

# The Influence of Brand Image and Product Innovation on Purchasing Decision of Kopi Kenangan at Tunjungan Plaza Surabaya

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## Abstract

The development and growth of the culinary business is currently increasing in Indonesia, especially in Surabaya, especially coffee shops, this is marked by the rise of restaurants, cafes and coffee shops. Kopi Kenangan is one of the shops that popularized a typical Indonesian coffee milk drink which is popular with the name "Es Kopi Kenangan Mantan". This study aims to analyze whether brand image and product innovation partially influence purchasing decisions of Kopi Kenangan at Tunjungan Plaza Surabaya and whether the brand image and product innovation also simultaneously influences the purchasing decision of Kopi Kenangan at Tunjungan Plaza Surabaya. This research is a quantitative study. Total sample of this study is 104 Consumers of Kopi Kenangan in Tunjungan Plaza. The type of sample used is simple random sample. The researcher uses interviews, questionnaires and observations to obtain data. The results show that partially brand image and product innovation have a significant effect on purchasing decisions. Brand Image and Product Innovation have a simultaneous effect on purchasing decisions for Kopi Kenangan at Tujungan Plaza.

**Keywords :**

Brand Image, Kopi Kenangan, Product Innovation, Purchasing Decisions

## 1. Introduction

Amid the proliferation of local coffee shops and the aggressiveness of networked coffee shops, Kopi Kenangan is stealing the attention of coffee lovers in the country. Kopi Kenangan has successfully conquered two big investors, Alpha JWC and Sequoia Capital, so that they are willing to invest US \$ 8 million and US \$ 20 million respectively. Not even two years into Indonesia, the local coffee shop Kopi Kenangan has won the trust of two global investors. In the first phase, October 2018, Kopi Kenangan succeeded in obtaining funding from Alpha JWC of US \$ 8 million. And most recently, at the end of June 2019, Kopi Kenangan again pocketed fresh funds from Sequoia Capital of US \$ 20 million. As a local brand, Kopi Kenangan has a vision to go to a global market. In this case, using the USP (Unique Selling Proposition) coffee and palm sugar raw materials from Indonesia. "Milk coffee is a very unique trend from Indonesia. For that, through Kopi Kenangan, we hope to introduce Indonesian products through milk coffee with palm sugar.

Kopi Kenangan is one of the shops that popularized a typical Indonesian coffee milk drink which is popular with the name "Es Kopi Kenangan Mantan". One of the competitors of Kopi Kenangan is Kopi Janji Jiwa, Kopi Kulo, Fore Coffe and fellow local coffee brands.

Table 1. Development of The Opening of Coffee Shop Outlets in Indonesia

Number	Cafe Name	First Opening	Total Outlets
1	Kopi Kenangan	2017	175
2	Fore Coffe	2018	100
3	Kulo	2018	300
4	Janji Jiwa	2018	500

Source: Researcher survey results, 2020

Even now, Kopi Kenangan has released their own application which can be downloaded by the public. With their application called Kopi Kenangan, people can order and buy Kopi Kenangan through the application. The great thing is, we don't need to queue when ordering via the application, just come to the nearest Kopi

Kenangan shop and take our order. Kopi Kenangan, which is currently pioneering from the ground up in terms of online ordering applications, is working hard to be competitive.

Kopi Kenangan has become one of the contemporary coffees that millennials don't want to miss for consumption. Not only the taste of coffee that is not inferior to foreign brands, the name of the Kopi Kenangan menu attracts the attention of young people, even makes it difficult to move on. Kopi Kenangan Mantan is their mainstay menu. Even now, Kopi Kenangan has released their own application which can be downloaded by the public. With their application called Kopi Kenangan, people can order and buy Kopi Kenangan through the application. The great thing is, we don't need to queue when ordering via the application, just come to the nearest Kenangan Coffee shop and take our order.



Figure 1. Kopi Kenangan Online Ordering Application Data  
Source: Kopi Kenangan, 2020

Based on the above background, researcher is interested in conducting research with the title "The Influence of Brand Image and Product Innovation on Purchasing Decision of Kopi Kenangan at Tunjungan Plaza Surabaya".

