

CHAPTER I

INTRODUCTION

1.1 Background

The contemporary beverage business has become a significant trend in the food and beverage industry. Today's consumers are increasingly diverse in their preferences for beverages and seek experiences that are unique, fresh and innovative. In facing increasingly fierce competition in the market, it is important for today's beverage business owners to understand the factors that influence consumer purchasing decisions. Therefore, a business owner should be observant in seeing an opportunity and take advantage of it, because the business world is full of challenges and does not always end with success. In this era of globalization, competition is not only limited locally (certain areas) and nationally, but globally, this has resulted in more and more variables that can affect the success of a business.

In Indonesia, there are many companies that sell modern beverages such boba drinks, cheese tea, milk coffee with brown sugar, thai tea, and regal drinks. The businessperson who manages a modern beverage company must enhance the flavor of each beverage he produces. One of the key determining elements for success in the modern beverage industry is this. The shape of the drinks that are now on offer may not always be appealing, despite their high nutritional value; in other words, the level of customer preference for the current beverage greatly influences the quality of the beverage product. A business, especially in the beverage sector, must issue products that should suit the needs and desires of consumers. That way, the product can compete in the market, thus making consumers have many alternative product choices before making a decision to buy a product offered. At the modern beverage stall, SehaTea strives to create products that meet very high standards so that they can be enjoyed and consumed liked by the whole community, especially those in the Bengkalis region, Riau,

Indonesia. In addition, several significant factors in this regard are product quality, price, location, and service quality.

In the modern beverage industry, product quality also plays a significant role in influencing customer purchase decisions. Customers' opinions of a product's quality will influence their preferences and attitudes, which in turn will affect whether they choose to purchase it or not. Research of Aaker (1997) in Nasution (2022) " that the perception of quality offers value in various ways, one of which is a motivation to purchase". Consumers are looking for drinks that are high quality, fresh and appetizing. Good product quality includes not only good taste, but also factors such as quality raw materials, proper production methods, and consistency in presentation. Understanding consumer preferences related to taste, texture, uniqueness, and nutritional value of drinks will assist business owners in developing products that match market demand.



Figure 1.1 SehaTea Product
Source: sehatea instagram (2023)

The price factor has a significant impact on consumer purchasing decisions in the contemporary beverage business. Consumers who are sensitive to price will certainly look for prices that match the quality of the products purchased (Tendur et al., 2021) in (Nur A.H., 2022) Consumers frequently weigh the benefit of a beverage against the cost. Therefore, business owners need to set prices that are balanced with the quality of the products offered and also consider competitive prices in the market. Appropriate pricing strategies, such as providing

occasional promotions or discounts, can attract consumers attention and encourage purchases.

Location also plays an important role in consumer purchasing decisions in today's beverage business. Based on to Kotler and Keller, (2019) in Nursoleh, N. (2022) claimed that location is the most lucrative area for business, which is evident from the daily average number of customers the store receives. This understanding shows that a strategic location can increase consumer visits. The more strategic the location of a business, the more consumers will visit, and the more likely they will be to buy. Research of Swastha (2018) in (Nursoleh, N. 2022) Location refers to a company's or organization's choice of a strategic location that will maximize earnings. This knowledge explains why a company's location affects its revenue significantly. In order to present strategic housing, several development companies are working hard. In other words, a company's concept must be developed in light of its advantageous location. Consumers tend to choose drinks that are easy to access and comfortable to consume. Opening a modern beverage outlet or stall in a strategic location, such as a shopping center, office center, or an area with high traffic levels, can increase product visibility and attractiveness to the relevant target market.



Figure 1.2 SehaTea Stall
Source: Processed Data (2023)

Good service quality is also a crucial factor in consumer purchasing decisions in today's beverage business. Study of Tjiptono in Sunyoto, (2012) in (Hapzi Ali, et al., 2021) explains that quality or quality in the service sector is the

presentation of a product or service in accordance with the standard size at the location where the product is manufactured and its delivery is at least consistent with what customers want and anticipate. Stated by Kotler (2008) Any action or activity that a party can provide to another party that is essentially intangible and does not give rise to any ownership is referred to as a service. Stated by Moenir (2008) Ali (2021) Service is a collection of ongoing, routinely occurring actions that affect everyone in society. This demonstrates how the recipient's internal satisfaction with the service is related. When ordering and receiving drinks, customers desire courteous, effective, and helpful service. Customers will trust a company more when its employees are well-trained and capable of providing a great customer experience.

