

THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND THEIR IMPACT TO CUSTOMER LOYALTY ON KOPI KENANGAN IN JAKARTA

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ABSTRACT

The intention of his research is to identify the impact of Service Quality, Store Atmosphere and Price Fairness on Customer Satisfaction, and Customer Satisfaction on Customer Loyalty to Kopi Kenangan's customers in DKI Jakarta. Descriptive and causality research is utilized for research design. The sample employed is as many as 151 respondents obtained by purposive sampling technique. This study uses statistical methods with the WarpPLS 7.0 program as a research tool. Study's result shows that Service Quality, Store Atmosphere and Price Fairness have an impact on Customer Satisfaction to Kopi Kenangan customers in Jakarta. Meanwhile, Customer Satisfaction has an influence on Customer Loyalty to Kopi Kenangan customers in Jakarta city. Considering that all hypotheses have been satisfied, thus all independent variables have positive impact on loyalty. It means that those four independent variables should get pay attention in order to maintain loyalty of customer, by applying relevant marketing strategies. With those strategies, it is expected that customers will still enjoy coffee at Kopi Kenangan café with satisfying feeling that in turn will keep their loyalty to Kopi Kenangan. However, there are several limitations, one of which is related to Covid-19 pandemic particularly in data collection that was not too optimum. To improve the quality of future research, it should use a larger sample in order to make better representative of population by utilizing different categories of objects of research as well as expanding the scope of the research area so that more fields can be utilized.

Keywords: Service Quality, Store Atmosphere, Price Fairness, Customer Satisfaction, and Customer Loyalty

INTRODUCTION

The consumption of Indonesian coffee has always increased from 2016-2019. Coffee has also long been a plantation commodity that is always growing and has positive development in Indonesia, especially at this time where coffee is very popular. The development of coffee consumption cannot be separated from the habit of drinking coffee, which used to be only drunk by old people, but nowadays young people also enjoy drinking coffee. In addition, coffee is very popular because of its delicious taste and distinctive aroma. Besides of being consumed locally, coffee is also exported abroad in large quantities. The development of the coffee shop extends to various regions in Indonesia, especially in the province of DKI (Jakarta).

Besides functioning as a center for business, industry, and government, Jakarta is also the main destination for business people where coffee shops mushroom in many areas. Many brands of coffee shops from small to large businesses are scattered throughout the Jakarta area. Such as Kopi Kenangan which has a total of 485 outlets in which 166 outlets are located in Jakarta and Starbucks which has a total of 408 outlets in which 172 outlets are located in Jakarta.

Table 1
Top Brand Index Award of Coffee Shop 2020-2021

NO	Brand	TBI 2020	Brand	TBI 2021
1	Kenangan	39.9%	Janji Jiwa	39.5%
2	Janji Jiwa	29.8%	Kenangan	36.7%
3	Kulo	13.6%	Kulo	12.4%
4	Fore	5.1%	Fore	6.4%
5	Furo	3.1%	-	-

Source: Top Brand Award (accessed on February 13, 2021)

Based on data from Top Brand coffee shops in 2020 and 2021, there are two coffee shops that lead in Top Brand, namely Janji Jiwa and Kopi Kenangan. The data shows the percentage of Kopi Kenangan, which previously led the Top Brand with 39.9%, then drops and switches the position with Janji Jiwa to second place with 36.7%. To increase Top Brands' position, possible action that can be performed by Kopi Kenangan is to increase one of the Top Brand parameters, that is, the market share. For this purpose, the strategy that can be taken by Kopi Kenangan is to increase Customer Loyalty.

Customer Loyalty is a customer commitment that is shown by purchasing products or services repeatedly in the future despite an influence that affects customers to switch to other products or services (Kotler and Keller 2016, 153). Customer Loyalty can help companies increase market share. The study of Romaniuk et al. (2018) reveals that a brand tends to increase market share when the brand is bought by more buyers at least once in the future. A brand will be likely to decrease share of market when it has smaller number of buyers purchasing the brand in the future. In addition, increased Customer Loyalty will lead to more customers with increased purchase frequency, customers with more transaction value for a product and service, customers who will

voluntarily or happily recommend and recommend products and services to others (Sulibhavi, Basavaraj and Shivashankar 2017). Therefore, Customer Loyalty can be very useful for coffee shops and especially for Kopi Kenangan.

