



Brand Image Mediation in Coffee Shop Consumer Decisions: Marketing Mix Effects in Indonesia

Mochamad Malik Akbar Rohandi¹, Allya Roosallyn Assyofa¹, Putri Fariska², Ratih Hurriyati³

¹ Bandung Islamic University, Indonesia

² Telkom University, Indonesia

³ Universitas Pendidikan Indonesia, Indonesia

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Abstract

Indonesia's coffee shop industry has experienced rapid expansion, driven by shifting consumer lifestyles and intensified market competition. In this digitally mediated competitive landscape where social media promotions, online ordering platforms, and e-wallet-based discounts shape consumer engagement understanding the determinants of purchase decisions becomes critical. The mediating pathways through which marketing mix elements influence these decisions remain insufficiently examined, particularly the role of brand image in emerging markets. This explanatory quantitative study employs Structural Equation Modeling–Partial Least Squares (SEM-PLS) to investigate the direct and indirect effects of price discount, store atmosphere, service quality, and product assortment on purchase decisions, with brand image as the mediating variable. Primary data were collected through structured questionnaires from 100 purposively sampled respondents in Bandung, Indonesia, who had recent coffee shop purchase experience. Results demonstrate that product assortment significantly influences purchase decisions directly, while price discount, store atmosphere, and service quality show no significant direct effects. However, price discount substantially impacts purchase decisions through brand image mediation, with the model explaining 96.3% of brand image variance and 87.4% of purchase decision variance. These findings advance strategic marketing theory by demonstrating that brand image functions as a critical mediating mechanism consistent with the Stimulus, Organism and Response (S–O–R) framework transforming price-based stimuli into actual purchase behavior. Practically, coffee shop managers should implement dual-focus strategies: cultivating brand perceptions through strategic discounting while simultaneously diversifying product offerings to stimulate purchase decisions directly.

Keywords *Brand Image, Purchase Decision, Product Assortment, Service Quality, Coffee Shop*

INTRODUCTION

Rapid expansion within Indonesia's coffee shop industry has resulted in fierce competition, forcing business owners to determine which aspects of their advertising strategy affect consumer purchases and to understand the reasoning behind the indirect effects of advertisements associated with brand equity (Kotler et al., 2022). Indonesia's specialty coffee retail industry has seen an investment boom, with the country being the world's fourth-largest coffee producer and having significant market potential (Pratama, 2024; Purnama, 2024). The International Coffee Organization (2021) states that coffee consumption increased by 1.3% in 2020/2021, totaling 166.35 million 60-kilogram bags. This is partially due to growing demand in Asian markets. These factors, along with market digitization and increased consumer reliance on the internet to find promotions, read reviews, and place orders through applications, create a complex purchasing funnel that requires in-depth research.

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Corresponding author's email: malik@unisba.ac.id

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As an important urban center in Indonesia with a large young population and many cafés, the study of consumer behavior in coffee shops is well-suited to the city of Bandung (Harahap et al., 2022; Putri, 2026). Independent and chain coffee shops face intense rivalry, characterized by diverse promotional strategies, design and service differentiation, and menu diversification (Qatrunnada et al., 2025; Armawan et al., 2023; Prasetya et al., 2024). Coffee consumption goes beyond simply drinking a beverage; it has become a lifestyle, and coffee shops have evolved into social spaces for young professionals, students, and entrepreneurs (Sudirjo, 2023; Lee et al., 2015). In 2021, Indonesia produced 786.19 thousand tons of coffee, and approximately 7.8 million people depend on the coffee sector for their livelihoods. This strong upstream supply further supports downstream retail growth (Nur et al., 2023; Yudha et al., 2025).

Endang et al. (2023), Aulia et al. (2023), and Sulistiono et al. (2024) demonstrate how marketing elements such as pricing, store ambience, service, and products influence customers' purchasing behavior, both directly and indirectly. However, empirical findings remain inconsistent. While some studies show that store ambience and service have a direct influence on purchasing behavior (Diawan et al., 2016; Magdalena et al., 2022), others indicate that these elements operate through mediating variables such as brand image or customer satisfaction (Wu et al., 2011; Pranoto et al., 2022). This inconsistency suggests that additional factors—such as market maturity, target consumers, and cultural aspects—need to be examined to explain how these variables moderate the relationships.

Studies in Indonesia on marketing mix and purchase decision processes have increased; however, further research is needed on both the direct effects and the brand image-mediated effects of various marketing mix components, particularly in the Indonesian specialty coffee retail sector. Previous studies have tended to focus on individual marketing variables or on other retail sectors that do not share the same characteristics as coffee shop settings, where experiential and functional attributes intersect (Kusumaradya et al., 2021). Moreover, existing studies have not sufficiently explored the cognitive processes through which promotional stimuli are interpreted via brand image and subsequently lead to purchase actions.

Therefore, this study aims to: (1) examine the direct effects of price discounts, store atmosphere, service quality, and product assortment on consumer purchase decisions; (2) investigate the mediating role of brand image in the relationship between each marketing mix element and purchase decisions; and (3) identify which marketing pathways—direct or mediated—most effectively drive purchase behavior in Bandung's coffee shop market.

