



## THE EFFECT OF MARKETING MIX ON PURCHASE DECISIONS AT MIXUE (CASE STUDY OF MIXUE MOJOKERTO OUTLET)

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### Abstract

There is a phenomenon of massive expansion by Mixue in Indonesia. The Mixue company has proven to be aggressive in expanding new outlets in Indonesia. According to one expert in marketing strategy, the mixue-ization phenomenon occurred because Mixue succeeded in applying the concepts of marketing strategy appropriately. In this case, Mixue succeeded in using the four marketing mix variables namely price, product, place, and promotion well. However, along with its development to dominate the market share quite rapidly, Mixue now looks only crowded for a moment and many outlets are threatened with closure. This study was conducted with the aim of analyzing the effect of marketing mix 7P on purchase decisions at Mixue Mojokerto Outlet. The data analysis used in this study used SEM-PLS analysis with the WarpPLS approach. The use of the PLS method as an analysis technique has the advantage that the sample used does not have to be large and can be used in developing a theory. The sample used amounted to 50 respondents who were consumers with more than 17 years of age with minimum one time purchasing at Mixue Mojokerto Outlet. The sampling employed nonprobability with a purposive sampling technique. The results of this study indicate that product, price, place, promotion, people, process and physical evidence has a positive and significant effect on purchase decision at Mixue Mojokerto Outlet.

**Keywords:** Marketing Mix, Food and Beverage Industry and Purchase Decisions.

### INTRODUCTION

The food and beverage (F&B) industry is increasingly growing and it seems as if there has never been a post-pandemic decrease. This is caused by the fact that food and beverages are basic human needs. This is a highly profitable business market and will have a positive impact on economic activity so that many new culinary trends will arise. Especially in the beverage sector, every year there will be new types of drinks that are targeted by the whole society. This can happen for various reasons, because of their delicious taste, appealing products, or even a strong marketing strategy for the beverage product.

The growth of the business sector has rapidly progressed due to progress in the economic field. This encourages producers to consider the changes that occur in the social, cultural, political, and economic fields more critically, artistically, and innovatively. As a result, in order to meet corporate targets, every company must be involved in a competitive business strategy to successfully attract and maintain the customers. Therefore, the company will do various methods to influence their potential customers to make purchases. One of the marketing strategies that companies can use to increase consumer purchasing decisions is the marketing mix

Table 1 Number of SMEs in Mojokerto City

Years	SMEs Total
2018	3460
2019	3527
2020	2413

2021	4303
2022	4428

Source : (Mojokerto City Cooperative and SME Office, 2022)

Table 1 shows that in 2018 the number of SMEs in accordance with their fields that were still operating and registered in Mojokerto city was 3,460. In 2019 the growth of SMEs in Mojokerto city that were still surviving and operating increased to 3,527. The growth of SMEs in Mojokerto city had challenges during the pandemic, so that many SMEs owners in various sectors weakened causing them to close their businesses or go out of business. The number of SMEs owners who were still operating decreased dramatically and changed to 2,413. The existence of SMEs in Mojokerto city in 2021 reached 4,303 and in 2022 touched the number of 4,428 that have fulfilled the criteria for a business license. In 2022 the number of MSMEs in the culinary sector was in the first level with a total of 2468 businesses in the micro business type, then 52 businesses in the small business type, and lastly there were 7 businesses in the medium business type. This indicates that SMEs in the culinary sector are businesses that are in high demand by both entrepreneurs and consumers in Mojokerto City.

Table 2

Data on Average Monthly Per Capita Expenditure (Rupiah) of Mojokerto City Residents 2020-2022

Sector	Year		
	2020	2021	2022
Food	612.721	667.979	736.250
Non - Food	770.552	838.398	932.630

Source : (Mojokerto City Statistics Center, 2022)

Table 2 shows that there is a transition in consumption expenditure in the form of a compositional change that shows balanced food and non-food consumption continues to grow. This means that the pattern of consumption expenditure of the people of Mojokerto City from 2020 to 2022, both food consumption and non-food consumption is constantly increasing. The increase in consumption expenditure is due to the unlimited demand for consumption. This includes food consumption. Along with the increase in food consumption expenditure in the people of Mojokerto City, a lot of F&B outlets have been established in this small city, one of the fastest growing is Mixue outlets, where in less than 1 year there have been 7 Mixue outlets spread across Mojokerto.