According to research conducted by Dhisasmito and Kumar (2020), revealed that the impact of Customer Satisfaction on Customer Loyalty is significant. Meanwhile, Customer Satisfaction can be impacted by Service Quality, Store Atmosphere, and Price Fairness. There is a research gap between Dhisasmito and Kumar's (2020) research which states that Store Atmosphere does not affect customer satisfaction, while the research of Effendy et al. (2019) states that Store Atmosphere affects Customer Satisfaction.

Service Quality

Service Quality (quality of service) can simply be interpreted as perceptions or beliefs and attitudes of consumers on the performance of a company (Wirtz and Lovelock 2016, 84). Dhisasmito and Kumar (2020) describe Service Quality as perceptions or beliefs and attitudes of consumers on the performance of a company. According to Zeithaml et al. (2017, 79), Service Quality is a reflection of consumer perceptions of Service Quality dimensions, namely the characteristics including: reliability, that is, the ability of the service provider to provide the promised service; responsiveness, that is, willingness of service providers to help and pay attention to customers quickly and precisely and accurately; assurance, that is, the company's ability to generate trust and a sense of security from customers including the trustworthiness and honesty of the service provider; empathy, that is, attention and care given to customers such as easy access, good communication, and understanding customers; tangibles, that is, real evidence provided such as the appearance of physical facilities (buildings, waiting rooms, etc.), the equipment used, and the appearance of the employees (Zeithaml et al. 2017, 79). So that in measuring Service Quality it uses these five dimensions, namely reliability, assurance, responsiveness, and tangibles. According to Adelia and Prasatyo (2019), "Service quality is a characteristic or function of products and services that have the ability to meet consumer expectations and perceptions. With whatever product and service, the quality of service should be always improved so that the perception and expectation of consumer will be satisfied, thus, service quality holds important role in business. So it can be concluded that Service Quality is the overall perception and impression of customers regarding the extent to which the service performance is in line with their needs or expectations.

To win the competition by getting loyal customers, companies must improve the experience and premium services (Dhisasmito and Kumar 2020). When perception of customer on a service performance of company is in the tolerance zone, the customer will be quite satisfied. Customers will be very satisfied or happy when the perception of a company's service performance perceived by the customer approaches or exceeds the level expected by the customer (Wirtz and Lovelock 2016, 75). According to the results of previous studies by Dhisasmito and Kumar (2020) and Effendy et al. (2019), Customer Satisfaction is positively and significantly affected by Service Quality. Excellent Service Quality will increase satisfied feeling of customers. Therefore, the hypothesis is as follow:

H₁: Service Quality impacts on Customer Satisfaction significantly.

Store Atmosphere

Atmosphere is an environment created by sellers with the aim of increasing or stimulating buyers to buy products, as argued by Kotler and Armstrong (2018, 436). Tunjung Sari et al. (2016) describes Store Atmosphere as an atmosphere created by a combination of several factors that affect the atmosphere of the store, namely visual communication, music, color, lighting, and aroma where these factors aim to encourage customer emotions so that they can increase the duration of time in the store. So it can be concluded that Store Atmosphere is the physical characteristics and several factors of the store that can affect the impression and perception of the company in the minds of customers.

According to Alfin and Nurdin (2017), store atmosphere is a factor that can make consumers interested in visiting and feel comfortable when shopping. Convenience is important so that customers do not feel bored when spending time in the store. Besides, convenience also makes for a good experience when the customer is in the store. Customers who are annoyed by bad situation in a store will have bad impression, thus it is important aspect of store business that should be considered. Store Atmosphere can be a tool to add value to the store, create a positive impression of the store, and a component that influences customers considerations before they go to the store. The more comfortable the Store Atmosphere, the more customers are satisfied (Miswanto and Angelia 2017). Based on previous research conducted by Effendy et al. (2019), Store Atmosphere positively and significantly effects on Customer Satisfaction. On this basis, then hypothesized as follow:

H₂: Store Atmosphere impacts on Customer Satisfaction significantly.

Price Fairness

Price Fairness is product's price that according to customers is appropriate and reasonable (Abdullah, et al. 2018). Then, according to Dhisasmito and Kumar (2020), Price Fairness is an evaluation from customers regardless whether the price given by the seller for a product is appropriate or not. Thus, Price Fairness is the impression or perception of the customer on the product price (goods or service) received whether it is appropriate and reasonable with the price paid.

Price Fairness can be considered as one of the main criteria for assessing Customer Satisfaction. Superior pricing strategies and effective pricing mechanisms can increase Customer Satisfaction (Hanaysha, 2018). An example is further explained by Schiffman and Wisenblit (2015, 136), customers often pay attention to the prices paid by other customers, and sometimes consider the price differences unfair. No one likes to know that he or she is paying more for a plane ticket or a movie ticket than the person in the

next seat. Therefore, fairness of price will be one of key determinants in affecting customer's visit, both fair in comparing with other customers and fair in comparing with benefit customers pay as a return.