This study offers the following contributions. Theoretically, it clarifies the mediating role of brand image within the Stimulus–Organism–Response (SOR) framework, demonstrating how promotional stimuli are cognitively processed through brand perceptions before influencing purchase decisions in emerging-market coffee retail. Practically, it provides actionable guidance for coffee shop managers regarding resource allocation across discount strategies, product assortment development, service improvement, and experiential store design. For the marketing discipline, this research highlights the differential pathways through which marketing variables operate, contributing to the growing body of literature on consumer decision-making in digitally mediated competitive environments.

LITERATURE REVIEW

Theoretical Framework: Stimulus–Organism–Response (SOR) Model

This study adopts the Stimulus–Organism–Response (SOR) model (Mehrabian & Russell, 1974) as its theoretical backbone. The SOR framework posits that external stimuli (S), such as marketing mix elements, influence consumers' internal cognitive and affective states (O),

represented here by brand image, which subsequently drive behavioral responses (R), namely purchase decisions. This framework is particularly appropriate for coffee shop research because it accommodates both functional stimuli (price discounts, product assortment) and experiential stimuli (store atmosphere, service quality), while explicitly modeling the mediating cognitive process through which stimuli are transformed into purchase behavior (Chang et al., 2011).

Signaling theory further complements this framework by explaining how price discounts serve as informational cues that shape brand perceptions: discounts can signal customer-oriented value or, conversely, diminish perceived quality depending on brand strength (Agmeka et al., 2019).

Price Discount and Purchase Decisions

Price discount is a sales promotion strategy involving price reductions on certain products (Putri, 2022). Aljazzar et al. (2017) suggest that price reductions, or discounts, are often applied by suppliers or vendors to customers to encourage them to order larger quantities. Kotler et al. (2022) state that a price discount is a saving offered to consumers from the normal price of a product, as indicated on the product label or packaging.

Prior research has established that price discounts serve as powerful promotional tools that stimulate consumer purchasing behavior by creating perceptions of economic value (Belch & Belch, 2021). Endang et al. (2023) and Massie et al. (2024) found that discounts significantly increase the likelihood of purchase decisions, particularly when consumers perceive direct savings. However, the relationship between discounts and purchase decisions is not uniformly positive; excessive discounting can erode perceived product quality and brand prestige (Agmeka et al., 2019). Within the SOR framework, price discounts function as external stimuli that may influence decisions directly through value perception or indirectly through their impact on brand image. In Bandung's coffee market, where digital promotions through e-wallets and mobile applications are prevalent, discounts represent a key competitive lever. Thus, H1: Price discount has a positive effect on purchase decisions. H5: Price discount has a positive effect on purchase decisions mediated by brand image.

Store Atmosphere and Purchase Decisions

Bitner (1992) developed the servicescape theory, and store atmosphere theory builds on this concept. According to store atmosphere researchers, store atmosphere includes physical elements (e.g., lighting, décor, layout, and music) that construct the environment where consumers engage and evoke behavioral reactions (Berman et al., 2018). A comfortable and visually appealing store ambience enhances customer buying intention, as shown in studies by Aulia et al. (2023) and Raniya et al. (2023) in the context of coffee shops. Customer satisfaction and purchase decisions are influenced by store ambience, as demonstrated by Diawan et al. (2016). However, the differentiating impact of store atmosphere may decline in highly competitive markets where ambience is easily replicated (Solihin et al., 2021). Thus, H2: Store atmosphere has a positive effect on purchase decisions. H6: Store atmosphere has a positive effect on purchase decisions mediated by brand image.

Service Quality and Purchase Decisions

Customer evaluation of service quality, based on the SERVQUAL model—comprising reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al., 1990)—is a fundamental factor influencing customer satisfaction and behavioral intentions in the hospitality field. Magdalena et al. (2022) and Sulistiono et al. (2024) confirmed that service quality has a significant impact on customers' purchase decisions in coffee shops. Service quality also contributes

to the formation of brand image (Kusumaradya et al., 2021). However, when service quality is perceived as similar across competing businesses, its impact on purchase decisions is more likely to occur indirectly through cognitive evaluation of brand image (Pranoto et al., 2022; Setyadi et al., 2017). Therefore, H3: Service quality positively influences purchase decisions. H8: Service quality positively influences purchase decisions through brand image.

Product Assortment and Purchase Decisions

Product assortment refers to the range and variety of goods available to customers (Kotler et al., 2022; Kautish & Sharma, 2019). A diverse range of products has been shown to encourage purchasing behavior (Rozi & Khuzaini, 2021; Herdiany et al., 2022). However, several studies indicate that this effect depends on the context. Wu et al. (2012) state that excessive choice may reduce consumers' motivation to make immediate purchase decisions. In coffee shop settings, product assortment includes specialty drinks, food pairings, seasonal products, and customization options. These offerings enable consumers to find suitable options and facilitate purchase decisions (Damanik et al., 2023). Therefore, the following hypotheses are proposed: H4: Product assortment has a positive effect on customers' purchase decisions. H7: Product assortment has a positive effect on customers' purchase decisions through the mediation of brand image.

