

The Effect of Advertising and Price on Purchase Decision to Popular Milk Coffee Products in the Pandemic Era in Bandung

Wijaya, Ni Putu Nurwita Pratami*, Sudrajat, Ricky Kurniawan, Tika, Klara, Mulyana Rizal, Nusantara, Muhammad Wahid

Widyatama University, Bandung, Indonesia

*putu.nurwita@widyatama.ac.id

ABSTRACT

This study aims to determine how advertisements and prices affect coffee milk product purchasing decisions during the Bandung City Pandemic Era. The factors tested in this study are advertising and price as independent variables, and purchasing decisions as dependent variables. This research uses descriptive and verification methods. The population in this study were milk coffee products that were marketed during the Bandung City pandemic era. The sampling technique used was probability sampling with simple random sampling technique, so that the total number was 100 people. The analytical method used is multiple linear regression analysis using the Statistical Package for Social Sciences (SPSS) Vers.25.00. The results showed that advertisements and prices had an effect on purchasing decisions for milk coffee products during the Bandung City Pandemic Era. In addition, the total effect of advertising and price on a purchase decision is 61.0%.

Keywords

Advertising and price, purchase decisions

Introduction

Coffee business is now an ever-increasing business, not only in Indonesia and even the world. The market of coffee, along with prices, import exports and coffee production in the world

is contained in an organization called the International Coffee Organization (ICO) - <http://www.ico.org>. In the data reported by the ICO, each month contains the condition of the coffee market from all over the world.

	ICO Composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
Monthly averages							
Nov-19	107.23	146.12	140.98	109.94	73.28	113.31	63.00
Dec-19	117.37	161.50	157.11	126.36	73.22	131.44	63.87
Jan-20	106.89	147.52	142.19	110.73	70.55	117.05	61.03
Feb-20	102.00	146.43	135.50	102.62	68.07	106.69	59.02
Mar-20	109.05	158.99	148.33	112.87	67.46	116.09	57.39
Apr-20	108.91	161.92	154.52	111.22	63.97	115.55	54.40
May-20	104.45	154.96	149.84	101.69	64.53	107.54	54.67
Jun-20	99.05	147.16	141.52	92.56	64.62	99.50	54.77
Jul-20	103.66	153.38	146.78	97.96	67.69	106.20	57.92
Aug-20	114.78	167.22	163.25	111.79	72.68	120.98	62.89
Sep-20	116.25	168.36	166.56	113.81	72.77	122.08	63.35
Oct-20	105.85	154.28	152.06	100.37	68.36	110.70	59.14
Nov-20	109.70	161.21	150.73	106.41	72.38	115.48	62.82
% change between Oct-20 and Nov-20							
	3.6%	4.5%	-0.9%	6.0%	5.9%	4.3%	6.2%
Volatility (%)							
Nov-20	6.5%	6.2%	7.0%	9.4%	6.1%	8.6%	6.7%
Oct-20	8.8%	8.2%	7.8%	12.2%	9.5%	10.8%	6.5%
Variation between Oct-20 and Nov-20							
	-2.3	-2.0	-0.8	-2.8	-3.4	-2.2	0.2

* Average prices for 2nd and 3rd positions

Figure 1. ICO coffee price indicators

Source: Organization (2020)

Looking at the data we can see that although the price of coffee every month is fluctuating, but we can see it tends to increase. This is driven because the coffee market in the world is so large that it is not surprising, especially in Indonesia, the number of coffee shops always increases every year. The existence of coffee shops is felt not only for coffee enthusiast only. Jeon et al. (2019) states that coffee shops are now a gathering place for millennials, whether for socializing or even learning. It is also supported by facilities that are widely offered by coffee shops that make them able to do a lot of activities in it. In a study conducted by Toffin and Mix in 2020 *Brewing in Indonesia: Insights for Successful Coffee Shop Business* stated that the coffee market in Indonesia is divided into several parts that are decomposed such as the tables below:

Table 1. Indonesia coffee consumption 2019

Coffee to go	39,03%
International Coffee Chain	30.32 %
Local Chain Coffee	17,10%
Bakery & Pastry	8,39%
Independent Coffee Shop	2,90%
Specialty Coffee Shop	2,26%

Source: 2020 *Brewing in Indonesia: Insights for Successful Coffee Shop Business* – Mix Magazine

In the study also explained the reasons coffee shops are in great demand in Indonesia including the habit (culture) of hanging out while having coffee, the increasing market in the middle class who see more prices when buying, the dominance of the millennials generation that makes drinking coffee as a lifestyle, the presence of social media as a promotional media, the presence of various applications (Gofood, Grab food) that accelerate the sales process, the availability of adequate resources and relatively high profit. These various reasons then make this business become in demand for business people.

