DETERMINANT OF DIFFICULTY IN PURCHASING DECISIONS FOR LOCAL COFFEE BRANDS: TESTING KNOWLEDGE OF PRODUCT CLASS AS MODERATOR

by Refius Pradipta Setyanto

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Refius Pradipta Setyanto

Faculty of Economics and Business, Universitas Jenderal Soedirman
Email: refius.setyanto@unsoed.ac.id (corresponding author)

Kuswoyo

Facilitator at the Center for Integrated Business Services for Micro, Small and Medium Enterprises Cooperatives
Email: woyo.progres@gmail.com

Abstract

Coffee is one of the leading commodities in the plantation sub sector in Indonesia because it has good market opportunities both locally and globally. The purpose of this research was to find out how the effect of perceived product similarity, product choices overload in the market toward decisions making difficulty, and knowledge of product classes as moderating variable. Data were collected using Google Forms and a self-administered questionnaire. Respondents in this study were 300 coffee consumers which were drawn using the purposive sampling method. Moderated regression was used to analyze this study. The results showed that perceived product similarity influences product choices overload positively and decision-making difficulties negatively. Choice overload had an insignificant effect on decision-making difficulties, and product class knowledge moderates the effect of perceived product similarity on decision-making difficulty. These findings provide insight into the importance of the brand as a distinguishing identity from other products.

Keywords: coffee; perceived product similarity; product choices overload in the market; knowledge of product class; decision making difficulty.

Abstrak

Kopi merupakan salah satu komoditas unggulan sub sektor perkebunan di Indonesia karena memiliki peluang pasar yang menjanjikan baik secara lokal maupun global. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh persepsi kesamaan produk, kelebihan pilihan produk di pasar, terhadap kesulitan pengambilan keputusan, dan pengetahuan kelas produk sebagai variabel pemoderasi. Pengumpulan data dilakukan secara online menggunakan formulir Google dan kuesioner yang didistribusikan secara langsung. Responden dalam penelitian ini sebanyak 300 konsumen kopi yang diambil dengan menggunakan metode purposive sampling. Analisis regresi moderasi digunakan untuk menganalisis penelitian ini. Hasil penelitian menunjukkan bahwa kesamaan produk yang dirasakan mempengaruhi pilihan produk yang berlebihan secara positif dan kesulitan pengambilan keputusan secara negatif. Kelebihan pilihan tidak berpengaruh signifikan pada kesulitan pengambilan keputusan, dan pengetahuan kelas produk memoderasi pengaruh kesamaan produk yang dirasakan pada kesulitan pengambilan keputusan. Temuan ini memberikan wawasan tentang pentingnya merek sebagai identitas pembeda dari produk kopi lainnya.

Kata kunci: kopi, persepsi kesamaan produk; kelebihan pilihan produk di pasar; pengetahuan kelas produk; kesulitan pengambilan keputusan.

INTRODUCTION

Coffee is one of the beverages which in its development has gone through various phases. Coffee developed as a very broadly distributed commodity product, and later became a more classy product offered through coffehouses, and finally offered in a narrower geographic scope through small roasters (Samoggia & Riedel, 2018).

Coffee is one of the leading commodities in the plantation sub-sector in Indonesia because it has wide market opportunities both locally and globally. Most of the coffee production in Indonesia is a plantation commodity that is sold to the world markets. Indonesia was one of the largest coffee producer and exporter countries in the world, after Colombia, Vietnam and Brazil (Indonesia.go.id, 2020). In line with the increasing enthusiasm in developing the local coffee industry, there is an interesting phenomenon that has developed in many regions in Indonesia, the increase of many local brands, one of which is in Banjarnegara Regency, Central Java Province. The increase in the number of brands follows the phenomenon of the development of coffee shops which greatly affect the lifestyle or the pattern of community interaction, especially in the millennial generation and generation X who are economically established.

