

# Impact of Products, Prices and Locations on Consumer Purchasing Decisions in Manado's Boulevard Resto and Café Service Entities

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**Abstract**—Companies engaged in services, will always provide satisfaction to consumers to maintain loyalty and corporate profits. Through product, price and location of restaurant & café Boulevard Manado try to apply marketing strategy in order to compete with other competitors. With the aim of the research are: 1) Analyzing product variables, prices and locations together have a significant influence on the purchase decision of Boulevard Manado rest & café, 2) Analyzing the variables of the product, price and location that have the most significant influence on the restaurant purchase decision & café Boulevard Manado. This study uses multiple linear regression data analysis technique  $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e$ . with the number of respondents of 100 respondents taken by chance for customers who come to the restaurant & café. The results of multiple regression analysis research are: After analyzing the SPSS program against the data that has been determined in this study, the results of the calculation are as follows.  $Y = 1.852 + 0.086 X_1 + 0.106 X_2 + 0.078 X_3 + e$ . Which means the product is 0.086 units per unit, the price is 0.106 units per unit and the location is 0.078 units per unit. Thus the variable that has the most influence is the price of 0.106 units per unit, which means that if the addition of a financial benefit variable of 1 unit will increase the level of consumer purchasing decisions by 0.106 times with the assumption of variable products and fixed or constant location variables. Other variables also have the influence or weight of a large contribution to consecutive consumer purchasing decisions of products of 0.086 units per unit meaning that the addition of product variables by 1 unit will increase consumer purchasing decisions by 0.086 times with the assumption that other variables remain. Location of 0.076 units per unit means that each addition of location variables by 1 unit will increase the level of consumer purchasing decisions by 0.086 times with the assumption of other variables remain or constant.

**Keywords**—*product; price; location; purchasing decision*

## I. INTRODUCTION

The purpose of the activities and activities of a company that is engaged in both services and goods is to make a profit. And by wanting to succeed in running its business, one of the businesses is a marketing activity that is social in which individuals and groups get what they need and want by creating an offer, and freely exchanging valuable products with other parties [1]. In addition to profitability the company also strives to provide satisfaction to consumers for the products it produces, because customer satisfaction will be part of the company's success in producing quality products as desired by consumers.

Currently relationship based marketing is very relevant to use, given the involvement and interaction between consumers and service producers is so high in most service businesses.

Relational marketing emphasizes the recruitment and maintenance of consumers through increasing corporate relationships with their customers. Service is the foremost part of sales activities. In the service concept, there are two points that are considered as customer needs, namely, first, what is commonly called practical need, which is the customer's need for an item and service, and second is a personal need which is a customer's need related to his identity and dignity as a person who needs cared for and respected [2].

Service will be a major factor for consumers in determining the choice to shop where consumers will shop by seeing and feeling a good service for consumers. Good service can be used as capital to attract consumers [3].

Product quality will be an important factor as an option to buy goods for consumers in the long run. According to Kotler & Armstrong [4], product quality is a strategic weapon that has the potential to defeat competitors.

Prices, promotions and locations will be important factors in determining whether or not consumers will buy. The price offered must be in accordance with the ability of consumers, the promotion given to attract consumers so that consumers are interested and try the offered product, the location will also determine for consumers so that consumers can become subscribers.

Manado is a city with a conducive and relatively safe social environment that makes one of the livelihoods in services and trade by absorbing workers who work in services in the amount of 49,033 workers and in the trade sector of 47,390 workers. The comfort of this city of Manado, makes the city fast mushrooming restaurants and cafes, especially in Kelapa 17 Mega Mall area, supported again by beautiful beach views.

The location of restaurants and cafes spread along boulevard beaches, all of course introduce the products they sell, offer the best products, reasonable prices, create promotions spread every available restaurant and café and easy to reach locations and compete to show the place of parking which is safe and broad to consumers, all of that is relied on to attract consumers.

Taking purchasing decisions requires careful thinking and consideration, so the task of the producer is to be able to create an atmosphere that can generate purchase motivation. According to Kotler if a consumer's needs / desires are not fulfilled, then the consumer will look for products that will satisfy him, so that customer satisfaction is important to be researched because every consumer has desires that are in line with the needs of consumers very much and everyone is

different in needs. For this reason, consumer purchasing decisions are generally made by considering all the factors offered.

