

## Conference Paper

# Analysis of Marketing Mix and Purchasing Decisions (a Study of Kene Kopi Products)

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**ORCID:***Tina Melinda: <http://orcid.org/0000-0002-2919-8300>***Abstract**

The rapid growth of coffee shops in recent years has made competition fiercer. Consumer behavior in decision-making is influenced by several factors including product, price, location, and promotion. Kene Kopi is one of the famous coffee shops in Gresik. This study aimed to investigate what caused the increase and decrease (instability) of Kene Kopi sales turnover in January to October 2019 among the proliferation of coffee shops in Gresik. This study analyzed the effect of the marketing mix (product, price, place, and promotion) on decisions to purchase Kene Kopi products in Gresik. This research used a quantitative approach with a questionnaire as the method of collecting data. There was a sample of 97 respondents. Data analysis was through multiple linear regression, using SPSS. Product, price, location and promotion significantly positively affected decisions to purchase Kene Kopi products. Therefore, the manager of Kene Kopi should develop and maintain existing products and offer prices and values in accordance with the quality provided so that Kene Kopi can compete with other shops.

**Keywords:** Product, Price, Place, Promotion, Purchasing Decision

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## 1. Introduction

Indonesia, especially in Java, is famous for one of its natural products that has been traded throughout the world, which is coffee. Since the Dutch era, Indonesia is a producer of coffee with the best taste in the world [1]. The trend of drinking coffee in Indonesia began through the emergence of a local movie, entitled “Filosofi Kopi” in 2014. Even though drinking coffee is nothing new in Indonesia, coffee in Indonesia has increased in consumption by up to 7% per year after this movie was released [2].

The increasing number of coffee shops or cafes in Indonesia makes drinking coffee no longer just for entertaining guests at home and just to reduce sleepiness but has turned into a lifestyle for Indonesians, both men and women, of all ages. This lifestyle also creates business opportunity and has grown rapidly until now. In the past, most of

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the people consumed coffee in a small shop (*warung*), but now it has developed into a modern *warung* or also called a coffee shop. With so many coffee shops opening, there is also more competition, where each owner is competing to provide the best facilities in the shop [1].

Based on data from the Indonesian Coffee Exporters and Industry Association in 2016, Indonesian coffee consumption has also jumped over the past six years. The rate of increase in coffee consumption has increased by 50 percent to 1.15 kg per capita in a year, compared to only 80 grams per capita in 2010. Indonesia is ranked the third highest in the world in terms of consuming coffee, where in 2016 coffee consumption reached 682 thousand tons. Apparently, this phenomenon is the main factor that influence the mushrooming of places that consumers choose to buy coffee [3].

Lately, coffee shops with the concept of coffee-to-go or drive-thru have sprung up in big cities in Indonesia. Coffee-to-go is the concept of selling coffee with a simple shop, where consumers buy coffee to take home, so sellers do not need a large space to make a coffee shop with this concept. The concept of coffee-to-go is in great demand by many people, especially coffee lovers, because the prices offered are cheaper than cafes in general. In addition, this concept is the target of business actors because it does not require large capital. Kene Kopi as one of the businesses engaged in the coffee industry sees opportunities in the new concept. Strategic location in Gresik with a new concept, namely coffee-to-go, makes Kene Kopi easily accessible to consumers. As a city that is densely populated with industry and has many state-owned companies, such as PT Petrokimia Gresik, PT Semen Indonesia, as well as several private companies and other institutions, this coffee-to-go concept was expected to blend perfectly with the city because it is designed to be different from other coffee businesses and wanted to adjust the lifestyle of the community who are highly mobile and busy with various activities but still want to enjoy coffee with quick service. This concept was chosen to make it easier for consumers who have busy activities, such as employees who just want to enjoy coffee before work.

However, even though the sales turnover in the first and second months of the establishment of Kene Kopi has exceeded the expected target, it took a turning point in the third month where the sales turnover decreased significantly and was far from the target expected by the owner. Entering the fourth, fifth and sixth months, the sales turnover was still declining until the seventh and eighth month where it is slightly increased above the determined target. According to Saputro et al. [4], the decline in sales turnover could be caused by several problems, such as problems with products, prices, places, and promotions. The marketing mix is a tactical tool for the company to

build a strong position in target markets such as the 4Ps, namely product, price, place, and promotion, as well as several ways, namely in terms of technology, environment, residence and culture that surrounds consumers. The marketing mix is one of the main variables that is often the reason consumers make purchasing decisions of a product or service [5]. Therefore, companies need to study the marketing mix and the behavior of consumer purchasing decisions in order to make strategies to increase sales.