The large number of local coffee products is also a serious concern in local economic discussions because it is feared that it will have a counterproductive impact on the development of coffee brands. In the discussion on Local Economic Development in Banjarnegara Regency, some people were concerned that the large number of local coffee brands did not contribute in creating the uniqueness of local coffee products. Consumers will prefer a purchasing situation with many choices, as long as the available brands are familiar (Misuraca et al., 2019). Even though the availability is large or excessive, brand familiarity will reduce the cognitive burden of consumers in choosing. Several experimental studies provide empirical evidence of the negative impact of product overload (Misuraca & Teuscher, 2013). The availability of products with excessive brand variations may also be counterproductive, or actually reduce consumer interest in choosing (Iyengar & Lepper, 2000). High similarity between brands will make it difficult for consumers to identify, which in turn leads to confusion (Tjiptono et al., 2014). Confusion is negative emotional condition that makes it difficult for consumers to compare and evaluate between various choices.

Based on the phenomenon of the development of this business practice in terms of the emerge of many coffee brands, the researcher explored previous studies and developed an empirical model that could explain or predict this phenomenon. So that the output of this study was also the basis for policy recommendations, especially in the development of local economic potential in Banjarnegara Regency or for other districts in Indonesia in general which had great potential in coffee production.

Studies on the impact of perceived product similarity have been quite extensive (Walsh et al., 2010). If consumers perceive that various products in one category are the same, it can result in incorrect product selection in purchases so that consumers are unable to maximize their utility (Walsh & Mitchell, 2005). It can be concluded that if consumers perceive that most products are the same, it will have an impact on difficulties in making purchasing decisions, but the empirical evidence of the relationship between the two is still very limited, so this study is aimed at filling this gap and examining the moderating effect of knowledge of product class in a causal relationship. between perceived product

similarity and decision difficulty. The researcher argues that the knowledge of product class has the potential to be a moderator variable because if a consumer has high involvement in a product category, it means that he or she has sufficient knowledge to identify the product. (Foxman et al., 1992). Associated with the phenomenon of the development of various coffee brands which is the context of the research, if consumers have knowledge about coffee, it will reduce confusion in making purchasing decisions.

The dependent variable in this research was decision making difficulty, to reflect the respondent's perception of the ease / difficulty of making decision when respondents were given many product choices. The selection of the dependent variable was also based on the opinion of several Focus group discussion participants who emphasized the difficulty of consumers in choosing a coffee brand if there were no differences between these brands. Various studies have found that the determinant of decision-making difficulties is perceived product similarity (Tjiptono et al., 2014; Walsh & Mitchell, 2010), choice overload (Chernev et al., 2012; Scheibehenne et al., 2010; Thai & Yuksel, 2017), and knowledge. This study aimed to examine whether: 1) perceived product similarity positively influence decision making difficulty; 2) perceived product similarity positively influence product choices overload in the market ; 3) product choices overload in the market positively influence decision making difficulties; 4) knowledge of product class moderate the effect of perceived product similarity on decision making difficulty.

LITERATURE REVIEWS

Various studies exploring coffee consumption or purchasing behavior show several main determinants, namely personal preferences, coffee attributes, context of consumption, and social demographics (Samoggia & Riedel, 2018).

This study examines various variables related to coffee attributes as a determinant of coffee buying behavior. Perceived product similarity played an important role in product choices situations (Herr et al., 1996). Perceived similarity has been operationalized in various research contexts, especially in studies investigating brand extension (Ahluwalia, 2008; Völckner & Sattler, 2006). Therefore, perceived similarity can cover various aspects, namely similarity in terms of the ability to produce two kinds of products (Klink & Smith, 2001), similarity in terms of usage / consumption situations (Smith & Park, 1992), and similarity in the image of the parent brand and its expansion brand (Broniarczyk & Alba, 1994). The operationalization of the perceived similarity construct in this study refers to the second type, namely the similarity in terms of use and consumption.

