**Strategies for Understanding Price Perception to Drive**

**Purchasing Decisions**

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| **Article Info** |  | **ABSTRACT** |
| ***Article history:***  Received 10 April 2023  Revised 02 May 2023  Accepted 15 May 2023 |  | Price perception is a crucial factor in consumer decision-making, especially in competitive markets such as coffee shops. This study investigates how price perception influences purchase decisions at Coffee Shop Dubo, utilizing Deep Interviews and Coaching methods. Findings indicate that the shop's previous pricing strategy was perceived as high due to misalignment with consumer expectations. Post-training, the shop implemented more suitable pricing strategies, which improved consumer perceptions of affordability and positively impacted sales. The research underscores the importance of aligning pricing with perceived value and service quality. Effective pricing strategies, combined with high-quality customer service, can enhance price perception and drive customer loyalty. In a competitive coffee shop market, balancing consumer expectations with appropriate pricing is essential for maintaining a strong market position and ensuring long-term business success. |
| ***Keywords:***  Coaching; Post-training; Price; Purchasing Decission; |
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1. **INTRODUCTION**

Price perception is a key element in consumer behavior that can influence purchase decisions. In the coffee shop business, pricing plays a crucial role in attracting and retaining customers. Coffee Shop Dubo, as an emerging coffee shop, faces the challenge of setting prices that align with consumer expectations. To gain a deeper understanding of how price perception affects purchasing decisions at Coffee Shop Dubo, a comprehensive study based on theories from consumer behavior and marketing experts is needed. According to Kotler and Armstrong (2018), price perception is how consumers view the price of a product, not just the numerical amount but also the perceived value. Consumers evaluate not only the nominal price but also the benefits and quality they receive for that price. Schiffman and Kanuk (2010) add that price perception can be influenced by factors such as past experiences, information from others, and the company's marketing communication. Monroe (2003) notes that price perception is significantly affected by internal and external price references. Internal price references are based on prices consumers remember from past purchases, while external price references are those offered by competitors or seen in advertisements. In this case, Coffee Shop Dubo must consider competitor pricing to ensure their prices remain competitive and meet consumer expectations.

Campbell in Cockril and Goode (2015:368) states that price perception is a psychological factor that significantly influences consumer reactions to prices. Rivai & Zulfitri (2021) describe price perception as a parameter measured from the nominal money paid by consumers for products or services. According to Schiffman and Kanuk (2013:137), perception is the process by which individuals select, organize, and interpret information to form a complete picture. Price perception refers to how consumers assess prices as high, low, or fair, which affects their purchase interest and satisfaction. This perception is related to how consumers understand and evaluate pricing information. Zeithaml (1988) theorizes that price perception is closely linked to quality perception. Consumers often use price as an indicator of product quality, with higher prices frequently associated with better quality. Therefore, Coffee Shop Dubo needs to ensure that their prices reflect the quality of coffee and service they provide. In consumer behavior, purchase decisions are influenced not only by price but also by other factors such as taste, coffee shop ambiance, and service. Engel, Blackwell, and Miniard (1995) describe the purchase decision process as comprising five stages: problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior. Peter and Olson (2015:163) define purchase decision as the process where consumers combine acquired knowledge to consider and choose one product from several alternatives. This decision is accompanied by real follow-up and evaluation to determine subsequent purchase attitudes (Hidayat et al., 2021). Kotler and Keller (2015:190) state that the purchase decision is the stage where consumers ultimately buy after going through several process stages. The five dimensions of the purchase decision include need recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior (Kotler & Armstrong, 2008). At the alternative evaluation stage, price becomes a primary criterion used by consumers to compare various options. Coffee Shop Dubo must understand that price perception can positively or negatively influence purchase decisions. If consumers feel that the price offered is comparable to the quality and benefits they receive, they are more likely to make a purchase. Conversely, if the price is deemed too high without adequate quality, consumers may switch to competitors. This study will further analyze the impact of price perception on purchasing decisions at Coffee Shop Dubo.

1. **METHOD**

This service method employs Deep Interview and Coaching to assess whether the pricing strategy implemented by Coffee Shop Dubo is appropriate. Through in-depth interviews with the coffee shop owner and customers, deeper insights are gained into how price perception affects consumer purchase decisions, enabling the coffee shop owner to set the correct prices. The population for this service includes all customers or patrons visiting Coffee Shop Dubo in Medan and the coffee shop owner. The sample for this service comprises 35 respondents who are regular or frequent visitors of Coffee Shop Dubo and 2 respondents who are the coffee shop owners (marliyah et al., 2022).

1. **RESULTS AND DISCUSSION**

**Results**

Based on the results of the service activity through training provided to the owner of Coffee Shop Dubo and several customers, it was found that the coffee shop owner had not yet implemented an appropriate pricing strategy, leading to the perception among consumers that the products offered at Coffee Shop Dubo were expensive. Therefore, it was necessary to educate the coffee shop owner through training titled “Training on Setting the Right Prices” to provide feedback and help the coffee shop set appropriate pricing. Following the training, it was found that the coffee shop owner had learned and implemented the right pricing strategy. By setting appropriate prices, consumers perceived the prices as affordable. This positive perception is expected to improve Coffee Shop Dubo's sales levels, thereby increasing profitability. The training also revealed that the coffee shop owner gained a better understanding of factors affecting consumer price perception, such as product quality, service, and additional value. With this knowledge, they can adjust prices to meet consumer expectations without sacrificing profit margins. The implementation of the right pricing strategy not only enhances consumer satisfaction but also strengthens customer loyalty, ultimately contributing to long-term sales growth and the sustainability of Coffee Shop Dubo's business.

**Discussion**

Customer service and price perception are two crucial factors that interact to shape purchasing decisions at coffee shops. Good customer service can enhance customers' perception of the prices offered, even if those prices are higher compared to competitors. This is due to customers' view that high-quality service provides added value that justifies the cost they incur. Conversely, if the service is poor, even low prices will not be sufficient to compensate for the negative experience, which can ultimately reduce customers' interest in making repeat purchases.

In a competitive context like the coffee shop industry, successfully blending high-quality service with appropriate pricing strategies is essential. Positive customer experiences can create higher perceived value, encourage loyalty, and increase the likelihood of future purchases. Therefore, coffee shops need to continually improve service quality and set prices based on the perceived value to customers. The greatest challenge is balancing the increasing expectations of customers with offerings that meet those expectations. However, coffee shops that manage service and pricing effectively have a significant opportunity to win customer loyalty and maintain a competitive edge in the market.

1. **CONCLUSION**

Based on the results of this community service project, it was found that customer service and price perception are two crucial factors that interact to shape purchasing decisions at coffee shops. Good customer service can enhance customers' perception of the prices offered, even if those prices are higher compared to competitors. This is because customers believe that high-quality service provides added value that justifies the cost they incur. Conversely, if the service provided is poor, even low prices will not be enough to compensate for the negative experience, which can ultimately reduce customers' interest in making repeat purchases.

In a competitive context like the coffee shop industry, successfully combining high-quality service with appropriate pricing strategies is essential. Positive customer experiences can create a higher perceived value, drive loyalty, and increase the likelihood of future purchases. Therefore, coffee shops need to continuously improve service quality and set prices based on the value perceived by customers. The greatest challenge is maintaining a balance between increasing customer expectations and offerings that meet those expectations. However, coffee shops that effectively manage service and pricing have a significant opportunity to win customer loyalty and maintain a competitive edge in the market.

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