#### A. Problem Formulation

Based on the description on the background of the problems that have been stated above, the main problems in this study can be formulated as follows:

- Do the Product, Price, Promotion, and Location variables together have a significant influence on consumer purchasing decisions at the Coconut 17 Resto & Café Manado?
- Which variables of product, price, promotion and location have the most influence on consumer purchasing decisions at the Resto 17 Café in Manado?

#### B. Research Objectives

Based on the background of the problem and the formulation of the problem above, the purpose of this study is:

- Analyzing Product, Price and Location variables together have a significant influence on consumer purchasing decisions at the Coconut 17 Resto & Café Manado.
- Analyzing variables from Products, Prices and Locations that have the most significant effect on consumer purchasing decisions at the Coconut 17 Resto & Café Manado.

### II. LITERATURE REVIEW

#### A. Understanding Marketing

Kotler, Ang, Leong and Tan [5], define marketing as "A social and managerial process in which individuals and groups get what they need and want through the creation, supply, and exchange of anything of value (product of value) with other people or groups". While the American Marketing Association quoted from MarkPlus on Strategy by Kartajaya Hermawan and friends [6], defining marketing as "The process of planning and executing the conception, pricing, promotion, and distribution of goods, services, and ideas to create exchanges with the intended group, where this process can satisfy customers and company goals.

#### B. Understanding Products

Umar [7] states that products are something that can be offered to the market to get attention to be bought, used or consumed that can fulfill a desire or need.

#### C. Product Quality

According Tjiptono [8], quality reflects all dimensions of product offerings that generate benefits for customers. The quality of a product in the form of goods or services is determined through dimensions.

#### D. Understanding Price

According to Umar [9], the notion of price is: The amount of value that consumers exchange for the benefit of owning or using a product or service, whose value is determined by the

buyer and seller by bargaining or set by the seller for a single price equal to all buyers.

#### E. Definition of Place (Location)

According to Kotler and Armstrong [4], the company's distribution channel decision directly affects other marketing decisions. Management must make the distribution channel decision carefully, by linking current needs and possible future sales environments. The distribution channel that is closest to the final consumer will determine the choice of consumers for the product.

#### F. Purchasing Decision Theories

Kotler and Armstrong [10] argued that the consumer decision process is the introduction of problems, information search, alternative evaluation, purchasing decisions and behavior after purchase. Kotler suggests that there are various roles that people enter in consumer decisions, namely: a) initiators, b) influencers, c) decider, d) buyers and e ), User (users).

### III. RESEARCH METHODS

This type of research is descriptive quantitative with a causal method with the characteristics of a causal relationship of two or more variables [11]. Survey research with data collection methods using questionnaires or questionnaires. The population is in the form of all customers in the existing restaurant & café with an unlimited or unidentified number. In collecting data the researcher uses steps, observations in the form of direct observation and questionnaire with questions that must be answered by the respondent. And in this study researchers took as many as 100 respondents as a sample that was considered representative represented by a number of existing populations.

#### A. Identification of Research Variables

The research variables that can be identified are the dependent variable Y is the purchase decision, while the independent variables are X1 (Product), X2 (Price), and X3 (Location). The three independent variables are adapted from Berry and Parasuraman thinking in Kotler that in order to develop bond and customer satisfaction, the company needs to add value to the goods or services it offers. Furthermore, after the determination of the dependent variable and the independent variable, the indicators for each of these variables are determined. Complete research variables and indicators can be seen in TABLE I as follows:

TABLE I. IDENTIFICATION OF RESEARCH VARIABLES

Variable	Indicator Code	Research Indicator
Product (X <sub>1</sub> )	X <sub>1-1</sub>	Product quality
	X <sub>1-2</sub>	Product diversification
	X <sub>1-3</sub>	Product Explaining
Price (X <sub>2</sub> )	X <sub>2-4</sub>	Price corresponds with purchase ability
	X <sub>2-5</sub>	Price corresponds with quality
	X <sub>2-6</sub>	Special price discount

Table 1. Cont.

