

## UNDERSTANDING CONSUMER PURCHASE DECISIONS IN THE FAST-FOOD INDUSTRY: THE ROLES OF DIGITAL PROMOTION, PRODUCT INNOVATION, AND LOCATION

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### Abstract

Competition in the Indonesian fast-food sector has intensified to the point where national brand recognition alone no longer reliably predicts branch-level sales performance. This study examines how digital promotion, product innovation, and location jointly shape consumer purchase decisions at KFC SPBU Selindung Pangkalpinang. Using a quantitative design, data were collected from 100 consumers via structured questionnaire and analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 4. Measurement model evaluation confirmed satisfactory convergent validity (all outer loadings > 0.70; AVE > 0.50), discriminant validity (Fornell-Larcker criterion and HTMT < 0.90), and reliability (Cronbach's Alpha and Composite Reliability > 0.70). All three predictors positively and significantly influenced purchase decisions. Product innovation emerged as the strongest predictor ( $\beta = 0.361$ ;  $t = 4.156$ ;  $p < 0.001$ ), followed by location ( $\beta = 0.326$ ;  $t = 4.569$ ;  $p < 0.001$ ) and digital promotion ( $\beta = 0.247$ ;  $t = 2.657$ ;  $p = 0.008$ ). The model explained 68.0% of variance in purchase decisions ( $R^2 = 0.680$ ). Effect-size analysis confirmed that product innovation contributes the greatest practical impact ( $f^2 = 0.197$ ), with location at medium effect ( $f^2 = 0.150$ ) and digital promotion at small-to-medium effect ( $f^2 = 0.089$ ). These findings contribute branch-level evidence from the Indonesian fast-food market and suggest that product value and physical accessibility drive purchasing decisions more strongly than promotional communication alone.

**Keywords:** digital promotion, product innovation, location, purchase decision, fast-food industry

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### INTRODUCTION

The fast-food industry in Indonesia has grown beyond its original function as a provider of quick meals. For many urban and peri-urban consumers, chains like KFC have become embedded in daily routines tied to convenience, socialising, and routine consumption. Yet national brand strength does not automatically translate into strong branch-level performance. Individual outlets compete with local warungs, cloud kitchens, and food-delivery platforms, and must attract consumers through locally relevant strategies rather than relying solely on corporate campaigns (Kotler & Keller, 2022; Kotler & Armstrong, 2018).

Three factors stand out as theoretically distinct and practically actionable levers at the branch level. First, digital promotion has transformed how consumers discover and evaluate restaurants. Social media, mobile applications, and targeted online advertising now reach consumers more cheaply and precisely than conventional media, and they enable two-way engagement that shapes purchase intentions before a consumer leaves home (Pinca et al., 2024; Prananta et al., 2024; Mahmud, 2022). Second, product innovation directly affects perceived value. Fast-food consumers notice when a menu stagnates and respond when something new appears—new flavour variants, seasonal specials, improved recipes, or distinctive category extensions like coffee products can all refresh purchase motivation (Gan et al., 2024; Juanim et al., 2023; Ma et al., 2024). Third, location

determines physical accessibility. Despite the growth of delivery services, consumers seeking immediate food consumption continue to favour restaurants that are conveniently located near transport routes, commercial clusters, or densely trafficked areas (Wilson & Ardiansyah, 2025; Yahya & Yuniarto, 2024; Nicholas & Elizabeth, 2024).

Although each factor has been studied individually, integrated branch-level evidence from the Indonesian fast-food context remains limited. Most prior work focuses on a single predictor, targets e-commerce or retail rather than dine-in restaurants, or uses samples from large metropolitan areas that may not represent secondary cities. KFC SPBU Selindung Pangkalpinang—positioned at a petrol station in a mid-sized provincial capital—offers a useful setting to address this gap. This study simultaneously examines digital promotion, product innovation, and location as predictors of purchase decisions, estimates their relative contributions, and derives practical implications for restaurant operators in comparable contexts.

## LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Digital promotion encompasses marketing communications delivered through internet-based channels, including social media, websites, mobile applications, and digital advertising. Its practical advantage over conventional promotion lies in speed, reach, and interactivity: messages travel instantly, can be targeted to specific consumer segments, and invite direct engagement. In food service, digital promotion is particularly consequential because consumers frequently consult social media and food apps before choosing a destination, making brand visibility and promotional salience on these platforms a precondition for consideration (Ilham et al., 2023; Mushoffa & Fadli, 2023). Pinca et al. (2024) found that digital marketing strategies positively influenced purchase intention among fast-food consumers, with content quality and platform reach as key mechanisms. Prananta et al. (2024) reported similar findings in the broader Indonesian market, noting that digital strategies strengthen purchase decisions by improving communication effectiveness and perceived value. Mahmud (2022) demonstrated the same relationship in a food-delivery platform context, linking digital promotion to purchase decisions through enhanced information accessibility and customer engagement.

### ***H1: Digital promotion positively influences consumer purchase decisions at KFC SPBU Selindung Pangkalpinang.***

Product innovation refers to the introduction of new products or improvements to existing offerings that provide additional value to consumers. In fast food, this encompasses new menu items, recipe improvements, packaging changes, and category extensions. Consumers generally perceive innovative products as more attractive because they offer novelty, variety, and enhanced benefits relative to familiar alternatives (Widiastuti & Mardiyanto, 2024). Gan et al. (2024), analysing KFC marketing strategies in an international sample, found that menu variety and product novelty were central to consumer purchasing behaviour, with continuous innovation essential for retaining consumer interest against competing chains. Juanim et al. (2023) reported that product innovation significantly influences purchase decisions through enhanced product attractiveness and customer satisfaction. Ma et al. (2024) confirmed that innovative product offerings raise consumer evaluations and increase the likelihood of purchase.

### ***H2: Product innovation positively influences consumer purchase decisions at KFC SPBU Selindung Pangkalpinang.***

Location refers to the physical position and accessibility of a business. A strategically situated restaurant reduces the time, effort, and travel costs associated with a visit, thereby increasing the probability of spontaneous and planned purchases. This logic holds even as digital alternatives expand: consumers seeking immediate food consumption still base decisions partly on proximity and ease of access (Wilson & Ardiansyah, 2025). Nicholas and Elizabeth (2024) found that location convenience positively influenced purchase decisions in a retail context, while Yahya and Yuniarto

(2024) confirmed the same pattern for food service, noting that strategic location remains a primary driver of restaurant choice despite the growing adoption of delivery services.

***H3: Location positively influences consumer purchase decisions at KFC SPBU Selindung Pangkalpinang.***

## RESEARCH METHODS

This study used a quantitative cross-sectional design. Data were collected at KFC SPBU Selindung Pangkalpinang through a structured questionnaire administered via purposive sampling. Respondents were required to have made at least one purchase at the branch. One hundred valid responses were obtained. This sample satisfies the minimum requirements for PLS-SEM, which Hair et al. (2022) recommend as appropriate for prediction-oriented models with this level of complexity.

The questionnaire comprised four constructs measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Digital promotion (X1) was initially measured with 8 items covering accessibility, attractiveness, responsiveness, and credibility of digital content. Product innovation (X2) used 6 items covering variety, development, novelty, and attractiveness. Location (X3) used 12 items covering accessibility, visibility, traffic conditions, and environmental convenience. Purchase decision (Y) used 12 items covering product selection, brand selection, timing, quantity, and payment preferences. Items were adapted from established scales and modified for the fast-food context.

Data analysis followed a two-stage PLS-SEM procedure using SmartPLS 4. The outer model was evaluated for convergent validity (outer loading  $\geq 0.70$ ; AVE  $\geq 0.50$ ), discriminant validity (Fornell-Larcker criterion; HTMT  $< 0.90$  following Henseler et al., 2015), and reliability (Cronbach's Alpha and Composite Reliability  $\geq 0.70$  following Hair et al., 2022). Items with loading below 0.70 were removed in a second-stage purification: PD4 from digital promotion, IP3 from product innovation, and L7 and L10 from location. Final item counts were: digital promotion 7 items, product innovation 5 items, location 10 items, purchase decision 12 items. The inner model was assessed using  $R^2$ , effect size ( $f^2$ ), and bootstrapped path coefficients. Hypotheses were considered supported when  $t > 1.96$  and  $p < 0.05$ .

