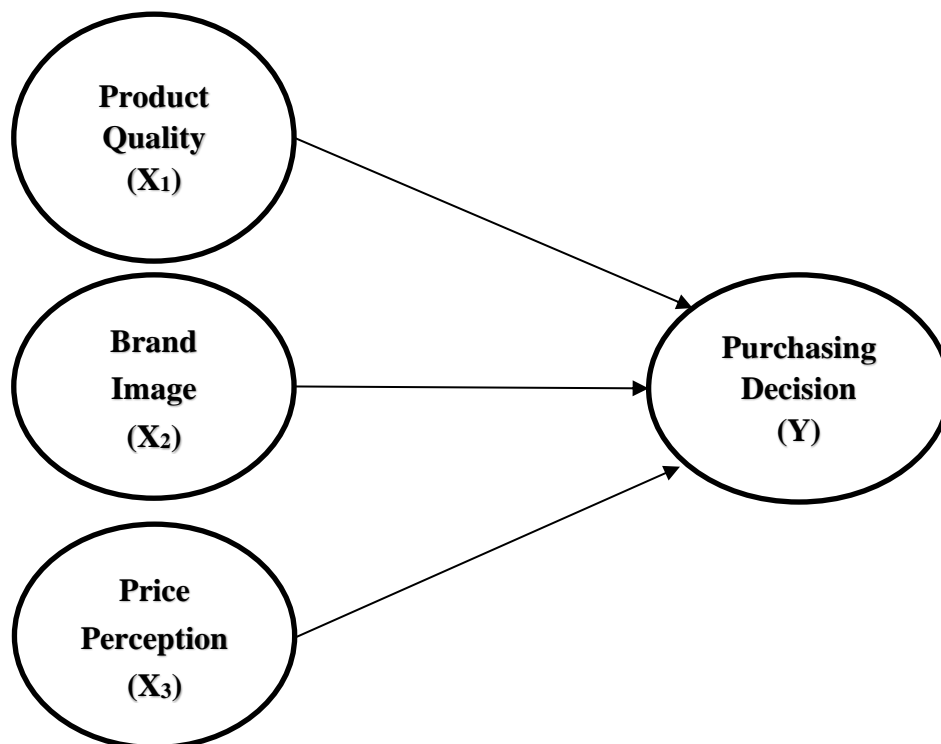


Figure 3. Conceptual Framework

METHODOLOGY

Profile of Starbucks Coffee

Starbucks Coffee is a nice place to visit, because the place is comfortable and with attractive facilities. In addition, Indonesia is the fourth largest producer and exporter in the world. Starbucks Indonesia or PT Sari Coffee Indonesia is a public company engaged in the fast food retail sector which is headquartered in Jakarta, Indonesia. Starbucks Company is the sole franchise right holder of Starbucks in Indonesia. Starbucks first entered Indonesia on May 17, 2002, to be

precise, at Plaza Indonesia, Jakarta. At that time it was under the auspices of PT Mitra Adi Perkasa (MAP), which was established in 1995 and is the party that has the authority to become the holder of the franchise rights for the Starbucks brand in Indonesia until now.

Starbucks Coffee provides a wide variety of drinks and snacks. The number of drink menus and food snacks has a wide variety. In addition, Starbucks already has a Brand Image that is known by consumers, so that the product can be in great demand. Starbucks Coffee provides an interior concept that is presented in a comfortable and nice way so that consumers feel comfortable when they are at Starbucks Coffee. In Surabaya, several malls can be seen that already have Starbucks Coffee outlets. It is evident that the Indonesian people are very enthusiastic and can accept the existence of Starbucks to provide a consumer experience for coffee drinks.