Product choice overload in the market is a condition where there are many choices of brands in one particular product category. In general, studies in marketing agree that consumers will prefer a condition where consumers have more choices than few choices (Thai & Yuksel, 2017). In various empirical studies, this view seems still unclear because it confirms the preference that consumers prefer more limited choices (Iyengar & Lepper, 2000). Decision difficulty related to consumer difficulties in deciding a purchase. Before making a purchase decision, the consumer will form a consideration set as a basis for product selection (Zhu et al., 2018). Product class knowledge is the knowledge that consumers have about focal products or in this study, namely coffee products. There are differences in how consumers process information depending on their prior knowledge (Chang, 2004).

Perceived Product Similarity was a consumer assessment in seeing products in the same category as similar one (Walsh & Mitchell, 2005). Both argued that when

consumers thought that all or many products were similar in a category, it could lead to wrong purchasing decisions and product misunderstandings. The ability to differentiate between brands had recently been discussed as an aspect of consumer cognitive vulnerability, described by (Walsh & Mitchell, 2005) as a consumer's cognitive limitation for effectively executing a marketing exchange (Brenkert, 1998). Then the hypothesis is formulated:

H1: The perceived product similarity affects the decision making difficulty significantly.

If product variability is high, and the similarities in attributes are high as well, then its availability in the market will be overload according to consumer perceptions. Much consumer's knowledge of product differences came from product attribute information submitted by marketers, or through advertising claims (Petty et al., 1986). If consumers find a condition with various brands in one product category, consumers would differentiate between products through classifications based on attribute similarity and attribute differences, or through assimilation and contrast mechanisms (Mussweiler, 2003; Soscia et al., 2010). The second hypothesis is formulated:

H2: The perceived product similarity influence the product choices overload in the market positively.

The large number of product choices can have a beneficial or detrimental impact, so (Bartle et al., 2019) states that it is a paradox of choice, which is a condition in which the existence of choices can increase motivation to consume, or even the existence of choices will increase

cognitive load. We argued that an excess of the quantity of a product in the market could be associated with information overload, which in some studies showed an unfavorable effect. If decision makers were given more excessive information, the brain's capacity to process information also got heavier (Furner & Zinko, 2017). This argument supported the findings of (Eppler & Mengis, 2004) about the inverted u-shape in the relationship between information overload and decision outcomes. In line with this logic, when coffee brands are widely available in the market, while there is no clear point of difference between these coffee brands, consumers will face difficulty in choosing the coffee brands. Then the hypothesis is formulated:

H3: Product choices overload in the market has a positive effect on the decision making difficulty.

In a situation when consumers find it difficult to decide something, consumers often use heuristics to simplify decision making (Swait & Adamowicz, 2001). Consumers also have different characteristics in the tendency to observe the behavior of other people or the environment as a mechanism to simplify the complexity of decision making (Simpson et al., 2008). Although consumers perceive that the coffee brands in the market were relatively the same, or there were no clear differences between brands, if consumers have knowledge about coffee, the impact on the decision making difficulty would not be significant. The fourth hypothesis is formulated:

H4: The effect of perceived product similarity on decision making difficulty is moderated by the consumer's knowledge of product class.
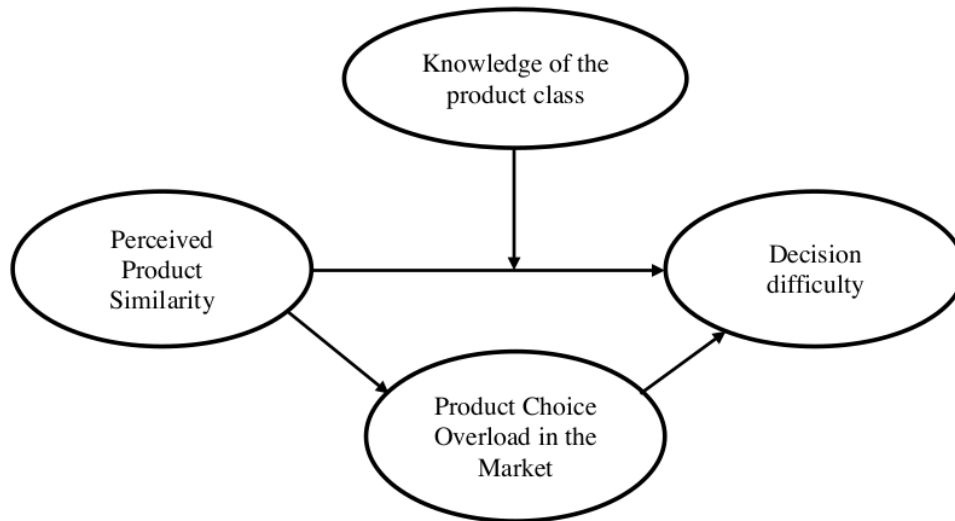
Figure 1. Research Model