## RESULTS AND DISCUSSION

One hundred valid responses were collected from consumers of KFC SPBU Selindung Pangkalpinang. The sample comprised diverse demographic profiles, enhancing representativeness for the branch's consumer base.

### ***Descriptive Analysis***

Mean scores for all four constructs fell in the high category (3.41–4.20). Digital promotion scored 4.01, with information accuracy the highest-rated item ( $M = 4.12$ ) and platform response speed the lowest ( $M = 3.88$ ), suggesting that content credibility is perceived more positively than operational responsiveness. Product innovation scored 4.09; adherence to KFC's central quality standards was rated highest ( $M = 4.20$ ) while menu similarity with other branches was rated lowest ( $M = 3.77$ ), indicating that the branch's distinctive KFC Coffee offering is noticed and valued. Location scored 4.08, with the commercial vibrancy of the surrounding area rated highest ( $M = 4.23$ ) and traffic congestion the lowest ( $M = 3.78$ ), confirming that footfall is an asset but road congestion is a perceived friction. Purchase decision scored 4.07, with ease of payment rated highest ( $M = 4.24$ ) and product-need fit rated lowest ( $M = 3.96$ ).

**Measurement Model Evaluation**

Table 1 presents outer loadings and AVE after item purification. All loadings exceeded 0.70 and all AVE values exceeded 0.50, confirming convergent validity.

Table 1. Outer Loadings and AVE (Final Model)

| Construct / Item                                           | Loading | AVE   |
|------------------------------------------------------------|---------|-------|
| Digital Promotion (X1)                                     |         | 0.635 |
| PD1 – Information accuracy matches actual product          | 0.774   |       |
| PD2 – Digital content is visually attractive               | 0.790   |       |
| PD3 – Promotions are easy to find online                   | 0.821   |       |
| PD5 – Platform communication is interactive                | 0.807   |       |
| PD6 – Digital promotions increase purchase desire          | 0.761   |       |
| PD7 – Online promotions are credible                       | 0.824   |       |
| PD8 – Digital channels provide complete information        | 0.799   |       |
| Product Innovation (X2)                                    |         | 0.651 |
| IP1 – Menu variety suits different consumer preferences    | 0.804   |       |
| IP2 – New products are introduced regularly                | 0.771   |       |
| IP4 – Products are constantly improved in quality          | 0.793   |       |
| IP5 – Innovative products (e.g. KFC Coffee) are attractive | 0.850   |       |
| IP6 – KFC meets central management quality standards       | 0.815   |       |
| Location (X3)                                              |         | 0.643 |
| L1 – Location is easy to reach                             | 0.836   |       |
| L2 – Location is near transport routes                     | 0.773   |       |
| L3 – Surrounding area is busy and attractive               | 0.796   |       |
| L4 – Branch is clearly visible from the road               | 0.788   |       |
| L5 – Parking availability is adequate                      | 0.830   |       |
| L6 – Environment is clean and comfortable                  | 0.771   |       |
| L8 – Location is near commercial or educational areas      | 0.821   |       |
| L9 – Road access to the branch is good                     | 0.804   |       |
| L11 – Surrounding area creates purchase motivation         | 0.812   |       |
| L12 – Location suits consumers' daily activity routes      | 0.784   |       |
| Purchase Decision (Y)                                      |         | 0.641 |
| KP1 – I choose this KFC based on product quality           | 0.809   |       |
| KP2 – KFC brand is my preferred choice                     | 0.747   |       |
| KP3 – I decide to buy here when passing by                 | 0.726   |       |
| KP4 – I purchase at a time convenient to me                | 0.791   |       |
| KP5 – I buy the quantity I need                            | 0.800   |       |

|                                                    |       |
|----------------------------------------------------|-------|
| KP6 – I choose KFC products over competitors       | 0.809 |
| KP7 – I make planned visits to this branch         | 0.790 |
| KP8 – Payment methods here are easy to use         | 0.847 |
| KP9 – Products match my consumption needs          | 0.807 |
| KP10 – I always complete my purchase once I decide | 0.838 |
| KP11 – I feel comfortable purchasing here          | 0.815 |
| KP12 – This branch meets my purchase expectations  | 0.821 |

Source: SmartPLS 4 Output (2026). AVE > 0.50 confirms convergent validity for all constructs.

