



Jurnal Manajemen dan Bisnis
Vol. 15, No. 1, June 2026, pp. 27-34
INSTITUT TEKNOLOGI DAN BISNIS INDRAGIRI
<https://journal.itbind.ac.id/index.php/jmbi>

**THE ROLE OF PRICE IN MEDIATING THE EFFECTS OF SERVICE QUALITY AND
PROMOTION ON PURCHASING DECISIONS AT TEH EVI RESTAURANT I
N RENGAT 2025**

**Hermanto, Warnadi, Suwaji, Walmi Sholihat, Nessi Iliona Amorita,
Heriasmas, Reni Maralis, Gerhana Adjie**

Management Study Program, Institut Teknologi dan Bisnis Indragiri, Rengat, Riau

* hermanto@itbind.id

Abstract

This study aims to analyze the role of price in mediating the effects of service quality and promotion on purchasing decisions at Teh Evi Restaurant in Rengat in 2025. The increasingly competitive culinary industry requires food-service businesses to optimize their marketing strategies through superior service quality, effective promotional activities, and affordable and competitive pricing to stimulate consumer purchasing decisions. This study employed an associative quantitative approach. The sample consisted of 100 consumers selected using purposive sampling. Data were collected through structured five-point Likert-scale questionnaires and analyzed using path analysis with the assistance of SPSS, along with the Sobel test to examine the mediation effects. The results showed that: (1) service quality has a positive and significant effect on price perception; (2) promotion has a positive and significant effect on price perception; (3) service quality has a positive and significant direct effect on purchasing decisions; (4) promotion has a positive and significant direct effect on purchasing decisions; (5) price has a positive and significant effect on purchasing decisions; (6) price significantly mediates the effect of service quality on purchasing decisions; and (7) price significantly mediates the effect of promotion on purchasing decisions. These findings indicate that price affordability and congruence serve as strategic intervening factors that strengthen the positive effects of service quality and promotional activities on consumers' purchasing decisions at Teh Evi Restaurant in Rengat.

Keywords: Service Quality; Promotion; Price; Purchasing Decision; Culinary Business.

Abstract

This study aims to analyze the role of price in mediating the effects of service quality and promotion on purchasing decisions at Teh Evi Restaurant in Rengat in 2025. The increasingly competitive culinary industry requires food-service businesses to optimize their marketing strategies through superior service quality, effective promotional activities, and affordable and competitive pricing to stimulate consumer purchasing decisions. This study employed an associative quantitative approach. The sample consisted of 100 consumers selected using purposive sampling. Data were collected through structured five-point Likert-scale questionnaires and analyzed using path analysis with the assistance of SPSS, along with the Sobel test to examine the mediation effects. The results showed that: (1) service quality has a positive and significant effect on price perception; (2) promotion has a positive and significant effect on price perception; (3) service quality has a positive and significant direct effect on purchasing decisions; (4) promotion has a positive and significant direct effect on purchasing decisions; (5) price has a positive and significant effect on purchasing decisions; (6) price significantly mediates the effect of service quality on purchasing decisions; and (7) price significantly mediates the effect of promotion on purchasing decisions. These findings indicate that price

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INTRODUCTION

The culinary industry sector in Indragiri Hulu Regency, particularly in Rengat City, has experienced highly dynamic growth in recent years. The increasingly prevalent lifestyle of dining outside the home (eating out) has encouraged the proliferation of restaurants, cafés, and traditional as well as modern food outlets. This condition has intensified market competition, requiring business operators to develop competitive advantages to attract and retain consumers. One culinary establishment that has operated for many years and has a loyal customer base in Rengat City is Teh Evi Restaurant (RM Teh Evi). The restaurant serves a variety of regional specialties and home-style dishes with authentic flavors.

Although RM Teh Evi has a relatively good reputation, fluctuations in customer visits and increasingly shifting consumer preferences from 2024 to early 2025 have presented significant challenges. Based on preliminary observational data, daily sales levels varied, partly due to the emergence of new restaurants offering aggressive promotions and modern facilities. This phenomenon indicates that consumers engage in careful consideration before making their final purchasing decisions. A purchasing decision is the stage at which consumers make an actual choice to purchase a product or service after evaluating the available alternatives (Kotler & Keller, 2016).

Various factors determine consumer purchasing decisions in the food and beverage industry. The first fundamental factor is service quality. Friendly, prompt, responsive service and a clean dining environment provide valuable experiences for customers (Parasuraman et al., 1988; Tjiptono, 2019). When consumers experience excellent service, they tend to feel valued, thereby increasing their willingness to purchase. The second factor is promotion. Promotional activities such as special discounts, publications through local social media, and word-of-mouth promotion play a vital role in building brand awareness and encouraging consumers to visit (Kotler & Armstrong, 2018).