Mixue is a Chinese beverage and ice cream outlet founded by Zhang Hongchao in 1997. As a student at Henan University in China, Hongchao initially made Mixue in the form of shaved ice which he later sold in a simple kiosk to ease his family's financial burden in Zhengzhou, Henan. Mixue ice cream and bubble tea outlets are now starting to invade various places in Indonesia, not only offline but also online. Even on social media, netizens are busy talking about this Chinese franchise because of its massive spread. In Indonesia itself, Mixue managed to open more than 1000 outlets in a period of about 2 years.

However, as it has grown in market share quite rapidly, Mixue now seems to be only busy for a short while and many outlets are in danger of closing down. The first factor that is a big risk for Mixue is that it is a franchise model. In most cases, opening a franchise business means that the owner cannot update the products that they sell to follow the market's desires. In addition, the location of Mixue outlets that are too close to each other is also a major factor in this lack of visitors because, the position of stores close together will make Mixue compete with each other or experience cannibal sales which then makes one of the outlets experience a decline in sales. The next factors are problems that happened at Mixue Mojokerto outlets, such as the lack of parking lots at Mixue Mojokerto outlets which of course makes it difficult for consumers who are going to buy, the lack of explanation of the flow of purchases so that first-time buyers who buy at Mixue Mojokerto outlets will feel confused.

Based on this description, the researcher wants to conduct this study to determine the effect of the use of Marketing Mix of Mixue Mojokerto Outlet so that it can measure the influence of marketing mix on purchase decisions at Mixue Mojokerto Outlet.

## **LITERATURE REVIEW**

### **Marketing Strategy**

Marketing strategy is a set of business guidelines, which is a plan of action to carry out commercial activity systematically and comprehensively aiming to achieve company goals in order to make a profit. A company must implement a marketing strategy because in fact the company is a profitable business. Companies will not be able to survive in a highly competitive business environment unless they make a profit. For this reason, the main thing that companies must pay attention to, evaluate and apply consistently is marketing strategy (Daud *et al.*, 2022).

### **Marketing Mix**

The marketing mix is a combination of several different marketing components, but used in the same concept to ensure the success of marketing activities performed. Among the many factors that can be considered, there are at least four initial factors that deserve particular attention in developing an effective and efficient marketing strategy. The four main components can be abbreviated as 4Ps, namely Product, Price, Place and Promotion or product, price, distribution and promotion (Musfar, 2020). The elements of the marketing mix consist of 7 components, including the following below:

#### **1. Product**

According to Tanjung (2021), a product is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, people, places, properties, organizations, information, and ideas. Limited to tangible or tangible objects, products also include services or services that companies offer to consumers.

2. Price

According to Kotler and Keller (2008), Price is the amount of all values given by customers to benefit from having or using a product or service.

3. Place

Place is a combination of location and distribution channel decisions, in this case related to how to deliver services to consumers and where the strategic location is located (Lupiyoadi and Hamdani, 2013).

4. Promotion

Promotion is an element of the marketing mix that focuses on efforts to inform, persuade, and remind consumers of the company's brands and products (Tjiptono, 2015)

5. People

The people marketing mix is related to resource planning, job specifications, job descriptions, recruitment, employee selection, employee training, and work motivation (Adhaghassani, 2016).

6. Process

According to Septian *et al.*, (2014), process variables can be measured with the following indicators:

- a. Flow of activities: This is the company's way of managing the flow of activities that are good and efficient in serving customers.
- b. Task schedules: That is a regular schedule related to activities in the company, such as shop opening and closing schedules, cleaning picket schedules, and so on.
- c. Routines: Includes the company's efforts to record and process activities that occur regularly, such as orders from regular customers.

7. Physical Evidence

According to Budiawan *et al.*, (2017) Physical facilities are very important for restaurants because they support the atmosphere in the restaurant which can affect the enjoyment received by consumers.

