

THE EFFECT OF PRODUCT QUALITY, PROMOTION, PRICE ON FORE COFFEE PURCHASE DECISION IN MEDAN CITY

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ABSTRACT

The study is based on the growing public interest in coffee shops, especially among young people. The variables used in this study are product quality (X1), promotion (X2), price (X3), and purchasing decisions (Y). The purpose of this study is to determine how product quality, marketing, and price influence the decisions made by Fore Coffee customers in Medan City about what they buy. Ini adalah studi associative quantitative yang melibatkan pelanggan Fore Coffee di Kota Medan. A sample dari 100 responden dipilih secara random. Software Partial Least Squares (PLS) dan SmartPLS digunakan untuk menganalisis data. The findings demonstrated that pricing (X3) had a positive and significant impact on purchasing decisions (Y), promotion (X2) had no positive and significant impact on purchasing decisions (Y), and product quality (X1) had a positive and significant impact on purchasing decisions (Y). Customers' decisions to buy Fore Coffee were largely influenced by price, product quality, and promotion (R-square value of 87.6%). According to this data, the primary elements influencing consumers' decisions to buy a product are its quality and price; present promotions are insufficient to substantially alter consumers' choices.

Keywords : Product Quality; Promotion; Price; Purchasing Decision

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh kualitas produk, promosi, dan harga terhadap keputusan pembelian konsumen Fore Coffee di Kota Medan. Latar belakang studi ini didasari oleh semakin tingginya minat masyarakat, khususnya kalangan muda, terhadap keberadaan kedai kopi. Variabel yang diteliti meliputi kualitas produk (X1), promosi (X2), harga (X3), serta keputusan pembelian (Y). Pendekatan penelitian menggunakan metode kuantitatif dengan jenis asosiatif. Responden dalam penelitian ini adalah pelanggan Fore Coffee di Medan, dengan jumlah sampel 100 orang yang dipilih secara acak. Pengolahan data dilakukan menggunakan teknik Partial Least Squares (PLS) melalui software SmartPLS. Hasil analisis menunjukkan bahwa kualitas produk (X1) memiliki pengaruh positif dan signifikan terhadap keputusan pembelian (Y). Variabel promosi (X2) tidak memberikan pengaruh positif maupun signifikan terhadap keputusan pembelian. Sementara itu, harga (X3) terbukti berpengaruh positif dan signifikan terhadap keputusan pembelian. Secara keseluruhan, kualitas produk, promosi, dan harga memberikan pengaruh signifikan terhadap keputusan pembelian, yang dibuktikan dengan nilai R-square sebesar 87,6%. Temuan ini mengindikasikan bahwa kualitas produk dan harga menjadi faktor utama yang mendorong konsumen dalam mengambil keputusan pembelian, sementara strategi promosi yang ada saat ini belum cukup efektif memengaruhi keputusan konsumen.

Kata Kunci : Kualitas Produk; Promosi; Harga; Keputusan Pembelian

INTRODUCTION

The rapid rise of coffee consumption in Indonesia over the past several years has encouraged the expansion of modern coffee shops in various cities, including Medan. Coffee is no longer viewed merely as a beverage but has grown into a cultural and social habit,

particularly among young consumers who seek both taste and brand experience. This shift has intensified competition among coffee shop businesses, making it essential for each brand to understand what drives customers to make a purchase.

Fore Coffee is one of the brands that has gained strong attention due to its emphasis on quality ingredients, sustainability, and digital engagement. Although these differentiating factors are expected to influence consumer behavior, purchase decisions are still shaped by several key elements such as product quality, promotional activities, and price. These variables often determine whether customers perceive a product as valuable and worth purchasing.

Although previous studies have examined how product quality, promotion, and price influence purchasing decisions, most of them focus on industries other than coffee or concentrate on larger metropolitan areas. Studies that specifically address Fore Coffee in the context of Medan are still very limited. Moreover, existing research does not show consistent results—some authors find promotion to be a strong determinant of purchase intention, while others report that it has little or no effect. These inconsistencies indicate that further investigation is necessary, particularly in regions with unique consumer characteristics.

The novelty of this research lies in its specific focus on Fore Coffee consumers in Medan City using a quantitative model analyzed through Partial Least Squares (PLS). By examining the relative influence of product quality, promotion, and price, this study provides empirical evidence that reflects the behavioral patterns of coffee consumers in Medan, which may differ from those in other regions. This localized perspective offers new insights that have not been sufficiently explored in previous literature.

