Research Article

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The Influence of Product Quality and Price on Purchasing Decisions Mediated by Product Image in The Coffee Powder Processing Industry In The Petang District

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Abstract: *Consumer purchasing decisions are very important in developing the coffee industry in Petang District. For this reason, every company is competing to make its products popular with consumers. The aim of this research is to determine and analyze the influence of product quality and price on purchasing decisions mediated by product image in the Coffee Ground Processing Industry in Petang District. The sample used in this research was 90 people. The research instrument uses a questionnaire and several other data collection methods such as observation, interviews and literature and analysis methods using descriptive analysis and inferential analysis with Structural Equation Model-Partial Least Square (SEM-PLS) analysis. The research results stated that product quality, price and product image had a positive effect on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District. Quality products and prices have a positive effect on product image in the Coffee Ground Processing Industry in Petang District. Image The product is able to mediate the influence of product quality on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District. Image The product is able to mediate the influence of price on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District. The advice that can be given is that the company should pay attention to the length of time it takes to roast the coffee beans so that the resulting coffee powder has a deeper color. The company is re-evaluating the price it sets to be able to attract more consumers. Companies should start using air vacuum in product packaging to maintain product durability. The company tries to make the coffee powder it produces become the main choice of consumers.*

Keywords*: product quality, price, product image, purchasing decisions*

Introduction

The coffee industry in Badung Regency is one of the three leading sectors alongside the tourism and agricultural sectors. This sector was developed not only to improve the economy of the people of Badung, but also to support tourism. Badung Regency is one of the districts that contributes to Bali's GRDP from the agricultural sector with its superior product being coffee. In Badung Regency there are three coffee producing sub-districts such as Petang, Mengwi and Abiansemal sub-districts. However, Petang District is the highest coffee producer in Badung Regency because its topography is very supportive for cultivating coffee plants compared to other places in Badung Regency.

This research was conducted at the Coffee Powder Processing Industry in Petang District. Petang is the largest coffee producing district in Badung Regency. The number of coffee beans produced in recent years:

Figure 1: Badung Regency Coffee Production Graph 2019 - 2022
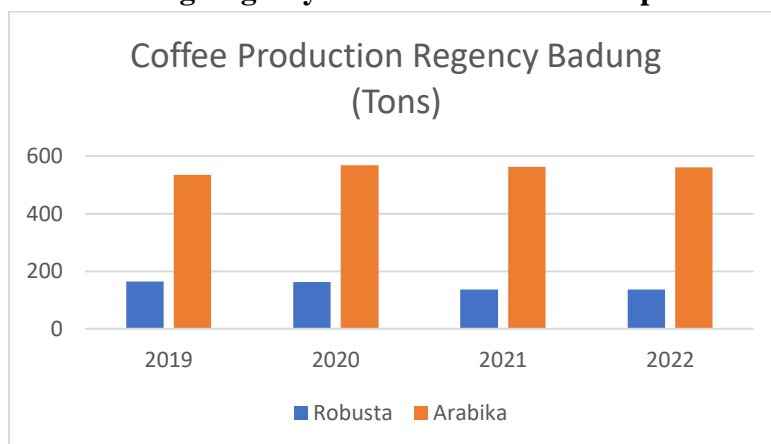
Source: Badung Regency Central Statistics Agency (2023)

From Figure 1, it is known that Badung Regency produces coffee beans on a fairly large scale and almost all of it is produced in Petang District. Petang District is divided into 7 (seven) villages which all produce coffee beans. For Belok Village and Pelaga Village, the type of coffee produced is Arabica coffee. These two villages are places that produce Arabica coffee beans because they have altitudes ranging from 1000 - 2000 meters above sea level and temperatures ranging from 14 - 25 degrees Celsius. Meanwhile, for the villages of Carangsari, Getasan, Pangsan, Petang and Sulangai, the type of coffee produced is robusta. These five villages produce robusta coffee beans because the average altitude is around 800 - 900 meters above sea level so they are only suitable for growing robusta coffee. For Arabica coffee, almost all of the coffee beans are sent outside the Petang area, either exported or sent to larger coffee companies in the form of raw coffee beans. Apart from producing coffee beans, Petang District also has an industry that processes coffee beans into ground coffee. Most of what is processed is robusta coffee. From data collected by the Badung Regency Industry Service, there are four coffee processing industries in Petang District, including Kopi Bali Samuan Kangin, UD. Sari Artha, Merta Bhuawana Kopi and Ud. Kerta Rahayu. Of course, to survive, each company tries to get as many consumers as possible and make consumers decide to buy its products. However, problems related to purchasing decisions can be seen in the decline in sales experienced by several coffee processing industries over the last few years. The following is presented in Table 1.