Brand Image as Mediating Variable

Kotler et al. (2022) and Firmansyah (2019) define brand image as the cognitive and affective representation of a brand, reflecting customers' psychological construction based on their experiences and processed information. Lestari et al. (2021) describe brand image as a representation formed through information and prior experiences. This view is supported by Sulistiono et al. (2024), who assert that brand image plays a significant role in influencing consumer behavior, particularly in purchase decisions within the coffee industry.

Within the SOR framework, brand image is considered the "organism" component, representing the internal evaluative state through which marketing stimuli are cognitively processed and translated into behavioral responses (Chang et al., 2011). Kotler et al. (2022) identify brand personality, brand favorability, and brand uniqueness as key dimensions of brand image

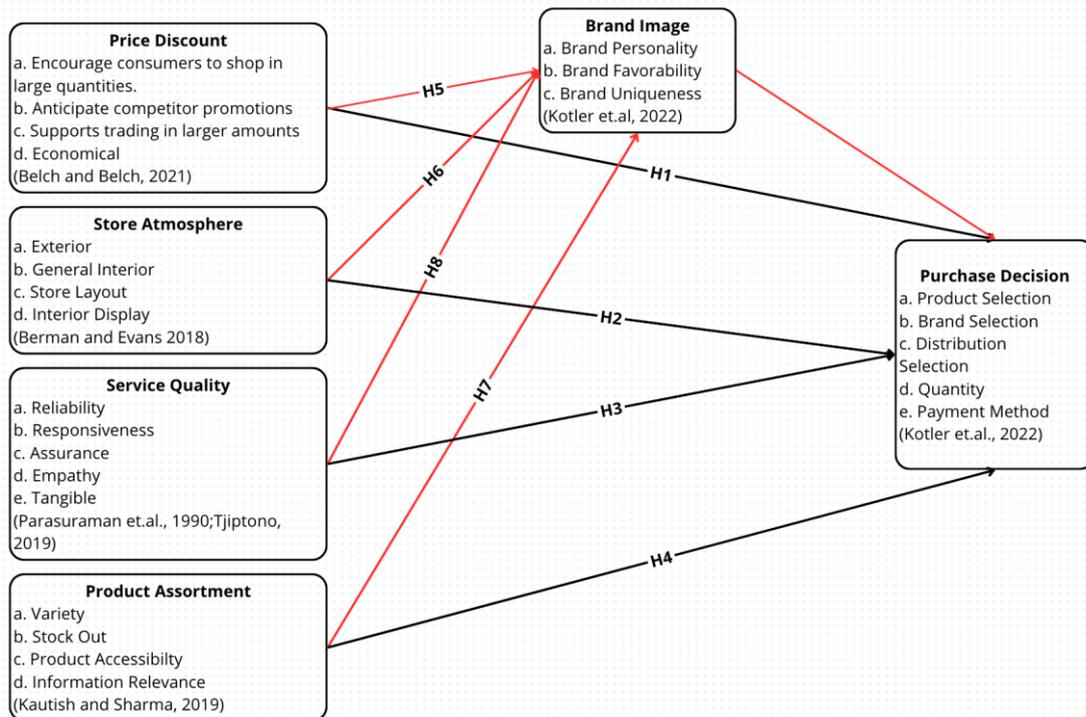


Figure 1. Conceptual Model
Source: Processed by researchers

RESEARCH METHOD

This research uses an explanatory quantitative research method to analyze relationships between variables within and outside the marketing mix, the brand image, and the purchase decision. As for the research method, the author chose SEM-PLS due to its advantages for prediction-oriented research, its ability to understand complex models involving mediation, its flexibility in instances of non-normal distributions, and its effectiveness in working with small sample sizes (Hair et al., 2019; Sarstedt et al., 2017).

The research was conducted in a step-by-step manner and included the following activities: (1) designing a questionnaire constructed from validated instruments, (2) disseminating the questionnaire online using Google Forms to social media communities, (3) collecting data over two months, (4) conducting inclusion criteria (respondents must be ≥ 18 years old, must be a resident of Bandung, and must have purchased a product from a coffee shop within the last 6 months), (5) cleaning data to remove rows with missing data and outliers, (6) evaluating the measurement model for convergent and discriminant validity, and reliability, and (7) evaluating the structural model with bootstrapping for significance and mediation testing.

The sample consisted of residents of Bandung City who were 18 years or older and had purchased at a coffee shop. In accordance with purposive non-probability sampling, the sample size of 100 respondents is justifiable by the PLS-SEM 10-times rule, which states that a sample must be 10 times the number of the structural paths aimed at any endogenous variable in the model (Hair et al., 2019). In our case, there are five paths directed at the purchase decision variable (PD \rightarrow PDC, SA \rightarrow PDC, SQ \rightarrow PDC, PA \rightarrow PDC, BI \rightarrow PDC). Hence, with 100 respondents, we are more than adequately powered statistically. The categorical inclusion criteria were that respondents had to be residents of Bandung, 18 years, of age or older, and had to have purchased from a coffee shop in

the prior six months.

