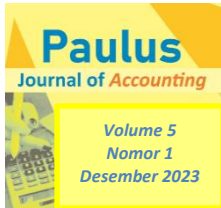# ANALYSIS OF DIFFERENTIATION STRATEGY, PRICE. AND QUALITY PRODUCTS ON PURCHASE DECISION AT PAPA ONG COFFEEHOUSE

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Abstract: This study aims to analyze the effect of differentiation strategy, price, and product quality on purchasing decisions at Papa Ong coffee shop. The research method used is associative with multiple linear regression data analysis techniques. The research sample was taken randomly from consumers who visited the Papa Ong coffee shop. There were 50 respondents. The results of the data analysis showed that the differentiation strategy had a positive and significant influence on consumer purchasing decisions at the Papa Ong coffee shop. In addition, price also has a significant influence on purchasing decisions, where prices that are competitive and in accordance with the value provided by coffee shop products are important factors in influencing consumer purchasing decisions. Furthermore, product quality is also proven to have a significant influence on purchasing decisions, with consumers tending to choose products that have satisfactory quality. This research makes an important contribution to the understanding of the factors that influence consumer purchasing decisions at coffee shops. The practical implication of this research is that the Papa Ong coffee shop needs to pay attention to a unique differentiation strategy, set appropriate prices, and maintain product quality in order to influence consumer purchasing decisions more effectively.

INTRODUCTION

In today's competitive business environment, entrepreneurs need to find effective strategies to influence consumer purchasing decisions. One strategy that is commonly used is the differentiation strategy, in which companies try to differentiate their products or services from competitors with unique features or certain advantages. In addition, price and product quality are also important factors influencing consumer purchasing decisions. Therefore, this study aims to analyze influence of differentiation strategy, price, and product quality on decisions consumer purchases. The development of coffee shops in Makassar City, like in many cities in Indonesia, has experienced rapid growth in recent years. Coffee shops, which are often also known as "coffee shops" or "spill coffee", are popular places for people to relax, gather, and enjoy coffee drinks. One of the coffee shops, known as the Papa Ong coffee shop, is one of the places where residents visit to relax and gather with family or colleagues. The rise of the coffee shop business in the city of Makassar requires coffee shop business people to carry out various innovations and strategies that are able to maintain their business existence. The Papa Ong coffee shop comes with a different feel and with its own characteristics, the building of the P apa Ong coffee shop designed in the architectural

style of Malaysian and Chinese buildings. The quality of the dishes and the affordable prices at the Papa Ong coffee shop are recognized by many customers, as can be seen from several testimonials from visitors to the Papa Ong shop. Condition market competitive and dynamic will result in every company must always Observe competition in the business environment. A good business strategy and the ability to adapt to market demands, be innovative and develop more effective marketing strategies, are the basic capital gain a competitive advantage in the face of business competition.

LITERATURE REVIEW
Marketing Management

Marketing management is the process of planning, executing, and controlling activities aimed at creating, communicating, and delivering value to customers and building profitable relationships with them. This involves market analysis, determination pricing, product development, promotion, and distribution. Philip Kotler (2016): "Marketing management is the analysis, planning, implementation, and control of programs designed to create, communicate, and deliver value to customers and build profitable relationships with them." Peter Drucker (1954): "Marketing management is the business of creating and keeping customers."

Differentiation Strategy

Michael Porter (1985): "The differentiation strategy is to create uniqueness in the products or services produced by the company, thereby differentiating it from competitors and providing added value to customers."

Kotler and Armstrong (2016): "A differentiation strategy is a company's attempt to create and promote uniqueness in their product or service that target customers perceive as valuable." the aim of this strategy is to create a higher perceived value in the eyes of customers socan build competitive advantage and increase market share (Halik et al., 2023).

Buying decision

Engel, Blackwell, and Miniard (1995): "Purchasing decisions are processes by which consumers recognize a need or want, seek information about relevant products or services, evaluate available alternatives, and make a decision to buy or not to buy."