Table 1: Coffee Production in the Coffee Powder Processing Industry in Petang District 2019 -2022

Industry Name	Production Quantity (tons)			
	2019	**2020**	**2021**	**2022**
Samuan Kangin Balinese Coffee	12	11	11	12
UD. Sari Artha	15	15	12	13
Merta Bhuawana Coffee	14	12	10	11
UD. Kerta Rahayu	18	20	16	16

Source: Badung Regency Industry Service (2023).

From Table 1 it can be seen that almost all coffee industries in Petang District experienced a decline in production in 2020 and 2021 except UD Kerta Rahayu where in 2020 experienced an increase in

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production of up to 20 tons. This certainly indicates that demand is starting to decrease for coffee powder produced by the coffee industry in Petang District. Apart from weight, in terms of sales quantity it is also not much different from Table 2

Table 2: Coffee Sales in the Coffee Powder Processing Industry in Petang District 2019 -2022

Industry Name	Sales Amount (million rupiah)			
	2019	**2020**	**2021**	**2022**
Samuan Kangin Balinese Coffee	576	550	605	720
UD. Sari Artha	720	750	660	780
Merta Bhuawana Coffee	672	600	550	660
UD. Kerta Rahayu	864	1,000	880	960

Source: Badung Regency Industry Service (2023).

From Table 2 it can be seen that there has been a fluctuation in sales of ground coffee produced by the coffee processing industry in Petang District, where the decline in sales mostly occurred in 2020 and 2021. Of course, this shows that there is a problem related to consumer purchasing decisions regarding coffee produced by the coffee processing industry in the Evening District. From the results of interviews with coffee processing industry owners, it was said that many consumers or regulars who used to often buy coffee here began to switch to other coffee because they had not come back for a long time.

Method

This research is associative research where data collection is carried out by distributing research questionnaires. The data from distributing the questionnaire will be analyzed using Path Analysis using the PLS application. The independent variables in this research are product quality and price, the mediating variable is product image, while the dependent variable is purchasing decisions. The population of this research is all consumers of the Coffee Powder Processing Industry in Petang District, the number of which cannot be determined or is uncountable. The sample size was taken using the formula Hair, et al, (2020:176), so in this study the number of samples used was 90 respondents as the research sample. Because this research conducted research in 4 coffee powder processing industries, 22 to 23 respondents were taken from each ground coffee processing place. Meanwhile, the instrument used uses a questionnaire.

Results and Discussion

More detailed information about the variation in values that can be explained by a group of independent variables on the dependent variable in a system of structural equations was initiated by Cohen (1998), known as the Cohen effect. If the f value obtained from calculations based on Cohen's formulation above shows an f value in the range of 0.02, then the variation in values that can be explained by the inclusion of exogenous variables in the research model is classified as weak. If an f value is obtained in the range of 0.15, then it is stated that the effect on model changes is classified as moderate. If an f value is obtained in the range of f = 0.35 or more, then the effect of including exogenous variables in the system of equations is classified as a strong effect (Chin, 2010). The results of the analysis as shown in Table 3 with an average of 0.310, namely more than 0.15 and less than 0.35, can be concluded that there is a moderate

