THE INFLUENCE OF DIGITAL PAYMENT METHODS AND PRICES ON GEN Z'S PURCHASING DECISIONS AT COFFEE SHOPS IN PONTIANAK CITY

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Abstract. *Technological developments have changed Generation Z's consumption patterns and financial transactions. Digital payment methods have become widely used due to their conveniences and additional benefits, such as discounts and cashback. Digital payment is an innovative transaction method offering convenience and promotions, while price remains a crucial factor in purchasing decisions. This research used quantitative methods, collecting data through questionnaires from 100 respondents selected via proportionate stratified random sampling. Data analysis was conducted using multiple linear regression tests in SPSS software. The results showed that digital payments significantly and positively influenced purchasing decisions, with a regression coefficient of 0.215. The price factor had a more dominant influence, with a regression coefficient of 0.769. These two variables explained 56.2% of purchasing decision variability, indicating that digital payment methods and price are significant factors in Gen Z's coffee shop purchasing decisions.*

Keywords: *Digital, Payments, Decision, Gen Z, Prices.*

1. INTRODUCTION

The coffee industry in Indonesia has experienced significant growth in recent years. This expansion can be attributed to the increasing popularity of coffee consumption, which has become a prevalent lifestyle choice among Indonesians. The coffee shop industry has expanded to nearly every city in Indonesia, including Pontianak, which has earned the nickname 'The City of 1,000 Coffee Shops'. Coffee shops and cafés in Pontianak continue to proliferate, with recent data indicating nearly 800 establishments in the city.

In response to this rapid growth, many coffee shops in Pontianak City have adopted digital payment methods. The most popular digital payment applications among consumers are OVO, Dana, and Go-Pay. These platforms are particularly favoured by Generation Z for their convenience and accessibility. Generation Z, comprising individuals aged between 10 and 25 years, exhibits distinct characteristics that set them apart from previous generations.

This study aims to investigate how digital payment methods and prices influence Generation Z's purchasing decisions at coffee shops in Pontianak City. The research specifically examines the impact of digital payment options and pricing on Gen Z consumers' purchasing behaviour.

2. LITERATURE REVIEW

2.1 Digital Payment

According to Musthofa et al. (2020), "Digital payment refers to online transactions facilitated through software, networks, and virtual accounts. This shift from traditional cash payments to non-cash payment methods involves various media and systems that are available and can be selected by users".

According to Puspita (2019, p. 127), there are three key indicators of digital payments: Convenience**,** which refers to the ease of using digital payment methods; Ease of Access, which allows users to make payments anytime and anywhere; and Benefits, which can be experienced either directly or indirectly by users of digital payment systems.

Based on research conducted by Naufalia (2022), the findings indicate a positive and significant influence of digital payment methods on consumptive behavior.

2.2 Price

According to Kotler and Armstrong (2019, p. 63), "Price is the amount of money customers must pay to obtain a product."

According to Kotler and Armstrong (2019, p. 63), the dimensions of price include: "List Price, Discount, Rebate, Payment Period, and Credit Terms."

Based on research conducted by Fachri et al. (2023), the findings indicate a positive and significant influence of price on purchasing decisions.

2.3 Purchase Decision

Kotler and Keller (2022, p. 194) state that consumer purchasing decisions are a key aspect of consumer behavior, which is the study of how goods, services, ideas, or experiences fulfill individuals' needs and desires.

Additionally, research by Asih and Kurniasari (2024) highlights that digital-based promotions, including the use of brand ambassadors and rebranding, are effective in influencing Gen Z's purchasing decisions. This underscores the relevance of digital marketing strategies, such as digital payments, in effectively engaging young market segments.

3. RESEARCH METHODS.

This study employs an associative research approach, aiming to examine the impact of digital payment methods and prices on Gen Z's purchasing decisions at coffee shops in Pontianak City. The sampling technique utilised in this study is probability sampling, specifically proportionate stratified random sampling. Data collection involves both primary and secondary sources. Primary data is gathered through questionnaires, which are distributed via Google Forms to facilitate easy completion by respondents. Secondary data is sourced from published works or written reports from completed research projects.

The sample size determination is based on the Slovin formula with a margin of error of 10%, resulting in 100 respondents. The respondents are selected based on the criteria of being between the ages of 15 and 29 years, representing Generation Z.

Data processing is carried out using SPSS version 25, with various statistical tests applied to analyze the data.

Validity Test

The validity test in this study was conducted using the product moment correlation method. To be considered valid, an item must meet the following criteria: if the correlation coefficient (r) is greater than or equal to 0.10, the item is deemed valid; if r is less than or equal to 0.10, the item is considered invalid.

Reliability Test

If the Cronbach's Alpha method is applied, a research instrument is considered reliable if the reliability coefficient (r_{11}) exceeds 0.6. In such cases, the instrument is deemed to be reliable for data collection.