The pandemic condition caused by the emergence of the COVID 19 virus is like disaster for the world. This condition presents a challenge for each country to be able to survive with its own policies (Pardo & Ladeiras, 2020). In addition, the COVID 19 condition becomes a challenge for manufacturers because consumers have different behaviors in each decision to buy a product.

Bandung as a domestic tourist area known for its culinary industry is also affected through this pandemic condition. No wonder many restaurants, cafés, and also various coffee shops are closed due to this condition. This is when all business people are tested to be able to defend their consumers. But outside of this, the home food products industry has increased. Every new effort is intensively promoting through advertising media through social media. One coffee product that is currently in demand in Indonesia especially the city of Bandung for millennials at this time is milk coffee. Home-made milk coffee products are also one of the businesses that are rapidly emerging, especially in the city of Bandung today. Proximity factor is one of the reasons people make purchasing decisions at this time. So sometimes even expensive prices are not the reason people to make purchases. Of course, this phenomenon becomes unique where usually consumers will look for the cheapest price to buy. This then attracts the attention of researchers to be researched, considering the unpredictable pandemic condition when it ends then every businessman must have a strategy in his business. So the purpose of this research is to see what factors triggered purchasing decisions from consumers in the pandemic era for milk coffee products, especially in Bandung.

Literature Review

Advertising

Advertising is one of the important tools in selling the name or brand of a product to consumers. According to Kotler and Keller (2016), advertising is any paid from non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. While according to Morisan (2015), advertising is one of the most known and most discussed forms of promotion, this is likely due to its wide reach. Advertising is also a very important promotional instrument, especially for companies that produce goods or services aimed at the public.

According to Kotler and Keller in his book *Marketing management* (2016) explained that there are five advertising strategies referred to as The five M's of Marketing as follows:

- a. Mission: what is the purpose of advertising? Is the target sales, get the purpose of advertising namely (informative, persuasive, reminder, and reinforcement advertising)
- b. Money: how much money can be spent and how to allocate expenses in different types of media
- c. Message: what to say in the ad includes (message evaluation and selection, message execution, social responsibility)
- d. Media: what media to use, what to look at is the range, frequency, impact of the main media type, media time, and allocation
- e. Measurement: how should evaluate results include the impact of communication and the impact of sales

Price

Price is a product value, because it will affect the profits of producers. Price is also a consideration for consumers to buy, so it is necessary to consider especially to determine the price. Every product or service traded is certainly measured by the price set that must be paid by a consumer. The definition of price is a value made to be the benchmark value of a goods or service. Here are some definitions of prices according to experts: According to Kotler and Keller (2016), "price is the only element in the marketing mix that produces revenue; the other elements represent costs. Price is also communicate the company intended value positioning of its product or brand".

According to Morrisian (2015), price is one of the marketing mix that refers to what consumers should give to buy a product or service that is biased using value for money. The above definition, that the price may constitute or as a reciprocity of the ownership or use of a particular product or service. Then in the determination of a price must follow the development of the market at that time which impact on pricing at any time will change.

According to Fandy Tjiptono (2015), the price dimension consists of the following:

- a. Affordability of prices

Consumers can reach prices that have been set by the company. Products usually have several types

in one brand and the price also differs from cheapest to most expensive.

- b. Price conformity with product quality

Price is often used as an indicator of quality for consumers' people often choose a higher price between two goods because they see a difference in quality.

- c. Price competitiveness

Consumers often compare the price of a product with other products. In this case the expensive price of a product is highly considered by consumers at the time of going to buy the product.

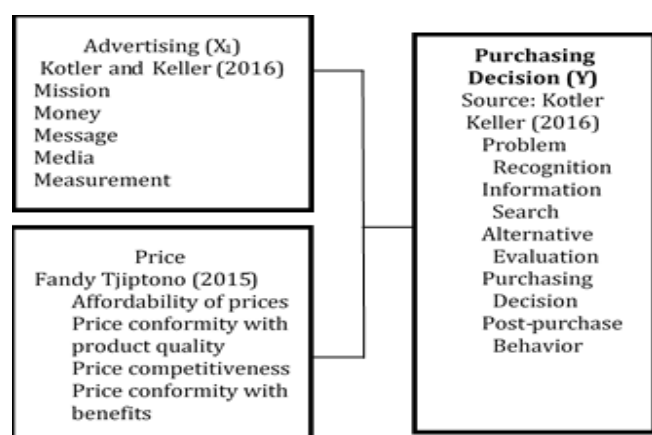
- d. Price conformity with benefits

Consumers decide to buy a product if the perceived benefit is greater or equal to that that has been spent to get it.