However, the relationship between service quality and promotion and purchasing decisions is often not directly linear, but rather influenced by price perception as an intervening or mediating variable. Price represents the economic value that consumers must sacrifice to obtain the benefits of a product or service (Stanton, 2013). Consumers in developing areas such as Rengat tend to exhibit moderate to high price sensitivity, making the alignment between price and the quality of service received, as well as the transparency of promotional offers, important considerations. Good service and appealing promotions can create a perception that the price charged is reasonable and offers value for money, which in turn strengthens consumers' purchasing decisions.

Although numerous studies have examined the factors influencing purchasing decisions, most previous studies have treated price solely as a direct independent variable. Relatively few studies have positioned price as a mediating variable within an integrated model of medium-scale local culinary businesses outside metropolitan areas. Therefore, this study aims to empirically examine and analyze: (1) the effect of service quality on price perception; (2) the effect of promotion on price perception; (3) the effect of service quality on purchasing decisions; (4) the effect of promotion on purchasing decisions; (5) the effect of price on purchasing decisions; and (6) the mediating role of price in the effects of service quality and promotion on purchasing decisions at Teh Evi Restaurant in Rengat in 2025.

LITERATURE REVIEW

Purchasing Decision

Kotler and Keller (2016) define a purchasing decision as an integration process that combines knowledge to evaluate two or more alternative courses of action and select one of them. The consumer decision-making process consists of five stages: problem recognition, information search, evaluation of alternatives, purchasing decision, and post-purchase behavior. The purchasing decision indicators used in this study refer to Tjiptono (2019) and include confidence in purchasing the product, considerations in making a purchase, conformity of product attributes with needs, and recommendations to others.

Service Quality

According to Parasuraman, Zeithaml, and Berry (1988), service quality is the degree of excellence expected by customers and the control exercised to maintain that level of excellence in meeting customer expectations. High-quality service creates satisfaction and positive perceptions. The service quality indicators are adapted from the SERVQUAL dimensions, comprising tangibles, reliability, responsiveness, assurance, and empathy.

Promotion

Promotion is an element of the marketing mix that focuses on communicating information about products or services to target audiences in order to persuade and remind consumers (Kotler & Armstrong, 2018). The promotional mix includes advertising, sales promotion, public relations, personal selling, and direct marketing. The promotion indicators include promotional reach, promotional frequency, the attractiveness of promotional messages, and the appropriateness of promotional media (Hermanto & Suryani, 2023).

Price Perception

Price is the monetary value assigned to a product or service that consumers exchange to obtain ownership or the right to use it (Kotler & Keller, 2016). Price perception is closely related to how consumers assess whether a price is commensurate with the benefits received. The price indicators include price affordability, price conformity with product quality, price competitiveness, and price conformity with the benefits obtained (Stanton, 2013; Fandy & Chandra, 2020).

Hypothesis Development and Conceptual Framework

Superior service quality provides consumers with confidence that the price paid is appropriate and commensurate with the benefits received. In addition, transparent and informative promotions help consumers compare the price advantages they obtain. A positive price perception subsequently encourages consumers to realize their purchasing decisions. Based on the literature review, the hypotheses proposed in this study are:

H1: Service quality has a positive and significant effect on price perception at RM Teh Evi in Rengat.

H2: Promotion has a positive and significant effect on price perception at RM Teh Evi in Rengat.

H3: Service quality has a positive and significant effect on purchasing decisions at RM Teh Evi in Rengat.

H4: Promotion has a positive and significant effect on purchasing decisions at RM Teh Evi in Rengat.

H5: Price perception has a positive and significant effect on purchasing decisions at RM Teh Evi in Rengat.

H6: Price mediates the effect of service quality on purchasing decisions at RM Teh Evi in Rengat.

H7: Price mediates the effect of promotion on purchasing decisions at RM Teh Evi in Rengat.

Figure 1. Conceptual Framework of the Study (Service Quality & Promotion → Price → Purchasing Decision)

RESEARCH METHODS

This study employed a quantitative research design with a causal associative approach to examine the direct and indirect effects among the variables under investigation (Sugiyono, 2021). The research was conducted at Teh Evi Restaurant, located in Rengat City, Indragiri Hulu Regency, Riau, from January to March 2025.

