

Original Article

Marketing Mix Effect on Consumer Preference in Choosing Modern Coffee Shop

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Abstract: The marketing mix is an internal element significant in a marketing program to achieve profit by using the appropriate strategic marketing decision and increasing consumer buying decisions. Place, promotion, pricing, product, people, procedure, and tangible evidence are all parts of the marketing mix. This study investigates the effects of marketing mix on consumers' preference in choosing a modern coffee shop. A company uses marketing mix (7p) to reach its goals which include the seven components mentioned earlier. This study applied a quantitative study with 100 respondents at several coffee shops in jalan Dermo, Dau subdistrict of Malang Regency. The data analysis data used the Partial Least Square (PLS). The research showed that place and people variables have negative effects; thus, they could not be considered when choosing a modern coffee shop at Jalan Dermo. Additionally, the variable with the highest significance was the price, while the promotion and product did not affect consumer preference.

Keywords: Marketing Mix, Preference, Coffee shop, Marketing, SEM PLS.

I. INTRODUCTION

The dynamic of this era has changed the global trend. The pattern shift among coffee lovers occurred due to the purpose of having coffee that has now changed. The current lifestyle of enjoying coffee started to affect modern people. Coffee is not only about taste but also a lifestyle [1].

A new trend within a society creates a phenomenon in the increase of modern coffee shop establishments. The business serves as a place to enjoy coffee and many other activities, such as doing school tasks, meetings, and discussions.

The increasing number of inhabitants in Malang, including new incoming university students, annually opens a business opportunity, one of which is coffee shops in Malang Regency [2].

More than 150 coffee shops are currently found in the Malang region, especially in the campus area—this increasing number results in competition among these coffee shops. A company generally should fulfill several conditions to achieve its goals; one is by applying an effective marketing strategy called Marketing Mix (Price, product, place, promotion, people, process, physical evidence) [3].

Besides effective marketing, business owners must be able to learn consumers' preferences in choosing coffee shops. The preference results from effectiveness and significance values measurement on all related attributes to assess, including price, location, product and promotion [4].

The above phenomena on trend in visiting coffee shops become the reference of this study which aims at investigating the effect of marketing mix towards consumer preference in choosing modern coffee shops.

II. THEORETICAL REVIEW

A) Marketing Theory

Marketing generally refers to transactional activity involving selling and buying between two parties, the seller and the buyer. To produce, communicate, and deliver value to customers while managing their connection with them in a way that delivers benefits for the business and shareholders, marketing has one organisational function and a set of processes. In the modern era with tight competition, the business owner must have a strategy in serving the consumer's needs yet be able to compete in promoting their product. Additionally, companies must be able to design the proper marketing strategy [3][5].



B) Consumer Behavior

Consumer behaviors reflect consumers' efforts in searching, buying, using, evaluating, and consuming the products to fulfill consumers' demands. A study on consumer behavior refers to how an individual decides to allocate existing resources.

C) Consumer Preference

Consumer preference results from a measurement of the functionality or significance level of each product/ service. Consumer preference analysis can determine the importance of a product's attributes and characteristics [6].

D) Marketing Mix

The marketing mix consists of internal elements significant for a marketing program. Further, as the company aims for profit, the appropriate marketing strategy significantly increases consumers' buying decisions. Therefore, marketing is a company's tool to achieve its market goals [6][5].

III. MATERIALS AND METHODS

A) Research Design, Time and Place

This study applied a descriptive quantitative method. The quantitative method is to present numerical calculations and statistical tests [7]. This study was conducted from March to April 2023 in several coffee shops at Jalan Dermo, Dau sub-district, Malang Regency of East Java.

B) Sample and Respondent Criteria

The sampling method in this study is accidental sampling. There are 100 respondents as the sample. They were to provide their identity in a questionnaire as the supporting data [8].

C) Research Variable and Analytical Technique

The variables of this study are place (X1), promotion (X2), price (X3), product (X4), people (X5), process (X6), and physical evidence (X7). At the same time, the data analysis technique is Partial Least Square (PLS). Smart PLS is a statistical technique to analyze the correlation pattern between indicators and another latent variable and among variables. PLS is to answer the linear regression test's limitation with Ordinary Least Square under several data characteristics issues such as small data size, missing value, abnormal data distribution, and multicollinearity indications [3][9].

IV. RESULTS AND DISCUSSION

A) Result

a. Measurement Model Analysis (Outer Model)

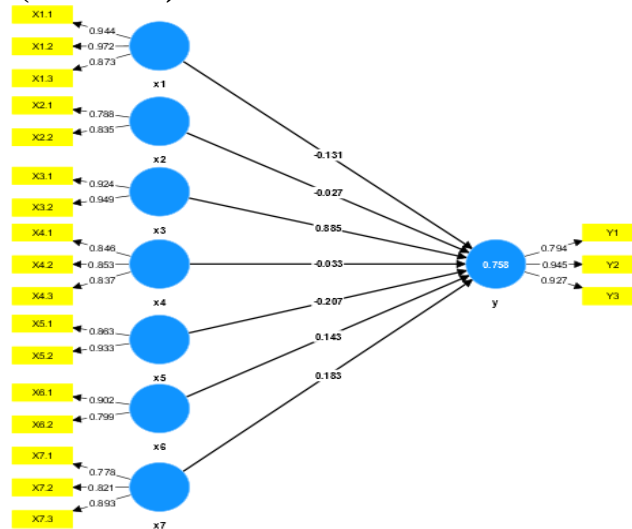


Figure 1. Outer Model Result

The loading factor value shows a correlation between the indicator and its independent variables. The indicators are applicable in its measurement model when the loading factor value is >0.7 , and therefore, the PLS model in this study fulfills the convergent validity requirements.