## 2. Literature Review

### 2.1. Marketing Mix

The concept of marketing is divided into four interconnected things, which are called the marketing mix or the 4Ps, namely product, price, place, promotion [6]. Marketing mix is a marketing tool that a company uses to achieve its goals in the market they are targeting in order to achieve sustainability.

#### 2.1.1. Product

The definition of a product is anything that can be offered to the market to get attention, acquisition, use, or consumption that might satisfy consumer's wants or needs [6]. If consumers feel that they are compatible with a product and the product can meet their needs, then consumers will make the decision to buy the product continuously [7]. Therefore, it can be concluded that when consumers will make a purchase decision, the variable of product quality is the most important consideration, because product quality is the main goal for consumers to meet their needs.

Product is defined as anything that a producer can offer to be noticed, searched for, purchased, requested, used and consumed by the market as a fulfillment of the needs or desires of the relevant market [8]. The main thing that needs to be considered and get more attention within the company or producer is product quality, because product quality is something that is directly related to consumer satisfaction [9].

#### 2.1.2. Price

Price refers to the amount of money charged for a product or service [6]. More broadly, price is the sum of all value provided to customers for obtaining, owning, or using a product or service. Historically, price has been the main factor influencing buyer's

decision. Price is the only element in the marketing mix that will generate revenue. Price is also one of the most flexible elements of the marketing mix. Unlike product features and place, prices can be changed quickly. At the same time, pricing is the number one problem that marketing executives face. There are four influencing aspects of price towards consumers [10]:

1. **Affordability.** Affordable prices are an important dimension for consumers in purchasing products. The value offered must be balanced with potential customers.
2. **Competitive price.** The price offered is a concern compared to existing competitors, the price offered must be comparable and able to compete in order to survive.
3. **Flexibility of payments.** Payment for purchasing products should be easily done to make it easier and more efficient.

### **2.1.3. Discounts. Consumers tend to be more attracted to buy a product if they can get a discount from the seller or cashback when purchasing a product.**

Place is a mean of distribution used in delivering products from the place of production to consumers [11]. Place refers to location that makes it easier for consumers to see the merchandise offered [12]. Distributing, sending, and delivering products marketed to buyers is a distribution channel [13]. Determining the appropriate place for consideration includes aspects as follows [11]:

1. **Access.** The place to be traversed has the convenience of being reached by the vehicle.
2. **Visibility.** A place that can be seen from the main road and is on the side of the road.
3. **Adequate parking space.** In order to increase the safety and comfort of potential customers.
4. **Environment.** The area around the place supports making sales.

### **2.1.4. Promotion**

Promotional activities cannot be separated from a company to introduce its products. Therefore, promotion is very important for the survival of the company. Promotion relates

to customers and more than any other business function [6]. The simplest definition of promotion is managing relationships with customers for mutual benefit. The purpose of the promotion itself is to attract new customers by promising the values the company has and to maintain and grow consumers by providing value and satisfaction. There are 5 indicators used in measuring promotion [14], namely:

1. Promotion frequency. The number of promotions carried out through sales promotion media.
2. Promotion quality. The measure of how well the promotion is done.
3. Promotion quantity. The value or amount of promotion given by consumers.
4. Promotion time. The length of time the business owner is promoting
5. Accuracy or suitability of promotional targets. The necessary factor to achieve the desired target to increase sales.

## 2.2. Purchasing Decision

Decision making is the selection of two or more alternative options [8]. Purchasing decision is a process in which consumers evaluate various alternative choices and choose one or more alternatives based on certain considerations in purchasing. In sorting a product or service, consumers will sort all the things that will be used such as product, price, place, and promotion. There are several other things that are also considered by consumers, namely economic, technological, social, and cultural factors [6]. Some of these things will also enter buyer's black box, including the situation where consumers make careful considerations and considerations received before deciding. After completing the consideration, consumers will give responses that are divided into three aspects: buying attitudes and preferences, purchase behavior: what to buy, when, where, and how much; and company relationship behavior.