According to research conducted by Dhisasmito and Kumar (2020) and Effendy et al. (2019), Price Fairness positively and significantly impacts on Customer Satisfaction. Customers who feel the goods' price that they buy will make them satisfied. Therefore, hypothesized as follows:

H₃: Price Fairness impacts on Customer Satisfaction significantly

Customer Satisfaction and Customer Loyalty

Dhisasmito and Kumar (2020) state that satisfaction of customer is a positive assessment from customers of products and services that are served. This opinion is supported by Triandewo and Yustine (2020) by stating that loyalty is a long-term commitment shown by repurchasing and will recommend products with that brand to colleagues and relatives. Then, according to Sanjaya and Prasatyo (2016), Customer Satisfaction is a feeling of satisfaction felt by consumers after getting their expectations and in accordance with their wishes so that consumers will buy back willingly and without coercion. In other words, Customer Satisfaction means that the customer's perception of the extent to which the feeling of the performance of a product received by the customer is appropriate or not when compared to the wishes or expectations of the customer. Customers will be satisfied when the performance of the product or service matches or exceeds customer expectations. If the perceived performance does not reach or below their expectations, then they will be disappointed and can do bad things such as influencing other customers not to buy. Considering that Customer Satisfaction is important factor in whatever business, thus business player must pay attention on it and give priority in determining business strategy. According to Kotler and Keller (2016, 155), highly satisfied customers are generally characterized by their stance to: will remain loyal to the company, purchase a new product or an upgraded product by the company; talking good things about the company and its products to others, pay less attention to competing brands and less sensitive to price, offer an idea about a product or service to a company, spend cost of company lower than serving new customers because purchase transactions are more frequent.

Customer Satisfaction is closely related to Customer Loyalty. Customer Loyalty tends to be greater when customers have a high level of satisfaction. This condition will make the company's performance improve (Kotler and Armstrong 2018, 39). According to Kotler and Keller (2016, 153) loyalty is defined as a deeply held commitment to repurchase a preferred product or service in the future despite marketing influences and efforts that have the potential to cause a shift in consumer behavior. Then, Zeithaml et al. (2017, 485) defines cusustintomer loyalty as the way customers feel or the way they act in terms of customer ownership or commitment to the product. Once a company holds loyal customer, benefit for its business will increase from time to time along with the spread out of positive side of product to existing and other potential customers.

According to Wirtz and Lovelock (2016, 460), there are several benefits and advantages that companies will get from loyal customers, namely: increased purchases, reduced operation costs, referral of new customers, and price premiums. Kotler and Keller (2016, 164) argue that how to build loyalty can be conducted in the following ways: interact closely with customers, develop loyalty programs such as frequency program and club membership program, and create institutional ties.

According to study conducted by Dhisasmito and Kumar (2020), Customer Satisfaction positively and significantly impacts on Customer Loyalty. Thus, formulated as follows:

H₄: Customer Satisfaction impacts on Customer Loyalty significantly.

Previous Studies

Table 2 Research Result of Dhisasmito dan Kumar (2020)

Variable	Result
Service Quality --- Customer Satisfaction	Positive
Price Fairness --- Customer Satisfaction	Positive
Store Atmosphere --- Customer Satisfaction	Negative
Customer Satisfaction --- Customer Loyalty	Positive

Source: Dhisasmito dan Kumar (2020)

Table 3 Research Result of Effendy et al. (2019)

Variable	Result
Service Quality --- Customer Satisfaction	Positive
Price --- Customer Satisfaction	Positive
Store Atmosphere --- Customer Satisfaction	Positive

Source: Effendy et al. (2019)

Referring to those above tables, all shows positive results except for Store Atmosphere that gives negative impact to Customer Satisfaction.

