

THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND BRAND IMAGE ON CUSTOMER LOYALTY IN THE JAKARTA LOCAL COFFEE SHOP

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Abstract: This study investigative the relationship between service quality, store atmosphere, and brand image towards customer loyalty by considering customer satisfaction as a mediator. Data was collected on 180 Jakarta residents who regularly visit local coffee shops in Jakarta. The results reveal that service quality, store atmosphere, and brand image significantly affect customer satisfaction. Store atmosphere and customer satisfaction have a significant effect on customer loyalty. On the other hand, service quality and brand image do not affect customer loyalty. Having service quality as expected, a unique store atmosphere and a good brand image will trigger customers to at least try to choose and come to the coffee shop. So, in the end, this study is expected to develop customer satisfaction and create loyal customers in local coffee shops in Jakarta.

Keywords: service quality, atmosphere, brand image, customer loyalty, customer satisfaction

JEL Classification: D01, L83, M31, M37, Q10

A. INTRODUCTION

In today's society, a coffee shop serves as a gathering place, a place to work, and even a meeting place (Musika, 2019). Data from the International Coffee Organization (ICO) show that coffee consumption is increasing in Indonesia, lending credence to this assertion. ICO has released data showing that coffee consumption in Indonesia increased by 8% in 2015, surpassing global growth by 6%. A business analyst for coffee shops, Ron Prasetyo, claims a coffee shop's typical profit margin

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can reach 35 to 40% of total sales. The number of coffee shops has tripled from 1,083 outlets in 2016 to 3,000, according to Dahwilani et al. (2019).

Given the possibility of competition for indigenous coffee in Jakarta, the coffee shop industry is getting more saturated, and companies are having trouble keeping up with the rapid growth in the number of coffee shops, which includes both independent brand-owned outlets and well-known franchises from across the world (Ahn, 2019). Competitive advantages in this industry can be in the form of a comfortable and attractive place for consumers, the taste of the products offered, competitive prices, and so on (Jauhar & Suratman, 2022). For instance, in 2018, Sagaleh Coffee Shop, one of the local chains in Jakarta, had a 50% drop in sales. (Wulandari, 2018). The availability of a wide range of goods and services allows consumers to select the ones that best suit their needs; therefore, business owners must work to attract customers in order to outperform their rivals (Listiono, 2015). For loyalty to develop, customers should be satisfied with the service provided and would maintain ties with the brand (Selnes, 1993). To maintain consistency in a cutthroat industry, companies should have customer satisfaction. According to certain experts and prior study findings, customer satisfaction factors relate to service quality (Prasetyo, 2012).

Offering practical and efficient service is one of the steps used to satisfy the customer. Service quality is one of the many elements that influence customer happiness (Jahanshahi et al., 2011). In addition to customer satisfaction and service quality, the store atmosphere fosters customer loyalty. The store atmosphere can affect Customers' emotions, influencing their purchasing decisions (Mowen & Minor, 2002). Numerous studies focused on the food and beverage industry also show that customer satisfaction, brand image, and service quality impact customer loyalty.

Takwim et al. (2022) discovered several things and concluded that the store atmosphere variable impacts customer loyalty. However, in another study, Kristiyono et al. (2020) found that brand image affected customer loyalty to Starbucks. According to Flores et al. (2020), the research's findings demonstrate that customer satisfaction does not affect a customer's loyalty. It implies that as customer satisfaction rises, client loyalty will not follow. Contrary to Dhisasmito & Kumar's research (2020), satisfaction significantly affects loyalty. However, this result aligns with a prior study that found customer loyalty could be improved by raising cus-

tomer satisfaction (Carranza et al., 2018). According to a prior study, there are still discrepancies among research findings about the impact of service quality, store atmosphere, and brand image on customer loyalty. There are also other earlier studies examining the impact of various factors, such as service quality (Kartikasari & Albari, 2019), atmosphere (Takwim et al., 2022), brand image (Kurniawati et al., 2014), customer satisfaction (Minta, 2018) on coffee shop customer loyalty, but journals have yet to be found that study the effects of service quality, atmosphere, and brand image simultaneously on customer loyalty through customer satisfaction for local coffee shops in Jakarta.