Location (X <sub>3</sub> )	X <sub>3,7</sub>	Reachable location
	X <sub>3,8</sub>	In the track of public transportation
	X <sub>3,9</sub>	Safe parking area
Customer loyalty (Y)	Y <sub>1</sub>	Purchase repetition
	Y <sub>2</sub>	Tendence to use new products
	Y <sub>3</sub>	Recommendation

**B. Analysis Method**

The method of analysis used is Multiple Linear Regression The formula used is [12]:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e \tag{1}$$

Where:

- Y = Purchasing Decision
- A = Constants
- b<sub>1</sub>b<sub>2</sub>b<sub>3</sub> = Regression Coefficient
- X<sub>1</sub> = Product
- X<sub>2</sub> = Price
- X<sub>3</sub> = Location
- e = Error

**C. Correlation Coefficient**

This analytical tool is used to find out how much the relationship between relationship marketing consists of financial benefits, social benefits, and use structural bonds together to customer loyalty. The following formula is used [12]:

$$R_{(1,2,3)} = \sqrt{\frac{b_1 \Sigma X_1 Y + b_2 \Sigma X_2 Y + b_3 \Sigma X_3 Y}{\Sigma Y^2}} \tag{2}$$

Where:

- R<sub>(1,2,3)</sub> = Multiple Correlation Coefficient
- b<sub>1</sub>,b<sub>2</sub>,b<sub>3</sub> = Regression Line Coefficient
- Y = Purchasing Decision
- X<sub>1</sub> = Product
- X<sub>2</sub> = Price
- X<sub>3</sub> = Location

**Determination Coefficient (R<sup>2</sup>)**

The formula used is:

$$\text{Determination Coefficient} = R^2 \times 100\% \tag{3}$$

Where: R = Coefficient of multiple correlation

**D. Hypothesis Test**

- F Test

To test hypothesis 1 (H1) the F test is used [12]. The formula is as follows:

$$F = \frac{R^2 / (k - 1)}{(1 - R^2) / (n - k)} \tag{4}$$

Where:

- F = Price F line regression
- k = Number of independent variables
- N = Number of samples
- R<sup>2</sup> = Coefficient of multiple determination

With a significant level of 5% and a level of freedom (n-k-1), we can find the value of F<sub>table</sub>. Furthermore, F<sub>count</sub> is compared with the value of F<sub>table</sub>, if F<sub>count</sub> ≥ F<sub>table</sub>, product, price and location have a significant effect on consumer purchasing decisions at Kelapa café & restaurant 17. If the F<sub>count</sub> is ≤ F<sub>table</sub> it means that the product, price and location have no significant effect on consumer purchasing decisions on restaurants Coconut café & 17.

- t Test

To test hypothesis 2 (H2) t test is used. This analysis is used to determine the significance of each coefficient in the multiple linear regression equation. To be able to obtain t value first, it must be calculated standard error of estimate with the formula:

$$SE = \sqrt{\frac{\Sigma Y^2 - (b_1 \Sigma X_1 Y + b_2 \Sigma X_2 Y + b_3 \Sigma X_3 Y)}{n - k - 1}} \tag{5}$$

To find out the t value of each coefficient, the following formula is used:

$$t = \frac{b_1 - \beta}{Sb_1} \tag{6}$$

The Zero Hypothesis (H<sub>0</sub>) that will be tested is b = 0, meaning that there is no relationship between the independent variables tested and the size of the dependent variable. With a significant level of 5% and a level of freedom n-k-1, it can be searched t table so that:

H<sub>0</sub> is accepted if -t (α / 2,dt) count t counts ≤ t (α / 2,dt) H<sub>1</sub> is rejected if t counts ≥ t / 2 or t counts ≤ - t / 2.

**IV. RESULTS AND DISCUSSION**

**A. Research Results**

1) *Test validity and reliability.* Validity test shows with 5% significant level with the number of respondents 100 people then the critical number r table (table r product moment) obtained for 0.254 is said to be valid. The reliability level test is seen from cronbach, s alpha for variable X<sub>1</sub> = 0,829; cronbach, s alpha X<sub>2</sub> = 0.713; cronbach, s alpha X<sub>3</sub> = 0.700 and cronbach, s alpha Y = 0.760. Based on the value of r table = 0.254, means that all variables are reliable because it is larger than r table.

2) *Correlation coefficient.* To measure the level of the relationship between the independent variable (X) against the dependent variable (Y), in this case measuring the strength or weakness of the product relationship, price and location of the purchase decision. 1) shows a very strong relationship between the independent variable (X) and the dependent variable (Y), and the resulting correlation number shows a positive number (+) which means that the relationship between the two variables is in the same direction.

3) *Determination coefficient (R<sup>2</sup>).* The coefficient of determination that measures how much the product influences (X1), Price (X2) and location (X3) with the purchase decision (Y) results of the analysis shows that the R square obtained is equal to 0.974 or 97.4%. This number means that the purchase decision at the coconut 17 Manado restaurant & café is affected by product (X1), price (X2) and location (X3), while the remaining 2.6% is influenced by other factors or variables that have not been studied.