Below is the framework of this study:

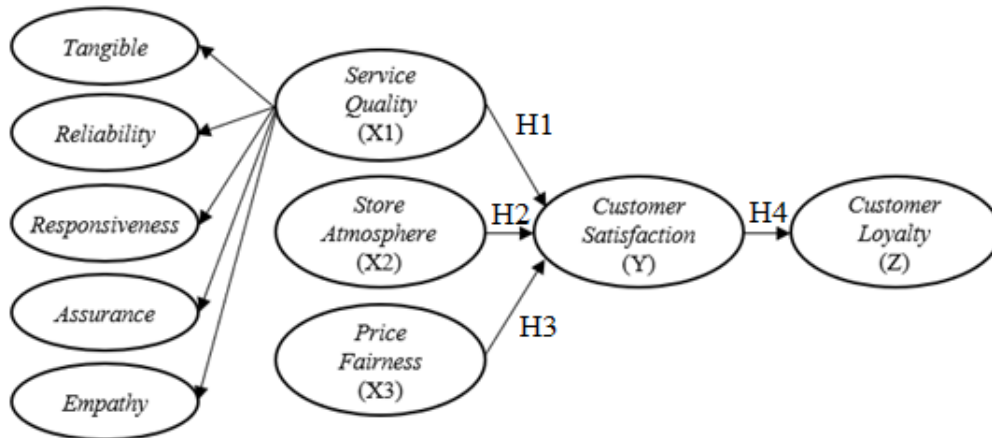


Fig. 1: Framework of Research

This model is a replicate of article entitled “Understanding customer loyalty in the coffee shop industry (A survei in Jakarta, Indonesia)” by Prameswari Purnamadewi Dhisasmito and Suresh Kumar (2020).

RESEARCH METHODS

This study consists of five latent variables measured through indicators while one latent variable, namely Service Quality, is assessed by using dimensions, namely, reliability, empathy, responsiveness, tangible, and assurance. The indicators in this study were adapted from the literature of Dhisasmito and Kumar (2020). The indicators were rearranged to suit the context of the object of research, namely Kopi Kenangan to make it easier to understand.

The measurement in this study uses a Likert scale. This scale is a measurement scale in the form of a statement containing a choice of five-point scale, that is, 1 (strongly disagree), 2 (disagree), 3 (neutral or sufficient), 4 (agree), and 5 (strongly agree), the results of which will indicate how much the respondents agree with the statement (Sekaran and Bougie 2016, 215). The research’s samples were all Kopi Kenangan customers in DKI Jakarta who met the criteria of this study, namely:

1. Respondents who have consumed Kopi Kenangan at least 2 times a month
2. Respondents who have consumed Kopi Kenangan for more than 2 years.
3. Respondents are more than 18 years old.

Determination of this criteria has considered Covid-9 pandemic condition where the numbers of attendant of the café decrease sharply. Hair et al. (2017, 24) stated that the minimum sample that can be used in PLS must be 10 times the number of directions or arrows in the PLS path model. This study uses a sample of 151 so that it meets the minimum sample, which is 10 times 5 arrows, that is 50 samples.

This research utilizes the analytical method that is called the Structural Equation Model (SEM) with a statistical tool, namely Partial Least Square (PLS). According to Solimun et al. (2017, 68), SEM is a statistical modeling which measures between variables’ relationship and an indicator model at the same time. For this research, the software used is WarpPLS 7.0.

Variable and Measurement

1. Service Quality (X1)

Tangible

1. The space at Kopi Kenangan is comfortable.
2. Modern and up-to-date Coffee Memories equipment.
3. Equipment at Kopi Kenangan is appropriate and provides comfort.
4. The capacity of the Kopi Kenangan room is sufficient.
5. Kopi Kenangan service is comfortable and appropriate.
6. The appearance of employees is appropriate.

Reliability

1. Kopi Kenangan will do something it has promised before.
2. If a consumer gets into trouble at the shop location, Kopi Kenangan sympathizes.
3. All parts of Kopi Kenangan are convincing.
4. They offer their services according to the promised time.

Responsiveness

1. When the service would be done/served, Kopi Kenangan notifies the customer accurately.
2. Kopi Kenangan staff give you fast service.

3. Kopi Kenangan staff are always ready to assist customers.
4. Kopi Kenangan staff are not too busy to respond to requests of customer immediately.

Assurance

1. Staff of Kopi Kenangan can be trusted.
2. When doing transaction with Kopi Kenangan staff, your feeling is safe.
3. Kopi Kenangan staff are polite.

Empathy

1. Kopi Kenangan employees give personal attention to customers.
2. Employees from different parts of Kopi Kenangan love customers with all their heart.
3. Kopi Kenangan employees know what customers need.

2. Store Atmosphere (X2)

1. Kopi Kenangan has a cozy atmosphere.
2. The atmosphere at Kopi Kenangan is not strange to me.
3. Spend time at Kopi Kenangan is very comfortable.
4. Kopi Kenangan relaxes me.