Many scholars have studied the relationship between service quality, store atmosphere, and brand image on brand loyalty through customer satisfaction. However, there are still differences in research results among these scholars. In addition, research on the relationship between these variables for coffee shops in Indonesia still needs to be found. Therefore, we decided to analyze the effect of service quality, atmosphere, and brand image on customer loyalty of coffee shops in Jakarta through customer satisfaction to help Jakartan coffee shop owners develop a sustainable growth strategy for the oversaturated coffee shop market.

B. LITERATURE REVIEW

According to Faraj et al. (2021), service quality refers to the value of the service to the client. It can describe a customer's sentiment when assessing their interactions with a company (Banahene et al., 2017). Businesses should know that providing high-quality services can help them grow (Pakurar et al., 2019). Service quality can be proven by precisely achieving delivery criteria and by satisfying client requests and expectations to maintain their expectations. Establishing service quality takes work because it must assess both the process of providing the service and its results. (Nguyen et al., 2018). According to Zeithaml et al., when it comes to the Service Quality Dimensions, consumers evaluate a service based on at least five factors (1996). The following criteria are Reliability,—response, Assurance, Empathy, and Tangible. Dam & Dam (2021) assert that rival companies have consistently delivered superior service and a positive perception of their brands to keep the customers' loyalty. In Indonesia (Kartikasari & Albari, 2019) and Thailand (Dhasan & Aryupong, 2019), service quality has become the primary motivating factor for customer loyalty.

The store atmosphere is one aspect that impacts whether consumer expectations are satisfied and how those impressions are formed (Rofa et al., 2016). The surrounding area's characteristic might be called the atmosphere (Kotler, 2016). The store atmosphere should be carefully planned and controlled as it can affect consumer behavior (Ayadi et al., 2016). The store atmosphere is regarded as a tool to increase store value, foster a positive customer experience, and add value to affect consumers' visitation (Miswanto et al., 2017). Additionally, the store's atmosphere influences a customer's emotional state, influencing whether they make more or less purchases (Mowen et al., 2002). According to Asrinta (2018), a place's atmosphere consists of the exterior, which relies on its design choices on the space's exterior. Generally, it is essential to plan a store's interior layout and particular management's selection of the site and storage options.

The collection of thoughts, ideas, and impressions that a person has about an object is referred to as their "image," and it is created by processing information from multiple reliable sources each time (Kotler et al., 2016). Customers' perceptions of the coffee shop product brand can be determined using the brand image indicator. Strength, favorability, and distinctiveness are three crucial factors that Keller (2006) claims can be used to develop and define a brand's identity. When a product has a good image, the customers will increasingly believe that the product is indeed good (Liu et al., 2019). Delbert (2016) defines brand image as the conceptual memory of a company. When they hear or see a brand name, people tend to think and feel in these ways. Brand image refers to a customer's opinion of a company, which is represented in the brand associations they have in their minds. Strategic efforts are made to manage brand image in order to ensure that consumers have a solid and positive association with the company's brand in their minds (Wasty, 2016).

One might express their level of satisfaction by comparing the service received with what was anticipated (Kotler, 2016). The term "customer satisfaction" is used when comparing the actual service with the service promised for a good or service (Raza et al., 2020). Consumer satisfaction can be defined as the extent to which the chosen good or service can satisfy or exceed customer expectations (Chun et al., 2020). When a customer's needs are met about their pleasant sensations, which are gathered during online transactions, it results in a

complete evaluation (Budiman et al., 2020). The client's opinion of the quality of the services is the main factor influencing customer satisfaction. The indicators of fulfilment, enjoyment, and ambivalence were based on the work of Zeithaml et al. (1996). Kotler et al. (2016) assert that any company's primary priority should be to satisfy its customers. Assauri (2014) says that customer satisfaction predicts a company's future success in the marketplace since it predicts how customers will react to a company's future in business. Customers' joy after enjoying a coffee product or experiencing excellent service is known as customer satisfaction. Once they are satisfied, clients will remain loyal to the coffee shop (Heri, 2017).