Purchasing Decision

Purchasing decision-making process according to Kotler and Keller (2016) consist of several dimension such as:

- a. Problem Recognition is the purchase process begins when the buyer recognizes a problem or need triggered by internal or external stimuli.
- b. Information Search is consumers who are encouraged by their needs will be encouraged to seek more information
- c. Alternative Evaluation is judging the alternatives, here may also be judged from which brand is better.
- d. Purchasing Decision is after valuing and assessing the alternatives, the decision can be made to buy or not to buy goods.
- e. Post-purchase Behavior is behavior after buying will then appear some other kind of behavior in the individual. This is strongly influenced by a certain level of satisfaction or dissatisfaction.

**Figure 2.** Theoretical framework

Hypothesis:

H1: Advertising influence Purchase Decision milk coffee products in the pandemic era of Bandung.

H2: Price influence Purchase Decision milk coffee products in the pandemic era of Bandung.

H3: Advertising and Price influence Purchase Decision milk coffee products in the pandemic era of Bandung.

Methodology

This study examined two variables that will be studied, including variable X1 (independent variable) is Advertising, X2 is Price and variable Y (dependent variable) is Purchasing Decision. Population of this research are Bandung city residents who consume coffee. When Bandung consist of four district area there are North Bandung, South Bandung, East Bandung, and West Bandung. This research was conducted using cross sectional method. According to Husein (2008), Cross sectional method is a method of research by studying objects over a certain period of time (not sustainable for a long period of time).

According to Satori and Komariah (2014), "The concept of samples in the study is a small part of

the population members taken according to certain procedures so as to represent the population representatively". Sample size total for this research is 100 samples divided into all district area of Bandung City.

Table 2. Respondent group by gender

Gender	Frequency	Percentage
Male	52	52,00%
Female	48	48,00%
Total	100	100%

Source: Data processed

Based on Table 2 shows that out of 100 people who were respondents in this study, it was seen that respondents were 52.00% male, while female respondents were 48.00%. This indicates that the number of male respondents is more dominant than women.

Data Analysis Techniques for this research used multiple regression analysis. Definition of Multiple regression analysis is a method of predicting the influence value of two or more independent variables on one dependent variable. in this research will be proven whether or not there is a relationship between two variables X1, and X2 against one variable bound Y.

Results and Discussion

Hypothesis Testing

Partial hypothesis testing (*t test*)

This test basically aims to show how big the influence of one individual independent variable in explaining dependent variables. Below will be presented the results of partial hypothesis testing using multiple linear regression analysis as follows:

Table 3. Partial hypothesis testing Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	,207	,257		,803	,424
	Advertising	,472	,073	,463	6,473	,000
	Price	,449	,071	,449	6,273	,000

Source: SPSS Output

Based on Table 3, partial test results are as follows:

Based on t (partial) test results on regression model, obtained ad variable significance value of $0.000 < 0.05$. In addition, it can also be seen from the comparison between t count and t tables which shows t count value of 6,473, while the t tables is 1,985. From the results, it appears that $t \text{ count} > t \text{ tables}$ is $6,473 > 1,985$, it can be concluded that H1 is accepted, meaning that advertising variables affect purchasing decisions.

Based on t (partial) test results on regression model, obtained price variable significance value

of $0.000 < 0.05$. In addition, it can also be seen from the comparison between t count and t tables which shows t count value of 6,273, while the t tables is 1,985. From the result, it appears that $t \text{ count} > t \text{ tables}$ is $6,273 > 1,985$, it can be concluded that H2 is accepted, meaning that variable price affects the purchasing decision.