Data were collected via a self-administered, structured questionnaire consisting of 44 items, written in Bahasa Indonesia, and utilizing a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The questionnaire began with a screening question regarding respondents' experiences with purchasing from a coffee shop, as well as an informed consent form. The dependent variables included: price discount (4 items adapted from [Belch & Belch, 2021](#)), store atmosphere (4 items from [Berman et al., 2018](#)), service quality (5 items from [Parasuraman et al., 1990](#)), and product variety (4 items from [Kautish & Sharma, 2019](#)). Brand image was assessed with 3 items ([Kotler et al., 2022](#)), and purchase intention with 6 items ([Kotler et al., 2022](#)). Online surveys were selected to provide the best opportunity to engage coffee shop consumers who are digitally active.

Data were analyzed using SmartPLS, with significance testing based on 5,000 bootstrap subsamples. The measurement model was assessed based on the indicator loadings (threshold > 0.70), Average Variance Extracted (AVE > 0.50), Composite Reliability (CR > 0.70), and discriminant validity, which was evaluated using the Fornell-Larcker criterion and cross-loading. The structural model was evaluated based on the path coefficients, t-statistics, p-values (significance at $p < 0.05$, one-tailed for directional hypotheses), R^2 , and f^2 effect size.

Mediation was evaluated through bootstrapped indirect effects along with confidence intervals ([Hair et al., 2019](#); [Sarstedt et al., 2017](#)).

FINDINGS AND DISCUSSION

Respondent Profile

Respondents were mostly aged 30 - 35 years 30%, having a bachelor's degree 51%, working at private companies 24%, or being university students 23%, having a monthly income of IDR 3,000,000 - 5,000,000 35%, and living in all sub-areas of Bandung, with Central Bandung having the most (25%). This demographic data shows that Indonesia's core specialty coffee consumers are educated middle-income young adults who use coffee shops as 'third places' ([Kim & Jang, 2023](#)). The 54% male, 46% female distribution has also contributed to the unbiased distribution of the population across the sample. The sample education level indicates a more critical and deliberate brand evaluation ability of consumers, which correlates with central route processing of the Elaboration Likelihood Model ([Petty & Cacioppo, 1986](#)). This may have caused the dissatisfaction with the assortment range of the products with a higher level of cognitive evaluation that, in contrast to price, brand image, and discount, has the most direct influence to the consumers purchase decision, and the indirect influence of the brand image discount ([Agmeka et al., 2019](#)).

Table 1. Respondent Characteristics

| No | Characteristic | Qty | % |
|----|------------------|-----|-----|
| 1 | Gender: Male | 54 | 54% |
| | Female | 46 | 46% |
| 2 | Age: 18-22 | 22 | 22% |
| | 23-29 | 14 | 14% |
| | 30-35 (dominant) | 30 | 30% |
| | 36-40 | 15 | 15% |
| | 41-45 | 12 | 12% |
| | 46-50 | 5 | 5% |

| No | Characteristic | Qty | % |
|----|--|-----|-----|
| | >50 | 2 | 2% |
| 3 | Education: High School | 16 | 16% |
| | Bachelor's (dominant) | 51 | 51% |
| | Master's | 24 | 24% |
| | Doctoral | 9 | 9% |
| 4 | Occupation: Private Company (dominant) | 24 | 24% |
| | University Student | 23 | 23% |
| | Entrepreneur | 21 | 21% |
| | Civil Servant | 16 | 16% |
| | High School Student | 12 | 12% |
| | State-Owned Enterprise | 4 | 4% |
| | | | |
| 5 | Income (IDR/month): <1,000,000 | 12 | 12% |
| | 1,000,000–3,000,000 | 23 | 23% |
| | >3,000,000–5,000,000 (dominant) | 35 | 35% |
| | >5,000,000–8,000,000 | 18 | 18% |
| | >8,000,000–11,000,000 | 8 | 8% |
| | >11,000,000 | 4 | 4% |
| 6 | Domicile: Central Bandung (dominant) | 25 | 25% |
| | North Bandung | 22 | 22% |
| | East Bandung | 19 | 19% |
| | West Bandung | 18 | 18% |
| | South Bandung | 16 | 16% |

Measurement Model Results

The measurement model was evaluated using convergent validity, discriminant validity, and testing reliability. Initial confirmatory factor analysis showed that SQ4, PA1, PA2, and PDC1 had outer loadings below the 0.70 cutoff and were eliminated. A second round of analysis more BI1 and BI3 as invalid and eliminated them. The final measurement model left all indicators that had loadings above 0.70, providing confirm validity (Hair et al, 2019).