RESEARCH METHOD

This study used a field survey design which targetted coffee consumer respondents in the area of Banjarnegara, Purbalingga, Cilacap and Banyumas. The sampling technique was non-probability sampling that was purposive sampling because the population was unknown. Researchers distributed questionnaires through direct distribution in various coffee shops and through WA groups. The researcher stopped the survey when the number of returned questionnaires was 300 on the consideration that the sample size had met the sample adequacy requirement. The minimum sample size was 5-10 times the number of question items contained in the questionnaire. The data was collected online because it was conducted during the pandemic, so the planned in-depth interviews could not be carried out due to the large-scale social restrictions in most areas in Java.

Measures

Perceived Product Similarity is defined as the tendency of consumers' self-assessment to see products in the same category as similar ones (Walsh & Mitchell, 2005). Some examples of measurement indicators are: 1) difficulty in identifying products, 2) difficulty differentiating between brands, 3) difficulty in remembering brands, and 4) difficulty in detecting the presence of a new brand.

Product choice overload in the market is defined as the consumer's perception of the choice of coffee products with various brands available in the market. The indicators used were 1) the quantity of coffee product items offered in the market, 2) the choice of coffee products is excessively available in the market, and 3) there is an excessive number of choices in the coffee product category in the market (Albrecht et al., 2017).

The difficulty of consumers in making purchasing decisions in situations of many choices implies the need for additional time and greater cognitive effort (Zhu et al., 2018). Referring to this conceptualization, the decision difficulty is operationalized as a difficulty in choosing a coffee brand in a condition where there are many choices of coffee brands available. Some of the items used included 1) the perceived level of difficulty in

choosing a coffee brand, 2) the time it takes to choose a coffee brand, and 3) the time duration in considering the coffee brand to choose.

Knowledge About Product Class is the level of consumer knowledge of the coffee product category. Measurement items including 1) the familiarity about coffee product, 2) the level of product knowledge, and 3) the level of understanding of product attributes (Kelting et al., 2017).

Researchers did not pre-test the questionnaire because the instruments used had been tested for their validity and reliability in various previous studies. However, the validity test with product moment correlation analysis is still carried out to ensure that the measurements taken are valid, as well as reliability testing with Cronbach Alpha.

Descriptive statistical analysis was carried out to understand the characteristics of the respondents. Then the analysis of Normality, Multicollinearity and Heterocedasticity, and hypothesis testing was carried out by moderating regression with statistical tools SPSS software package.

Moderated regression analysis with the interaction method is carried out with the following: steps 1, regressing the independent variable (X) on the dependent variable (Y), the following equation is obtained:

$$Y = \alpha + \beta 1X + \varepsilon \dots\dots\dots\dots\dots\dots (1)$$

Step 2, regressing the independent variable (X) and the variable which is hypothesized as the moderating variable (Z) on the dependent variable (Y), the following equation is obtained:

$$Y = \alpha + \beta 1X + \beta 2Z + \varepsilon \dots\dots\dots\dots (2)$$

Step 3, the test results show that the knowledge of product class as a moderator variable is significant. The next step for determining the type of moderation is: 3) Multiplying the variable which is

hypothesized to be the independent variable (X) with the moderating variable (Z) becomes the interaction variable. Step 4, regressing the independent variable (X), the variable which is hypothesized as the moderating variable (Z) and the interaction variable (XZ) on the dependent variable (Y).