Schiffman and Kanuk (2010): "Purchasing decisions are the result of interactions between individual needs, preferences, and decision-making processes in a complex marketing environment." Purchase decisions are influenced by factors such as price, product quality, personal preferences, available information, and environmental factors

Product quality

Garvin (1987): "Product quality is a set of characteristics that affect the ability of a product to meet customer expectations or needs. ". Zeithaml, Parasuraman, and Berry (1990): "Product quality is customers' perception of the degree to which a product meets or exceeds their expectations regarding the features, performance, and benefits offered." Product quality includes features, reliability, durability, performance, design, and customer satisfaction with the product. Good product quality can increase consumer confidence, customer satisfaction, and the company's brand image.
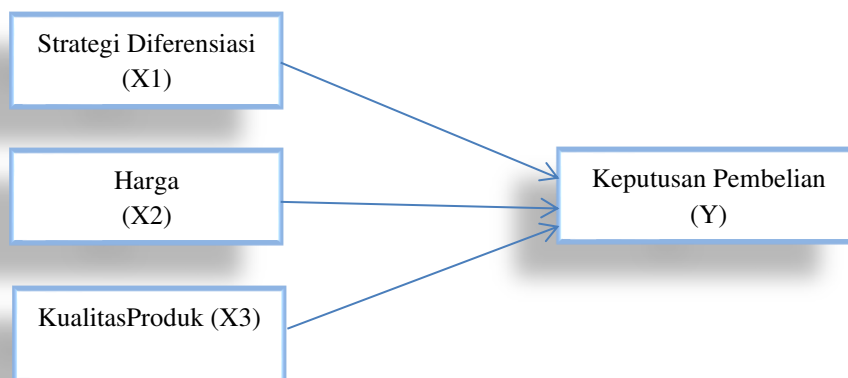
Price

Kotler and Armstrong (2016): "Price is the amount of money a customer has to pay to obtain a product or service."

Monroe (1990): "Price is the financial sacrifice made by consumers in exchange for obtaining value from a product or service." Price is an important element in marketing, which can affectperceptions of consumer value, market demand, and company profitability .

Conceptual framework

Differentiation Strategy implemented by Papa Ong Coffee Shop will increase the possibility of customers to choose and buy their products. Likewise, competitive prices or attractive discount offers can influence customer purchasing decisions at Papa Ong Coffee Shop.Good product quality and meeting customer expectations can improve purchasing decisions at Papa Ong Coffee Shop. The description of the conceptual framework of this study is:

HYPOTHESIS

H1   is suspected that the differentiation strategy has a significant positive effect on purchasing decisions at the Papa Ong coffee shop.

H2   is suspected that price has a significant positive effect on purchasing decisions at the Papa Ong coffee shop.

H3   is suspected that product quality has a significant positive effect on purchasing decisions at the Papa Ong coffee shop.

H4   is suspected that the differentiation strategy , price and product quality have a significant positive effect simultaneously on purchasing decisions at the Papa Ong coffee shop.

RESEARCH METHODS

Location and Research Design

The research design is descriptive quantitative. The research location was carried out at the Papa Ong coffee shop in Makassar city .

Population and Sample

The research population is all visitors who come to Papa Ong's shop, considering the number of population is uncertain, the researcher determines the sample using the Lemeshow formula, where the result of the calculation is 100. Thus the sample used is 100 respondents.

Method of collecting data

Data collection uses questionnaires or questionnaires distributed to all respondents. the questionnaireused is a closed questionnaire that has provided the answers, so thatrespondents just have to choose (Arikunto. 2006: 151). This study uses a scaleLikertasmeasurementvariable.

Data analysis method

The data of this study were analyzedwithusing path analysis (*path analysis*)."*Path analysis* orpath analysis is used to analyze the pattern of relationships between variables" (Saniand Maharani, 2013: 74). This model aims to determine the direct effector indirectly a setindependent variables (*exogenous*) to variables(*endogenous)*

RESEARCH RESULT

Validity Test Results

The validity test that has been carried out in this study is shown in the table below :

Table of Research Variable Validity

NO	Statement	r count	r table	Ket
1	X1.1	.738	.195	Valid
2	X1.2	.433	.195	Valid
3	X1.3	.631	.195	Valid
4	X1.4	.874	.195	Valid
5	X1.5	.874	.195	Valid
6	X1.6	.658	.195	Valid
7	X1.7	.606	.195	Valid
8	**X1.8**	**.808**	**.195**	Valid
1	X2.1	.7 53	.195	Valid
2	X2.2	.6 05	.195	Valid
3	X2.3	.6 83	.195	Valid
4	X2.4	. 616	.195	Valid
5	X2.5	.6 56	.195	Valid
6	X2.6	. 768	.195	Valid
1	X 3 .1	. 631	.195	Valid
2	X 3 .2	.6 87	.195	Valid
3	X 3 .3	. 552	.195	Valid
4	X 3 .4	.5 18	.195	Valid
5	X 3 .5	. 538	.195	Valid
6	X 3 .6	. 517	.195	Valid
7	X 3 .7	. 718	.195	Valid