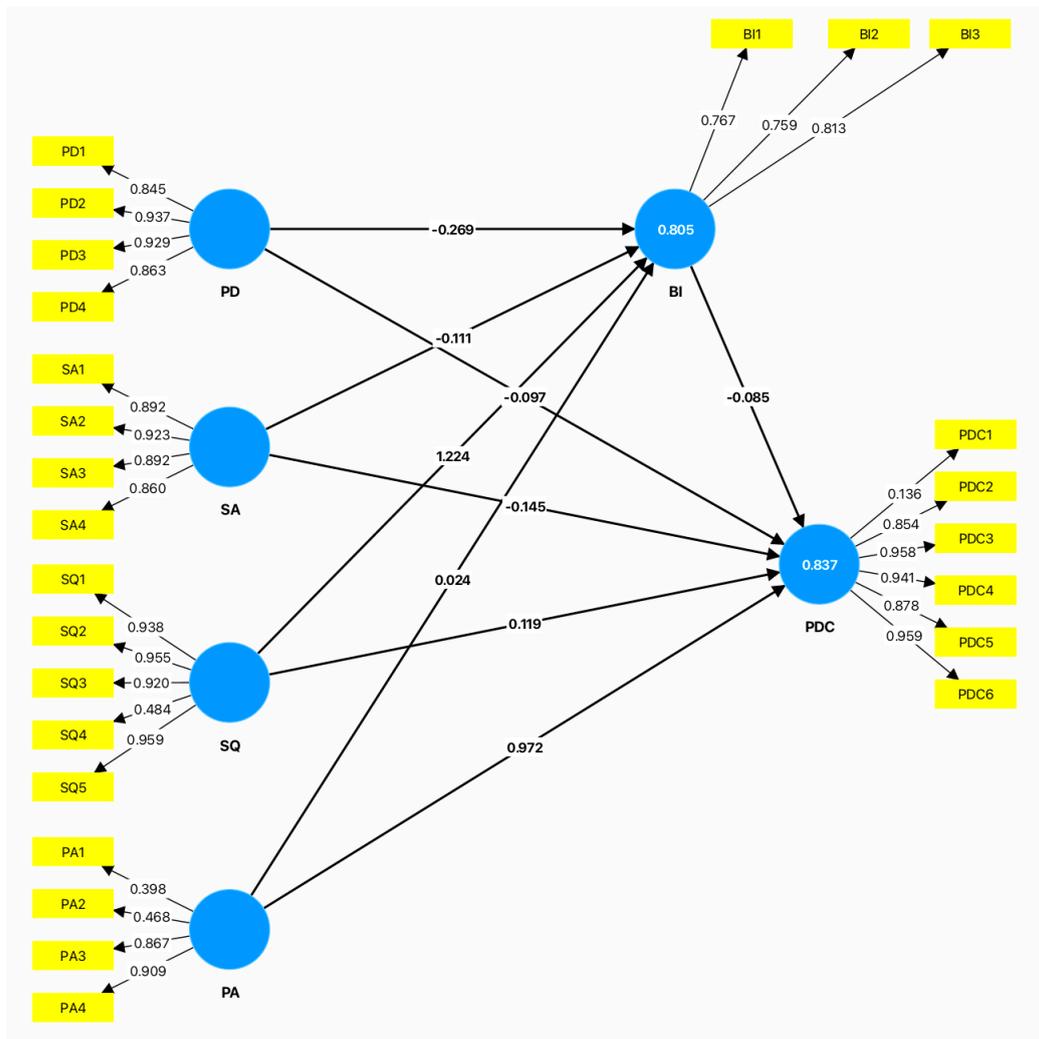


Figure 2. Final Outer Model (After Indicator Removal)

Table 2. Outer Loadings Matrix

| | BI | PA | PD | PDC | SA | SQ |
|------|-------|-------|-------|-------|----|----|
| BI2 | 1.000 | | | | | |
| PA3 | | 0.932 | | | | |
| PA4 | | 0.927 | | | | |
| PD1 | | | 0.830 | | | |
| PD2 | | | 0.942 | | | |
| PD3 | | | 0.936 | | | |
| PD4 | | | 0.865 | | | |
| PDC2 | | | | 0.849 | | |
| PDC3 | | | | 0.960 | | |
| PDC4 | | | | 0.946 | | |
| PDC5 | | | | 0.878 | | |

| | BI | PA | PD | PDC | SA | SQ |
|------|----|----|----|-------|-------|-------|
| PDC6 | | | | 0.962 | | |
| SA1 | | | | | 0.886 | |
| SA2 | | | | | 0.929 | |
| SA3 | | | | | 0.897 | |
| SA4 | | | | | 0.853 | |
| SQ1 | | | | | | 0.963 |
| SQ2 | | | | | | 0.984 |
| SQ3 | | | | | | 0.942 |
| SQ5 | | | | | | 0.988 |

Discriminant validity was confirmed through the Fornell–Larcker criterion, which showed that the square root of each construct’s AVE exceeded its correlations with other constructs (Ghazali, 2021). Cross-loading analysis further confirmed that each indicator loaded most highly on its intended construct. It is noted that Brand Image retained only one indicator (BI2) after the dropping process, which constitutes a measurement limitation discussed in the limitations section.

Table 3. Reliability Test Results

| | Cronbach’s α | CR (rho_a) | CR (rho_c) | AVE |
|-----|---------------------|------------|------------|-------|
| PA | 0.843 | 0.844 | 0.927 | 0.864 |
| PD | 0.916 | 0.935 | 0.941 | 0.800 |
| PDC | 0.954 | 0.957 | 0.965 | 0.847 |
| SA | 0.914 | 0.927 | 0.939 | 0.795 |
| SQ | 0.978 | 0.981 | 0.984 | 0.940 |

Table 3 demonstrates that all constructs meet reliability thresholds, with AVE values exceeding 0.50, composite reliability values above 0.70, and Cronbach’s alpha values above 0.70 (Hair et al., 2019; Ghazali, 2021).