Normality Test

If the significance value (p-value) is greater than or equal to 0.05, the data is

considered to be normally distributed. Conversely, if the p-value is less than 0.05, the data is considered not to be normally distributed.

Multicollinearity Test

If the Tolerance value is greater than or equal to 0.1 and the Variance Inflation Factor (VIF) is less than or equal to 10, there is no multicollinearity present. Conversely, if the Tolerance value is less than 0.1 or the VIF is greater than 10, multicollinearity is considered to be present.

Linearity Test

At an alpha level of 0.05, the test conducted is known as the Linearity Test. If the significance value for Linearity is less than 0.05, the relationship is considered linear. Conversely, if the significance value is greater than or equal to 0.05, the relationship is not considered linear.

Multiple Linear Regression Analysis

The multiple linear regression model is expressed as:

$$\mathbf{Y = a + b_1X_1 + b_2X_2}$$

Where:

- **Y** is the dependent variable,
- **a** is the intercept,
- $\mathbf{b_1}$ and $\mathbf{b_2}$ are the coefficients of the independent variables $\mathbf{X_1}$ and $\mathbf{X_2}$.

The **coefficient of determination (R^2)** indicates how well the independent variables explain the variation in the dependent variable. A value of R^2 close to 1 implies that the independent variables provide almost all the information needed to predict the variation in the dependent variable, reflecting excellent predictive power.

Simultaneous Significance Test (F-test)

In summary, the coefficient of determination (R^2) reveals whether all the independent factors considered in the model simultaneously affect the dependent variable. If the significance value (sig.) is greater than 0.05, there is no effect. However, if the significance value is less than 0.05, an effect is present.

The Partial Significance Test (t-test**)** is used to assess the partial influence of each independent variable on the dependent variable. If the significance value (sig.) is less than the alpha level of 0.05, there is a significant influence. Conversely, if the significance value is greater than 0.05, there is no significant influence.

4. RESULTS AND DISCUSSION

A total of 100 respondents who met the requirements completed the survey. Therefore, the authors decided to test each of these responses for analysis.

Validity Test

The questionnaire items are considered valid if the correlation coefficient (r) exceeds the threshold of 0.10 in this validity test. According to the results in the second table, the findings of the validity test indicate that all items can be deemed valid, as their r values are greater than 0.10.

Table 1. Validity Test Calculation Results

Pernyataan	Corrected Item Corrected Item-Total Correlation	Keterangan
X1.1	0.715	Valid
XI.2	0.730	Valid
X1.3	0.741	Valid
X1.4	0.750	Valid
XI.5	0.734	Valid

X1.6	0.719	Valid
X1.7	0.591	Valid
XI.8	0.771	Valid
X1.9	0.711	Valid
X2.1	0.589	Valid
X2.2	0.630	Valid
X2.3	0.767	Valid
X2.4	0.759	Valid
X2.5	0.697	Valid
X2.6	0.787	Valid
X2.7	0.729	Valid
X2.8	0.709	Valid
X2.9	0.653	Valid
X2.0	0.686	Valid
X2.11	0.718	Valid
X2.12	0.685	Valid
Y.1	0.770	Valid
Y.2	0.761	Valid
Y.3	0.783	Valid
Y.4	0.784	Valid
Y.5	0.640	Valid
Y.6	0.722	Valid
Y.7	0.739	Valid
Y.8	0.791	Valid
Y.9	0.751	Valid
Y.10	0.794	Valid
Y.11	0.759	Valid
Y.12	0.660	Valid
Y.13	0.625	Valid
Y.14	0.780	Valid

Reliability Test

Table 2. Reliability Test Results

Variabel	Cronbach's Alpha	N of Items	Keterangan
Digital Payment (X1)	0,60	0,882	Reliabel
Price (X2)	0,60	0,907	Reliabel
purchasing decisions (Y)	0,60	0,942	Reliabel

If the Cronbach's Alpha approach is used, and the reliability coefficient (r_{11}) of a research instrument is greater than 0.6, the instrument is considered reliable. The reliability test results, as shown in Table 2, indicate that all items are reliable, as their r_{11} values are greater than 0.6.

Normality Test

The Kolmogorov-Smirnov test is used to assess the normality of the data. The decision rule for this normality test is as follows:

- If the significance value (p-value) is greater than 0.05, the data is considered to be normally distributed.
- If the significance value (p-value) is less than or equal to 0.05, the data is considered not to be normally distributed.

Tabel 3. Normality Test Calculation Results

One-Sample Kolmogorov-Smirnov Test		
N		100
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	6.12203984
Most Extreme Differences	Absolute	.085
	Positive	.071
	Negative	-.085
Test Statistic		.085
Asymp. Sig. (2-tailed)		.074[c]

Based on Table 3, the Asymp. Sig. (2-tailed) value is 0.074, which is greater than 0.05. Therefore, it can be concluded that the data in this study are normally distributed.