8	X 3 .8	. 594	.195	**Valid**
9	X 3 .9	. 567	.195	**Valid**
10	X 3 .10	.6 05	.195	**Valid**
1	Y1	.617	.195	**Valid**
2	Y2	.786	.195	**Valid**
3	Y3	.576	.195	**Valid**
4	Y4	.656	.195	**Valid**
5	Y5	.617	.195	**Valid**
6	Y6	.786	.195	**Valid**
7	Y7	.565	.195	**Valid**
8	Y8	.765	.195	**Valid**
9	**Y9**	.678	.195	**Valid**
10	Y10	**.556**	.195	**Valid**

The results of the variable validity test for all of the variables in this study show that the value of r $_{count}$ is greater than r $_{table}$. Thus the questionnaire used by all variables is declared valid.

Reliability Test Results

An instrument is said to be reliable (solid) if it has a Cronbach Alpha of more than 0.70 (ImamGhozali, 2016:48). The results of the reliability test of this study can be seen in the following table:

Reliability Test Results

Variable	Cronbach Alpha	N of Items
Differentiation Strategy	0.772	8
Price	0.845	6
Product quality	0.703	10
Buying decision	0.767	10

Source: Statistical data processing

The results of the reliability test showed that the Cronbach Alpha value of the three variables was more than 0.70, so it could be concluded that the three variables in this study were reliable.

Classical Assumption Test Results
Normality Test Results

In this study, testing for normality of the data used the Kolmogorov-Smirnov test (Kolmogorov-Smirnov Test) by looking at the significance of the resulting residuals and the normal probability plot graphical approach. Detect normality by looking at the spread of data (points) on the diagonal axis of the graph. The results of the data normality test from the residuals are obtained as follows:

Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		50
Normal Parameters [a,b]	Means	.0000000
	std. Deviation	.72403454
Most Extreme Differences	absolute	089
	Positive	089
	Negative	-.087
Test Statistics		089
asymp. Sig. (2-tailed)		.200 [c,d]

a. Test distribution is Normal.
b. Calculated from data.
c . Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results of the normality test above, it shows that the significance value is above 0.05 , which is 0.200. This means that the residual data is normally distributed. This can also be explained by the results of graphical analysis, namely the Normal Probability plot chart as follows:
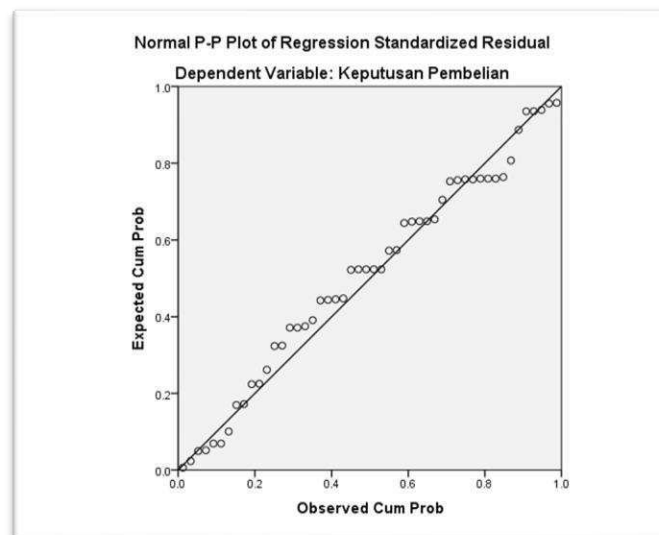

Figure 1. PP Plot Normality Test Results

Where in the PP Plot graph it can be seen that the distribution of data spreads and follows the diagonal line, so it is concluded that the data is normally distributed .

Multicollinearity Test
A good regression model is with no occurrencecorrelation or free from multicollinear symptoms. *Basis for decision making* to know whether there is or

notmulticollinearityonregression Model,is :

a. IfmarkVIF>10or*tolerance*<0.10,socanstatedhappensymptommulticollinearity.

b. IfmarkVIF<10or*tolerance*>0 ,10socanstatednot occursymptommulticollinearity.