Based on these considerations, the purpose of this study is to analyze how product quality, promotion, and price contribute to the purchasing decisions of Fore Coffee customers in Medan. The findings are expected to assist coffee shop businesses in developing strategies that better match customer expectations and market dynamics.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Product Quality (X1)

Because consumers frequently ask about product quality before making a purchase, it is a crucial component of marketing. Customers' opinions of Fore Coffee's ability to meet their expectations will be influenced by the quality of its products. Additionally, the seller's knowledge of the goods for sale is reflected in the product quality (Mariansyah et al., 2020).

Promotion (X2)

Promotion is a business's effort to educate, persuade, and remind consumers about its goods or services in an effort to sway their decisions to buy. Kotler and Keller (2016) define

promotion as a collection of actions intended to highlight a product's benefits and convince prospective buyers to purchase it.

Price (X3)

Permatasari et al. (2022) define cost as a monetary unit or other measure (including other products and services) that is traded for the right to own or utilize goods and services, resulting in customer satisfaction. Pricing is generally a strategy for marketing managers to increase sales. Pricing policies/strategies are crucial, as pricing policies significantly influence increases and decreases in consumer purchasing power (Zulkarnaen, W., Amin, N.N., 2018).

Purchase Decision (Y)

A buy decision is the process by which a customer weighs and evaluates a variety of possibilities before deciding to purchase a particular item or service. A buy decision, according to Rosdiana (2022), is a person's attitude toward obtaining or using anything, whether an item or service, that they believe will satisfy their wants as well as their preparedness to handle any possible repercussions.

Research Hypothesis

H1: Product quality (X1) has a favorable and significant impact on Fore Coffee's purchasing decision (Y) in Medan City.

H2: Promotion (X2) has a favorable and substantial impact on Fore Coffee's (Y) purchasing decisions in Medan City.

H3: Price (X3) has a significant favorable impact on Fore Coffee's buying decision (Y) in Medan City.

H4: Product quality (X1), marketing (X2), and price (X3) all have a strong beneficial impact on Fore Coffee's (Y) purchases in Medan City.

RESEARCH METHODS

This research employs quantitative techniques and approaches with a focus on association. The population and sample size: One hundred consumers who bought beverages from Fore Coffee in Medan took part in the poll. One hundred people from Medan who had purchased Fore Coffee drinks took part in the poll. The sample technique employed was nonprobability sampling combined with the accidental sampling approach.

Type and source of data: Respondents were given questionnaires to complete in order to collect primary data, while documents and books were used to collect secondary data.

Path Analysis in SmartPLS was used to examine the data. Both Inner Model Tests (R-Square and F-Square) and Outer Model Tests (Convergent Validity, Discriminant, and Reliability) were used for hypothesis testing. Testing criteria: H1 is accepted and Ho is refused if the probability value (P-value) is less than 0.05.

RESEARCH RESULTS AND DISCUSSION

Respondent Characteristics

Men and women gave the same answers on this survey. The age range of 20 to 22 accounted for the majority of answers (35%). The Price variable (X3) averaged 3.23% overall, indicating that most respondents believed Fore Coffee's prices were reasonable and suitable. In the meanwhile, 3.28% was the average value of the Purchase Decision variable (Y).

Measurement Model Data Analysis (Outer Model)

Outer Model

To verify the validity and reliability of the indicators used to measure each latent variable in the research, the measurement model, also known as the outer model, is analyzed. Three essential requirements must be satisfied: convergent validation, discriminant validity, and construct dependability.

Validity Test

1. Convergent Validity

Many of the items in the factor loading table had scores below 0.70, suggesting that they did not meet the convergent validity requirements. Because certain measurements do not accurately measure the intended idea, it is reasonable to assume that they are invalid.

2. Discriminant Validity

Discriminant validity was evaluated by comparing the square root of the AVE to the correlation between latent variables. The results showed that each latent variable's square root AVE was greater than its correlation coefficient. This shows that each variable has been suitably distinguished, allowing the measurement model to continue.

Reliability Test

The instrument's dependability was evaluated using composite reliability and Cronbach's Alpha. You need more than 0.70.

Price, advertising, product quality, and purchase choices all exhibited composite reliability and Cronbach's Alpha values more than 0.70. This suggests a high degree of consistency in the used questionnaire.

Structural Model Data Analysis (Inner Model)

Using inner model analysis, the study hypothesis was examined. The Coefficient of Determination (R²), the F-Test (Simultaneous), and the T-Test (Partial) were employed in this test.