Simultaneous hypothesis testing (F test)

The F test is a model feasibility test (goodness of fit) that must be performed in linear regression analysis. Below will be presented the results of simultaneous hypothesis testing, namely as follows:

Table 4. Simultaneous hypothesis testing ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	39,590	2	19,795	75,701	,000 ^a
Residual	25,364	97	,261		
Total	64,955	99			

Source: SPSS Output

Based on Table 4, there is a simultaneous regression model significance value of 0.000, this value is less than the significance level of 0.05 (5%), which is $0.000 < 0.05$. In addition, it can also be seen from the results of the comparison between F value and F table which shows the value of F Value of 75,701 while F table is 3.09. From the results, it appears that $F \text{ Value} > F \text{ table}$ is $75.701 > 3.09$, it can be concluded that H3 is received, meaning that together or simultaneously advertising variables and prices affect the variable purchasing decision coffee milk product in pandemic era of Bandung.

Coefficient Analysis of Determination

Below will be presented the results of coefficient testing determination as follows:

Table 5. Simultaneous coefficient of determination Model Summary^b

Model	R	R Square	Adjusted R Square
1	,781 ^a	,610	,601

Source: SPSS Output

From Table 5 shows that the value of R Square (R^2) is 0.610, meaning that the variability of dependent variables is purchasing decisions that can be explained by independent variables namely advertising variables and the price in this study is 61.0%, while the remaining 39.0% is explained by other variables outside the research model.

Table 6. Partial coefficient of determination Coefficients^a

Model	Standardized Coefficients Beta	Correlations Zero-order
1 (Constant)		
Advertising	,463	,672
Price	,449	,664

Source: SPSS Output

The results of the partial determination coefficient test in the tables above, it can be calculated as follows:

Effect of X1 on Y = $0.463 \times 0.672 = 0.311$ or 31.1%

Effect of X2 on Y = $0.449 \times 0.664 = 0.298$ or 29.8%

Based on the calculations above, it is known that from the two free variables analysis, it appears that the amount of advertising variables in contributing influence to the purchase decision variable is 31.1%. As for the amount of variable price in contributing influence to the variable purchase decision of 29.8%.

Advertising Influences Purchase Decisions

The results showed that advertising affects purchasing decisions. The effect of advertising on purchasing decisions was 31.1%. The results of this study are supported by the basis of the theory in the previous discussion which stated that advertising is any payment of non-personal presentations and promotion of ideas, goods, or services by identified sponsors (Kotler & Keller, 2016). Our choice of media for advertising depends largely on what we are going to advertise and what we advertise the ads for. Simply put, each media has its advantages in advertising. But we need to learn the strengths and weaknesses of the media before we decide to advertise on any of the many media alternatives on offer. The advertising strategy used for a product depends on which stage the product is in the product cycle. In the introduction phase, informative advertising can help develop buyers' awareness of the company and its products and help increase demand for the product (Juliyanti & Zuhdi, 2012).

Advertising can affect two parameters of consumer satisfaction. First, ads can form perceived quality that will then affect the assessment of overall quality, and the influence of advertising is greater when consumers are unable to evaluate their true quality. Second, advertising can affect perceived best: the belief that a product is best in class is influenced by brand image. Therefore, many companies provide great

advertising costs to strengthen brand image and brand awareness in the minds of consumers with the aim of advertising can help the company in reaching new consumers and improving brand quality (Kuspriyono, 2018). Especially we can see from this case when the mandatory coffee business need advertising for developing their business. To increase their customer and to attract potential buyer.

An interesting form of advertising will make the sense of wanting to buy consumers become high. The delivery of advertisements as attractively as possible can influence consumers to always remember the product, so that the impact on consumer choice when choosing a product. Advertising aims to build awareness of the importance of a product or service, help convince customers in buying and distinguishing a product / service with other products / services. Visual ads can add a deeper impression, so that consumers who see the product will soon be reminded of a brand. Advertising should be able to persuade consumers to be interested in an advertised product. Well-designed advertising will direct consumers to buy products offered by manufacturers, so that consumers are confident that the product can meet the needs and desires of consumers. Through advertising manufacturers must be able to influence the selection and decision of consumer purchases (Jayanti & Zuhri, 2017). The result for this study related with the previous research where advertising influences purchasing decision. For this pandemic era, we can see that advertisements still influence someone to make purchases, especially in coffee milk product.

Price Influences on Purchasing Decisions

The results showed that the price influenced the purchasing decision. The effect of the price on the purchase decision was 29.8%. The results of this study are supported by the basis of the theory in the previous discussion which stated that price is the most important element in the marketing mix that generates revenue; other elements represent cost. Price also communicates the positioning of the company's desired value from its products or brands (Kotler & Keller, 2016). Price has a very important role to play in decision making. The

high price of a product is always the most importantly when they are looking for the product they need, so the price offered to consumers becomes a special consideration, before they decide to buy goods or use a service. From the most consumers, pricing strategy is very important to sales and marketing for a product offered. Price is one of the factors related positively and significantly to Purchase Decision via the internet the influence of prices greatly influences the buyer's decision (Rahmadani & Ananda, 2018).