Followingthis is the resulttestMulticollinearity using SPSS 25 :

Test Results**Multicollinearity**

Coefficients [a]

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Differentiation strategy	.972	1,229
	Price	.995	1.205
	Product quality	.967	1,304

a. Dependent Variable: Purchase Decision

Source:Statistical data processing, 2022

multicollinearity test result table shows the tolerance value of the differentiation strategy variable 0.972 > 0.10, price 0.995 > 0.10 and product quality 0.967 > 0.10, 0.567 > 0.10. While the value of VIFonvariabledifferentiation strategyas big1. 229<from10, price 1.205 < 10 and product quality 1.304 < 10.Thus _concludedthatNohappensymptomMulticollinearityin the regression model.

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Autocorrelation Test

The autocorrelation test aims to test whether there is a linear regression modelcorrelation between confounding errors in the t-1 (previous) period. If it happenscorrelation,sonamedThere isproblemautocorrelation.ModelregressionWhichGoodisregressionWhichfreefromautocorrelation.InstudyThisusedtestautocorrelationwith Durbin Watson (DW*test*).*output*fromtestautocorrelationwithuseSPSSonstudyThis can be seen in the following table:

Summary Model [b]

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.746 [a]	.557	.528	.74727	1897

a. Predictors: (Constant), Product Quality, Price, Differentiation Strategy

b. Dependent Variable: Purchase Decision

Source: SPSS statistical data processing

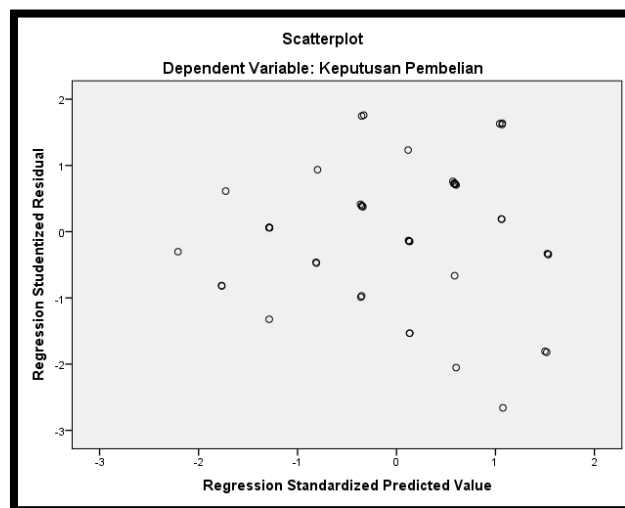TestDurbin-Watsonthat   iswithcomparemarkDurbin-

WatsonfromresultsregressionwithmarkDurbin-WatsonTable.Procedurethe testasfollowing:

a. Determinemarkd(Durbin-Watson)

MarkDurbin-WatsonWhichgotfromresultsregressionis 1,897

b. DeterminedL valueAnddU

dL and dU values can be seen in the Durbin-Watson Table on significance0.05, n = 100 and k = 3 (n is the amount of data and k is the number of variablesindependent). We get dL = 1.613 and dU = 1.736 . So it can be calculated the value of 4-dU =2, 26 and 4-dL=2, 38

c. Conclusion

It can be seen that the Durbin-Watson value of 1.897 lies atareadU<DW < 4-dU (1.736<1,897< 2, 26) then it can be concludedthatno autocorrelation occursregression models.

Heteroscedasticity Test

Heteroscedasticity is a condition where there is an unequal variance of the residuals for all observations in the regression model. Heteroscedasticity test is used to determine whether there is an inequality of variance from the residuals in the regression model. A good regression model is a model that does not have heteroscedasticity (Ghozali, 2013).

The results above can be explained with a scatterplot graph, where the points formed must spread randomly, spread both above and below the number 0 on the Y axis. If these conditions are met, heteroscedasticity does not occur and the regression model is feasible to use. The results of the heteroscedasticity test using the scatterplot graph are shown in Figure 2 below:

The scatterplot graph above shows the points spread randomly, and spread both above and below the number 0 (zero) on the Y axis. Thus, it can be concluded that there are no symptoms of heteroscedasticity in the regression model used.