Reliability results (Table 2) show all Cronbach's Alpha and Composite Reliability values well above the 0.70 threshold, indicating strong internal consistency across all constructs.

Table 2. Reliability Assessment

| Construct               | Cronbach's Alpha | Composite Reliability |
|-------------------------|------------------|-----------------------|
| Digital Promotion (X1)  | 0.905            | 0.924                 |
| Product Innovation (X2) | 0.866            | 0.903                 |
| Location (X3)           | 0.938            | 0.947                 |
| Purchase Decision (Y)   | 0.949            | 0.955                 |

Source: SmartPLS 4 Output (2026). Threshold:  $\alpha > 0.70$ ; CR > 0.70 (Hair et al., 2022).

Discriminant validity was assessed using two criteria (Table 3). The Fornell-Larcker criterion confirms that the square root of each construct's AVE (diagonal) exceeds its correlation with all other constructs. HTMT values all fall below the 0.90 threshold (Henseler et al., 2015), with the highest value between Product Innovation and Purchase Decision (0.810), still comfortably within the accepted range.

Table 3. Discriminant Validity: Fornell-Larcker Criterion and HTMT

|                       | X1 Dig. Promo | X2 Prod. Innov. | X3 Location | Y Purch. Dec. |
|-----------------------|---------------|-----------------|-------------|---------------|
| X1 Digital Promotion  | 0.797*        | 0.650           | 0.680       | 0.703         |
| X2 Product Innovation | (0.728)       | 0.807*          | 0.666       | 0.739         |
| X3 Location           | (0.727)       | (0.734)         | 0.802*      | 0.734         |
| Y Purchase Decision   | (0.748)       | (0.810)         | (0.767)     | 0.801*        |

Source: SmartPLS 4 Output (2026). Diagonal (\*) =  $\sqrt{\text{AVE}}$  (Fornell-Larcker); upper triangle = inter-construct correlations; lower triangle in parentheses = HTMT values. All HTMT < 0.90 (Henseler et al., 2015).

### Structural Model Evaluation

The coefficient of determination ( $R^2 = 0.680$ ;  $R^2$  Adjusted = 0.670) indicates that the three predictors collectively explain 68.0% of variance in purchase decisions—a level Hair et al. (2022) classify as substantial. Effect-size analysis (Table 4) shows product innovation as the largest contributor ( $f^2 = 0.197$ , medium effect), followed by location ( $f^2 = 0.150$ , medium effect) and digital promotion ( $f^2 = 0.089$ , small-to-medium effect).

Table 4. Effect Size ( $f^2$ )

| Variable                | $f^2$ | Effect Category |
|-------------------------|-------|-----------------|
| Digital Promotion (X1)  | 0.089 | Small-Medium    |
| Product Innovation (X2) | 0.197 | Medium          |
| Location (X3)           | 0.150 | Medium          |

Source: SmartPLS 4 Output (2026). Thresholds:  $f^2 \geq 0.02$  (small),  $\geq 0.15$  (medium),  $\geq 0.35$  (large) — Cohen (1988).

Table 5 reports bootstrapped path coefficients. All three hypotheses are supported.

Table 5. Hypothesis Testing Results

| Hypothesis | Path                                   | $\beta$ | t-value | p-value | Decision  |
|------------|----------------------------------------|---------|---------|---------|-----------|
| H1         | Digital Promotion → Purchase Decision  | 0.247   | 2.657   | 0.008   | Supported |
| H2         | Product Innovation → Purchase Decision | 0.361   | 4.156   | < 0.001 | Supported |
| H3         | Location → Purchase Decision           | 0.326   | 4.569   | < 0.001 | Supported |

Source: SmartPLS 4 Output (2026). Bootstrapping 5,000 subsamples. Threshold:  $t > 1.96$ ;  $p < 0.05$ .

