

Café Atmosphere, And Quality Service To Increase Customer Loyalty Mediate By Satisfaction

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Abstract

This study aims to explore the influence of café atmosphere and service quality to increase customer loyalty mediated by satisfaction. This research was conducted by quantitative methods with an associative approach. Data analysis was used in this study using Partial Least Squares Structural Equation Modeling (PLS-SEM) with *Smart PLS* software version 3 and primary data from 199 respondents who are consumers of *Goodfella Cafe*. The results showed that the café atmosphere and service quality, have a positive and significant influence on increasing customer loyalty, with customer satisfaction as a mediator. These findings are important for *Goodfella Cafe* management and other café business owners to improve customer loyalty, and customer experience and strengthen their position in the market. By improving and improving the café atmosphere and service quality, it is hoped that *Goodfella Cafe* can attract more new customers and retain old customers, thereby increasing sales turnover.

Keywords :

Café Atmosphere, Quality Service, Satisfaction, Loyalty

Introduction

The café business is one of the fastest-growing businesses in Indonesia, especially in big cities. The café not only offers products in the form of drinks and food but also offers an interesting concept and atmosphere for visitors. The café is a great place to relax, work, study, or gather with friends. Cafes are also part of the lifestyle of modern and dynamic urban society. Danang (2019) stated that according to research conducted by Toffin Indonesia with *Mix Magazine* in August 2019, the number of coffee shops in Indonesia reached more than 2,950 outlets, an increase of almost three times compared to 2016 which was only around 1,000 outlets, this shows that the café and *coffee shop* business has great potential in Indonesia. Goodfella Cafe's *revenue* is still below the average business income of medium-scale large food and drink providers in Indonesia. Rizaty, (2022) stated that in a report from Katadata.co.id in 2020,

the average business income of medium-large scale food and drink providers in Indonesia reached 3.6 billion per year. However, *Goodfella Cafe* has not reached that number. Meanwhile dalam beberapa bulan terakhir terjadi penurunan omset penjualan yang diperoleh oleh *Goodfella Cafe* Tanjung morawa. Trend penurunan omset penjualan di *GoodFella Cafe* occurred due to the fierce competition in the café industry and changes in people's consumption patterns in addition to the Covid-19 pandemic. The competition in the café industry that is very tight needs to be balanced with innovation in order to attract visitors. The café industry is an industry that has continuously developed in Indonesia in recent years. Business competition is increasingly fierce today triggered by changes in the pattern of urban people who like to eat and drink outside and the increasing number of Indonesian population. To overcome the decline in sales turnover at *Goodfella Cafe*, Management needs to pay attention to the factors that influence customers to visit their business. These factors include a comfortable café atmosphere, friendly and professional service quality, interesting and delicious menu variations, and customer satisfaction and loyalty. The success of a company depends on customer satisfaction, which is a key factor in business continuity. Business owners and managers aim primarily to meet customer needs, given that their preferences are constantly changing with changing times. Therefore, it is expected that entrepreneurs can identify and take advantage of opportunities that arise according to these conditions. According to research by Pragita et al (2013), future consumer trends show that customers will have high expectations, including anticipating better quality, diverse choices, comfortable environments, as well as exceptional service.

Literature Review

Cafe Atmosphere

One of the factors possessed by cafes to attract the attention of every consumer is the atmosphere of the café. The atmosphere of the café affects the emotional state of the buyer causing or influencing the purchase. The emotional state will create two dominant feelings, namely feelings of pleasure and arousing desire. According to Keller (2009) states that "the atmosphere of a café is a planned atmosphere that is by its target market and that can attract customers to buy" While according to B. Bery & Evans (2012) state that: "The atmosphere of a café is a physical characteristic of a café that can show the image (impression) of the café and attract consumers". According to Churchill (2013) states that: "The atmosphere of the café is a combination of planned physical messages. The atmosphere of a café can be described as a change to the planning of the purchasing environment that produces a special emotional effect that can cause consumers to make a purchase action." menurut Lamb *et al* (2012) The atmosphere of the café is influenced by several factors, one of which is a calm and comfortable atmosphere that makes customers feel at home for a long time sitting in the café.

Quality of Service



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According to Kotler (2001) service quality can be defined as any form of action or activity that can be presented by an entity to another party, which in essence has no physical form and does not result in material ownership. This service can relate to or even stand alone without being directly related to a physical product. In essence, this service represents the behavior of producers with the aim of meeting the needs and desires of consumers to achieve a certain level of satisfaction. Kotler also notes that this behavior can occur before, during, or after a transaction occurs. In general, services that have high quality standards tends to elicit significant levels of satisfaction and encourage more frequent repeat purchase opportunities. The word "quality" has a variety of definitions and connotations, which can vary for different individuals. However, there are similarities in some of the definitions found, although the differences are often only related to the way they are delivered.