$$Y = \alpha + \beta 1X + \beta 2Z + \beta 3XZ + \varepsilon \dots\dots\dots (3)$$

RESULTS
Descriptive Analysis

The questionnaire was distributed directly to respondents who enjoyed coffee in Banyumas, Banjarnegara, Purbalingga and Cilacap Regencies. The characteristics of the respondents in this study were divided into several categories, such as gender, age, occupation, and the type of coffee that they like. Respondents were dominated by men because in general, men usually consume coffee more often than women. The age distribution of the respondents was also evenly distributed, this showed that drinking coffee has indeed become a lifestyle, this could be seen from the fast growing number of cafes or coffee shops in the research location. The trend of developing these cafes in general also occurs in various cities in Indonesia. Entrepreneurs occupied the largest percentage of research respondents, this was because many entrepreneurs said that serving coffee was something that was always served in various activities, such as meeting with business partners, discussing business, and various other business activities. For coffee types, in general, respondents liked both Arabica and Robusta.

There were 300 questionnaires distributed in this study. The questionnaires that had returned were the same number of 300 questionnaires. All questionnaires in this study were complete and consistent because the online questionnaire format has the facility to remind respondents if there are statements that have not been responded to. Respondents profile can be described in Table 1.

Table 1. Respondents Profile

Gender	Number of respondents	Percentage
Men	193	64
Women	107	36
Total	300	100
Age		
17-25 years old	44	15
26-30 years old	51	17
31-35 years old	65	22
36-40 years old	43	14
41-45 years old	53	18
> 45 years old	44	14
Total	300	100
Occupation		
Students	23	8
Entrepreneur	132	44
Private/BUMN (State Owned Corporation) workers	53	18
Teacher/Lecturer	14	5
Civil Servant	25	8
Others	53	17
Total	300	100
Type of Coffee Preference		
Arabika	80	27
Robusta	69	23
Both	151	50
Total	300	100

Validity and Reliability Test

The validity test of all variables using Product Moment Correlation showed that all measurement items were valid. The measurement instruments used are entirely adapted from instruments that have been tested in previous research so that all items pass the validity test.

The item reliability test was done with the condition that if r alpha > 0.6 then the variable was reliable and vice versa if r alpha <0.6, then the variable was not reliable. As a result in Table 2, the reliability test results showed that the measurement instrument was reliable or had an internal consistency, in other words, all items measure the same construct because between items has a high correlation. Therefore, it is concluded that the goodness of data for this study is good.

Normality, Multicollinearity and Hete-roscedasticity

This study uses regression analysis tools, so that before testing the hypothesis, various assumptions are tested, such as multicollinearity, normality, and heteroscedasticity.

Based on the normality test in Table 3, the sig value obtained is 0.281. Because the sig is greater than 0.05, Ho is accepted, meaning that the data is normally distributed.

To test for multicollinearity, it is done by looking at the VIF value, if the VIF value for each independent variable is lower than 10, it means that there is no multicollinearity. Based on table 7, the variables of Perceived Product Similarity and Product Choice Overload o in the

Market each have a VIF value that is lower than 10, so it can be concluded that there is no multicollinearity in the regression model.

The heteroscedasticity test was carried out using the Glejser method, if the obtained sig value is greater than 0.05, it means that there is no heteroscedasticity. Based on Table 5, each of the variables of Perception of Product Similarity and Excessive Choice of Products in the Market each has a sig value that is greater than 0.05, meaning that there is no heteroscedasticity.