T test results

Resultstesttcanseenininthe table contained in the sig column (*significance*). Basic decision making indetermine whether or not there is an influence between the independent variables

andvariablebound are as follows;

a)   If the t value or significance $<\alpha$ = 0.05, then it can be saidthat there is influence between the independent variables on the variablesboundin a mannerPartial.

b)   If the t value or significance $>\alpha$ = 0.05, then it can be saidthatNothere isinfluencebetweenvariablefreetovariablebound.

The results of the T test processed in SPSS 22 are as follows:

T Test Results
Coefficients ᵃ

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	-.157	.745		-.210	.834
	Differentiation strategy	.329	.064	.277	5.101	.000
	Price	.442	.060	.371	7,420	.000
	Product quality	.389	057	.397	6,823	.000

a. Dependent Variable: Purchase Decision

Source: SPSS Statistical Data Processing, 2022

The results of the T test based on the coefficient table above can be explained as follows:

The coefficient table above shows that the significance value of the three research variables is 0.00 <0.05, while the beta coefficient is positive, thus proving that the differentiation strategy has a significant positive effect on purchasing decisions, as well as the price and product quality variables which have a significant positive effect on purchasing decisions.

The beta coefficient of the differentiation strategy variable is 0.277, which means that if the differentiation strategy increases by one unit, the purchase decision increases by 0.277. Likewise with the price variable, where the beta coefficient value is 0.371, which means, if the price increases by one unit, then the purchase decision will increase by 0.371, then the product quality variable the beta coefficient value is 0.397, meaning if the product quality increases by one unit, then the purchase decision will increase by 0.397 assuming the other independent variables are of a fixed value.

Determination Coefficient Test Results

Coo   efficient   Determination   (R   ²   )   can   be   used   to   measure howbigabilityvariableindependentexplainvariabledependent. The results of the differentiation strategy variable determination test, price and product quality on purchasing decisions can be

seen in the following model summary table:

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.945 [a]	.894	.891	.74962

a. Predictors: (Constant), Product Quality, Price, Differentiation Strategy

Based on the Summary model table above, it can be seen that the value of R (correlation coefficient) is equal to0, 894 or 89.4 % . This shows that the purchase decision variable can be explainedbyvariableindependentnamely the variable strategy of differentiation, price and product quality of 89.4 %. While the remaining 10.6 % is explained by other factors outsidethis research.

DISCUSSION

Effect of Differentiation Strategy on Purchasing Decisions

Based on the results of the T test , it shows that the Differentiation Strategy has a sig value (0.00 <0.05) so it is concluded that the Differentiation Strategy has a significant effect on Purchase Decisions. The results of this study are in line with Lepa, et al (2018), Maabuat, et al (2021) and Purwati, et al (2018) which show that the differentiation strategy influences purchasing decisions because the products offered are different, the character and purchasing power of consumers are also different.

The effect of price on purchasing decisions

The results of the T test prove that the price significance value is 0.00 <0.05, so it is proven that price has a significant positive effect on purchasing decisions at Papa Ong's shop. The results of this study are supported by research conducted by Gunarsih, Kalangi and Tamengke (2021), Putranto and Qiyanto (2020) which state that price influences purchasing decisions. However, these results contradict research conducted by Maknunah and Apriliyaningsih (2020) which states that price has no effect on purchasing decisions.

Effect of product quality on purchasing decisions

Effect of Product Quality on Purchasing Decisions Based on the results of the t-test, product quality has a sig value (0.000 <0.05) so it can be concluded that product quality has a significant effect on purchasing decisions. The results of this study are in line with research conducted by Setyani (2020) which proves that product quality has a significant effect on purchasing decisions.

CONCLUSION

The results of the data analysis show that the differentiation strategy has a positive and significant influence on consumer purchasing decisions at the Papa Ong coffee shop. In addition, price also has a significant influence on purchasing decisions, where prices that are

competitive and in accordance with the value provided by coffee shop products are important factors in influencing consumer purchasing decisions. Furthermore, product quality is also proven to have a significant influence on purchasing decisions, with consumers tending to choose products that have satisfactory quality. This research makes an important contribution to the understanding of the factors that influence consumer purchasing decisions at coffee shops. The practical implication of this research is that the Papa Ong coffee shop needs to pay attention to a unique differentiation strategy, set appropriate prices, and maintain product quality in order to influence consumer purchasing decisions more effectively.

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