Structural Model Results

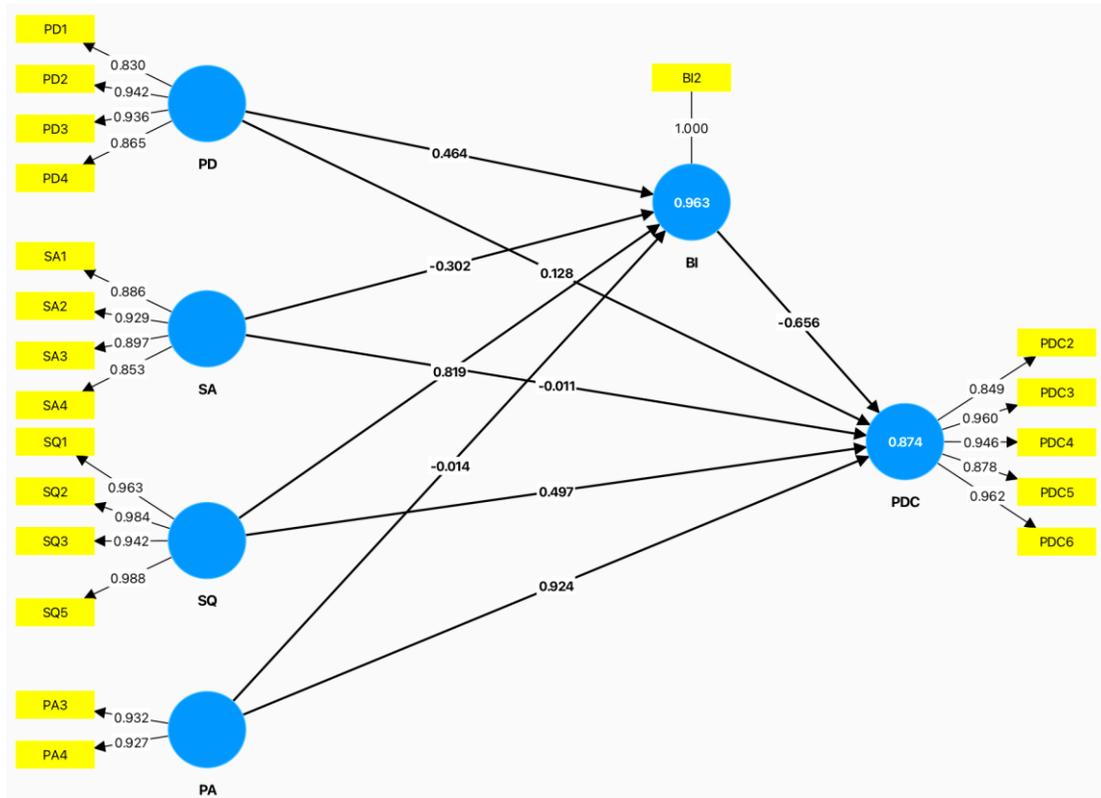


Figure 3. Inner Model Test Results

Table 4. Goodness of Fit Model Results

| | Saturated Model | Estimated Model |
|------------|-----------------|-----------------|
| SRMR | 0.074 | 0.074 |
| d_ULS | 2.058 | 2.058 |
| d_G | 1.684 | 1.684 |
| Chi-Square | 770.866 | 770.866 |
| NFI | 0.719 | 0.719 |

NFI is one of the earliest metrics in the SEM literature to find fundamental misconceptions in models. These misunderstandings point to critical areas where the model requires modification. Measurements of NFI can be viewed in Table 4. NFI presents its results from 0-1. The closer to 1, the better the fit (Yahaya et al., 2023).

SRMR model fits assessment scores are 0.074, which is below the acceptable score of 0.08, the model fits are acceptable (Hair et al., 2019). A value of 0.719 on NFI suggests a moderate fit, which is in agreement with the complexity of the model with respect to the sample size.

Table 5. f² Effect Size Results

| Path | f ² | Effect |
|----------|----------------|------------|
| BI → PDC | 0.126 | Small |
| PA → BI | 0.005 | Negligible |

| Path | f ² | Effect |
|----------|----------------|------------|
| PA → PDC | 6.518 | Large |
| PD → BI | 0.540 | Large |
| PD → PDC | 0.008 | Negligible |
| SA → BI | 0.262 | Medium |
| SA → PDC | - | Negligible |
| SQ → BI | 2.057 | Large |
| SQ → PDC | 0.073 | Small |

The value or magnitude of effect sizes shows how important the contribution of each latent variable is to the observed variable (Wong, 2013). The value or magnitude of the F-Square effect is shown in Table 5: F-Square Test. An F-Square value of 0.02 means small, 0.15 means medium, and 0.35 means large. Values below 0.02 can be ignored or considered to have no impact (Sarstedt et al., 2017).

Table 6. R-Square Results

| | R ² | R ² Adjusted |
|-----|----------------|-------------------------|
| BI | 0.963 | 0.962 |
| PDC | 0.874 | 0.868 |

Brand image has an R² value of 0.963, meaning 96.3% of its variance is explained by price discount, store atmosphere, service quality, and product assortment. For the purchase decision, an R² value of 0.874 indicates 87.4% of the variance is explained by the full model. While these numbers are strong, the extreme R² for brand image is concerning, as there might be multicollinearity present among predictors or the brand image is measured by a single indicator (Sarstedt et al., 2017).