Table 2. Validity and Reliability Test

Variable	Statement	Item	r calculate	Sig	α
Perceived Product Similarity	In my opinion, there is no difference between the local coffee brands available in the market	PER1	0.401	0.000	
	I am unable to identify the differences between local coffee brands	PER2	0.500	0.000	
	Local coffee brands are very similar	PER3	0.448	0.000	
	Similarities between existing brands make it difficult to identify new brands	PER4	0.479	0.000	
	Most local coffee brands are similar as if they were made by the same producer	PER5	0.558	0.000	
	After seeing several local coffee brand several times, it often happens that I cannot remember the brand but only the product	PER6	0.433	0.000	0.601
	Inside a store I immediately recognize my favourite brands	PER7	0.451	0.000	
	One knows that when brands are similar, the more expensive one is better	PER8	0.526	0.000	
	Sometimes I want to buy local coffee brand promoted, but I can't clearly identify it among the variety of similar products	PER9	0.445	0.000	
	I can immediately recognize my favourite local coffee brand	PER10	0.434	0.000	
Product Choice Overload in the Market	In my opinion, there are currently too many local coffee brands being offered in the market	PROD1	0.728	0.000	
	There are too many choices of coffee brands in the market	PROD2	0.778	0.000	0.633
	The choice of local coffee brands is excessive	PROD3	0.788	0.000	
Decision Difficulty	Having a local coffee brand to consume is increasingly difficult	KES1	0.953	0.000	
	I need more time choosing a local coffee brand	KES2	0.812	0.000	
	I often hesitate in choosing a local coffee brand	KES3	0.952	0.000	0.924
	I felt that there was a contradiction in myself when choosing a local coffee brand	KES4	0.706	0.000	
	It took me a long time to choose a local coffee brand	KES5	0.955	0.000	
Knowledge of Product Class	I am able to recognize the characteristics of most coffee brands	PENG1	0.757	0.000	
	I am very familiar with coffee products	PENG2	0.756	0.000	
	I have knowledge about coffee products	PENG3	0.855	0.000	0.811
	I understand the important attributes of coffee products that can provide maximum satisfaction	PENG4	0.824	0.000	

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		300
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	6.15783794
Most Extreme Differences	Absolute	0.057
	Positive	0.055
	Negative	-0.057
Kolmogorov-Smirnov Z		0.989
Asymp. Sig. (2-tailed)		0.281

a. Test distribution is Normal.
b. Calculated from data.

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Perceived Product Similarity	0.938	1.066
	Product Choice Overload in the Market	0.938	1.066

Table 5. Heterocedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.514	1.491		3.028	0.003
	Perceived Product Similarity	0.015	0.028	0.032	0.531	0.596
	Product Choice Overload in the Market	-0.015	0.072	-0.013	-0.209	0.834

a. Dependent Variable: ABSRES

Hypothesis Test

The magnitude of the influence of the perceived product similarity and product choice overload in the market toward decision difficulty can be shown by the value of R square (coefficient of determination). The R square value is 0.145 or 14.5% (Table 6). This means that the variables of perceived product similarity and product choice overload in the market have an effect of 14.5% on the decision difficulty. While the remaining 85.5% is the contribution of other variables apart from perceived product similarity and product choice overload in the market.

The effect of perceived product similarity on decision making difficulty was significant (<0.05 with t 6.574) in a positive direction, so that the first hypothesis was supported. The effect of perceived product similarity on product choice overload in the market was significant (<0.05 with t 4,430), so that the second hypothesis was supported.

Meanwhile, product choices overload in the market had a significant effect on decision difficulty (<0.05; with t -4.224). Although in a negative direction, but the hypothesis is accepted since it did not formulated as directional hypothesis. The results of testing the three hypotheses are summarized in Table 7.