According to Johnson et al. (2006), the factors that influence a customer's loyalty are complex and dynamic, changing and evolving over time. It is critical to identify the key factors influencing consumer loyalty, as well as the extent to which each factor influences loyalty. Businesses use a number of metrics as the benchmark to determine whether or not consumers will stick with their brand where customer happiness, repurchase intent, price, and active suggestion are a few examples of these indicators. When customers already feel the service quality, brand image, and store atmosphere, they can feel the satisfaction and loyalty to the product especially in the local coffee shop. Considering these arguments, we propose the following hypothesis:

H1 & H4: Service quality has a positive and significant effects on customer satisfaction and customer loyalty

A study by Taufik et al. (2022) discovered that the level of service has a direct bearing on a customer's loyalty. Service quality has a positive and significant effect on customer loyalty. The application from the optimal service quality concept gave visible results as shown by the increase of customer loyalty (Ratnasari & Sasongko, 2019). Customer loyalty in a coffee shop is influenced by both the quality of the goods on offer and the level of service provided. Studies by Kusumasasti et al. (2017), Kartikasari & Albari (2019), have all found that a customer's loyalty can be increased by a product or service's quality.

H2 & H5: Store atmosphere has a positive and significant effects on customer satisfaction and customer loyalty

Store atmosphere was one of the variables investigated by Ing et al. (2019) in their investigation of the variables influencing patron satisfaction in Sabah eateries. Their research indicates that a restaurant's atmosphere significantly influences customer satisfaction. According to research by Alfin & Nurdin (2017), Liu and Tsae (2018), Barros et al. (2019), a store's atmosphere has a beneficial impact on customers' satisfaction.

Dhurup et al. (2013) studied the association between the image attributes of a restaurant and customer enjoyment and loyalty. In various Indonesian cities, including Bandung (Alfin et al., 2017), Surabaya (Listiono et al., 2015), and Malang (Samboro et al., 2019), research has indicated that store atmosphere has a significant impact in loyalty models.

H3 & H6: Brand image has positive and significant effects on customer satisfaction and customer loyalty

According to test results from Fanany (2015), brand image has a large and advantageous impact on customer satisfaction and loyalty. Customers will naturally be more satisfied and loyal with the products on the market if the product has a positive brand image and is perceived to be able to meet their needs and desires. A relationship between brand image and consumer satisfaction was identified in various prior research (Anwar & Dastagir, 2019; Wu et al., 2011). Brand image has a favorable impact on consumer loyalty, according to Kurniawati et al. (2014). Customers' opinions of the coffee shop product brand are discernible through the brand image indicator.

H7: Customer Satisfaction has a positive and significant effects on customer loyalty

According to the findings of Dhisasmito & Kumar (2020), customer happiness, the mediator variable, has a considerable impact on brand loyalty. The satisfaction has a significant positive effect on customer loyalty. It means when the satisfaction is high, the loyalty would increase and vice versa (Ratnasari & Sasongko, 2019). This result is consistent with earlier research showing that elevating customer satisfaction might improve customer loyalty (Carranza et al., 2018).

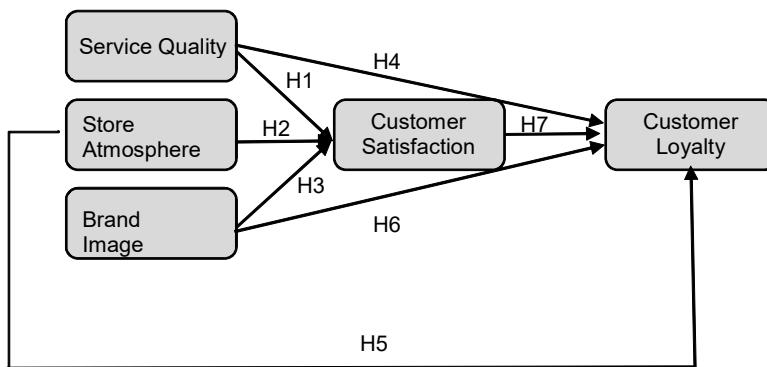


Figure 1 Research Framework

C. RESEARCH METHODS

In this study, the researchers used explanatory (causal) research with a quantitative research design. The method used in this study was a cross-sectional survey investigation, with data collected by having Jakartan local coffee shop customers (as the population) fill out questionnaires. According to Malhotra (2006), if the total population is unknown, the sampling must be at least four or five times the number of question items. There were 35 question items in this study, so the minimum number of samples taken was $35 \times 5 = 175$ samples. With the following seven-level Likert scale, individuals' attitudes toward the responses provided by respondents are measured (Suliyanto, 2006).