4) *Multiple linear regression analysis.* The results of multiple regression analysis can be seen in the table below.

TABLE II. RESULTS OF DATA ANALYSIS

Dependent variable (Y)	Independent Variable (X)	Regression Coefficient	T <sub>Count</sub>	Probability
	Product	0,086	2,630	0,011
	Price	0,106	3,911	0,000
	Location	0,078	2,389	0,020
Constanta :	1,852		F <sub>count</sub> :	405,418
R Square :	0,974		F <sub>table</sub> :	4,00
Multiple R :	0,987		t <sub>table</sub> :	1,671
			Respondent :	100

Source: Results of data processing.

From the multiple regression equation  $Y = 1.852 + 0.086 + 0.106 + 0.078 + e$  it appears that mutual influence or contribute together from the independent variables on consumer purchasing decisions, respectively:

Product variables are 0.086 units per unit, variable prices are 0.106 per unit and location variables are 0.076 units per unit. Thus the most influential variable is the price variable that is equal to 0.106 units per unit which means that if the addition of a price variable of 1 unit will increase the level of consumer purchasing decisions by 0.106 times with the assumption of variable products and fixed or constant location variables. Other variables also have influence or big contribution weight to consumer purchasing decision consecutive product variable equal to 0,086 unit per unit mean addition of product variable equal to 1 unit will raise decision consumer purchasing equal to 0,086 times with assumption other variable remain. Variable location of 0.076 units per unit means that each addition of location variable of 1 unit will raise the purchasing decision level by 0.076 times with the assumption that other variables remain or constant.

5) *Hypothesis Testing.* Test F. The results of the analysis can be known F<sub>count</sub> = 405.418 and F<sub>table</sub> = 4.00 namely F<sub>count</sub> > F<sub>table</sub> then H<sub>0</sub> is rejected and H<sub>a</sub> is accepted,

meaning the product variable, price and location significantly influence consumer purchasing decisions at coconut restaurants & café 17 Manado.

T test. The results of the analysis showed that the product variable (X1) = 2.630 and t table = 1.671, the price variable (X2) tcount = 3.911 and t table = 1.671 and the location variable (X3) tcount = 2.388 and t table = 1.671, all of them showed tcount > t table then H<sub>0</sub> was rejected and H<sub>a</sub> accepted.

## B. Discussion

1) *Effect of price variables.* The best price variable compared with 2 (two) other variables are product variable and location variable seen from the analysis of hypothesis test result t test. the results obtained are seen from the tcount of 3.911 is greater than the other 2 (two) variables. This means that the price factor is very decisive in increasing consumer purchasing decisions such as pricing according to people's purchasing power, restaurants & cafes dare to give special discounts, and restaurants & cafes provide prices according to the quality of food prepared for buyers or customers.

2) *Effect of variable products.* Based on the results of the analysis of the test, it was obtained that the tcount was 2.630, enough assessment from the restaurant or café customers to the product variable or said to have a positive and significant effect on consumer purchasing decisions because in the business activity process there were restaurants and cafes preparing and providing food and beverage products the quality is clean and neat, the availability of a variety of food and beverages that are always offered to buyers and restaurant & café employees are always ready to kindly explain about the products available both in preparing the product with the length of food supply and other explanations needed by the buyer.

3) *Effect of location variables.* The result of the analysis shows that the location variable also has a positive influence which is quite good also to the consumer buying decision of restaurant & café. Seen clearly here from tcount of 2,389, indicating that means the location of the restaurant and café is a location that is easy to reach by the buyer, the location is on the path of public transport is always close to the restaurant and café and restaurant and cafe location has a good parking place and safe for buyers and customers coming.

## V. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusion

The results of the research that has been done, can be concluded that there is a significant influence between product variables, price and location on consumer purchasing decisions. This can be seen clearly in the results of the analysis that shows that all variables, namely product variables, price variables and location variables influence the dependent variable, namely the purchase decision variable of the consumer at the coconut restaurant & café service entity 17 in the Manado boulevard area.

### B. *Suggestions*

Based on the conclusions, the restaurant & café in Boulevard area will always maintain all the good that has been done by the restaurant & café and is expected to further improve the efforts to improve its business activities by paying attention to the beauty of the café to always more interesting and pay attention to marketing strategies in order to bring more customers who are increasing gradually.

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