Moderated regression analysis in step 1 is done by regressing the Perceived Product Similarity to the Decision Making Difficulty. Based on Table 7 the following equation is obtained:

$$Y = 5.804 + 0.264X + \varepsilon \ldots\ldots\ldots\ldots\ldots (4)$$

Information:
Y: Decision making difficulty
X: Perceived product similarity

Step 2, regressing variable Perceived Product Similarity and the Knowledge of Product Class which is hypothesized as the moderating variable (Z) on the dependent variable (Decision Making Difficulty). Based on Table 8, the following equation is obtained:

$$Y = 31.812 + 0.092X - 1.078Z + \varepsilon \ldots\ldots (5)$$

Information:
Y: Decision making difficulty
X: Perceived product similarity
Z : Knowledge of Product Class

The test results show that the knowledge of product class as a moderator variable is significant. The next step for determining the type of moderation is: 3) Multiplying the variable which is hypothesized to be the independent variable (X) with the moderating variable (Z) becomes the interaction variable, and 4) Regressing the independent variable (X), the variable which is hypothesized as the moderating variable (Z) and the interaction variable (XZ) on the dependent variable (Y). Based on Table 9, The resulting equation is as follows:

$$Y = 22.129 + 0.311X - 0.537Z - 0.012XZ + \varepsilon .(6)$$

Information:
Y: Decision making difficulty
X: Perceived product similarity
Z : Knowledge of Product Class

Knowledge of Product Class (Z) is a quasi moderator variable because the interaction between XZ is significant and in equation b the Z value is significant ($\beta_2 \neq 0$) and in equation c the Z value is significant ($\beta_3 \neq 0$).

The results of the F test in Table 10 show that the significance value is lower than 0.05, so Ho is rejected, meaning that there is an effect of Perceived Product Similarity and Product Choice Overload in the Market simultaneously on Decision Difficulties.

Table 6. Coefficient of Determination
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.381[a]	0.145	0.139	6.17854

a. Predictors: (Constant), Product choice overload in the market, Perceived product similarity
b. Dependent Variable: Decision difficulty

Table 7. Regression Test Output Perceived Product Similarity Toward Decision Difficulty

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.804	2.157		2.691	0.008
	Perceived product similarity	0.264	0.048	0.306	5.548	0.000

a. Dependent Variable: decision making difficulty

Table 8. Regression Test Output Perceived Product Similarity and Knowledge of Product Class as Moderator Toward Decision Difficulty

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31.812	1.866		17.052	0.000
	Perceived product similarity	0.092	0.032	0.106	2.906	0.004
	Knowledge of Product Class	-1.078	0.052	-0.759	-20.736	0.000

a. Dependent Variable: decision making difficulty

Table 9. Regression Test Output of Moderating Variabel, Interaction Variable, and Dependent Variable

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.129	4.897		4.519	0.000
	Perceived product similarity	0.311	0.107	0.360	2.899	0.004
	Knowledge of Product Class	-0.537	0.258	-0.378	-2.077	0.039
	Interaction	-0.012	0.006	-0.405	-2.136	0.033

a. Dependent Variable: decision making difficulty

Table 10. F Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1922.425	2	961.213	25.180	.000[b]
	Residual	11337.771	297	38.174		
	Total	13260.197	299			

a. Dependent Variable: Decision Difficulty

b. Predictors: (Constant), Product Choice Overload in the Market, Perceived Product Similarity

Table 11. Hypothesis Testing

Hypothesis	Standardized coefficient	t	sig	Decision
Perceived product similarity → decision making difficulty	0.364	6.574	.000	Supported
Perceived product similarity → product choices overload in the market	0.249	4.430	.000	Supported
Product choices overload in the market → decision making difficulty	-.234	-4.224	.000	Supported

Discussion

Decision difficulty can come from various sources, one of which is task complexity (Broniarczyk & Griffin, 2014). Research findings confirm the notion that decision making becomes more complex when faced with more and more alternatives. Perceived product similarity had a positive effect on decision making difficulty, it meant that the more same products, the more difficult it would be for consumers to make purchasing decisions. If brands were difficult to distinguish, purchasing decisions would take more time. Another study confirmed that similarities were felt to have a significant effect on decision-making difficulties (Agarwal & Chatterjee, 2003). This indicates that the many choices of brands actually make it difficult for consumers to choose so as not to cause positive feelings of consumers (Misuraca et al., 2019). The difficulty of consumers in differentiating between brands can also have an impact on consumer confusion which in turn will make it difficult to make decisions (Tjiptono et al., 2014).