Based on the background description of the problem above, the problem formulations in this study are:

- 1) Do brand image and product innovation partially influence purchasing decisions at the Kopi Kenangan Shop at Tunjungan Plaza Surabaya?
- 2) Do Brand Image and product innovation simultaneously influence purchasing decisions at the Kopi Kenangan Shop at Tunjungan Plaza Surabaya?

## 2. Literature Review

Supranto. Limakrisna (2011) state that brand image is what consumers think and feel when they hear or see a brand and what consumers learn about the brand. Thus, it can be concluded that a brand image is a set of brand associations that consumers can feel and think about that are created and maintained by marketers to form in the minds of consumers.

Then according to Kotler dan Keller (2009) brand image is a number of beliefs, ideas, and impressions that a person holds about an object. Meanwhile, brand image is the perception and belief held by consumers, as reflected in the associations embedded in consumers' memories.

According to Fandy Tjiptono (2008), what is meant by brand image is a description of the association and consumer confidence in a particular brand. There are several indicators used to measure Brand Image according to Lutiary Eka Ratri (2007) that is:

- 1) Product attributes, are things related to the brand itself, such as packaging, taste, price, and so on.
- 2) consumer benefits, is the use of products from that brand.
- 3) Brand personality, is an association regarding the personality of a brand if the brand is a human.

Meanwhile, according to Trott p (2008) innovation is management regarding all activities including the process of idea formation, technology development, manufacturing and marketing processes for the existence of new and developed products. Thus, it can be said that innovation is a change made by a company, both in terms of development and creation of something new, where these changes can be accepted by the market and have a positive impact on the company's development. Product innovation is a consumer perception that views a product or service as a new variant. Product innovation in this study refers to the opinion Kristian, nela (2012) that is:

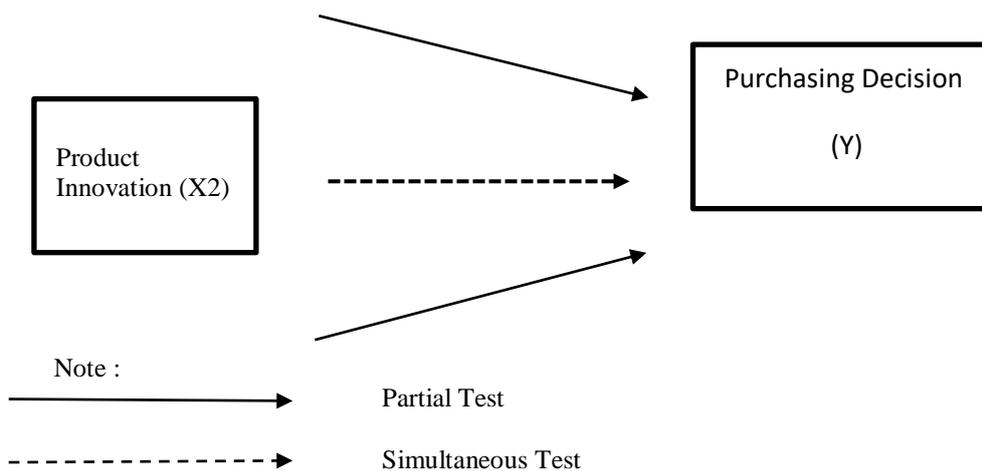
- 1) Line expansion is the use of strategies to expand the market share of the product's sales.
- 2) New products, products that are traded, have fresh or new conditions so that they attract consumers.

According to Setiadi (2010) sebuying behavior implies that individual activities are directly involved in exchanging money for goods and services and in the decision-making process that determines these activities. A consumer's decision to buy a product always involves physical activity (in the form of direct consumer activity through the stages of the purchase decision-making process) and mental activity (when consumers judge the product according to certain criteria set by individuals).