The survey questionnaire was created and developed using data from earlier marketing and consumer behavior studies. The survey questions were designed in English before being translated into Indonesian since data gathering was intended for Indonesian residents of Jakarta. For research purposes, the Indonesian version of the questionnaire's responses was translated into English. In order to prevent bias in the data collecting results that were carried out for this research, the questionnaire and its results were not changed during the translation process.

Measurements are considered accurate if they consistently produce the same result using the same procedure in the same environment. The results are valid when they precisely represent the characteristics, tendencies, and differences in the real world, physically or socially. One indication that measurement

is reliable is high dependability. If a method is reliable, it probably needs to be validated. To test the relationships inferred from the theoretical model's postulated relationships, structural equation modeling was done using SmartPLS. The combination of responses from January 11 to January 28, 2023, was included in the analysis to test the hypotheses.

Table 1 Variables and Indicators

Variables	Indicators	Source
Service Quality: Tangible	1. The coffee shop's environment is welcoming 2. The coffee shop's service is kind and appropriate 3. The employees' appearances are acceptable	Dhisasmito & Kumar, (2020)
Service Quality: Reliability	1. When clients have issues, this coffee business is understanding 2. When they say they will, they deliver their services 3. The entire coffee shop is comforting	Dhisasmito & Kumar, (2020)
Service Quality: Responsiveness	1. The staff at the coffee shop treats you promptly 2. The coffee shop's staff is not overworked and can swiftly answer to clients' wishes 3. Customers are informed precisely when services will be provided by the coffee shop	Dhisasmito & Kumar, (2020)
Service Quality: Assurance	1. You are comfortable conducting business with the staff at the coffee shop 2. The coffee shop's staff is courteous 3. Employees at the coffee shop are trustworthy	Dhisasmito & Kumar, (2020)
Service Quality: Empathy	1. The staff at the coffee shop pays close attention to each customer 2. The staff members from various areas of the coffee shop genuinely enjoy the clients 3. The coffee shop's staff is aware of what the patrons' demands are	Dhisasmito & Kumar, (2020)
Store Atmosphere	1. The cafe here is kept tidy 2. I feel at ease in this cafe because of the air temperature 3. This cafe's setting makes it possible to have a conversation 4. Spending time in this coffee shop is relaxing 5. In this coffee shop, you may unwind	Carranza et al., (2018)
Brand Image	1. The coffee shop brand is reliable 2. The coffee shop brand is attractive 3. The coffee shop brand has a good reputation 4. The coffee shop brand is pleasing 5. The coffee shop brand is one of the best brands	Dam et al., (2021) & Setya et al., (2018)
Customer Satisfaction	1. I have a great time in this café 2. I'm happy with this coffee store 3. The product quality at this cafe meets my expectations 4. Given what I've learned about this coffee shop, I made the right choice to go there 5. I am happy with this coffee shop overall	Dhisasmito & Kumar, (2020)
Customer Loyalty	1. I will recommend the coffee shop to anyone who asks your advice 2. I will talk favorably about the coffee shop to other people 3. Even if the cost of the services goes up, I will still buy from this coffee store 4. I am more likely to frequent this coffee shop in the future 5. I will urge friends and family to use the coffee shop as a source of goods and services	Dhisasmito & Kumar, (2020)