3. Price Fairness (X3)

1. Kopi Kenangan gives the best price package in satisfying my needs.
2. Food and drink prices charged by Kopi Kenangan are reasonable.
3. The price at Kopi Kenangan seemed to match what I got.
4. In comparing with other providers of service, overall Kopi Kenangan provides a superior price option

4. Customer Satisfaction (X4)

1. Kopi Kenangan makes me satisfied.
2. I really enjoyed myself at Kopi Kenangan.
3. Given all my experiences with Kopi Kenangan, I feel choosing Kopi Kenangan was a wise decision.
4. My expectations is satisfied by the quality of Kopi Kenangan food and service.
5. Overall, Kopi Kenangan satisfies me.

5. Customer Loyalty (Y)

1. I would mention positive things about Kopi Kenangan to others.
2. I would suggest this Kopi Kenangan to whoever asking for my advice.
3. I would boost colleague and relatives to consume Kopi Kenangan.
4. I will most likely subscribe to Kopi Kenangan in the future.
5. I will buy from Kopi Kenangan even though the coffee shop raises the service price

RESULT AND DISCUSSION

Data collection in this study uses the google form and 162 have been collected. However, according to the result evaluation of questionnaire, there were 11 questionnaires that could not be used because they did not meet the criteria so that the total sample that could be used is 151. Following are the characteristics of the respondents who met the requirements:

Table 4 Characteristics of Respondents

Characteristics	Information	Numbers
Domicile	West DKI	34
	Central DKI	20
	South DKI	31
	East DKI	40
	North DKI	26
Gender	Male	98
	Female	53
Age	Eighteen to twenty	8
	Twenty one to thirty	91
	Thirsty one to forty	36
	Forty one to fifty	11
	More than fifty	5
Last Education	Diploma	6
	Postgraduate	16
	Bachelor	71
	Senior High School	57
	Junior High School	1

Occupation	Private Employees	11
	Student	65
	Civil Servant	53
	Businessman	2
	Other	20
Monthly Income	≤ Rp 1 million	21
	> Rp 1 million to Rp 5 million	26
	> Rp 5 million to Rp 10 million	22
	> Rp 10 million	82
Duration of consuming Kopi Kenangan	> 2-3 years	97
	> 3 years	54

Source: Result of data processing with WarpPLS 7.0

Outer Model - Validity Test

Table 5 Table of Convergent Validity- Service Quality Dimension (First Order)

Variable	Indicator	Loading Factor	P-Value ¹⁾	Avg Var Extr	Note ²⁾
Tangible	SQT1	0,730		0,515	
	SQT2	0,714			
	SQT3	0,704			
	SQT4	0,704			
	SQT5	0,703			
	SQT6	0,749			
Reliability	SQRL1	0,742		0,567	
	SQRL2	0,737			
	SQRL3	0,725			
	SQRL4	0,807			
Responsiveness	SQR1	0,796		0,596	
	SQRS2	0,747			
	SQRS3	0,711			
	SQRS4	0,829			
Assurance	SQA1	0,748		0,575	
	SQA2	0,730			
	SQA3	0,796			
Empathy	SQE1	0,786		0,592	
	SQE2	0,729			
	SQE3	0,792			

Source: Result of data processing with WarpPLS 7.0 ¹⁾ <0,001 ²⁾ All are valid

Table 6 Convergent Validity (Second Order)

Variable	Indicator	Loading Factor	P-Value ¹⁾	Avg Var Extr	Note ²⁾
Service Quality	SQT	0,845		0,681	
	SQRL	0,862			
	SQRS	0,765			
	SQA	0,847			
	SQE	0,802			
Store Atmosphere	SA1	0,736		0,525	
	SA2	0,730			
	SA3	0,726			
	SA4	0,706			
Price Fairness	PF1	0,727		0,547	
	PF2	0,731			
	PF3	0,721			
	PF4	0,777			
Customer Satisfaction	CS1	0,761		0,564	
	CS2	0,722			
	CS3	0,767			
	CS4	0,793			
	CS5	0,708			
Customer Loyalty	CL1	0,728		0,541	

CL2	0,703
CL3	0,753
CL4	0,751
CL5	0,741

Source: Data processing result with WarpPLS 1) <0,001 2) All are valid

According to table 2 and table 3, they show the convergent validity has a value of loading factor > 0.70 (valid). Besides, the AVE value of all dimensions and variables has exceeded 0.5 (valid). Thus it can be concluded that all these dimensions (first order) and variables (second order) have good and proper indicators.