indication that a mediation relationship pattern will be formed in this research. In hypothesis testing, what is expected is that Ho is rejected or the sig value is <0.05 (or the t statistic value is > 1.96 if the test is with a significance level of 0.05).
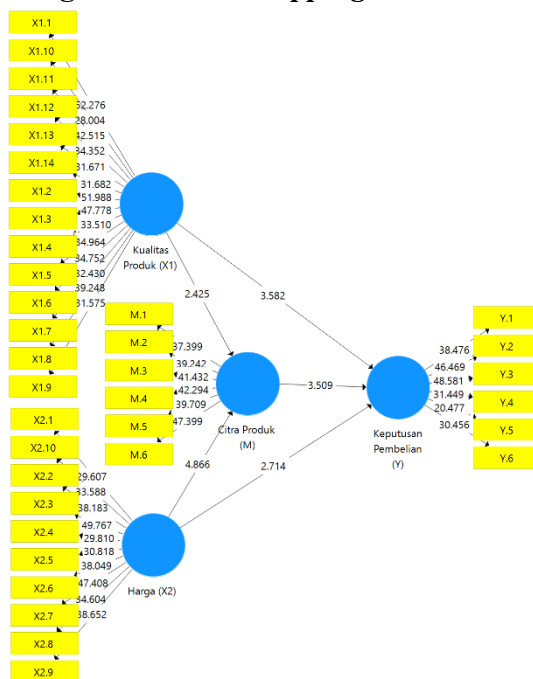
Table 3: *Path* Analysis and Statistical Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Product Image (M) -> Purchase Decision (Y)	0.377	0.352	0.108	3,509	0,000
Price (X2) -> Product Image (M)	0.609	0.604	0.125	4,866	0,000
Price (X2) -> Purchase Decision (Y)	0.275	0.290	0.102	2,714	0.007
Product Quality (X1) -> Product Image (M)	0.307	0.312	0.127	2,425	0.016
Product Quality (X1) -> Purchase Decision (Y)	0.326	0.334	0.091	3,582	0,000

Source: Data processed 2023

A complete picture of the relationships between constructs with path estimates from related constructs is presented in Figure 3

Figure 3: *Boothstrapping* Model

Source: Data processed 2023

Table 4: Direct relationships and indirect relationships

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Price (X2) -> Purchase Decision (Y)	0.275	0.290	0.102	2,714	0.007
Price (X2) -> Product Image (M) -> Purchase Decision (Y)	0.230	0.211	0.076	3,007	0.003
Product Quality (X1) -> Purchase Decision (Y)	0.326	0.334	0.091	3,582	0,000
Product Quality (X1) -> Product Image (M) -> Purchase Decision (Y)	0.116	0.110	0.057	2,048	0.041

Source: Data processed 2023

Effect of Price on Product Image

The results of data analysis show that price has a positive effect of 0.609 on product image and this relationship significant at the 0.05 level, because the *P value* is 0.000 and the t-statistic value is greater than 1.96, namely 4.866. Price has a positive and significant influence on product image. The results of the analysis mean that the higher the price, the more the product image will improve. Where with the price good ones will easily reach the best purchasing decisions they have.

Price is one way for consumers to indicate the quality of a product. With higher prices, consumers always assume the product has a premium image, so consumers do not hesitate to buy it. In the process of determining purchasing decisions, consumers tend to explore more information regarding prices, which is very necessary, because consumer perceptions regarding the price of a product can be used as an image for that product.

The results of this research are generally in line with previous research findings, including research conducted by Yurindera (2022) which found that price has a positive and significant effect on brand image. Another research by Setiawan (2021) found that price has a positive and significant effect on brand image. This is also in line with research conducted by Marvianta (2022) which found that price has a positive and significant effect on brand image.

Influence of product image on consumer purchasing decisions

The results of data analysis show that product image has a positive effect of 0.377 on consumer purchasing decisions, and this relationship is significant at the 0.05 level, because the *P value* is 0.000 and the t-statistic is greater than 1.96, namely 3.509. Product image has a positive and significant influence on consumer purchasing decisions. The results of the analysis mean that the more the product image increases, the more consumer purchasing decisions will increase.

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Every product sold on the market has its own image in the eyes of consumers which is deliberately created by marketers to differentiate it from competitors. Product image can be considered as a type of association that appears in consumers' minds when remembering a particular product so that it is easy to decide to buy. If the image of a product is good, it will be easier for consumers to decide to buy that product.

This is in line with research conducted by Argya (2018) which found that product image has a positive and significant effect on purchasing decisions. This is also in line with research conducted by Yuniamartha (2019) who found that product image has a positive and significant effect on purchasing decisions.

Analysis of the role of mediation through the examination method in this research on the product image construct on the relationship between product quality and consumer purchasing decisions found that product image is a partial mediating variable *because* the results of data processing show that the value of the mediating variable (product image) has a significant influence is significant the same as the other variables so that it can be said that in this case the product image is a partial mediating variable. These results show that product quality can encourage increased consumer purchasing decisions with the help of product image. Purchasing decisions are the final result a company desires. To achieve consumer purchasing decisions, companies compete to produce quality products. Not only that, but a quality product will also certainly increase the value or image of the product.