Table 2 Respondents' Characteristics

Demographic Characteristic	Options	Frequency	(%)
Gender	Male	62	34
	Female	118	66
Age	< 17	0	0
	17 – 25	75	42
	26 – 30	55	31
	31 – 35	28	16
	36 – 40	7	4
	> 40	15	8
Monthly Expenditure for Food and Drink	< IDR 5.000.000	128	71
	IDR 5.000.000 – 9.999.999	42	23
	IDR 10.000.000 – 14.999.999	6	3
	> IDR 15.000.000	4	2
Education Level	High School / Equivalent	23	13
	Diploma 3 / Equivalent	7	4
	Bachelor	135	75
	Magister	15	8
	Doctor	0	0
Frequency of Monthly Visits to Coffee Shops	< 2	40	22
	2 – 5	94	52
	6 – 10	27	15
	> 10	19	11

D. RESULT

All of the constructs have composite reliability and a Cronbach's Alpha value above 0.7. Hence, there is no issue with unidimensionality. Effects of Brand Image, Store Atmosphere, Service Quality, Customer Loyalty and Satisfaction function as mediating variables in the neighborhood coffee shop sector. Since Cronbach's alpha has a generally agreed threshold value of 0.70, it has become the most extensively utilized measurement (Hair et al., 2014). Nonetheless, the bottom limit of Cronbach's alpha can be lowered to 0.60 in an exploratory investigation (Hair et al., 2014). In this study, the coefficient of reliability (Cronbach's alpha) was 0.932 for service quality, 0.907 for store atmosphere, 0.949 for brand image, 0.932 for customer satisfaction, and 0.930 for customer loyalty. Cronbach's alpha was higher than the minimum expected value for each variable. Because of this, every variable

has already satisfied the criteria for the reliability analysis. Because it is produced from the output of convergent validity, Average Variance Extracted (AVE) is the value utilized in testing convergent validity. The AVE value in this study should be higher than 0.5, and all latent variable constructs should have values higher than 0.5. or higher than 0.5. All constructs have an Average Variance Extracted (AVE) value greater than 0.5, as seen in the table below.

Table 3 Factor Loading

Variable	Brand Image	Customer Loyalty	Customer Satisfaction	Service Quality	Store Atmosphere
BI 1	0.915				
BI 2	0.925				
BI 3	0.920				
BI 4	0.926				
BI 5	0.869				
CL 1		0.876			
CL 2		0.905			
CL 3		0.852			
CL 4		0.893			
CL 5		0.895			
CS 1			0.810		
CS 2			0.913		
CS 3			0.878		
CS 4			0.924		
CS 5			0.908		
SQR 1				0.823	
SQR 2				0.870	
SQR 3				0.831	
SQT 1				0.753	
SQT 2				0.803	
SQT 3				0.785	
SRA 1				0.728	
SRA 3				0.788	
SRE 1				0.844	
SRE 2				0.848	
SRE 3				0.851	
SRRe 1				0.784	
SRRe 2				0.764	
SRRe 3				0.851	
SA 1					0.779
SA 2					0.842
SA 3					0.855
SA 4					0.888
SA 5					0.905

Table 4 Cronbach's Alpha, CR, & AVE

Construct	Number of Item	Cronbach's Alpha	CR	AVE
Service Quality (SQ)	14.000	0.932	0.964	0.656
Store Atmosphere (SA)	5.000	0.907	0.931	0.731
Brand Image (BI)	5.000	0.949	0.961	0.830
Customer Satisfaction (CS)	5.000	0.932	0.949	0.788
Customer Loyalty (CL)	5.000	0.930	0.947	0.782

Table 5 Correlations and Square Roots of AVE

Variable	Brand Image	Customer Loyalty	Customer Satisfaction	Service Quality	Store Atmosphere
Brand Image	0.911				
Customer Loyalty	0.778	0.884			
Customer Satisfaction	0.839	0.839	0.888		
Service Quality	0.779	0.726	0.860	0.810	
Store Atmosphere	0.879	0.770	0.848	0.798	0.855