Indicators of physical facilities are classified into six variables, namely:

- a. Colour (wall color, color of equipment used)
- b. Layout (plant order, wall fiber)
- c. Lighting (lighting both indoors and from outside the room)
- d. Facilitating goods (restrooms, trash cans, and other equipment)
- e. Atmosphere (the atmosphere displayed can be through decoration or existing music).

## Purchase Decisions

According to Mustafid and Gunawan in Beyhaki (2017), purchasing decisions are the reason consumers buy products based on their needs, wants and expectations. This can lead to satisfaction or dissatisfaction with the product. Purchasing decisions are influenced by many factors including family, price, experience, quality, and product. Purchasing decisions are an important part of consumer

behavior that leads to the purchase of products and services, in making purchasing decisions consumers cannot be distinguished from the factors that influence and motivate them to buy.

## METHOD

This research was conducted at the Mojokerto branch of Mixue shop located at Jl. KH. Nawawi No.39b, Mergelo, Balongsari, Kec. Magersari, Mojokerto City, East Java 61314. The research subjects were consumers of the Mojokerto branch of Mixue. The sampling technique in this study used nonprobability sampling techniques. The data analysis used in this study is the Structural Equation Model (SEM) method with PLS (Partial Least Square) estimation with the help of the WarpPLS 8.0 application.

## RESULTS AND DISCUSSION

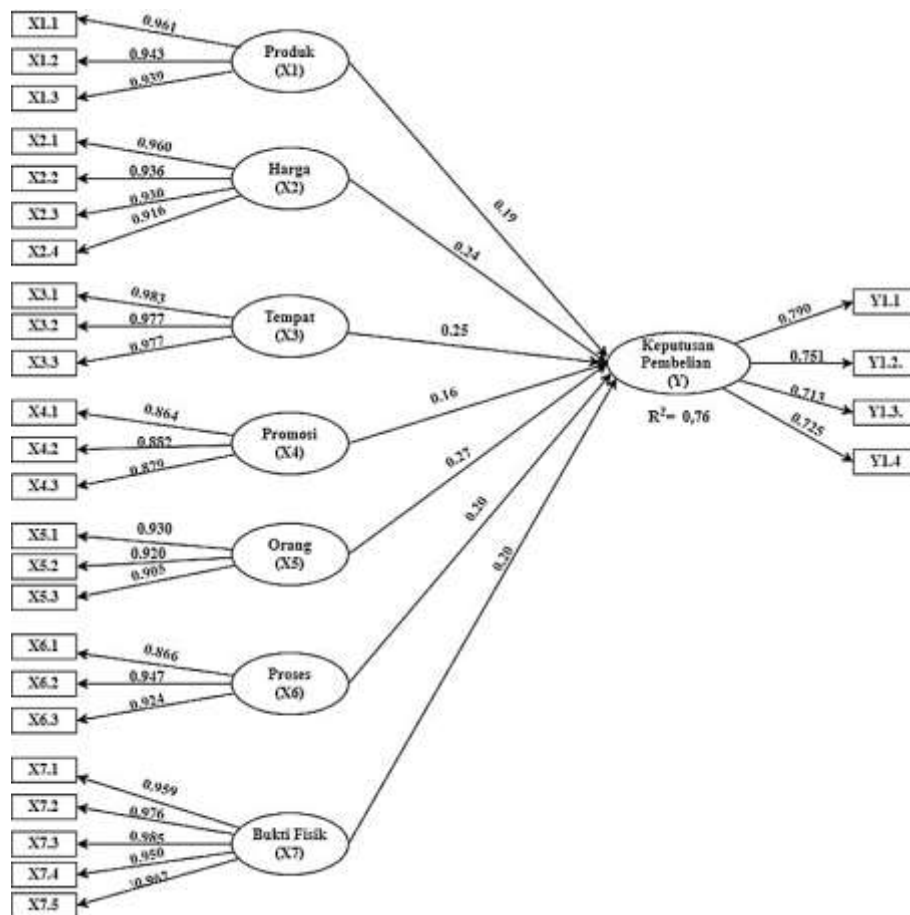


Figure 1 Research Path Diagram

Figure 1 shows the loading factor value which can show the relationship between an indicator and a latent variable. The loading factor value on the indicator must be greater than 0.7 in order to properly reflect a latent variable. The greater the loading factor value is generated, the greater the contribution of an indicator in reflecting the latent variable.