The emergence of various local coffee brands, which increasingly indicates the increasing awareness of business people about the importance of the role of brands. On the other hand, coffee originating from one region may be difficult to distinguish its attributes so that the perception of similarity is high. The number of products that are perceived to be the same, even with different brands, has an impact on the availability of excessive product choices in the market. The analysis results show that the perceived product similarity had a positive effect product choices overload in the market, it meant the more consumers perceive coffee products as having many similarities, the more product choices in the market would become. Compared to the past when the coffee commodity was not widely popular and consuming coffee was not yet a lifestyle, today, there were much more choices of brands available in the market because many regions compete to compare local coffee. The results of this study were in line with research by Albrecht et al. (2017) which found a significant effect of perceived product similarity on product choices overload in the market. Perceived product similarity can form similarity confusion when consumers perceive that the various coffee brands available have a function and visually have similarities (Walsh et al., 2007), so that consumers will face overchoice conditions for similar products (Foxman et al., 1992).

Product choices overload significantly affect decision making difficulty in negative direction. This matter meant that the existence of overload products did not make consumers confused about buying decisions. The results of this study were not in line with research by Albrecht et al. (2017) which found that product choices overload in the market had a significant effect on decision making difficulty. This finding also contradicts various studies on choice overload, such as Thai & Yuksel (2017) and Chernev et al. (2015). Both studies found negative consequences in a broad selection setting (many choices)

compared to a few choice settings. In the context of selecting tourism products, tourists who are faced with a large number of tourist destination choices actually feel that their satisfaction is lower than tourists with a smaller portfolio of tourist destination choices (Thai & Yuksel, 2017).

When a wide choice of coffee brands was available in the market, consumers might use their habits in their purchasing decisions. This meant that consumers already had a clear preference for a particular brand and had loyalty to that brand. Habit is a strong determinant of purchasing behavior (Bartle et al., 2019). Habit will interact with time to strengthen or maybe weaken. If consumers are satisfied with a brand, then this experience will strengthen the habit so that it affects future product purchases. The study of habit confirms the role of habit in influencing or forming intentions, forming intentions to consistently behave in a certain way, for example in purchasing behavior, and habit plays a role in shaping actual behavior (Farivar et al., 2017). The test for the significance of the individual parameters of the two independent variables included in the regression was all stated as significant, so it could be concluded that the variable knowledge of product classes moderated the relationship between the perceived product similarity and the decision making difficulty.

CONCLUSION

The perceived product similarity had a positive effect on the decision making difficulties, this meant that the higher the perception of product similarity, the higher the difficulty of decision making. The results of the research conducted also found that the perceived product similarity had a positive effect on product choices overload in the market, this meant that the higher the perception of product similarity, the more excessive product choices in the market. Excessive choice of products or product choices overload in the market had a negative effect on decision difficulty, this meant that the more product choices in the market, the difficulty of making decisions is lower. The findings from the research also showed that knowledge of product classes moderated the relationship between the perceived product similarity and the decision making difficulty.

Some of the managerial implications were that in order to make it easier for consumers to make decisions to choose a product, each product should have detailed information about the characteristics or composition of each coffee product presented so that in the future consumers would feel more enjoyment and satisfaction in consuming coffee products. Local governments and universities need to work together in assisting MSME coffee producers, both managerial and technical.

Marketers also need to educate the market about coffee products to increase consumer knowledge, for example by highlighting the attributes that can differentiate each local coffee product. In addition, details of coffee taste or how consumers can evaluate coffee also need to be conveyed in education so that consumer involvement will increase.

The increasing number of coffee products circulating in the market with a variety of different brand labels but with the same composition made it difficult for consumers to choose the desired coffee product so it is necessary to group each type and different brand to make it easier for consumers to choose the desired coffee product.

Future studies need to explore the role of peers in coffee selection, because individual consumption behavior can also be shaped through observations of their social environment. In addition, it is necessary to explore whether consuming coffee is a habit or a lifestyle that is long term or just a temporary fad.

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