Table 6 Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Brand Image -> Customer Loyalty	0.115	0.115	0.116	0.996	0.320
Brand Image -> Customer Satisfaction	0.472	0.471	0.066	7.124	0
Customer Satisfaction -> Customer Loyalty	0.594	0.597	0.123	4.816	0
Service Quality -> Customer Loyalty	-0.040	-0.041	0.092	0.435	0.664
Service Quality -> Customer Satisfaction	0.305	0.306	0.068	4.520	0
Store Atmosphere -> Customer Loyalty	0.207	0.210	0.103	2.020	0.044
Store Atmosphere -> Customer Satisfaction	0.233	0.233	0.048	4.876	0

Table 7 Hypothesis Testing (Mediation)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Brand Image -> Customer Satisfaction -> Customer Loyalty	0.281	0.274	0.064	4.372	0
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.181	0.183	0.051	3.527	0
Store Atmosphere -> Customer Satisfaction -> Customer Loyalty	0.139	0.138	0.040	3.497	0.001

Item-to-construct loadings, composite reliabilities (CRs), and the AVE were calculated to assess the consistency, reliability, convergent validity, and discriminant validity of the construct measurements. Chin (1998) established a CR score of 0.70 as a satisfactory reliability threshold. According to Table 3, all of the CR ratings are significantly higher than 0.70. The AVEs of all constructs are also greater than 0.50, indicating convergent validity (Dillon & Goldstein, 1984). The square roots of the AVEs that appear in the diagonal are larger than any correlation between the associated construct and any other construct, as shown in Table 4, indicating that the measurement model has discriminant validity (Chin, 1998). This indicates that the indicators in the study are trustworthy or have achieved convergent validity. Cross loading is also required to validate the discriminant validity of reflective indicators. Item SRA 2 was removed from the model because its factor loading was less than 0.07. The goodness-of-fit indices (SRMR = 0.057, d ULS = 1.963, d G = 1.904, NFI = 0.775) indicate that the model is well-fitting. These results show that the measurement model has both convergent validity and internal consistency dependability.

In the analysis, R² yields a value of 0.719 for the construct CL, indicating that CL can explain 71.9% of the other variances. The R value, 0.882, is also found in CS. The procedure for testing hypotheses is as follows: The relationship between BI and CL is insignificant, with a T-statistic of 0.996 (1.96). The original sample estimate value of 0.115 is positive, indicating that the relationship between BI and CL is positive. As a result, the H6 hypothesis, which states that “brand image has a positive and significant effect on customer loyalty,” is rejected in this study.

With a T-statistic of 7.124 (>1.96) and P Values of 0.000 (0.05), the relationship between BI and CS is significant. The original sample estimate value is positive at 0.472, indicating that the relationship between BI and CS is positive, with an increase in BI increasing CS by 47.2%. As a result, the H3 hypothesis in this study, stating that “Brand image has a positive and significant effect on customer satisfaction,” is accepted. With a T-statistic of 0.996 (1.96) and P Values of 0.320 (> 0.05), the relationship between BI and CL is insignificant. The original sample estimate value is positive (0.472), indicating that the relationship between BI and CS is positive. As a result, the H6 hypothesis in this study, stating that “Brand image has a positive and significant

effect on customer loyalty,” is rejected. With a T-statistic of 4.816 (>1.96) and P Values of 0.000 (0.05), the relationship between CS and CL is significant. The original sample estimate value is positive at 0.594, indicating that the relationship between CS and CL is positive, with an increase in CS increasing CL by 59.4%. Thus the H7 hypothesis in this study which states that ‘Customer Satisfaction has a positive and significant effect on customer loyalty’ is accepted. With a T-statistic of 0.435 (1.96) and P Values of 0.664 (0.05), the relationship between SQ and CL is insignificant. The original sample estimate value is negative at -0,040, indicating that the relationship between SQ and CL is skewed. As a result, the H4 hypothesis in this study, stating that “service quality has a positive and significant effect on customer loyalty,” is rejected. With a T-statistic of 4,520 (>1.96) and P Values of 0.000 (0.05), the relationship between SQ and CS is significant. The original sample estimate value is positive at 0,305, indicating that the relationship between SQ and CS is positive, with one unit of SQ increasing