## 3. Research Method

This research was conducted using a quantitative approach. The quantitative approach aims to determine the relationship between product, price, location, promotion of purchasing decisions at Kene Kopi. The study used quantitative methods by distributing questionnaires as a means of collecting data, with a sample of 97 respondents, which were analyzed statistically. Quantitative research is useful for testing objective theory

by examining the relationship between variables so that it can be measured, processed, and analyzed, so that the truth of the research can be found [15]. This research will be conducted at Kene Kopi company to determine the effectiveness of the marketing mix strategy that has been carried out.

## 4. Results and Discussion

### 4.1. The Effect of Products on Purchasing Decision

Based on the results of the t test, the sig. value of product variable is 0.044 which is less than 0.05, therefore it can be concluded that the product variable has a partially significant effect on the purchasing decision variable. A positive t value indicates that the product variable has a unidirectional influence on the purchasing decision of Kene Kopi products. This indicates that an increase and decrease in the quality of Kene Kopi products will affect consumer purchasing decisions. Thus, it can be said that the consumers of Kene Kopi is influenced by product variables, therefore in the future Kene Kopi must always pay attention to the products being sold starting from taste, product hygiene, portions, attractive packaging and delicious aroma. This finding supports previous researches [8] which indicate that product has a positive effect on purchasing decision.

### 4.2. The Effect of Price on Purchasing Decision

Based on the results of the t test, the sig. value of price variable is 0.000 which is less than 0.05, therefore it can be concluded that the price variable has a partially significant effect on the purchasing decision variable. A positive t value indicates that the price variable has a unidirectional influence on the purchasing decision of Kene Kopi products. This indicates that an increase or decrease in prices at Kene Kopi will affect consumer purchasing decisions. Thus, it can be said that the consumers of Kene Kopi is price sensitive. Before conducting research, Kene Kopi consumers make purchases due to affordable prices, in the future Kene Kopi needs to maintain price fixing so that it is not too expensive, therefore consumers' perceptions of affordable prices do not change with the price at Kene Kopi. This finding supports the previous researches [8] which indicate that price has a positive effect on purchasing decision.

### 4.3. The Effect of Place on Purchasing Decision

Based on the results of the t test, the sig. value of place variable is 0.001 which is less than 0.05, therefore it can be concluded that the place variable has a partially significant effect on the purchasing decision variable. The positive t value indicates that the place variable has a unidirectional influence on the purchasing decision of Kene Kopi products. This indicates that the place of Kene Kopi shop will influence consumer purchasing decisions. Thus, it can be said that the consumers of Kene Kopi takes the place variable into account when considering purchasing Kene Kopi products. Before conducting research, Kene Kopi consumers made purchases due to its strategic location, adequate parking, and easy access. This finding supports previous researches [8] which indicate that place has a positive effect on purchasing decision.

### 4.4. The Effect of Promotion on Purchasing Decision

Based on the results of the t test, the sig. value of promotion variable is 0.000 which is less than 0.05, it can be concluded that the promotion variable has a partially significant effect on the purchasing decision variable. A positive t value indicates that the promotion variable has a unidirectional influence on the purchasing decision of Kene Kopi products. This indicates that the promotion of Kene Kopi will influence consumer purchasing decisions. Thus, it can be said that the consumers of Kene Kopi is considering the promotion offered before purchasing Kene Kopi products. The frequency of promotions carried out by Kene Kopi makes consumers interested, therefore in the future Kene Kopi needs to do promotions frequently. This finding supports previous researches [8] which indicate that the promotion has a positive effect on purchasing decision.

## 5. Conclusion

Based on the results of the research conducted using quantitative method, it can be concluded that the marketing mix strategy at Kene Kopi company is as follows:

1. Product has a positive and significant effect on purchasing decision, therefore the first hypothesis (H1) is accepted because the results obtained are in accordance with the hypothesis.
2. Price has a positive and significant effect on the purchasing decision, therefore the second hypothesis (H2) is accepted because the results obtained are in accordance with the hypothesis.

3. Location has a positive and significant effect on purchasing decision, therefore the third hypothesis (H3) is accepted because the results obtained are in accordance with the hypothesis.
4. Promotion has a positive and significant effect on purchasing decision, therefore the fourth hypothesis (H4) is accepted because the results obtained are in accordance with the hypothesis.

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