Multicollinearity Test

Tabel 4. Multicollinearity Test Results

Model		Collinearity Tolerance	Stastitics VIF
1	Digital Payment	.433	1.310
	Price	.433	1.310

a. Dependent Variable: purchasing decisions

The Linearity Test in Table 4 shows a tolerance value of 0.433 (greater than 0.1) and a VIF of 1.310 (less than 10). These results indicate that there is no multicollinearity between the two independent variables.

Linearity Test

Table 5. Linearity Test Results

Variabel	Deviantion From Linearity	Keterangan
Digital Payment	.077	Linier
Price	.068	Linier

As seen in Table 5, the Linearity Test found that the Deviation from Linearity between the two independent variables (digital payment and price) is greater than 0.05. This indicates that there is a linear relationship between the two variables.

Multiple Lineir Regression Test

Tabel 6. Multiple Lineir Regression Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.533	.258		3.129	.001
	Digital Payment	.215	.094	.185	2.291	.024
	Price	.769	.088	.704	8.725	.000
a. Dependent Variable: purchasing decisions						

a. Based on Table 6 and the multiple linear regression coefficient equation, the following results are obtained:
b. **$Y = 1.533 + 0.215\ X_1 + 0.769\ X_2$**
c. a. The constant value of 1.533 means that if both the Digital Payment (X_1) and Price (X_2) variables are 0 (zero), the Purchasing Decision (Y) will be 1.533.
d. b. The Digital Payment coefficient of 0.215 means that for every 1-unit increase in the Digital Payment variable (X_1), the Purchasing Decision (Y) will increase by 0.215 units.
e. c. The Price coefficient of 0.769 means that for every 1-unit increase in the Price variable (X_2), the Purchasing Decision (Y) will increase by 0.769 units.

Correlation and Determination Coefficient

Tabel 7. Correlation and Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.562	.757	.639
a. Predictors: (Constant), Digital Payment, Price				

The correlation coefficient results in Table 7 show a correlation coefficient (R) value of 0.773, indicating a strong relationship between digital payment, price, and purchasing decisions. This is because the value falls within the interval of 0.60-0.799. Therefore, it can be concluded that digital payment and price have a strong relationship with purchasing decisions.

Decisions of GEN Z who use digital payments in Pontianak City. The results of the coefficient of determination (R2) test in Table 4.19 above, obtained information that the R-Square value is 0.562, which means that the digital payment and price variables in explaining their influence on purchasing decisions are 56.2% (1x0.562x10The results of the coefficient of determination (R^2) test in Table 4.19 show an R-Square value of 0.562. This means that the digital payment and price variables explain 56.2% of the variance in purchasing decisions among Gen Z consumers using digital payments in Pontianak City. The remaining 43.8% of the variance is influenced by other variables not covered in this study.0% while the remaining 43.8% is influenced by other variables outside this study.

Simultaneous Effect Test (F Test)

Tabel 8. Hasil Uji Pengaruh Simultan (Uji F)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.686	2	11.843	58.771	.000[b]
	Residual	16.454	97	.170		
	Total	60.140	99			
a. Dependent Variable: purchasing decisions						
b. Predictors: (Constant), Digital Payment, Price						

The results of the simultaneous test (F test) in Table 4.20 show that the F-count value of 58.771 is greater than the F-table value of 3.09. Therefore, it can be concluded that the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. In other words, the Digital Payment and Price variables have a significant simultaneous influence on Purchasing Decisions.

Partial Effect Test (T Test)

Table 9. Partial Effect Test Results (T Test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.533	.258		3.129	.001
	Digital Payment	.215	.094	.185	2.291	.024
	Price	.769	.088	.704	8.725	.000
a. Dependent Variable: purchasing decisions						

Based on the partial hypothesis testing (t-test) results in Table 9, the following conclusions can be drawn:

a. The t-count value for the **Digital Payment variable (X_1)** is 2.291, which is greater than the t-table value of 1.660. This indicates that there is a partially significant effect of Digital Payment on Purchasing Decisions.

b. The t-count value for the **Price variable (X_2)** is 8.725, which is also greater than the t-table value of 1.660. This indicates that there is a partially significant effect of Price on Purchasing Decisions.

In conclusion, both Digital Payment and Price have a significant partial effect on Purchasing Decisions.

CONCLUSIONS

After conducting this research and reviewing the results, the researchers concluded that digital payment and price have a positive impact on the purchasing decisions of Gen Z consumers using digital payments. The availability of digital payments makes it highly convenient for users to complete transactions anytime and anywhere.

Additionally, price plays a significant role in purchasing decisions, as consumers, especially Gen Z, tend to seek prices that align with their purchasing power. Therefore, companies must offer attractive price options to effectively meet the expectations and needs of this consumer segment.

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