Customer Satisfaction

One way that customer satisfaction can be achieved is to improve service quality. According to Parasuraman in Kereh & Bogar (2023). Quality is defined as how far the difference is between reality and consumer expectations for the services they receive. Bhuwana *et al* (2013) stated that if the company is able to provide quality services then it can create customer satisfaction, the higher the quality provided, the higher the satisfaction felt. According to Tse and Wilton in Marlina (2018), customer satisfaction or dissatisfaction is the customer's response to the evaluation of the perceived disconformity between previous expectations and perceived product performance after use. Wilkie in N Prabowo *et al* (2019) defines it as an emotional response to the evaluation of the consumption experience of a product or service and Angel states that customer satisfaction is an after-purchase evaluation where the alternatives chosen are at least equal to or exceeds expectations. customers, while dissatisfaction arises when the results (outcome) do not meet expectations. Customer satisfaction is a person's feeling of pleasure or disappointment. According to Oliver in Rizka Miftahul Jannah (2016), satisfaction is a consumer assessment of the features of products or services that succeed in providing fulfillment of needs at a pleasant level both below and above expectations. According to Atmawati, R & Wahyudin (2007), customer satisfaction is crucial in determining the success of a business. The intensity of competition today makes companies have to pay attention to consumer needs and desires and try to meet consumer expectations. The party who is most able to express satisfaction with the product, whether goods or services is only the customer himself because they are the ones who consume it. In determining satisfaction standards, the company that makes products or forms services will only be able to estimate, design, and try to direct its goods or services toward consumer satisfaction. Based on past customer feedback obtained from research results or 12 studies

Loyalty



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Customer loyalty is a customer's commitment to the company which is reflected in a positive attitude by making repeat purchases and the desire to recommend to others. According to Sopiah (2013) states that: "Loyalty refers more to the form of behavior of decision-making units to make continuous purchases of goods or services from a selected company." Purchases made by customers continuously can provide long-term benefits for the company. According to Kotler & Keller in Putra (2021), consumer loyalty is: "A deeply held commitment to rebuy or repatronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior." Meanwhile, according to Tjiptono (2014) suggests that: "Customer loyalty is a customer's commitment to a brand, store, or supplier, based on a very positive attitude and reflected in consistent repeat purchases." According to Pasuraman quoted by Sopiah (2013) defines that: "Customer loyalty in the context of service marketing as a response is closely related to pledges or promises by upholding the commitment that underlies relationship continuity, and is usually reflected in continuous purchases from the same service provider on the basis of dedication and pragmatic constraints.

Method

The type of research carried out in this study is quantitative research with a descriptive approach. Quantitative research methods are research whose specifications are systematic, planned, and clearly structured from the beginning to the making of the research design (Sugiyono, 2019). The variables studied include the customer loyalty (Y) dependent variable, satisfaction (Z) as an intervening variable, café atmosfir, (X1), and service quality (X2) at *goodfella cafe* tanjung morawa. Sugiyono (2019). In this study, researchers determined the population which is a generalized area consisting of prospective students who enroll in the *Goodfella cafe* tanjung morawa. The population includes all characteristics or traits possessed by prospective students who enroll in the *Goodfella cafe* tanjung Morawa. In this study, a sample was taken from a portion of the population that was the focus of the study and considered representative of the population as a whole. Determination of sample size using the formula proposed by Hair et al. (2017) because the study population is not yet known with certainty. Hair et al. (2017) = 199 samples.

Result

Description of Respondent Data

Characteristics of respondents based on gender of the 199 respondents who participated in the study. Of these, 101 respondents (about 50.8%) were men, while 98 respondents (about 49.2%) were women. This distribution provides a balanced picture of male and female participation in the study sample. Characteristics of respondents based on the age of the 199 respondents who participated in the study. The age distribution is divided into five groups based on age range. The first age range, "Under 15 Years," had 39 respondents or about 19.6% of the total sample. The second age range, namely "15 Years to 23 Years," had 35 respondents or about 17.6%. The third



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age range, namely "24 years to 41 years," had 40 respondents or about 20.1%. The fourth age range, namely "42 years to 59 years," had 42 respondents or about 21.1%. While the last age range, which is "60 years And above," had 43 respondents or about 21.6%. This distribution gives a fairly balanced picture dari sebaran age in the study sample. job distribution of the 199 respondents who participated in the study. The respondents' jobs are divided into five categories, namely Civil Servants / TNI / Polri, Private Employees, Self-Employed, Students / Students, and Others. Each category shows a different number of respondents and percentages. For example, the PNS/TNI/Polri category had 40 respondents or about 20.1% of the total sample, while Private Employees had 39 respondents or around 19.6%. This distribution gives an idea of the variety of jobs represented in the study sample. income distribution of the 199 respondents who participated in the study. Earnings are divided into four categories based on the nominal range. The first category was "Below Rp 1,000,000," with 51 respondents or about 25.6% of the total sample. The second category is "IDR 1,000,000 to IDR 1,999,000," with 50 respondents or around 25.1%. The third category is "IDR 2,000,000 to IDR 3,000,000," with 49 respondents or around 24.6%. While the last category is "Above Rp. 3,000,000," with 49 respondents or around 24.6%.