Table 7 Combined Loadings and Cross Loadings - Service Quality Dimension

	TANG	RELI	RESPO	ASSUR	EMPA	P-Value ¹⁾	Note ²⁾
SQT1	(0.730)	0.131	-0.155	0.010	0.001		
SQT2	(0.714)	0.017	0.127	-0.272	-0.209		
SQT3	(0.704)	-0.078	0.021	-0.146	0.099		
SQT4	(0.704)	0.158	-0.109	0.211	-0.181		
SQT5	(0.703)	0.029	0.102	0.018	0.178		
SQT6	(0.749)	-0.247	0.017	0.170	0.109		
SQRL1	0.055	(0.742)	-0.039	-0.084	0.159		
SQRL2	-0.233	(0.737)	-0.004	0.210	-0.129		
SQRL3	0.242	(0.725)	-0.059	-0.122	-0.113		
SQRL4	-0.055	(0.807)	0.093	-0.005	0.073		
SQRS1	0.114	-0.073	(0.796)	-0.068	0.171		
SQRS2	0.014	-0.039	(0.747)	0.048	-0.056		
SQRS3	-0.064	-0.072	(0.711)	0.159	-0.088		
SQRQ4	-0.067	0.166	(0.829)	-0.115	-0.039		
SQA1	-0.064	-0.108	0.075	(0.748)	-0.065		
SQA2	0.032	0.014	-0.101	(0.730)	0.077		
SQA3	0.031	0.089	0.022	(0.796)	-0.009		
SQE1	0.322	-0.210	0.024	-0.116	(0.786)		
SQE2	-0.231	0.493	-0.041	-0.104	(0.729)		
SQE3	-0.107	-0.246	0.014	0.211	(0.792)		

Source: Result of data processing with WarpPLS 7.0 ¹⁾ <0,001 ²⁾ All are valid

Table 8 Square Root of AVE of Service Quality Dimension

	TANG	RELI	RESPO	ASSUR	EMPA
SQT	(0.717)	0.710	0.583	0.636	0.543
SQRL	0.710	(0.753)	0.541	0.661	0.619
SQRS	0.583	0.541	(0.772)	0.547	0.518
SQA	0.636	0.661	0.547	(0.759)	0.637
SQE	0.543	0.619	0.518	0.637	(0.769)

Source: Result of data processing with WarpPLS 7.0

Table 9 Combined Loadings and Cross Loadings

	SQ	SA	PF	CS	CL	P-Value ¹⁾	Note ²⁾
SQT	(0.845)	-0.016	-0.102	-0.050	-0.242		
SQRL	(0.862)	0.016	-0.015	-0.059	-0.106		
SQRS	(0.765)	-0.263	0.229	0.064	-0.116		
SQA	(0.847)	0.083	-0.102	-0.037	0.061		
SQE	(0.802)	0.177	0.003	0.092	0.427		
SA1	0.171	(0.736)	-0.135	-0.139	-0.037		
SA2	0.253	(0.730)	-0.065	-0.089	-0.140		
SA3	-0.055	(0.726)	0.007	0.121	0.084		
SA4	-0.383	(0.706)	0.200	0.112	0.097		

PF1	-0.092	-0.281	(0.727)	0.196	-0.091
PF2	0.247	0.068	(0.731)	0.004	-0.117
PF3	-0.140	0.268	(0.721)	-0.118	0.042
PF4	-0.016	-0.049	(0.777)	-0.079	0.156
CS1	0.182	-0.008	0.033	(0.761)	-0.212
CS2	-0.009	0.088	0.137	(0.722)	-0.089
CS3	0.023	0.194	-0.078	(0.767)	-0.086
CS4	0.102	-0.214	-0.136	(0.793)	0.213
CS5	-0.326	-0.052	0.062	(0.708)	0.174
CL1	0.108	-0.002	-0.127	0.128	(0.728)
CL2	-0.141	0.061	0.193	-0.094	(0.703)
CL3	0.210	-0.178	-0.137	0.237	(0.753)
CL4	-0.179	0.159	-0.051	-0.076	(0.751)
CL5	-0.005	-0.036	0.133	-0.200	(0.741)

Source: Result of data processing with WarpPLS 7.0 1) <0,001 2) All are valid

Table 10 Square Root of AVE

	SQ	SA	PF	CS	CL
SQ	(0.825)	0.713	0.724	0.691	0.666
SA	0.713	(0.724)	0.620	0.645	0.597
PF	0.724	0.620	(0.740)	0.639	0.583
CS	0.691	0.645	0.639	(0.751)	0.583
CL	0.666	0.597	0.583	0.583	(0.736)

Source: Result of data processing with WarpPLS 7.0

Based on tables 4 and 6, the loading value of each indicator on each dimension and the relevant variable is greater than the cross loading on the latent variable so that the data meets discriminant validity.