Table 3 Quadratic Value of AVE

Variables	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>	X <sub>6</sub>	X <sub>7</sub>	Y
X <sub>1</sub>	0.948	0.364	0.322	0.263	0.190	0.169	0.082	0.519
X <sub>2</sub>	0.364	0.936	-0.109	0.051	-0.072	0.304	-0.020	0.385
X <sub>3</sub>	0.322	-0.109	0.979	0.048	0.203	0.186	0.280	0.449
X <sub>4</sub>	0.263	0.051	0.048	0.875	0.280	0.343	0.288	0.432
X <sub>5</sub>	0.190	-0.072	0.203	0.280	0.918	0.102	0.339	0.448
X <sub>6</sub>	0.169	0.304	0.186	0.343	0.102	0.913	0.198	0.535
X <sub>7</sub>	0.082	-0.020	0.280	0.288	0.339	0.198	0.968	0.499
Y	0.519	0.385	0.449	0.432	0.448	0.535	0.499	0.745

Source : Processed data using WarpPLS 8.0

Table 3 shows that the square root value of AVE shows in the diagonal column which is bolded is greater than the correlation between latent constructs in the same column. The AVE square root value > from the latent construct, it can be said to have good discriminant validity value.

Table 4 Value of Composite Reliability and Chronbach Alpha's

Variables	<i>Composite Reliability</i>	<i>Cronbach's Alpha</i>
Product (X <sub>1</sub> )	0.964	0.943
Price(X <sub>2</sub> )	0.966	0.953
Place (X <sub>3</sub> )	0.986	0.978
Promotion (X <sub>4</sub> )	0.907	0.847
People (X <sub>5</sub> )	0.942	0.907
Process (X <sub>6</sub> )	0.938	0.900
Physical Evidence (X <sub>7</sub> )	0.987	0.983
Purchase Decisions (Y)	0.833	0.733

Source : Processed data using WarpPLS 8.0

Table 4 shows the AVE value of each variable is above 0.5, indicating that there are no convergent validity problems in the tested model so that the constructs in this research model can be said to have good discriminant validity. The composite reliability value and Cronbach Alpha's of each construct are above the value of 0,70. It can be concluded that all constructs have good reliability so that they are in accordance with the minimum value set.

Table 5. R Square Test Results

Variable	R-Square	R-Square Adjusted
Purchase Decisions	0.764	0.724

Source : Processed data using WarpPLS 8.0

Table 5 show there are 3 criteria for the value of R<sup>2</sup> which is 0.67 meaning good, 0.33 meaning moderate and 0.19 meaning weak. Based on the results of the coefficient of determination analysis above, it can be concluded that the value of R Square jointly or simultaneously influences Product (X<sub>1</sub>), Price (X<sub>2</sub>), Place (X<sub>3</sub>), Promotion (X<sub>4</sub>), People (X<sub>5</sub>), Process (X<sub>6</sub>), Physical Evidence (X<sub>7</sub>) on Purchasing Decisions (Y) is 0.764 with an adjusted r square value of 0.724.



Table 6. Goodness Of Fit

<i>Model Fit and Quality Indices</i>	Criteria	Results
<i>Average path coefficient (APC)</i>	$P < 0,05$	0.217, $P=0,007$
<i>Average R-squared (ARS)</i>	$P < 0,05$	0.764, $P<0.001$
<i>Average adjusted R-squared (AARS)</i>	$P < 0,05$	0.724, $P<0.001$
<i>Average block VIF (AVIF)</i>	Accepted if $\leq 5$ , Ideal $\leq 3.3$	1.398
<i>Average full collinearity VIF (AFVIF)</i>	Accepted if $\leq 5$ , Ideal $\leq 3.3$	1.860
<i>Tenenhaus GoF (GoF)</i>	Small $\geq 0,1$ , Medium $\geq 0,25$ , Large $\geq 0,36$	0.798
<i>Simpson's paradox ratio (SPR)</i>	Accepted if $\geq 0.7$ , ideal = 1	1.000
<i>R-squared contribution ratio (RSCR)</i>	Accepted if $\geq 0.9$ , ideal = 1	1.000
<i>Statistical suppression ratio (SSR)</i>	Accepted if $\geq 0.7$	1.000
<i>Nonlinear bivariate causality direction ratio (NLBCDR)</i>	Accepted if $\geq 0.7$	1.000