Table 7. Direct and Mediation Hypothesis Test Results

| Path | β | Mean | SD | t-stat | p | Result |
|----------|--------|--------|-------|--------|-------|--------|
| BI → PDC | -0.656 | -0.642 | 0.352 | 1.864 | 0.031 | * |
| PA → BI | -0.014 | -0.014 | 0.011 | 1.219 | 0.112 | n.s. |
| PA → PDC | 0.924 | 0.930 | 0.025 | 37.485 | 0.000 | *** |
| PD → BI | 0.464 | 0.444 | 0.126 | 3.673 | 0.000 | *** |
| PD → PDC | 0.128 | 0.186 | 0.323 | 0.397 | 0.346 | n.s. |
| SA → BI | -0.302 | -0.291 | 0.104 | 2.912 | 0.002 | ** |
| SA → PDC | -0.011 | -0.065 | 0.215 | 0.051 | 0.480 | n.s. |
| SQ → BI | 0.819 | 0.830 | 0.115 | 7.110 | 0.000 | *** |
| SQ → PDC | 0.497 | 0.476 | 0.355 | 1.401 | 0.081 | n.s. |

Mediation

| | | | | | | |
|-----------|--------|--------|-------|-------|-------|------|
| PA→BI→PDC | 0.009 | 0.008 | 0.009 | 0.994 | 0.160 | n.s. |
| PD→BI→PDC | -0.304 | -0.271 | 0.159 | 1.909 | 0.028 | * |
| SA→BI→PDC | 0.198 | 0.201 | 0.137 | 1.439 | 0.075 | n.s. |
| SQ→BI→PDC | -0.537 | -0.558 | 0.341 | 1.576 | 0.058 | n.s. |

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$ (one-tailed); n.s. = not significant

In order to assess the significance and impact of path coefficients between constructs, as well as to evaluate the hypotheses, table 7 is referenced. By considering a 5% significance level, one can claim a significant influence if the t-statistics value > 1.96 or the p-value < 0.05 .

The hypothesis testing results reveal the following: H1 (PD → PDC) is not supported ($\beta = 0.128$, $p = 0.346$); H2 (SA → PDC) is not supported ($\beta = -0.011$, $p = 0.480$); H3 (SQ → PDC) is not supported ($\beta = 0.497$, $p = 0.081$); H4 (PA → PDC) is supported ($\beta = 0.924$, $p < 0.001$); H5 (PD → BI → PDC) is supported ($\beta = -0.304$, $p = 0.028$); H6 (SA → BI → PDC) is not supported ($p = 0.075$); H7 (PA → BI → PDC) is not supported ($p = 0.160$); H8 (SQ → BI → PDC) is not supported ($p = 0.058$).

Discussion and Interpretation

The results show that marketing mix assumptions in coffee shops require more than simple re-evaluation to fully understand their impact. Based on the S–O–R analysis, the strongest direct driver of impact is product assortment.

The results show that the only product assortment variable with a direct impact on purchase decisions was significant ($\beta = 0.924$, $p < .001$, $f^2 = 6.518$). These results agree with [Rozi and Khuzaini \(2021\)](#) and [Herdiany et al. \(2022\)](#), where product variety enhances consumer decision-making and product assortment aligns with consumer preferences. Competitive coffee shops in Bandung have consumers who prefer establishments offering a wide variety of specialty drinks, complementary food, and seasonal innovative products. This makes product assortment a direct stimulus for decision-making without the need to consider brand image. This illustrates variety-seeking behavior in experiential retail ([Kautish & Sharma, 2019](#)). From a managerial perspective, these results illustrate the importance of menu innovation and product diversification in driving purchase decisions.

Price discounts impact brand image. The direct effect of price discounts on purchase decisions is non-significant ($\beta = 0.128$, $p = .346$). However, the indirect effect is significant ($\beta = -0.304$, $p = .028$). This indicates that price discounts are not a direct trigger of purchase. Instead, price discounts alter the way consumers perceive the brand, which subsequently influences purchase decisions. This finding is consistent with the S–O–R theory ([Mehrabian & Russell, 1974](#)) and signaling theory ([Agmeka et al., 2019](#)). Based on the data, the indirect effect is negative ($\beta = -0.304$), suggesting that price discounts may negatively affect brand equity and, consequently, purchase decisions. Nevertheless, this finding is statistically significant. The dual effect of price discounts—simultaneously improving perceived value while potentially diminishing brand premium perception—has been documented by [Agmeka et al. \(2019\)](#) in e-commerce contexts and is now observed in offline coffee shop settings. [Endang et al. \(2023\)](#) and [Massie et al. \(2024\)](#) found a positive effect of price discounts on purchase behavior; however, they did not include brand image as a mediating variable, which may explain the difference in findings. This suggests that discount strategies can enhance perceived value without necessarily harming premium brand perception.