Data Analysis Results

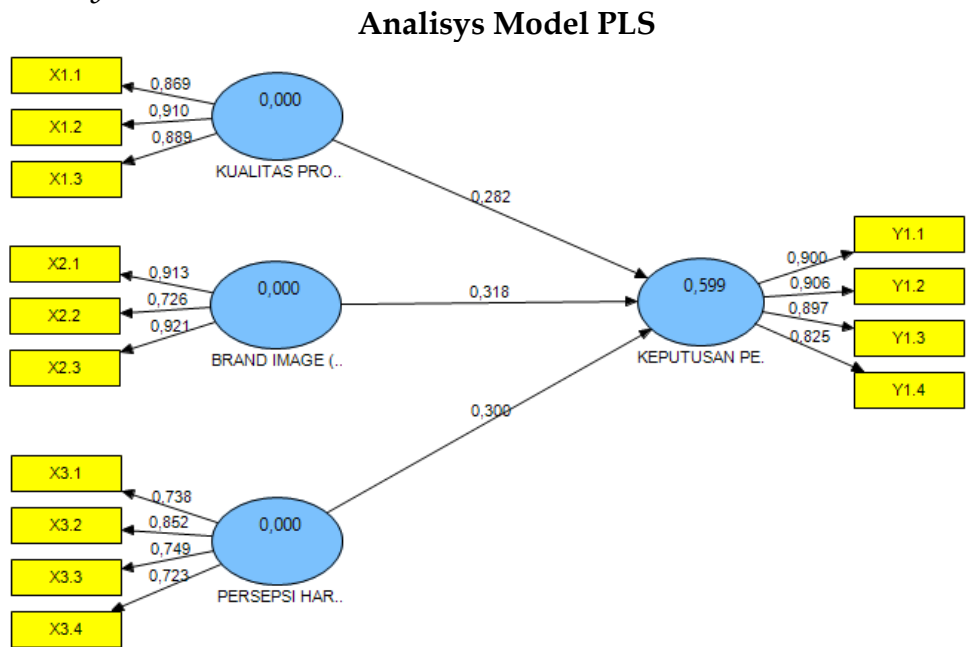


Figure 4. Outer Model with factor loading, Path Coefficient, and R-square
 Source: Processed Data, 2023

From the PLS output diagram above, it can be observed the magnitude of factor loadings for each indicator located above the arrow between variables and indicators. Additionally, the *path coefficients* between exogenous and endogenous variables can be seen above the arrow lines connecting them. Furthermore, the R-Square values, representing the variance explained, are displayed within the circles of the endogenous variable (Purchase Decision variable).

Outer Model (Measurement Model and Indicator Validity)

Outer loadings

In Partial Least Squares (PLS) analysis, especially in the context of PLS-SEM (Structural Equation Modeling), "outer loading" refers to the measurement of how well the indicator or measurement variable measures the construct (or latent factor) represented by the model. In PLS-SEM, constructs are latent

variables that cannot be observed directly but can be measured through several related indicators.

In simpler terms, outer loading measures the extent to which each indicator contributes to explaining the variability in the constructs they represent. Outer loading is calculated on a scale from 0 to 1, where a higher value indicates that the indicator has a greater contribution in measuring the appropriate construct.

Table 2. Outer Loadings (Mean, STDEV, T-Values)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)
X1.1 <- Product Quality.	0,869	0,863	0,036	23,614
X1.2 <- Product Quality.	0,910	0,908	0,022	40,749
X1.3 <- Product Quality.	0,888	0,893	0,014	62,988
X2.1 <- Brand Image.	0,912	0,913	0,013	67,803
X2.2 <- Brand Image.	0,726	0,723	0,085	8,455
X2.3 <- Brand Image.	0,920	0,918	0,021	43,315
X3.1 <- Price Perception.	0,737	0,735	0,076	9,668
X3.2 <- Price Perception.	0,851	0,850	0,019	42,599
X3.3 <- Price Perception.	0,749	0,739	0,048	15,539
X3.4 <- Price Perception.	0,722	0,724	0,037	19,432
Y1 <- Purchase Decision.	0,899	0,898	0,016	54,268
Y2 <- Purchase Decision	0,906	0,903	0,025	35,867
Y3 <- Purchase Decision	0,897	0,894	0,024	37,108
Y4 <- Purchase Decision	0,825	0,821	0,027	30,423

Source: Processed Data, 2023

Referring to the table of outer loadings, all indicators reflecting product quality (X1), brand image (X2), price perceptions (X3), and purchasing decisions (Y) demonstrate values above 0.50 and are statistically significant (T-Statistic > Z $\alpha = 1.96$). This affirms the indicators' strong connection with their latent constructs, confirming good convergent validity in the estimation results.

**Composite reliability
R-Square**

Table 3. R-Square

	R-square

Product Quality (X1)	
Brand Image (X2)	
Price Perception (X3)	
Purchase Decision (Y)	0,599029

Source: Processed Data, 2023

Based on the test results, it shows that the R-square value for the purchase decision variable is 0.599029. These results indicate that the purchase decision variable (Y) is influenced by product quality (X1), brand image (X2), and price perception (X3) variables of 59.9%. While the remaining 40.1% is explained by other variables that the researchers did not take into account in this study.