Source : Processed data using WarpPLS 8.0

Table 6 shows that all goodness of fit requirements have met the rule of thumb criteria, therefore it can be concluded that the evaluation results show the overall research model has a good fit and is considered feasible.

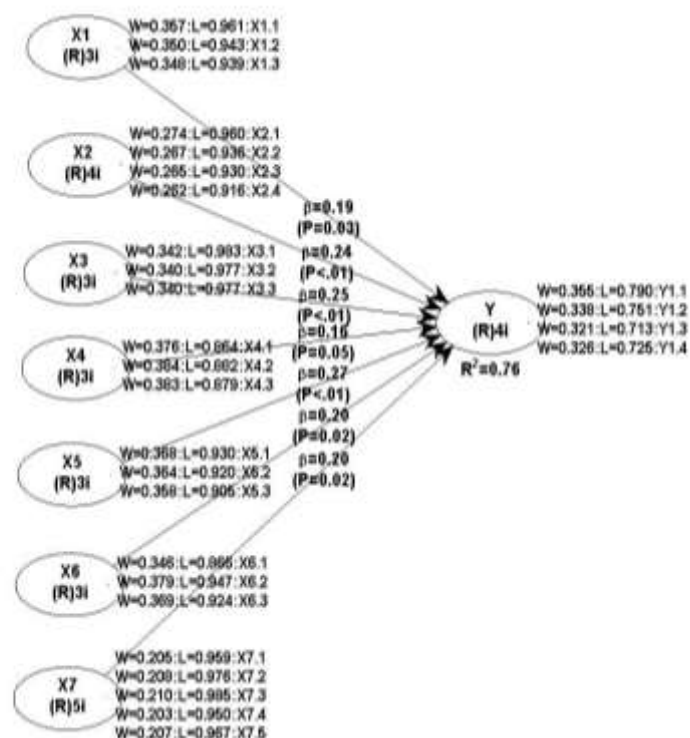


Figure 2 WarpPLS Output Model

Figure 2 shows the result of R-square ( $R^2$ ) is 0.76 where the effect of marketing mix on purchase decisions is 76% while the remaining 24% being influenced by other variables outside of this study.

Table 7 Hypotesis Test

Path Corelation	<i>Path Coefficient</i>	<i>P-Value</i>	Result
Product → Purchase Decisions	0,185	0,030	Accepted
Price → Purchase Decision	0,238	0,008	Accepted
Place → Purchase Decision	0,250	0,006	Accepted
Promotion → Purchase Decision	0,165	0,046	Accepted
People → Purchase Decision	0,274	0,003	Accepted
Process → Purchase \ Decision	0,205	0,019	Accepted
Physical Evidence → Purchase Decision	0,202	0,020	Accepted

Source : Processed data using WarpPLS 8.0

### The Effect of Product on Purchase Decisions

The research results from the hypothesis test in table 7 above show that the results of the product influence on purchasing decisions have a P-Value  $<0.05$ , which is 0.030. For the path coefficient value, it shows a direct positive effect of 0.185. A positive relationship indicates that if the better the product marketing mix is applied, the purchasing decision will also increase. The results of the P-Value indicate that  $H_1$  is accepted and it can be concluded that the product ( $X_1$ ) has a positive and significant effect on purchasing decisions (Y).

### The Effect of Price on Purchase Decisions

The research results from the hypothesis test in Table 7 show that the results of the effect of price on purchasing decisions have a P-Value  $<0.05$ , which is 0.008. For the path coefficient value, it shows a direct positive effect of 0.238. A positive relationship indicates that if the better the price marketing mix is applied, the purchasing decision will also increase. The results of the P-Value show that  $H_2$  is accepted and it can be concluded that price ( $X_2$ ) has a positive and significant effect on purchasing decisions (Y).