Purchasing decisions taken by buyers are actually a collection of a number of organized decisions. According Adingsih (2005) every purchase decision has a structure of seven components. These components include :

- a. Decisions about product types
- b. Decisions about product form
- c. Decisions about brands
- d. Decisions about sales
- e. Keputusan about the number of products
- f. Decision about when to buy
- g. Decisions about how to pay

### 3. Conceptual Framework



### 4. Research Method

This type of research is quantitative. Researcher took a sample of 104 consumers of Kopi Kenangan at Tunjungan Plaza. The sample type used is simple random sampling. Data collection techniques in this study using interviews, questionnaires, and observations. The data in this study were processed using the Statistical Package for Social Science (SPSS) 18.0 for Windows program. Data analysis in this study is to use multiple linear regression analysis.

Researcher used a partial test (T test) and simultaneous test (F test) to test the hypothesis in this study.

The hypothesis formulation for the partial test (t statistical test) in this study is as follows:

- 1)  $H_0$  = independent variable (X) partially has no significant effect on the dependent variable (Y).
- 2)  $H_a$  = independent variable (X) partially has a significant effect on dependent variable (Y).

The hypothesis formulation for the simultaneous test (f statistical test) in this study is as follows:

- 1)  $H_0$  = independent variable (x) simultaneously has no significant effect on the dependent variable (y).
- 2)  $H_a$  = independent variable (x) simultaneously has a significant effect on the dependent variable (y).

The basis for making a decision with a significant level of 0.05 is as follows:

- 1) If the sig value  $> 0.05$ , the decision  $H_0$  is accepted and  $H_a$  is rejected, it means that the independent variable (x) simultaneously has no significant effect on variable (y).
- 2) If the sig value  $< 0.05$ , the decision  $H_0$  is rejected and  $H_a$  is accepted, it means that the independent variable (x) simultaneously has a significant effect on the dependent variable (y).

**5. Results and Discussion**

The data in this study were obtained from the results of distributing questionnaires to 104 consumers of Kopi Kenangan Tunjungan Plaza. Based on the results of the respondents' answers in the distributed questionnaires, the respondent's data can be described based on gender, age, latest education, occupation, income rankings, and purchase estimates of respondents as follows:

Table 2. Characteristics Based on the Gender of Respondents

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Men	34	32,7	32,7	32,7
	Women	70	67,3	67,3	100,0
	Total	104	100,0	100,0	

From the table above it can be seen that most of the respondents that is 34 respondents or 32.7% are men, and 70 respondents or 67.3% are women.

Table 3. Characteristics Based on Age of Respondents

		Age Group			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	17 - 20 Years Old	3	2,9	2,9	2,9
	21 - 25 Years Old	57	54,8	54,8	57,7
	26 - 30 Years Old	37	35,6	35,6	93,3
	31 - 40 Years Old	7	6,7	6,7	100,0
	Total	104	100,0	100,0	

From the table above it can be seen that most of the respondents, that is 3 respondents or 2.9% aged 17-20 years, 57 respondents or 54.8% aged 21-25 years, 37 respondents or 35.6% aged 26-30 years, 7 respondents or 6.7% aged 31-40 years.

Table 4. Characteristics Based on Respondents' Last Education

		Last Education			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	High school	42	40,4	40,4	40,4
	Bachelor	57	54,8	54,8	95,2
	Postgraduate	5	4,8	4,8	100,0
	Total	104	100,0	100,0	

From the table above it can be seen that most of the respondents, that is 42 respondents or 40.4% were high school students, 57 respondents or 54.8% were bachelor, 5 respondents or 4.8% were postgraduate.

Table 5. Characteristics Based on Occupation of Respondents

		Occupation			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	Students	25	24,0	24,0	24,0
	Government employees	10	9,6	9,6	33,7
	Private employees	55	52,9	52,9	86,5
	Housewife	14	13,5	13,5	100,0
	Total	104	100,0	100,0	

From the table above it can be seen that most of the respondents, that is 25 respondents or 24.0% are students, 10 respondents or 9.6% are Government employees, 55 respondents or 52.9% are private employees, 14 respondents or 13,5% Housewives

Table 6. Characteristics Based on Respondents' Income Level

		Income Level			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	1 – 2 Million	17	16,3	16,3	16,3
	2 – 4 Million	54	51,9	51,9	68,3
	4 – 6 Million	33	31,7	31,7	100,0
	Total	104	100,0	100,0	

From the table above, it can be seen that most of the respondents, that is 17 respondents or 16.3%, are 1 million – 2 million, 54 respondents or 51.9% are 2 million – 4 million, 33 respondents or 31.7% are 4 million – 6 million.