The population consisted of all consumers who had made a purchase transaction at RM Teh Evi in Rengat. Because the population size was considered infinite, the sample size was determined using the Lemeshow formula or the Hair et al. (2018) rule of thumb, which recommends a minimum of 5 to 10 times the number of indicator items. With 20 indicator statements, the sample size was set at 100 respondents. The sampling technique used non-probability sampling with a purposive sampling approach, with the following respondent criteria: at least 17 years of age and having made purchases at RM Teh Evi at least twice during the previous six months.

Primary data were collected directly using a structured five-point Likert-scale questionnaire (1 = Strongly Disagree to 5 = Strongly Agree). The data analysis techniques included:

1. Validity testing (Pearson Product-Moment method with a criterion of $r\text{-count} > r\text{-table} = 0.195$) and reliability testing (Cronbach's Alpha > 0.70).
2. Classical assumption tests, including the Kolmogorov–Smirnov normality test, multicollinearity test with $VIF < 10$ and $Tolerance > 0.10$, and heteroscedasticity test using the Glejser method.
3. Path analysis, divided into two structural equation models:
 - Sub-Structural Equation 1: $Z = \gamma_1 X_1 + \gamma_2 X_2 + \varepsilon_1$
 - Sub-Structural Equation 2: $Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \varepsilon_2$
4. Mediation significance testing using the Sobel test to determine whether the mediating effect of price was statistically significant, with the criterion $t\text{-count} > 1.984$ at $\alpha = 0.05$.

FINDINGS AND DISCUSSION

Respondent Characteristics

Based on questionnaires distributed to 100 consumers of RM Teh Evi in Rengat, the demographic profile showed that respondents were predominantly female (58%), aged 21–35 years (52%), and employed as private-sector employees or entrepreneurs (46%). This profile indicates that RM Teh Evi's consumers are predominantly individuals of productive age with financial independence in choosing dining venues for family or colleagues.

Validity and Reliability Test Results

All statement items for the Service Quality (X1), Promotion (X2), Price Perception (Z), and Purchasing Decision (Y) variables were declared valid because their $r\text{-count}$ correlation coefficients ranged from 0.482 to 0.812, exceeding the $r\text{-table}$ value of 0.195. The reliability test results are presented in Table 1.

Table 1. Reliability Test Results for the Variables

Research Variable	Number of Items	Cronbach's Alpha	Critical Value	Description
Service Quality (X1)	5	0.864	0.700	Highly Reliable
Promotion (X2)	5	0.841	0.700	Highly Reliable
Price Perception (Z)	5	0.858	0.700	Highly Reliable
Purchasing Decision (Y)	5	0.882	0.700	Highly Reliable

Source: Primary Data Processed Using SPSS, 2025.

Classical Assumption Test Results

The residual normality test using the One-Sample Kolmogorov–Smirnov Test produced an Asymp. Sig. (2-tailed) value of 0.200 (> 0.05), indicating that the residuals were normally distributed. The multicollinearity test showed that all independent variables had Tolerance values > 0.10 (ranging from 0.612–0.745) and Variance Inflation Factor (VIF) values < 10 (ranging from 1.342–1.634), indicating that the model was free from multicollinearity. In addition, the heteroscedasticity test using the Glejser method showed significance values > 0.05 for all variables, indicating no heteroscedasticity problem.

Path Analysis Results

Path analysis was conducted in two stages of multiple regression estimation. A summary of the estimated path coefficients is presented in Tables 2 and 3 below:

Table 2. Sub-Structural Regression Results 1 (Dependent Variable: Price Perception / Z)

Model / Independent Variable	Standardized Coeff. (β)	t-value	Sig.	R Square	F-value
Service Quality (X1)	0.418	4.712	0.000	0.442	38.421 (Sig. 0.000)
Promotion (X2)	0.335	3.778	0.000		

Source: Primary Data Processed Using SPSS, 2025.

Based on Table 2, the Sub-Structural Equation 1 is: $Z = 0.418 X1 + 0.335 X2 + \varepsilon_1$. The R^2 value of 0.442 indicates that 44.2% of the variance in price perception is explained by service quality and promotion, with a residual value of $\varepsilon_1 = \sqrt{(1 - 0.442)} = 0.747$.

Table 3. Sub-Structural Regression Results 2 (Dependent Variable: Purchasing Decision / Y)

Model / Independent Variable	Standardized Coeff. (β)	t-value	Sig.	R Square	F-value
Service Quality (X1)	0.284	3.415	0.001	0.628	54.112 (Sig. 0.000)
Promotion (X2)	0.246	2.987	0.004		
Price Perception (Z)	0.385	4.521	0.000		

Source: Primary Data Processed Using SPSS, 2025.