This is in line with research conducted by Yurindera (2022) which found that product quality has a positive and significant effect on purchasing decisions mediated by brand image. Another research by Setiawan (2021) found that product quality has a positive and significant effect on purchasing decisions mediated by brand image. This is also in line with research conducted by Marvianta (2022), which found that product quality had a positive and significant effect on purchasing decisions, mediated by brand image. Analysis of the role of mediation through the examination method in this research on the product image construct on the relationship between price and consumer purchasing decisions found that product image is a partial mediating variable *because* the results of data processing show that the value of the mediating variable (product image) has a significant influence is the same as other variables so it can be said that in this case product image is a partial mediating variable. These results show that price can encourage increased consumer purchasing decisions with the help of product image. Purchasing decisions are the final result a company desires. To achieve consumer purchasing decisions, companies always try to determine the right price to attract consumer interest. Apart from that, the right price can also improve the image of a product, making it easier for consumers to decide to buy that product. This is in line with research conducted by Setiawan (2021) which found that price has a positive and significant effect on purchasing decisions mediated by brand image. This is also in line with research conducted by Marvianta (2022), which found that price had a positive and significant effect on purchasing decisions, mediated by brand image.

Closing

Conclusion

Based on the results of data analysis and discussion, the conclusions obtained from the research results on the Coffee Powder Processing Industry in Petang District are as follows, product quality positive and significant effect on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District . The results of data analysis show that product quality has a positive effect of 0.326 on consumer purchasing decisions, and this relationship significant at the 0.05 level, because the *P value* is 0.000 and the t-statistic value is greater than 1.96, namely 3.582. This means that as product quality increases, it increases consumer purchasing decisions Coffee Ground Processing Industry in Petang District. Next,

product quality positive and significant effect on product image in the Coffee Ground Processing Industry in Petang District. The results of data analysis show that product quality has a positive effect of 0.307 on product image and this relationship significant at the 0.05 level, because the *P value* is 0.016 and the t-statistic value is greater than 1.96, namely 2.425. This means that as product quality increases, it increases product image Coffee Ground Processing Industry in Petang District. Price positive and significant effect on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District. The results of data analysis show that price has a positive effect of 0.275 on consumer purchasing decisions, and this relationship is significant at the 0.05 level, because the *P value* is 0.007 and the t-statistic value is greater than 1.96, namely 2.715. This means that the more the price increases, the more consumer purchasing decisions Coffee Ground Processing Industry in Petang District. Price positive and significant effect on product image in the Coffee Ground Processing Industry in Petang District . The results of data analysis show that price has a positive effect of 0.609 on product image and this relationship significant at the 0.05 level, because the *P value* is 0.000 and the T-statistic value is greater than 1.96, namely 4.866. This means that the more the price increases, the more it increases product image Coffee Ground Processing Industry in Petang District. Product image positive and significant effect on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District . The results of data analysis show that product image has a positive effect of 0.377 on consumer purchasing decisions, and this relationship is significant at the 0.05 level, because the *P value* is 0.000 and the t-statistic is greater than 1.96, namely 3.509. This means that the more the consumer's product image increases, the more consumer purchasing decisions will increase Coffee Ground Processing Industry in Petang District. Product image *is a partial* mediating variable on the influence of product quality on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District. This means that product quality can encourage increased consumer purchasing decisions with the help of product image. Product image *is a partial* mediating variable on the influence of price on consumer purchasing decisions in the Coffee Ground Processing Industry in Petang District . This means that price can encourage increased consumer purchasing decisions with the help of product image.

Suggestions

Paying attention to the results of this research, there are several suggestions recommended by researchers both to companies and future researchers, including, 1) In the product quality variable, the statement that the coffee powder produced in Petang District is dark in color is the statement with the lowest answer value. This means that the company should pay attention to the length of time it takes to roast the coffee beans so that the resulting coffee powder has a deeper color. 2) In the statement price variable, coffee powder produced in Petang District should be even cheaper is the statement with the lowest answer value. This means that companies should re-evaluate the prices they set so they can attract more consumers. 3) On the product image variable The statement that coffee powder produced in Petang District is packaged airtight is the statement with the lowest answer. This means that companies should start using air vacuum in product packaging to maintain product durability, 4) In purchasing decision variables The statement I always prioritize buying coffee powder produced in Petang District is the statement with the lowest answer. This means that companies should try to make the coffee powder they produce become consumers' main choice, and for further research it is hoped that they will deepen the variables that influence purchasing decisions, such as product variation and promotion variables, so that they can find out more deeply what factors can improve decisions. consumer purchases.

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