

## The Influence of Product Quality and Price on Purchasing Decisions with Consumer Satisfaction Intervening Variables at Caffe Mazio Coffebistro in Pati

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### ABSTRACT

This study aims to analyze the influence of product quality and price on purchasing decisions with customer satisfaction as an intervening variable at Mazio Coffebistro in Pati. The sample consists of 100 respondents selected using accidental sampling method. Data were collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with SmartPLS 3.0. The results show that product quality and price have a significant positive effect on customer satisfaction. Price and customer satisfaction have a significant positive effect on purchasing decisions, while product quality does not directly influence purchasing decisions. Customer satisfaction is proven to mediate the relationship between product quality and price on purchasing decisions. These findings highlight the importance of appropriate pricing strategies and product quality improvement to enhance customer satisfaction, which in turn influences purchasing decisions. This research contributes theoretically to the development of marketing science and provides practical implications for cafe business owners in formulating effective marketing strategies.

**Keywords:** product quality, price, customer satisfaction, purchasing decision

## **INTRODUCTION**

The café industry in Indonesia has experienced rapid growth in recent years, becoming a meeting point, a reflection of lifestyle, and a platform for creativity. The changing lifestyle of an increasingly urbanised and digitally-connected society has fuelled interest in experiences that go beyond just a place to grab a coffee or a bite to eat. Cafés are now not only considered a place to fulfil caffeine needs, but also a platform to showcase brand identity, culinary innovation, and a strong digital presence. In this intense competition, café businesses are required to continue to innovate and understand the factors that influence consumer purchasing decisions. Purchasing decisions are consumer activities in choosing products that are considered to be a solution to their needs and desires (Astuti et al., 2019). Nasution & Lesmana (2018) explain that purchasing decisions involve choosing between two or more alternatives, which include decisions about products, payment methods, and product quantities.

Product quality is one of the key factors in influencing consumer purchasing decisions. G. Armstrong et al. (2014) define product quality as "the characteristics of a product or service that depend on the ability to satisfy stated or inferred customer needs". Thus, a product can be declared quality if it is able to satisfy customer needs. In addition to product quality, price also plays an important role in café marketing strategies. Ferdinand (2002) states that affordable prices can be a trigger to improve marketing performance. However, price can also be an indicator of quality, where products with high quality tend to be set at higher prices. The right pricing strategy can influence consumers in making purchasing decisions.

Customer satisfaction is also an important factor in influencing purchasing decisions. Kotler (2002) defines customer satisfaction as a person's feeling of pleasure or disappointment that arises after comparing his perceptions or impressions of the performance of a product and his expectations. When consumers are satisfied with the products or services they buy, they tend to be more loyal and may make repeat purchases in the future. This is supported by Putri's research (2020) which found that customer satisfaction has a significant effect on purchasing decisions. Mazio Coffebistro, a cafe in Pati, Central Java, faces challenges in maintaining and increasing its sales amid fierce competition. Sales data shows fluctuations and declines during the period June to November 2023, with the largest decline occurring in November. This phenomenon shows the importance of understanding the factors that influence consumer purchasing decisions in the café industry.

Several previous studies have examined the relationship between product quality, price, customer satisfaction, and purchasing decisions. Rakhmah et al. (2022) found that product quality and price have a significant effect on purchasing decisions. However, E. J. Laila & Sudarwanto (2018) get different results, where product quality has a negative and insignificant effect on purchasing decisions, while price has a significant positive effect. Meanwhile, Mulyadi (2022) found that price has a negative and significant effect on purchasing decisions.

Price plays a crucial role in the marketing strategy of cafes, including Mazio Coffebistro. Ferdinand (2002) states that affordable prices can be a trigger to improve marketing performance. However, price also serves as an indicator of quality, where high-quality products tend to be positioned at higher prices. In the competitive café industry, pricing is an art in itself that must balance perceived consumer value, production costs, and profit margins. An effective pricing strategy not only affects sales volume, but also shapes a café's brand image and position in the market. Mazio Coffebistro, in the face

of sales fluctuations, needs to consider a dynamic pricing strategy to respond to market changes and consumer preferences.

Consumer purchasing decisions in the cafe industry are a complex process influenced by various factors. Astuti et al. (2019) define purchasing decisions as consumer activities in choosing products that are considered to be solutions to their needs and desires. In the context of Mazio Coffebistro, consumer purchasing decisions are not only based on product quality and price, but are also influenced by factors such as the atmosphere of the cafe, service and the overall experience offered. The decline in sales experienced by Mazio Coffebistro, especially in November 2023, indicates the need for a deeper understanding of the factors that influence consumer purchasing decisions amidst intensifying competition.