Based on Table 3, the Sub-Structural Equation 2 is: $Y = 0.284 X1 + 0.246 X2 + 0.385 Z + \varepsilon_2$. The R^2 value of 0.628 indicates that 62.8% of the variance in purchasing decisions can be explained simultaneously by service quality, promotion, and price. The residual value is $\varepsilon_2 = \sqrt{(1 - 0.628)} = 0.610$.

Mediation Effect Testing (Sobel Test)

The Sobel test was conducted to confirm the significance of the indirect effects of service quality and promotion on purchasing decisions through price perception:

1. Price Mediation in the Service Quality $\rightarrow$ Purchasing Decision Path:

Direct effect (p_1) = 0.284. Indirect effect ($p_2 \times p_3$) = $0.418 \times 0.385 = 0.161$. Total effect = 0.445.

The Sobel test produced $z = 3.254$ ($p\text{-value} = 0.001 < 0.05$). Because the calculated $z\text{-value} > 1.984$, H_6 is accepted, indicating that price significantly mediates the effect of service quality on purchasing decisions.

2. Price Mediation in the Promotion $\rightarrow$ Purchasing Decision Path:

Direct effect (p_4) = 0.246. Indirect effect ($p_5 \times p_3$) = $0.335 \times 0.385 = 0.129$. Total effect = 0.375.

The Sobel test produced $z = 2.892$ ($p\text{-value} = 0.003 < 0.05$). Because the calculated $z\text{-value} > 1.984$, H_7 is accepted, indicating that price significantly mediates the effect of promotion on purchasing decisions.

Discussion

1. Effect of Service Quality on Price Perception: The results demonstrate that service quality has a positive and significant effect on price perception ($\beta = 0.418$; $p = 0.000$). Prompt service, cleanliness of the dining area, and staff friendliness at RM Teh Evi create a perception that the price paid by customers is commensurate with the quality of service received. This finding is consistent with Hermanto & Suryani (2023).

2. Effect of Promotion on Price Perception: Promotion has a positive and significant effect on price perception ($\beta = 0.335$; $p = 0.000$). Accurate information regarding value meal packages and social-media promotions leads consumers to perceive the prices at RM Teh Evi as affordable and competitive, supporting the findings of Pratama (2024).

3. Effect of Service Quality on Purchasing Decisions: Service quality was shown to directly improve purchasing decisions ($\beta = 0.284$; $p = 0.001$). A comfortable dining experience and minimal

waiting time are major factors influencing consumers' decisions to dine at RM Teh Evi (Tjiptono, 2019).

4. Effect of Promotion on Purchasing Decisions: Promotion has a positive and significant effect on purchasing decisions ($\beta = 0.246$; $p = 0.004$). Regular promotional activities encourage both impulse purchase intentions and planned visits among families and community groups in Rengat.

5. Effect of Price Perception on Purchasing Decisions: Price has a significant effect and represents the variable with the largest regression coefficient for purchasing decisions ($\beta = 0.385$; $p = 0.000$). This finding confirms that price appropriateness and affordability are the strongest determinants of purchasing decisions among culinary consumers in Rengat.

6 & 7. Mediating Role of Price Perception: The mediation test results indicate that price functions as a partial mediator. This means that, in addition to their direct effects, good service quality and effective promotion become more effective in increasing purchasing decisions when they successfully create a rational, consumer-friendly, and high-value price perception.

CONCLUSION

This study concludes that all proposed hypotheses (H1–H7) are empirically supported. Service quality and promotion have positive and significant effects on both price perception and consumer purchasing decisions at Teh Evi Restaurant in Rengat in 2025. In addition, price plays a significant mediating role in strengthening the effects of service quality and promotion on purchasing decisions. Practically, the management of RM Teh Evi is advised to maintain hygienic service-quality standards, improve the consistency of promotional communication through local digital channels, and maintain a competitive and transparent pricing structure to increase transaction volume and consumer loyalty.

LIMITATIONS AND FURTHER RESEARCH

This study is limited by its sample coverage, which was restricted to a single restaurant in Rengat City and comprised 100 respondents, as well as by the variables examined, which were limited to service quality, promotion, and price. Future research should expand the comparative scope to include several similar restaurants in Indragiri Hulu Regency and incorporate additional explanatory variables, such as food quality, customer experience, location, and customer satisfaction, into an SEM-PLS analytical model.

ACKNOWLEDGEMENTS

The authors would like to express their sincere gratitude to the management and all staff members of Teh Evi Restaurant in Rengat for granting research permission and providing facilities during the data-collection process. Appreciation is also extended to the academic community of Institut Teknologi dan Bisnis Indragiri (STIE Indragiri) and to all respondents who generously devoted their time to participate in this study.

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