Through a deep understanding of the influence of product quality, price, location, and service quality on purchasing decisions in today's beverage business, business owners can optimize marketing strategies, improve product and service quality, and provide positive experiences to consumers. This will help build a competitive advantage, increase customer loyalty, and achieve sustainable growth in today's beverage business.

On the basis of this background, the researcher is interested in conducting research with the title *“The Influence of Product Quality, Price, Location, and Service Quality, on the Purchasing Decision at Sehatea”*.

1.2 Formulation of the problem

Based on the background described above, the researcher formulate the problem as following :

1. Does product quality have a partial effect on purchasing decisions in Sehatea?
2. Does the price have a partial effect on purchasing decisions in Sehatea?
3. Does location have a partial effect on purchasing decisions in Sehatea?
4. Does the quality of service have a partial effect on purchasing decisions in Sehatea?

1.3 Purpose of study

In accordance with the formulation of the problem described above, the objectives of this research include:

1. To identify the influence of product quality towards purchasing decisions at Seatea
2. To identify the influence of price towards purchasing decisions at Seatea
3. To identify the influence of location towards purchasing decision at Seatea
4. To identify the influence of service quality towards purchasing decisions at Seatea

1.4 Significance of the study

The results of this study are expected to provide the following uses:

1. Business owner

The results of this study are expected to provide input for business owners to determine appropriate steps in order to increase and stabilize their sales turn over. The results of this research are also expected to be input for business owners in order to determine the right strategic directions and policies in the future.

2. For researchers

It is hoped that this research can add insight and knowledge to researchers about the benefits of purchasing decisions, and researchers can take the results of this research as a source of reference regarding what factors influence purchasing decisions and patterns of consumer behavior towards the current drink Seatea in Bengkalis.

3. Civitas Academical

The results of this study are expected to add to the insight and knowledge of future researchers. Also a reference for the library regarding purchasing decisions.

1.5 Scope and limitation of the Problem

1.5.1 Scope of the Problem

Scope of the Problem regarding the influence of product quality, price, location, and service quality on the decision to purchase contemporary drinks, which may include:

1. Product:

Focus on modern drinks, such as coffee, tea, fruit drinks, smoothies, and the like. This research don't discuss non-contemporary drinks or alcoholic beverages.

2. Product Quality:

Considering product quality elements such as taste, consistency, presentation, ingredients used, and product innovation in contemporary drinks.

3. Price :

Assessing the effect of price on purchasing decisions of contemporary drinks. Factors such as competitive prices, promotions, and price fairness will be considered in this study.

4. Location:

Investigate the impact of location on contemporary beverage purchase decisions. Factors that can be considered are the availability of stalls, shops or stalls, accessibility, existence of competition around the location, and ease of parking.

5. Service quality:

Studying the effect of service quality on purchasing decisions. Factors to be considered include staff friendliness, speed of service, cleanliness of the venue, and ease of ordering.

1.5.2 Limitation of the Problem

Limitation of the Problem regarding the influence of product quality, price, location, and service quality on the decision to purchase contemporary drinks, which may include:

1. This research doesn't consider social, cultural, or other psychological factors that may influence the decision to buy contemporary drinks at Sehatea.
2. This research focus on modern drinks in Sehatea which are available in the Bengkalis area and does not cover all existing modern drink varieties.
3. Macroeconomic factors such as the inflation rate or economic growth are not discussed in depth in this study.
4. This study not consider other factors that directly influence purchase decisions, such as branding, social media promotions, or influence from friends or family.

It is important to remember that the scope and limitations of this can be adjusted according to more specific research needs.

1.6. Writing System

The systematics of writing the Final Project The Influence of Product Quality, Price, Location, Service Quality on the Purchasing Decision at Sehatea are as follows:

CHAPTER 1 : INTRODUCTION

contains the problem's history, its conceptualization, the goals and advantages of the research, and the writing process.

CHAPTER 2 : LITERATURE REVIEW

Contains the theoretical underpinnings, related prior research, and the research framework.

CHAPTER 3: METHODOLOGY AND COMPLETION PROCESS

Contains research variables and operational definitions, sample selection, data sources and types, data collection techniques, and research analysis techniques.

CHAPTER 4 : RESULTS AND DISCUSSION

Contains the results and discussion contains an overview of the object of research, data analysis and discussion of research results.

CHAPTER 5 : CONCLUSION AND SUGGESTION

Contains conclusions, research limitations, managerial and theoretical implications of the research results.