Mazio Coffebistro, as one of the popular cafes in Pati, Central Java, offers a diverse menu of food and beverages that combine Asian and Indonesian flavours. With menu highlights such as rib fried rice, sakario steak, and signature drinks made from black sticky rice, klepon, and palm grass jelly, Mazio Coffebistro tries to differentiate itself in a competitive market. However, the challenges faced by Mazio Coffebistro, as seen from the fluctuations in sales between June and November 2023, reflect the dynamics of the wider café industry. The largest drop in sales in November demonstrates the importance of constant adaptation to changing consumer preferences and competition from new cafés in the Pati area. This situation emphasises the importance of in-depth research on the factors that influence consumer purchasing decisions, particularly in the context of local cafes such as Mazio Coffebistro.

Based on this phenomenon and research gap, this study aims to analyse the effect of product quality and price on purchasing decisions with customer satisfaction as an intervening variable at Mazio Coffebistro in Pati. The results of this study are expected to make a theoretical contribution to the development of marketing science, especially in the context of the cafe industry, as well as provide practical implications for cafe business people in formulating effective marketing strategies.

## **LITERATURE REVIEW**

### **Product Quality and Consumer Satisfaction**

Product quality plays a crucial role in shaping consumer satisfaction. G. Armstrong et al. (2014) define product quality as "the characteristics of a product or service that depend on its ability to satisfy stated or implied customer needs". Products that meet or exceed customer expectations tend to generate higher levels of satisfaction. Freekley Steyfli Maramis, Jantje L Sepang (2018) and Raissa Aprita Nur Maharani (2022) found a significant positive effect of product quality on customer satisfaction. Based on these findings, a hypothesis is formulated:

**H1: Product quality has a positive effect on customer satisfaction.**

### **Price and Consumer Satisfaction**

Price is an important factor affecting customer satisfaction. Ferdinand (2002) states that affordable prices can be a trigger to improve marketing performance. Pricing that is in accordance with the value of the product or service tends to increase customer satisfaction. Hartuti & Basit (2022) and Abdul Gofur (2019) reported a significant positive effect of price on customer satisfaction. Based on these findings, a hypothesis is proposed:

**H2: Price has a positive effect on Customer Satisfaction.**

### **Product Quality and Purchasing Decisions**

Product quality is often a determining factor in consumer purchasing decisions. High-quality products tend to build a strong brand reputation, which in turn can influence purchasing decisions. Pane & Madiawati (2023) and Rakhmah et al. (2022) found a significant positive effect of product quality on purchasing decisions. Based on this empirical evidence, a hypothesis is formulated:

**H3: Product quality has a positive effect on purchasing decisions.**

### **Price and Purchasing Decisions**

Price has a significant influence on consumer purchasing decisions, often influencing the perceived value of the product. Nasution & Lesmana (2018) and Wibowo & Rahayu (2021) reported a significant positive effect of price on purchasing decisions. Based on these findings, a hypothesis is proposed:

**H4: Price has a positive effect on Purchasing Decisions.**

### **Consumer Satisfaction and Purchasing Decisions**

Kotler (2002) defines customer satisfaction as a person's feeling of pleasure or disappointment that arises after comparing his perceptions or impressions of the performance of a product and his expectations. Consumer satisfaction is often a strong predictor of future purchasing decisions. Simanjuntak et al. (2020) and Unedo, Nova Jayanti Haraha (2023) found a significant positive effect of customer satisfaction on purchasing decisions. Based on this empirical evidence, a hypothesis is formulated:

**H5: Consumer satisfaction has a positive effect on purchasing decisions.**

### **Mediating Effect of Consumer Satisfaction**

Product quality and price can influence purchasing decisions indirectly through customer satisfaction. Utomo et al. (2023) and Nugrahanto et al. (2018) found a positive indirect effect of product quality on purchasing decisions through customer satisfaction. Meanwhile, Melia & AC (2023) and Novitasari & AC (2023) reported that customer satisfaction can mediate the effect of price on purchasing decisions. Based on these findings, the last two hypotheses are proposed:

**H6: Product quality has an indirect positive effect on purchasing decisions through customer satisfaction.**

**H7: Price has a positive effect on Purchasing Decisions through Customer Satisfaction.**

## **RESEARCH METHOD**

This study uses a quantitative approach with a cross-sectional survey design. The variables studied include product quality (X1) and price (X2) as independent variables, purchasing decisions (Y) as the dependent variable, and customer satisfaction (Z) as the intervening variable. Operational definitions for each variable were developed based on related literature. Product quality is measured using indicators of freshness, appearance, taste, and food innovation. Price is operationalised through price affordability, price compatibility with product quality, price competitiveness, and price compatibility with benefits. Consumer satisfaction is assessed based on the conformity of expectations, interest in visiting again, and willingness to recommend. Meanwhile, purchasing decisions are measured through product choice, brand choice, product availability, purchase quantity, purchase time, and payment method.

The population of this study are all Mazio Coffebistro consumers who have made purchases. The sampling technique used non-probability sampling with accidental sampling method. Determination of sample size using the Lemeshow formula,

considering that the population size is not known with certainty. Based on the calculation, a minimum sample size of 96.04 was obtained, which was rounded up to 100 respondents. The sample inclusion criteria are consumers who have made purchases at Mazio Coffebistro. Primary data collection was carried out through distributing structured questionnaires to respondents. The questionnaire was developed based on indicators that have been determined for each variable. The measurement scale used is a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, this study also utilised secondary data from literature studies, including research reports, scientific books, articles, and journals relevant to the research topic.

Data analysis in this study used the Structural Equation Modeling (SEM) approach with the help of SmartPLS 3.0 software. The choice of this method is based on its ability to test complex relationships between variables simultaneously. The analysis includes two main stages: measurement model evaluation (outer model) and structural model evaluation (inner model). Measurement model evaluation was conducted to assess the validity and reliability of the research instruments. Convergent validity was assessed through loading factors with a threshold of  $>0.7$ . Discriminant validity was evaluated using Fornell-Larcker and cross-loading criteria. Construct reliability was tested using composite reliability and Cronbach's alpha, with a threshold value of  $>0.7$  for both metrics.

Structural model evaluation included assessment of the coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), and significance of path relationships.  $R^2$  values were interpreted as substantial (0.75), moderate (0.50), or weak (0.25). Hypothesis testing was conducted using the bootstrapping method, where a t-statistic value  $>1.96$  or p-value  $<0.05$  was considered significant at the 95% confidence level. This study also considered the ethical aspects of research, including informed consent from respondents and assurance of personal data confidentiality. Limitations of the study, such as the use of non-probability sampling and the focus on one study site, were acknowledged and discussed as part of the interpretation of the results.

## **RESULTS**

### **Data Analysis**

This research uses the Partial Least Square (PLS) method with the help of SmartPLS 3.0 software. The analysis includes evaluating the measurement model (outer model) and evaluating the structural model (inner model).

#### **Evaluation of the Measurement Model (Outer Model)**

##### **1. Convergent Validity Test**

**Table 1.** Convergent Validity Test Results

Variable	AVE
Consumer Satisfaction	783
Price	705
Product Quality	632
Purchase Decision	582

Average Variance Extracted (AVE) values for all variables  $> 0.5$ , indicating that convergent validity is met.

2. Discriminant Validity Test

**Table 2.** Fornell-Larcker Test Results

Variable	Price	Consumer Satisfaction	Purchase Decision	Product Quality
Price	840			
Consumer Satisfaction	716	885		
Purchase Decision	746	774	763	
Product Quality	736	726	655	795

The AVE square root value of each construct is greater than the correlation between constructs in the model, indicating good discriminant validity.

3. Reliability Test

**Table 3.** Reliability Test Results

Variable	Composite Reliability	Cronbach's Alpha
Consumer Satisfaction	915	861
Price	905	861
Purchase Decision	893	855
Product Quality	873	806

Composite Reliability and Cronbach's Alpha values for all variables > 0.7, indicating good reliability.

**Structural Model Evaluation (Inner Model)**

1. R-Square Test

**Table 4.** R-Square Test Results

Variable	R Square
Purchase Decision	675
Consumer Satisfaction	600

The R-Square values for Consumer Satisfaction and Purchasing Decisions indicate the model has moderate predictive power.