While the discriminant validity test through Square roots of AVE can be seen in table 5 and 7 above that the correlation between latent variables in the non-diagonal column are lower than the AVE roots in the diagonal column. So it may be described that each variable owns a validity of discriminant that is good.

Outer Mode – Reliability Test

Table 11 Composite Reliability (CR) and Cronbach Alpha (CA)

Dimension/Variable	CR	CA	Note1 ¹⁾
Tangible	0.864	0.811	
Reliability	0.840	0.745	
Responsiveness	0.855	0.772	
Assurance	0.802	0.630	
Empathy	0.813	0.655	
SQ	0.914	0.882	
SA	0.815	0.698	
PF	0.828	0.723	
CS	0.866	0.806	
CL	0.855	0.788	

Source: Result of data processing with WarpPLS 7.0 ¹⁾ All are reliable

SQ = Service Quality; SA = Store Atmosphere; PF = Price Fairness; CS = Customer Satisfaction;
CL = Customer Loyalty

According to table 8, it shows that the dimensions and variables that have a composite reliability value above 0.70 are tangible whose value is 0.864, reliability whose value is 0.840, responsiveness whose value is 0.855, assurance with a value of 0.802, empathy whose value is 0.813, Service Quality whose value is 0.914, Store Atmosphere whose value is 0.815, Price Fairness whose value is 0.828, Customer Satisfaction whose value is 0.866, and customer loyalty whose value is 0.855 therefore the conclusion is that all variables have good reliability.

Besides, all Cronbach Alphas show above 0,6 indicating that reliability has been achieved.

Inner Model - Structural Model and Hypotheses Test

Table 12 Goodness of Fit Nilai R² dan Q²

Variable	R ²	Q ²
CS	0,629	0,625
CL	0,345	0,354

Source: Result of data processing with WarpPLS 7.0

The results of the R-square of the Customer Satisfaction are said to be moderate, that is, 0.629 while Customer Loyalty is said to be weak, that is, 0.354. The Q-Square result of the Customer Satisfaction is 0.625, which means that Service Quality, Store Atmosphere, and Price Fairness (exogenous latent construct) have good predictive validity on Customer Satisfaction (endogenous latent construct).

Other test, that is, Model Fit and Quality Indices, show good, acceptable and ideal which means that it can be concluded that this study meets the fit criteria because the results obtained are in accordance with the criteria for each model so that it has a good inner model.

From the PLS output model, the shape of the influence of the relationship is known by seeing at the path coefficient estimated value. Positive relationship is indicated by coefficient of path that has a positive value. In contrast, negative value of path coefficient shows a negative relationship (Solimun et al. 2017, 172).

Hypothesis and significance testing was done by analyzing P-value and t-ratio. If the P value is \leq alpha (α) 5%, it is said to be significant and the hypothesis can be accepted (Solimun et al. 2017, 172). Then, test using t-test. The critical t-ratio used in this two-way test is 1.96 because it utilizes a significance level of 5% (Hair et al. 2017, 195-196). Hypothesis is accepted if t ratio \geq critical ratio (t-table) (Anderson et al. 2019).

Table 13 Direct Effect Test Results

Independent Variable	Dependent Variable	Path Coefficient	Conclusion
SQ	CS	0.368	Positive
SA	CS	0.233	Positive
PF	CS	0.284	Positive
CS	CL	0.587	Positive

Source: Result of data processing with WarpPLS 7.0

Table 14 Hypothesis Testing

Hypothesis	T-value	P-value	Conclusion
SQ --- CS	4.899	< 0.001	Significant
SA --- CS	3.014	0.002	Significant
PF --- CS	3.722	< 0.001	Significant
CS --- CL	8.213	< 0.001	Significant

Source: Result of data processing with WarpPLS 7.0

Based on table 10 and table 11, SQ towards CS has a P-value < 0.05 and a t-ratio > critical t-ratio so that hypothesis is accepted. Thus, there is a significant effect of SQ on CS at Kopi Kenangan in Jakarta. The path coefficient of SQ on CS shows a value of 0.368, this indicates that SQ gives impact positively on CS.

SA towards CS has a p-value of 0.002 < alpha 0.05 and t-ratio > critical t-ratio so that hypothesis is accepted. Thus, there is a significant influence of SA on CS at Kopi Kenangan in Jakarta. The path coefficient of SA on CS shows a value of 0.233, this shows that SA gives impact positively on CS.