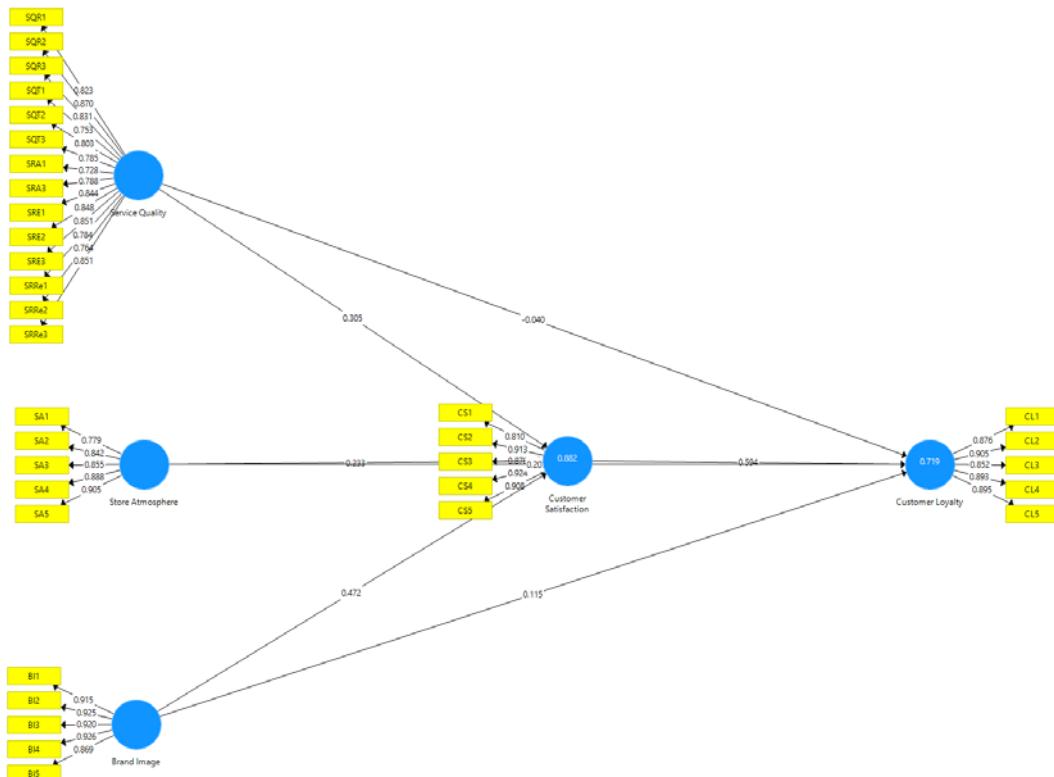


Figure 2 Structural Model

CS by 30.5%. Thus, the H1 hypothesis, which states that “service quality has a positive and significant effect on customer satisfaction,” is accepted in this study. With a T-statistic of 2,020 (>1.96) and P Values of 0.044 (0.05), the relationship between SA and CL is significant. The original sample estimate value is positive at 0.207, indicating that the relationship between SA and CL is positive, with one unit of SA increasing CL by 20.7%. Thus, the H5 hypothesis, which states that “service quality has a positive and significant effect on customer loyalty,” is accepted in this study. With a T-statistic of 4,876 (> 1.96) and P values of 0.000 (0.05), the relationship between SA and CS is significant. The original sample estimate value is positive at 0,233, indicating that the relationship between SA and CS is positive, with an increase in SA increasing CS by 23.3%. Thus, the H2 hypothesis, which states that “store atmosphere has a positive and significant effect on customer satisfaction,” is accepted in this study.

Furthermore, based on the R2 values, SQ, SA, BI, and CS explain 71.9% of the variance in CL ($R^2 = .719$), indicating that SQ, SA, BI, and CS are significant predictors of CL, leaving only 28.1% of the variance in CL unexplained in this model. SQ, SA, and BI, on the other hand, explain 88.2% of the variance in CS ($R^2 = .882$).