### ***Effect of Digital Promotion on Purchase Decisions (H1 Supported)***

Digital promotion positively and significantly influenced purchase decisions ( $\beta = 0.247$ ;  $p = 0.008$ ), confirming H1. Consumers rely on digital platforms—particularly social media and food applications—to discover promotions, compare options, and make decisions before physically visiting a restaurant. The finding is consistent with Pinca et al. (2024), who reported that digital marketing strategies raised purchase intention among fast-food consumers through content quality and platform reach, and with Prananta et al. (2024), who found that digital strategies strengthen purchase decisions by enhancing perceived value. Among the three predictors, however, digital promotion showed the smallest effect ( $f^2 = 0.089$ ). Descriptively, response speed on digital platforms was rated lowest ( $M = 3.88$ ), suggesting that operational gaps in digital responsiveness may be limiting the full potential of the branch's digital presence. Digital promotion appears to function primarily as an awareness and consideration mechanism rather than a direct conversion driver—it brings consumers to the decision point, but purchase ultimately depends on product value and location convenience.

### ***Effect of Product Innovation on Purchase Decisions (H2 Supported)***

Product innovation was the strongest predictor in the model ( $\beta = 0.361$ ;  $f^2 = 0.197$ ;  $p < 0.001$ ), confirming H2. The KFC Coffee offering—a category extension that distinguishes this branch from others in the city—emerged as a particularly valued innovation ( $M = 4.18$ ), while adherence to central quality standards was the highest-rated item overall ( $M = 4.20$ ). This pattern suggests consumers value both the distinctiveness of local innovation and the consistency that brand standards provide. Gan et al. (2024) found similarly that menu variety and continuous product development were central to KFC consumers' purchasing behaviour. Juanim et al. (2023) and Ma et al. (2024) both reported that innovative offerings raise perceived attractiveness and purchase likelihood in comparable food service contexts. The practical implication is direct: product development at the branch level—whether through distinctive category extensions, seasonal specials, or improvements to existing items—generates stronger effects on purchase behaviour than promotional spend alone.

***Effect of Location on Purchase Decisions (H3 Supported)***

Location was the second strongest predictor ( $\beta = 0.326$ ;  $f^2 = 0.150$ ;  $p < 0.001$ ), confirming H3. The branch's position at a petrol station on a busy road provides high footfall exposure—reflected in the highest-rated location item, commercial vibrancy ( $M = 4.23$ ). Road congestion was the lowest-rated aspect ( $M = 3.78$ ), indicating that traffic density is a double-edged feature of the location: it generates visibility but creates friction for some consumers. The finding aligns with Wilson and Ardiansyah (2025) and Yahya and Yuniarto (2024), both of whom found location to be a significant driver of food service purchase decisions in Indonesian contexts. Notably, location retained medium practical effect even in a setting where food-delivery apps are available, confirming that physical accessibility continues to matter for consumers seeking immediate dine-in or take-away consumption.

**CONCLUSION**

This study examined how digital promotion, product innovation, and location influence consumer purchase decisions at a KFC branch in Pangkalpinang, Indonesia. All three hypotheses were supported using PLS-SEM with 100 consumers. Product innovation had the strongest effect ( $\beta = 0.361$ ;  $f^2 = 0.197$ ), followed by location ( $\beta = 0.326$ ;  $f^2 = 0.150$ ) and digital promotion ( $\beta = 0.247$ ;  $f^2 = 0.089$ ). Together, the three variables explained 68.0% of variance in purchase decisions.

The findings indicate that product value and physical accessibility influence purchase decisions more strongly than promotional communication. This has direct implications for resource allocation: investments in product development and location quality generate larger returns than equivalent investments in promotion. Digital promotion should not be abandoned—it plays a meaningful awareness role—but it is more effective when it communicates concrete product value rather than generic brand messages. Operational gaps in digital responsiveness (rated lowest among promotion items) represent a practical improvement opportunity that requires relatively low investment.

Several limitations apply. The single-branch design restricts generalisability to other locations or chains. The model does not include service quality, price sensitivity, or prior experience as potential confounders. The sample, though adequate for PLS-SEM, covers only consumers who completed the survey on the day of data collection. Future research should test the model across multiple branches or brands, incorporate mediating variables such as perceived value and customer satisfaction, and use larger and more systematically representative samples.

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