The role of price in consumer purchasing decisions is about the expectation of benefits or utilities that will be received by consumers based on a number of prices paid by consumers to obtain products or services. Information about prices is a consumer consideration. In this case the consumer will make an assessment on the suitability of the price and benefits of a product or service. Price is one of the determining factors of buyers in determining a purchasing decision on a product or service. Especially if the product or service to be purchased is a daily necessity such as food, beverages and other basic necessities, the buyer will pay great attention to the price. Entrepreneurs need to pay attention to this, because in business competition, the price offered by competitors can be lower with the same quality or even with better quality. So in determining the price of products or services sold, both large companies and small businesses must pay attention to the buyers and their competitors (Jayanti & Zuhri, 2017).

The results of this study are in line with the results of previous research conducted by Rahmadani and Ananda (2018), Jayanti and Zuhri (2017). The results showed that the price influenced the purchasing decision, for the object this study is coffee milk product.

Advertising and Price Influences Purchase Decisions

The results showed that advertising and price influenced purchasing decisions. The effect of advertising and price on purchasing decisions is 61.0%. The results of this study are supported by the basis of the theory in the previous discussion which stated that Purchase Decision is an action that is inseparable from the nature of the

consumer or buyer to buy or not to buy a product (Priansa, 2017). There are several factors that can influence purchasing decisions such as advertising. Therefore, many companies provide great advertising costs to strengthen brand image and brand awareness in the minds of consumers with the aim of advertising can help the company in reaching new consumers and improving brand quality (Kuspriyono, 2018).

In addition to advertising there are also price factors that can influence purchasing decisions. The role of price in consumer purchasing decisions is about the expectation of benefits or utilities that will be received by consumers based on a number of prices paid by consumers to obtain products or services. Information about prices is a consumer consideration. In this case the consumer will make an assessment on the suitability of the price and benefits of a product or service. After paying attention to the price, entrepreneur need to pay attention to advertising strategies for attract purchasing decisions of consumers, in the gadget era, people often see advertising through their social media, this is a great opportunity for advertising in the field of social media to attract more customers.

The results of this study are one opinion with the results of past research conducted by Wardana et al. (2017), Ariastini et al. (2017) and Widiyarta et al. (2017). The results showed that advertising and pricing influenced purchasing decisions on coffee milk product in pandemic era of Bandung.

Conclusion

Conclusion

Based on the results of research and discussion in the previous chapter, the conclusions are obtained as follows:

- Advertising influences purchasing decisions on coffee milk product in pandemic era in Bandung with the value is 31,1%.
- Price influences the purchasing decision on coffee milk product in pandemic era in Bandung with the value is 29,8%.
- Advertising and price influences the purchasing decision on coffee milk product in

pandemic era in Bandung with the value is 61.0%.

quality, brand image, service quality, and other factors.

Suggestions

Based on this study, this is several suggestions that the author can provide:

For the coffee milk business owner

- a. Increase advertising by means of advertising costs can be minimized but still effective by preparing strategies in advertising by choosing the right market so that the objectives in advertising are on target. Pay attention to the content in the ads, so that the message from the product is conveyed and in the creation of ads need some elements that can attract the attention of prospective consumers. Especially in the pandemic era, when consumer can't socializing with the others they need content that can trust them. For example, making advertisements with content stating that coffee milk products are hygienic in the manufacturing process and the ingredients are maintained in quality.
- b. Adjust prices by providing attractive promos or discounts to consumers in order to make they interested in buying such products even during the pandemic. Pay more attention to consumer conditions by lowering prices on certain days so that consumers can enjoy quality products at affordable prices. In addition, it provides several variants at an affordable price but can't be separated in terms of taste quality.
- c. Improve purchasing decisions by providing only a few tables and chairs for customers who come to the coffeeshop but still pay attention to health protocols, intended for consumers who take a short break, but it would be better to use the take away method. Use an e-money payment system to avoid more physical contact to make it more secure.

For further research

It is expected that the next researchers will not be fixated only on the factors in this study but can add other factors that may influence purchasing decisions such as promotion factors, product

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