E. DISCUSSION

According to this study, service quality positively affects customer satisfaction, consistent with previous research (Dhisasmito & Kumar, 2020). The results also show that store atmosphere has a significant positive effect on customer satisfaction; this is to previous research by Ing et al. (2019), Liu and Tse (2018), and Barros et al. (2019). Brand image in this study also has a significant positive effect on customer satisfaction. This is similar to various studies related to brand image on customer satisfaction that have been done before by Fanany (2015), Wu et al. (2011), and Anwar and Dastagir (2019). The mediator variable, customer satisfaction, influenced customer loyalty significantly. This finding is consistent with previous research, which discovered that increasing customer satisfaction could increase customer loyalty (Carranza et al., 2018) and that businesses should satisfy their customers before attempting to gain customer loyalty (Chiguvvi & Guowo, 2017).

However, according to the findings of hypothesis testing, service quality, and brand image do not affect customer loyalty. According to Kurniawati et al. (2014), customer loyalty turns out customers to consume top KFC products based on the quality of the product itself rather than the brand image. According to Setiady (2018), service quality cannot directly influence customer loyalty. This lack of significance guides the microfinance bank sector, competing fiercely with various commercial banks.

Through a brand image-building program, creating customer satisfaction and maintaining a high reputation is critical. On the other hand, the research results show that store atmosphere has a significant positive effect on customer loyalty; these results are by several previous studies from Dhurup et al. (2013), Alfin et al. (2017), Listiono et al. (2015) & Samboro et al. (2019). This study also found that Customer Satisfaction as mediation, Service Quality, Store Atmosphere, and Brand Image significantly positively influence Customer Loyalty for visitors to local coffee shops in Jakarta. This study reveals that the loyalty model used in industrial coffee shops, particularly in Indonesia, is based on service quality, which is mediated by satisfaction and has a better determination coefficient when service quality, store atmosphere, and brand image variables are used. As a result, this study adds to the body of knowledge about model loyalty based on service quality, store atmosphere, and brand image, which are empirically mediated by customer satisfaction.

F. CONCLUSION

The results of this study can be used to determine what aspects of Jakarta's coffee shop business affect consumer satisfaction. The competition between each coffee shop will also intensify as the number of coffee shops rises. The manager of a coffee shop has a variety of options for gaining competitive advantages. The study's findings can be applied as advice on how to boost client happiness and cultivate devoted clients. Coffee businesses can standardize their quality of service to make consumers feel comfortable in order to please all customers. For instance, everyone on the staff should treat customers with the same level of courtesy. Although consumers at coffee shops are there to relax, they nevertheless expect their orders to be fulfilled quickly.

Consider brand image strategy, including hashtag and tagline, as part of the service. Although there is little data to support this argument, coffee shops may need to provide several things to retain millennials in the present and the future, such as photogenic settings, free Wi-Fi, and other facilities. The Indonesian capital city of Jakarta, which has a population of up to 9.7 million at night and 11.5 million during the day (Nastitie, 2015), becomes a popular market for both domestically and internationally branded coffee shops. There is still a great possibility to enter the market, as evidenced by the fact that certain major companies, such as Starbucks, Coffee Bean and Tea Leaf, Hard Rock Café, and others, continue to open new locations every year. By having service quality as expected, a unique store atmosphere and a good brand image, it will trigger customers to at least try to choose and come to the coffee shop. So in the end, these factors are expected to be able to develop customer satisfaction and create loyal customers to local coffee shops in Jakarta.

Only 180 regular customers from 58 neighborhood coffee shops in Jakarta (Indonesia) were included in this survey. As a result, studies on predicting consumer loyalty to various coffee shops in Jakarta and Indonesia cannot be generalized. Customers from other neighborhood coffee shops might be included in future studies, or it could be geographically expanded because Jakarta comprises five municipalities. Second, count the number of patrons that visit the coffee shop for both coffee and to eat sweets and snacks. Consequently, additional study is advised to incorporate food quality into this research model. Finally, because coffee shops are part of the retail business and the restaurant industry, more research is advised to develop service quality from different perspectives. This is because this study only employs adjusted service quality. Lastly, Indonesia has 714 ethnic groups, and Jakarta, the country's capital, draws numerous residents from 500 other cities. It is advised that additional research be done to incorporate cultural variances into the loyalty model.

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