Coefficient of Determination (R^2)

The R^2 number shows how well the dependent variable is explained by the independent variable. The factors Product Quality (X1), Promotion (X2), and Price (X3) explain 87.6% of the variation in Purchasing Decisions with an R^2 value of 0.876.

F Test (Simultaneous)

$$\begin{aligned} F_{count} &= \frac{R^2(n-k-1)}{k(1-R^2)} \\ &= \frac{0,876(100-3-1)}{3(1-0,876)} \\ &= \frac{84,096}{0,372} \\ &= 226,07 \end{aligned}$$

The model's overall significance in PLS-SEM is ascertained using the F-test, as shown by a significant R^2 value or F_2 (Effect Size). We may infer that price, marketing, and product quality all have a major impact on purchase decisions because the R^2 is so high (0.876) (H_4 Accepted).

T-Test (Partial)

The T-test evaluates hypotheses by calculating the T-statistic ($T > 1.96$) or P-value ($P < 0.05$). The T-test results may be summed up as follows:

All of the variables, including pricing (X3) of 0.434, product quality (X1) of 0.332, and promotion (X2) of 0.191, show positive path coefficients, according to the T-test results. This indicates that the relationship between the independent and dependent variables is more significant the higher the route coefficient value.

Testing This approach, Bootstrapping, use the SmartPLS 4 software to overcome data distribution inconsistencies. Can describe the outcomes test hypothesis under This:

1. Hypothesis 1: Quality products are significant in purchasing decisions. Conclusion: The H_1 test findings are significant up to 0.001, which is greater than 0.05. Because That, H_1 is acceptable.
2. Hypothesis 2 suggests that promotions have no influence on purchasing decisions. The results of the H_2 test reveal a significant mark of 0.062, which is greater than 0.05, so that H_2 No accepted (rejected).
3. Hypothesis 3 explains how pricing influences purchasing decisions. The results of the H_3 test reveal a significance level of 0.000, which is smaller than 0.050. Because That, H_3 was approved.

Discussion of Data Analysis Results

1. How Product Quality Affects Purchase Decisions (H_1)

With a P-value of $0.001 < 0.05$, the test findings supported the hypothesis that product quality had a positive and substantial impact on purchase decisions. This suggests that people prefer Fore Coffee products because they have a better and more consistent flavor and scent. These findings are consistent with previous studies by Haque (2020).

2.Promotion's Impact on Purchase Decisions (H2)

The test findings indicated a P-value of $0.062 > 0.05$, rejecting H2 and indicating that promotion had no meaningful influence on purchase choices. These findings suggest that Fore Coffee's media campaigns did not pique customers' interest in sampling the product. These research findings are consistent with those of Nasution et al. (2019).

3.Price's Impact on Purchase Decisions (H3)

With a P-value of $0.000 < 0.05$, the test findings support the hypothesis that price has a positive and substantial impact on purchase decisions. This demonstrates that affordability and price appropriateness with product quality and advantages are major concerns for customers.

4.Impact Price, Promotion, and Product Quality on Purchase Decisions

Purchase decisions (Y) are significantly impacted by cost, promotion, and high-quality products by up to 86.7% (R-square). The results of this study, which are corroborated by (Agustina et al., 2024), show how product quality, cost, and marketing affect students' decisions to purchase Skincare Skintific in Medan. This suggests that the third free variable—product quality, pricing, and promotion—has a major positive influence on consumers' decisions to buy.

CONCLUSION

Research on the impact of product quality, marketing, and pricing on purchase decisions for Fore Coffee in Medan City yielded the following conclusions:

1. Product quality (X1) positively and significantly influences decisions to buy (Y).
2. Purchase decisions are not significantly influenced by the promotion variable (X2) (Y).
3. The price variable (X3) significantly and favorably influences decisions to buy (Y).
4. Purchase decisions are significantly influenced by product quality, price, and marketing (R-square value: 87.6%).

Suggestion

1. Enhance product quality: Fore Coffee should consistently enhance flavor, fragrance, and packaging to preserve consumer happiness and loyalty.
2. Revision of Promotion plan: Fore Coffee should analyze and improve their present promotion plan due to its ineffectiveness. Enhancing the quality of digital marketing material, developing customer loyalty programs, and forming alliances with key influencers are all recommended enhancements.

3. Maintain Competitive Pricing: Fore Coffee should maintain fair pricing that matches its quality and offer attractive promotional packages or discounts.
4. Future study should address characteristics including service quality, shop location, and customer experience, as they account for 12.4% of the variance in purchasing decisions.

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