### The Effect of Place on Purchase Decisions

The research results from the hypothesis test in Table 7 show that the results of the effect of place on purchasing decisions have a P-Value  $<0.05$ , which is 0.006. For the path coefficient value, it shows a direct positive effect of 0.250. A positive relationship indicates that the better the place marketing mix is applied, the more purchasing decisions will also increase. The results of the P-Value show that  $H_3$  is



accepted and it can be concluded that place ( $X_3$ ) has a positive and significant effect on purchasing decisions (Y).

### **The Effect of Promotion on Purchase Decisions**

The research results from the hypothesis test in Table 7 show that the results of the effect of promotion on purchasing decisions have a P-Value  $<0.05$ , which is 0.046. For the path coefficient value, it shows a direct positive effect of 0.165. A positive relationship indicates that if the better the promotional marketing mix is applied, the purchasing decision will also increase. The results of the P-Value indicate that  $H_4$  is accepted and it can be concluded that promotion ( $X_4$ ) has a positive and significant effect on purchasing decisions (Y).

### **The Effect of People on Purchase Decisions**

The research results from the hypothesis test in Table 7 show that the results of the influence of people on purchasing decisions have a P-Value  $<0.05$ , which is 0.003. For the path coefficient value, it shows a direct positive effect of 0.274. A positive relationship indicates that the better the people marketing mix is applied, the more purchasing decisions will also increase. The results of the P-Value show that  $H_5$  is accepted and it can be concluded that people ( $X_5$ ) have a positive and significant effect on purchasing decisions (Y).

### **The Effect of Process on Purchase Decisions**

The research results from the hypothesis test in Table 7 show that the results of the process effect on purchasing decisions have a P-Value  $<0.05$ , which is 0.019. For the path coefficient value, it shows a direct positive effect of 0.205. A positive relationship indicates that the better the process marketing mix is applied, the more purchasing decisions will also increase. The results of the P-Value indicate that  $H_6$  is accepted and it can be concluded that the process has a positive and significant effect on purchasing decisions.

### **The Effect of Physical Evidence on Purchase Decisions**

The research results from the hypothesis test in Table 7 show that the results of the effect of physical evidence on purchasing decisions have a P-Value  $<0.05$ , which is 0.020. For the path coefficient value, it shows a direct positive effect of 0.202. A positive relationship indicates that the better the physical evidence marketing mix is implemented, the more purchasing decisions will also increase. The results of the P-Value show that  $H_7$  is accepted and it can be concluded that physical evidence has a positive and significant effect on purchasing decisions.

## CONCLUSION

Based on the issues that have been formulated, the results of the analysis and hypothesis testing that has been carried out previously, the following conclusions can be drawn from the research conducted:

1. Product has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. Mixue offers products with various types of product variants with this strategy, Mixue can reach more customers who have different favorite products.
2. Price has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. Eventhough Mixue's price is fairly cheap or competitive when compared to its competitors, Mixue products are still supported by good quality products, attractive packaging, and attractive store design, so these supporting variables make Mixue not only affordable, but also worth buying.
3. Place has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. The franchise concept also allows Mixue to reach out to a very large market from various groups in various regions.
4. Promotion has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. Mixue's main approach is to strengthen their promotion by maximizing the power of social media platforms such as Instagram and TikTok.
5. People has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. Apart from the recruitment and personnel management information that is done independently by the franchisor, Mixue Indonesia still conducts training sessions for the franchisor and its employees.
6. Process has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. Aside from placing orders directly at Mixue outlets, Mixue Mojokerto is also available on food delivery order apps such as Gofood, Grab Food, and Shopee Food.
7. Physical Evidence has a positive and significant effect on purchase decisions in Mixue Mojokerto Outlet. All Mixue outlets, product packaging, menu design and merchandise are characterized by the snow king mascot. With the iconic snow king mascot, many people will easily remember Mixue. This really helps Mixue in the brand awareness stage.

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