b. Convergent Validity Test

Table 1: Outer Loading

	X1	X2	X3	X4		X5	X6	X7	Y
X _{1,1}	0,944								
X _{1,2}	0,972								
X _{1,3}	0,873								
X _{2,1}		0,788							
X _{2,2}		0,835							
X _{3,1}			0,924						
X _{3,2}			0,949						
X _{4,1}				0,846					
X _{4,2}				0,853					
X _{4,3}				0,837					
X _{5,1}						0,863			
X _{5,2}						0,933			
X _{6,1}							0,902		
X _{6,2}							0,799		
X _{7,1}								0,778	
X _{7,2}								0,821	
X _{7,3}								0,893	
Y1									0,794
Y2									0,945
Y3									0,927

Source: Processed Primary Data (2023)

The convergent validity is to determine the validity of each correlation among indicators and its latent variables. The test is by observing the loading factor values, and it shows ideal convergent validity when the loading factor is >0.7, which means that the indicator is valid and can measure the construct it formed.

c. Model Reliability Model Test

Table 2: Composite Reliability Values

Latent Variable	Composite Reliability
Place	0,951
Promotion	0,795
Price	0,935
Product	0,883
People	0,893
Process	0,841
Physical Evidence	0,870
Preferensi Konsumen	0,920

Source: Processed Primary Data (2023)

The analysis showed that all variables have good, accurate, and consistent reliability, proven by the composite reliability on each variable is >0.7. Therefore, all variables adequately have a consistent internal composite to measure the dependent variables, which is applicable for further analysis.

d. R-Square Measurement

Table 3: R-square

	R-Square	R-square adjusted
Y	0,758	0,740

Source: Processed Primary Data (2023)

Based on the analysis result using Smart PLS version 4, R-square for consumer preference achieved 0.758, which means that mix 7p was able to explain the consumer preference for 75.8% while the remaining 24.2% was by other variables; thus, the SEM PLS in this study was "strong."

e. Path Coefficient Measurement

Table 4: Path Coefficient

	Original Sampel (O)	Standar Deviation (STDEV)	T Statistics (IO/STDEV)	P Values
X1=>Y	-0,131	0,065	2,017	0,044
X2=>Y	-0,027	0,060	0,448	0,654
X3=>Y	0,885	0,059	14,933	0,000
X4=>Y	-0,033	0,100	0,331	0,741
X5=>Y	-0,207	0,089	2,322	0,020
X6=>Y	0,143	0,083	1,719	0,086
X7=>Y	0,183	0,098	1,857	0,063

Source: Processed Primary Data (2023)

The bootstrapping result in the table above shows that X1, X3, X5, X6, and X7 have significant effects ($\alpha = 0,1$). The hypothetical test on the effect of marketing mix 7p (place, promotion, price, product, people, process, and physical evidence) on consumer preference chose the modern coffee shops at Jalan Dermo and considered the Path coefficient values.

B) Discussion

a. The Effect of Place on the Consumer Preference

Place as a variable significantly affected consumer preference by a P value of 0.044 (< 0.1). The place indicator includes strategic location, and accessible and adequate parking lots had negative values of effect. An enlarged parking lot would reduce the space for consumers inside the coffee shop, significantly affecting the number of consumers [5].

b. The Effect of Price on the Consumer Preference

Price as a variable positively affected consumer preference by a P value of 0.000 (< 0.1). A reasonable and following product item will likely attract the consumer to pay another visit. This result aligns with a previous study that price correlates with the consumer buying decision. Affordable prices can increase the consumer buying decision [10].

Another aligned study on the significance of price occurred at Janji Jiwa jilid 324 coffee shop in Surabaya, where the result showed that price was the primary consideration for consumers to buy the product. The better the price offered, the higher chance for consumers to increase. Price is a common consideration for consumer buying decisions. Price can indicate a high-quality product or lower compared to the competitor; thus, price is, in a way, a representation of product quality [11].

c. The Effect of People on the Consumer Preference

People as a variable negatively affected consumer preference by a P value of 0.020 (< 0.1). This indicator includes employees' hospitality and clean look, which had a negative value in this study. Thus, this variable was not a consideration for consumers in choosing a coffee shop [4][12].

The Effect of Process on the Consumer Preference Process variables positively affected consumer preference by a P value of 0,086 (< 0.1). This indicator includes efficient and accessible service, which achieved positive effect value.

d. The Effect of Physical Evidence on the Consumer Preference

The physical evidence variable positively affected consumer preference by a P value of 0.063 (< 0.1). This variable indicator includes attractive design interior, hospitality, and adequate facility services. This finding aligns with a previous study that proves the facility positively affected consumer satisfaction [13].

This finding aligns with a research entitled "The Effect of Marketing Mix 7p at the New Normal Era towards the Buying Decision in Coffee Shop at Malang Area (A Case Study: Kopi Ortu), which reported that the physical evidence brought a positive partial effect on the consumer buying decision at Kopi Ortu coffee shop in Malang.

V. CONCLUSION

Following the results of the data analysis and debate, the following conclusions can be drawn:

1. Variables of place and people had negative effects; thus, consumers did not consider them when choosing coffee shops.
2. Consumer choice in selecting the coffee shop was positively impacted by factors such as pricing, method, and physical proof. Therefore, the preference will increase as these indications do. The variable with the highest significance on consumer preference is the price (X3); thus, the price is the primary determiner in choosing a coffee shop.
3. The promotion and product variables did not significantly affect the consumer's preference for a modern coffee shop.

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