PF to CS has p-value < 0.001 and t-ratio > critical t-ratio so that hypothesis is accepted. Thus, PF has a significant impact on CS at Kopi Kenangan in Jakarta. The path coefficient of PF on CS shows 0.284 value, this shows that PF has impact positively on CS. CS towards CL has a p-value < 0.001 and a t-ratio > critical t-ratio so that hypothesis is accepted. Thus, CS gives a significant impact on CL at Kopi Kenangan in Jakarta. The Path Coefficient of CS on CL shows a value of 0.587, this result means that CS give impact positively on CL.

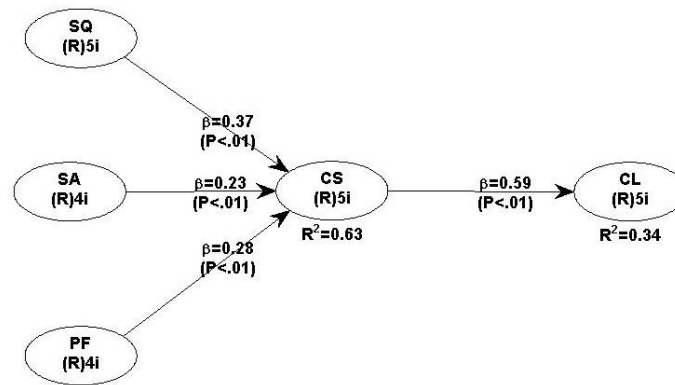


Figure 2: Path Coefficient and P-Values diagram

CLOSING

Conclusion

1. SQ positively and significantly impacts on CS, which is in accordance with study conducted by Dhisasmito and Kumar (2020) and Effendy et al. (2019).
2. SA positively and significantly impacts on CA, which is not in accordance with research conducted by Dhisasmito and Kumar (2020) but in line with the study of Effendy et al. (2019).
3. PF positively and significantly impacts on CS, which is in accordance with study conducted Dhisasmito and Kumar (2020).
4. CS positively and significantly impacts on CL, which is in accordance with study conducted by Dhisasmito and Kumar (2020).

Managerial Implication

According to the result of this research, practical recommendation can be performed. Considering that all hypotheses have been satisfied, thus all independent variables have positive impact on loyalty. It means that those four independent variables should get pay attention in order to maintain loyalty of customer. For Service Quality, it must be increased, as well as its dimensions, for instance by improving responsiveness of staff particularly who contact directly or serve to customer. If necessary, how they response to customer should be able to be measured, by modifying a kind of tool, thus the response can be well monitored. Another example is improving empathy of them. For this purpose, trained instructor may be hired to train them, and after that, reward and punishment can be given to the staff, with the emphasis is on reward.

For Store Atmosphere, if necessary, design interior can be adjusted to particular target market who is the most often customer visiting this café. What is the taste or preference of most visitor regarding Store Atmosphere. For instance, when this café is visited the most of millennial generation, thus design interior with particular dominant color of furniture, the shape such as dominant rectangle or circle, should be adjusted. Music, also must get special attention to attract more millennial visitors with the same character of music.

When price of product of this café is moderate and there is no complaint about it, thus nothing to change. However, once there is indication that customer feels the price is too expensive, thus new pricing strategy should be applied. How to make the price feels not expensive, is by considering new schemes such as by bundling price, or buy one get one, or by considering to give a kind of gimmick that is hoped to be sweetener for customer to keep buying and enjoy coffee at Kopi Kenangan. Many cases prove that some tricky pricing will make customers don't realize about the price they will pay. Psychological effect works here.

With those examples of strategies, it is expected that customers will still enjoy coffee at Kopi Kenangan café with satisfying feeling that in turn will keep their loyalty to Kopi Kenangan.

Theoretical Implication

The study results are in accordance with some previous researches, that is, all independent variables give impact positively to Customer Loyalty. Thus, it strengthens theory revealed by previous studies and literature. However, to expand some other possibilities, some actions can be taken as suggested in Future Research below. It is expected to get other variations of existing theory that will enrich science in social particularly in Marketing field.

Limitation and Future Research

There are several limitations in this study during the research process, namely: (1) Limitations in collecting questionnaire due to the Covid-19 pandemic situation so that it took a longer time and had to use google forms which were distributed through social media due to social restrictions and pandemic. (2) Because of time constraints, this research uses 151 respondents only, from which this numbers are expected and deliberated to have represented a population.

To improve the quality of future research, it is necessary to consider several suggestions that can be used by other researchers who will conduct similar research, namely: (1) Further research should use a larger sample in order to make better representative of

population. (2) Utilizing different categories of objects of research is suggested for further research. (3) Expanding the scope of the research area so that more fields can be utilized.

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