2. Hypothesis Test

**Table 5.** Hypothesis Test Results

Hypothesis	Path Coefficient	T Statistics	P Values	Remarks
H1: Product Quality -> Consumer Satisfaction	435	3.593	0	Supported
H2: Price -> Consumer Satisfaction	396	3.030	3	Supported
H3: Product Quality -> Purchase Decision	220	2.110	33	Rejected
H4: Price -> Purchase Decision	384	4.103	0	Supported

H5: Consumer Satisfaction -> Purchase Decision	483	5.064	0	Supported
H6: Product Quality -> Consumer Satisfaction -> Purchase Decision	210	2.823	5	Supported
H7: Price -> Consumer Satisfaction -> Purchase Decision	191	2.538	11	Supported

## **DISCUSSION**

### **The Effect of Product Quality on Customer Satisfaction**

The results showed that product quality has a significant positive effect on customer satisfaction ( $\beta = 0.435$ ,  $t = 3.593$ ,  $p < 0.05$ ). This finding indicates that improving product quality, including freshness, appearance, taste, and innovation, contributes to increasing customer satisfaction at Mazio Coffebistro. This result is in line with Herlambang & Komara's research (2021) which found a positive relationship between product quality and customer satisfaction.

### **The Effect of Price on Customer Satisfaction**

Price is proven to have a significant positive effect on customer satisfaction ( $\beta = 0.396$ ,  $t = 3.030$ ,  $p < 0.05$ ). This finding suggests that Mazio Coffebistro's pricing strategy, including affordability and compatibility with quality, plays an important role in increasing customer satisfaction. This result supports the research of W. R. Wijaya et al. (2023) which found a positive effect of price on customer satisfaction.

### **The Effect of Product Quality on Purchasing Decisions**

The results of the analysis show that product quality has no significant effect on purchasing decisions ( $\beta = 0.022$ ,  $t = 0.211$ ,  $p > 0.05$ ). This finding indicates that other factors, such as café ambience and overall experience, may play a greater role in influencing purchasing decisions than product quality itself. This result is in line with Sumiati & Gea's research (2021) which found an insignificant effect of product quality on purchasing decisions.

### **The Effect of Price on Purchasing Decisions**

Price is proven to have a significant positive effect on purchasing decisions ( $\beta = 0.384$ ,  $t = 4.103$ ,  $p < 0.05$ ). This finding shows that Mazio Coffebistro's pricing strategy is effective in influencing consumer purchasing decisions. These results support the research of Putri L S et al. (2023) which found a positive effect of price on purchasing decisions.

### **The Effect of Consumer Satisfaction on Purchasing Decisions**

Customer satisfaction is proven to have a significant positive effect on purchasing decisions ( $\beta = 0.483$ ,  $t = 5.064$ ,  $p < 0.05$ ). This finding indicates that satisfied consumers tend to make repeat purchases and recommend Mazio Coffebistro to others. This result is in line with Dianamurti & Damayanti's research (2022) which found a positive relationship between customer satisfaction and purchasing decisions.

### **The Mediating Role of Consumer Satisfaction**

The results of the analysis show that customer satisfaction mediates the relationship between product quality and purchasing decisions ( $\beta = 0.210$ ,  $t = 2.823$ ,  $p < 0.05$ ), as well as the relationship between price and purchasing decisions ( $\beta = 0.191$ ,  $t = 2.538$ ,  $p < 0.05$ ). These findings indicate that product quality and price influence purchasing decisions through increased customer satisfaction. This result supports the research of Dianamurti & Damayanti (2022) and I. Laila & Kusumawati (2021) who found the

mediating role of customer satisfaction in the relationship between product quality, price, and purchasing decisions.

## **CONCLUSION**

Based on the results of the analysis and discussion that has been carried out, the following conclusions can be drawn:

1. Product quality has a significant positive effect on customer satisfaction at Mazio Coffebistro. This shows that improving product quality, including freshness, appearance, taste, and innovation, can increase customer satisfaction.
2. Price has a significant positive effect on customer satisfaction. The right pricing strategy, including affordability and compatibility with quality, contributes to increased customer satisfaction.
3. Product quality has no direct effect on purchasing decisions. This indicates that other factors may play a greater role in influencing purchasing decisions.
4. Price has a significant positive effect on purchasing decisions, indicating that the pricing strategy implemented by Mazio Coffebistro is effective in influencing consumer purchasing decisions.
5. Customer satisfaction has a significant positive effect on purchasing decisions, indicating that satisfied consumers tend to make repeat purchases and recommend Mazio Coffebistro to others.
6. Customer satisfaction mediates the relationship between product quality and purchasing decisions, as well as the relationship between price and purchasing decisions. This shows the important role of customer satisfaction in translating perceptions of product quality and price into purchasing decisions.

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