The direct effects of store atmosphere and service quality are non-significant. The results for store atmosphere ($\beta = -0.011$, $p = .480$) and service quality ($\beta = 0.497$, $p = .081$) indicate that

purchase decisions are not directly influenced by either variable, which contradicts [Aulia et al. \(2023\)](#) and [Sulistiono et al. \(2024\)](#). One possible contextual explanation is the saturation of the coffee shop market in Bandung, which may reduce differentiation in service and atmosphere quality ([Kusumaradya et al., 2021](#)). Given that most coffee shops offer comparable levels of service and atmosphere, these factors may be perceived as basic requirements rather than motivating factors in purchase decisions ([Pranoto et al., 2022](#)). In addition, the analytical framework used in this study may have contributed to an underestimation of these variables' influence. Lastly, the sample—composed largely of educated professionals—may represent a segment that places less emphasis on atmosphere and service, and greater emphasis on brand and product variety.

Store environment, service quality, and product assortment influence brand image; however, brand image does not significantly influence purchase decisions in relation to service quality and store environment. The non-significant p-values (.075, .058, and .160) in the paths from store environment and service quality through brand image to purchase decisions are noteworthy. The non-significant effect of service quality may be explained by the strong direct positive effect of brand image ($\beta = 0.819$, $p < .001$, $f^2 = 2.057$). The subsequent result ($\beta = -0.656$, $p = .031$) further explains the non-significant indirect effect of service quality. In the context of private label retail, [Wu et al. \(2011\)](#) argue that service quality positively influences purchase intention through brand image. Similarly, [Setyadi et al. \(2017\)](#) demonstrate the positive effects of both brand image and service quality in other service contexts. These relationships should be explored further in future studies using larger samples and more robust analytical techniques, as they are likely to yield statistically significant positive effects.

The model's explanatory power for brand image and purchase decisions, at 96.3% and 87.4%, respectively, suggests that most relevant dynamics have been captured; however, caution is warranted. While these R^2 values are impressive, they may also indicate potential multicollinearity or overfitting, which should be addressed in future research ([Sarstedt et al., 2017](#)). In this regard, incorporating moderating variables such as consumer involvement or product category may provide more nuanced insights. This is particularly important for identifying the conditions under which specific marketing variables exert the strongest influence.

CONCLUSIONS

This study evaluated both mediated and direct impacts of four elements of the marketing mix on the purchasing decisions of consumers at coffee shops in Bandung, Indonesia, and used the brand image of the coffee shops as a mediating variable in the SOR framework. Out the 8 hypotheses, 2 were found to be true. H4 confirmed that the product assortment at a given coffee shop has a direct impact on the consumers purchasing decisions and H5 confirmed that the coffee shop's price discounts, with brand image as a mediator, directly influence consumers purchasing decisions. The other hypotheses (H1, H2, H3, H6, H7, H8) were found to be false, which means that in this case, store atmosphere, and quality of service, and other mediation pathways were not significant.

Theoretical Implications

This study shows for the first time that, in the SOR framework, brand image acts as a selective mediator. Not all marketing stimuli and brand image perceptions are processed in the same way. Price-related stimuli are processed through the brand image, while product assortment bypasses that process and goes directly through a stimulus-response route. Based on the given results, it seems that the atmosphere of the store does not universally lead to a purchase, which contradicts the prevailing assumption. Therefore, in an environment that is very competitive and has a lot of

existing market participants, they may act as 'qualifying conditions' instead of having a strong differentiating impact. The less the brand image is perceived to be desirable, the more the brand image is perceived to be affordable, and the more the brand image is perceived to be desirable.

Practical Implications

The results found from this research give the following recommendations to the coffee shop managers: (1) first and foremost, make sure to work on diversifying your product offerings foremost, such as specialty drinks, seasonal products, and complementary food items as these product offerings make the biggest impact to your customers' purchasing behaviors; (2) create discounts and promotions that are value-added rather than eroded quality discounts, for example, bundling; (3) create and maintain an environment and service baseline of expectations that is steady and done consistently in order to create brand perceptions, because these components are likely the reason why no sales are occurring; and (4) provide the market with the focus of your marketing efforts on building a unique brand image, because that is the primary means of impacting consumer purchase decisions.

LIMITATION & FURTHER RESEARCH

Acknowledging the limitations is imperative. First, the geographical generalizability is limited because the data is only from 100 respondents from Bandung. Future studies should include respondents from various cities in Indonesia with different maturity levels in the coffee shop market. Second, the Brand Image construct lost a measurement model evaluation (BI2) which is a measurement construct that tests the reliability of the measurement and the strength of the mediation; Future studies should create and test brand image in the coffee shop industry with multiple attributes. Third, due to the nature of the dataset being cross-sectional, causal relationships cannot be determined; a longitudinal study measuring the brand image that occurs after repeated exposure to marketing stimuli is warranted. Lastly, this study does not measure social media, online reviews, in-app promotions, and e-wallets, which is key to brand image and even more so in the Indonesian market.

To respond to the continuously changing consumer decision funnel, incorporating these variables in relation to the digital platform is critical in future studies. Lastly, the high levels of R^2 can suggest multicollinearity or overfitting, which limited the results. More control variables and larger sample sizes in future studies is suggested. Qualitative methods, including in-depth interviewing and focus group discussions, would also augment the quantitative findings by providing a greater understanding of the cognitive processes involved in consumer evaluation of marketing stimuli.

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