**5.1. T Test (Partial)**

T test is to test how the influence of each independent variable on the dependent variable.

Table 7. T Test (Partial)

Model	Coefficients <sup>a</sup>									
	Unstandardized Coefficients		Standardized Coefficients			Correlations			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Zero-order	Partial	Part	tolerance	VIF
1 (Constant)	-,250	,324		-,771	,443					
Brand Image	,692	,088	,615	7,883	,000	,821	,617	,421	,469	2,130
Product Innovation	,362	,100	,283	3,635	,000	,731	,340	,194	,469	2,130

a. Dependent Variable: Keputusan Pembelian

1. Based on the SPSSs output above, the significance value of brand image is 0.000 <0.05, it means that brand image has a significant effect on purchasing decisions.
2. The significance value of product innovation as large as 0.000 <0.05 means that product innovation has a significant effect. The 5% (0.025) significance level of testing includes two-way testing Formula:  $df = n - k$  where n = many observations K = many variables (free and dependent)  $Df = 104 - 2 = 102$
3. From these results with a significance level of 5%, the ttable value is 1.98350
4. From the output of the SPSSs above, it is known that the tcount of brand image is  $7.883 > 1.98350$ , meaning that there is a significant influence between brand image and purchasing decisions.
5. From the output of the SPSSs above, it is known that the value of product innovation t count is  $3,635 > t$  table 1,98350, meaning that there is a significant influence between product innovation on purchasing decisions.

5.2. F TEST (Simultaneous)

The F test is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable. The degree of confidence used is 0.05. If the calculated F value is greater than the F value according to the table, then the alternative hypothesis, which states that all independent variables simultaneously have a significant effect on the dependent variable.

Tabel 8. F TEST (Simultaneous)  
ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	45,537	2	22,769	124,721	,000a
Residual	18,438	101	,183		
Total	63,975	103			

- a. Predictors : (Constant), Product Innovation
- b. Dependent Variable : Purchasing Decision
- c. Based on the SPSSs output above a significance value of 0.000 <0.05 means that simultaneously the perception of brand image and product innovation on purchasing decisions
- d. Comparing the magnitude of the number F count with the formula F table:  
 $df1=k-1$   
 $df2=n-k$   
 Where k = number of variables (free and dependent) n = number of observations / samples  
 $df1= 2-1=1$   
 $df2=104-2=102$

From these results, with a significance level of 5%, the F table value is 3.93

From the output of the above spss, it is known that the value of F count is 124.721 > from F table 3.93, it means that brand image and product innovation simultaneously affect purchasing decisions.

Thus it can be said that the second hypothesis which states that "brand image and product innovation simultaneously influence purchasing decisions" is proven empirically true.

6. Conclusion

- 1. The brand image variable (X1) has a partial effect on purchasing decisions, the value of tcount is 7.883 > t table 1.98350 with a significance of 0.000 <0.05, which means that brand image affects the purchasing decision at Kopi Kenangan Tunjungan Plaza.
- 2. Product Innovation Variable (X2) has a partial effect on Purchasing Decisions, the tcount value is 3,635 > t table 1.98350 with a significance of 0.000 <0.05, which means that Product Innovation affects Purchasing Decisions at Kopi Kenangan Tunjungan Plaza.
- 3. The purchasing decision variable (Y) has a simultaneous effect on Brand Image (X1) and Production Innovation (X2), which shows fcount = 124.721 > from f table 3.09 with a significance of 0.000 <0.05, which means that it has a significant effect on Coffee Purchasing Decisions at Kopi Kenangan Tunjungan Plaza.

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