Hypothesis Testing

Table 4. Hypothesis Testing

	Path Coefficients (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Product Quality -> Purchase Decision	0,282364	0,084865	3,327209	0,001
Brand image -> Purchase Decision	0,318244	0,066594	4,778868	0,000
Price Perception -> Purchase Decision	0,299992	0,069987	4,286400	0,000

Source: Processed Data, 2023

DISCUSSION

The Influence of Product Quality on Purchase Decision

The results of the analysis show that product quality (X1) has a positive and significant effect on purchasing decisions (Y). Good product quality reflects Starbucks Coffee's standards and values in providing a superior consumer experience. The results of the analysis based on factor loading on product quality variables show that the most influential indicator on purchasing decisions is aesthetics. Indirectly aesthetics on product quality can make consumers attractive to purchasing decisions to buy products at Starbucks coffee. The results of this study are in line with Alvina Rahma Anggraeni, Euis Soliha (2020) entitled "Product Quality, Brand Image and Price Perceptions of Purchase Decisions (Studies on Other Coffee Consumers Hati Lamper Semarang City)", which has the result that product quality has a positive effect on purchasing decisions, as well as research by Efendi & Aminah (2023) with the title "The Influence of Promotion and Product Quality on Purchase Decisions for Skincare Skintific Products (Studies on UPN "Veteran" East Java Students)", which shows the results that product quality has a positive influence on purchasing decisions.

The Influence of Brand Image on Purchase Decision.

The results of the analysis show that brand image (X2) has a positive and significant effect on purchasing decisions (Y). This brand image helps create consumer confidence in Starbucks products, so that they feel confident and comfortable in choosing Starbucks Coffee as their choice. The results of the analysis based on factor loading on the brand image variable show that the indicator that influences the purchase decision is preference. Indirectly liking the brand image can make a purchase decision. The preference indicator in question is directed at the brand's ability to be easily remembered by customers. The results of this study are in line with Jonathan Caesar Putra's research, Ricky Talumantak (2022) research entitled "The Influence of Product Quality, Perceived Price and Brand Image on Purchase Decisions at Kopi Kenangan Kota Kasablanka", the results show that brand image has a positive influence on purchasing decisions purchase, as well as research by Nicholas Jeremias Matthew Laisina, Edvin Fairliantina (2022) with the title "The Influence of Product Quality, Perceived Price and Brand Image on Buying Decisions at Kopi Kenangan Pasar Minggu", the results show that brand image has a positive effect on purchasing decisions.

The Influence of Price Perception on Purchase Decision.

The results of the analysis show that perceived price (X3) has a positive and significant effect on purchasing decisions (Y). Perceived price can reflect the value perceived by consumers of a product or service. Starbucks Coffee is known for its relatively higher price compared to other coffee brands. The results of the analysis based on factor loading on the price perception variable show that the indicator that has the most influence on purchasing decisions is pricing according to good quality. Indirectly determining the price with good quality can make a purchase decision on a product. The indicator of pricing according to good quality is the aspect of pricing carried out by producers or sellers according to the quality of the product that can be obtained. The results of this study are in line with the research of Kukuh Indra Liswana, Kusuma Agdhi Rahwana, Depy Muhamad Pauzy (2022) Research entitled "The Influence of Brand Image and Price Perceptions on Consumer Purchase Decisions (Survey of 104 Singaparna Coffee Shop Consumers)", the results show that price perceptions have significant influence on purchasing decisions at Starbucks coffee Surabaya, as well as research. Alvina Rahma Anggraeni, Euis Soliha (2020) with a study entitled "Product quality, brand image and price perceptions on purchasing decisions (Studies on other Coffee consumers Hati Lamper Semarang City)", the results show that price perceptions influence purchasing decisions at Starbucks coffee Surabaya.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research using data analysis and discussions conducted about the effect of product quality, brand image, and price perceptions on purchasing decisions at Starbucks Coffee in Surabaya, several conclusions can be drawn: (1) Product Quality contributes to Purchase Decisions at Starbucks Coffee Surabaya. This shows that the higher the quality of the product provided,

the higher the purchase decision at Starbucks Coffee Surabaya. (2) Brand Image has a contribution to the Purchase Decision at Starbucks Coffee Surabaya. This can indicate that the higher the Brand Image on a product, the higher the purchase decision at Starbucks Coffee Surabaya. (3) Perceived price has a contribution to the Purchase Decision at Starbucks Coffee Surabaya. This can indicate that pricing with good quality can make a purchase decision on a product.

Based on the results of the discussion and conclusions that have been drawn and some of the limitations stated above, constructive suggestions can be given as material for evaluation and consideration in making a decision. First, it is hoped that purchasing decisions at Starbucks Coffee Surabaya in terms of product quality can be maintained and increased through the value of beauty or attractiveness in the future. Second, it is expected that the Starbucks Coffee Surabaya brand image that is recognized by consumers is a valuable asset for a product. Starbucks Coffee Surabaya must be able to increase liking for a brand image so that it can lead to the ability of the brand to be easily remembered by customers

FURTHER STUDY

For further research, the researcher suggests including other variables and using different test analysis tools to test the level between variables that influence other consumer purchasing decisions.

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