Table 4. 1 Convergen Validity Test Results (Loading Facktor))

Item	Satisfaction	Quality Service	Loyalty	Atmosphere Cafe	Ket
CA 1				0,934	Valid
CA 2				0,933	Valid
CA 3				0,977	Valid
CA 4				0,987	Valid
CA 5				0,987	Valid
KP1		0.937			Valid
KP2		0,960			Valid
KP3		0.981			Valid
KP4		0,987			Valid
KP5		0,985			Valid
Loy1			0.959		Valid
Loy1			0,963		Valid
Loy1			0,973		Valid
Loy1			0,983		Valid
Puas 1	0.933				Valid
Puas 1	0,937				Valid
Puas 1	0,981				Valid
Puas 1	0,985				Valid
Puas 1	0,983				Valid

From Table 4.1, it can be seen that all load factor values for café atmosphere, service quality, customer satisfaction, and customer loyalty exceed 0.70. Thus, it can be



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concluded that all variable indicators studied in this study have met the convergent validity standard.

Discriminant Validity

The discriminant validity test is carried out by paying attention to the cross-loading value, where if the cross-loading value for each indicator of the variable concerned is higher than the cross-loading value of other latent variables, then the variable can be considered valid (Supriyanto & Maharani, 2013).

Table 4. 2 *Discriminant Validity*

Item	Satisfaction	Quality Service	Loyalty	Atmosphere Cafe
CA 1				0,934
CA 2				0,933
CA 3				0,977
CA 4				0,987
CA 5				0,987
KP1		0.937		
KP2		0,960		
KP3		0.981		
KP4		0,987		
KP5		0,985		
Loy1			0.959	
Loy1			0,963	
Loy1			0,973	
Loy1			0,983	
Puas 1	0.933			
Puas 1	0,937			
Puas 1	0,981			
Puas 1	0,985			
Puas 1	0,983			

Table 4.3
Average Variance Extracted (AVE) dan Composite Reliability

	Average variance extracted (AVE)	Composite Reliability
Satisfaction (Z)	0,929	0,985
Quality of Service (X2)	0,941	0,988
Loyalty (Y)	0,940	0,985
Cafe Atmosphere	0,922	0,984



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From the data listed in Table 4.3, it can be observed that the composite reliability value of the café atmosphere variable is 0.985, for the service quality variable is 0.988, customer satisfaction is 0.985, and customer loyalty loyalty is 0.984. Composite reliability values for all these variables exceed the threshold of 0.7, indicating that each variable meets the required criteria and that the indicators used can adequately represent the latent variable being observed

Table 4.4
Results of the Coefficient of Determination (R2)

	R-square	R-square adjusted
Loyalty (Y)	0,613	0,694
Satisfaction (Z)	0,500	0,502

Based on the Q2 evaluation, the predictive relevance value reached 0.808 or the equivalent of 80.8%. 19.2% of the remaining value can be attributed to other factors that have not been included in this research model

Tabel 4. 5 *Direct Effect and Indirect Effect*

Direct Effect)						
No	Item	Original Sample (O)	Average Sample (M)	Standard Deviation	T Statistik	P Values
1	Satisfaction -> Loyalty	0.423	0.431	0.099	4.255	0.000
2	Service ality -> Quality satisfaction	0.289	0.289	0.063	4.562	0.000
3	Service -> Quality Loyalty	0.214	0.206	0.056	3.835	0.000
4	Cafe Atmosphere -> Satisfaction	0.368	0.371	0.070	5.246	0.000
5	Cafe Atmosphere -> Loyalty	0.197	0.195	0.062	3.196	0.001
Indirect Effect)						
No	Item	Original Sample (O)	Average Sample (M)	Standard Deviation	T Statistik	P Values
1	Quality of Service ->	0.122	0.127	0.045	2.718	0.007



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	Satisfaction -> Loyalty					
2	Cafe Atmosphere -> Satisfaction -> Loyalty	0.156	0.160	0.051	3.071	0.002

Conclusion

1. There is a positive and significant influence between Cafe Atmosphere and Customer Loyalty.
2. There is a positive and significant influence between Service Quality and Customer Loyalty.
3. There is a positive and significant influence between Cafe Atmosphere and Customer Satisfaction
4. There is a positive and significant influence between Service Quality and Customer Satisfaction
5. There is a positive and significant influence between Customer Satisfaction and Customer Loyalty

Suggestion

For the Next Researcher

Interpretation of this study should be done gradually and more in-depth to obtain accurate and strong evidence of the relationship between each variable in this study. So that the next researcher can limit the similarities in this study. Testing with different independent variables such as price variables, menu variations, product quality and so on. This aims to reinforce what other factors can affect consumer loyalty and consumer satisfaction.

For Companies

Enhance the café atmosphere: Given that the café atmosphere has a significant positive influence on customer loyalty, *Goodfella Cafe* may consider enhancing the café atmosphere by paying attention to factors such as interior décor, lighting, music, and staff interaction with customers. This can include renovations or interior design adjustments, selection of appropriate music, and staff training to provide a more welcoming and enjoyable experience for customers. Improved Service Quality. The findings show that service quality also has a significant positive influence on customer loyalty. *Goodfella Cafe* can focus on improving service quality by providing training to staff to improve responsiveness, friendliness, and effectiveness in serving customers. In addition, paying attention to customer feedback and making continuous improvements in the service process is also important



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