

The Role of Customer Satisfaction Mediating The Influence of Store Atmosphere and Service Quality on Customer Loyalty in Warung Kopi Umah Lokal

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ABSTRACT : Warung Kopi Umah Lokal is one of the business that follows the current trend by having a rooftop for its competitive advantage. The purpose of this study was to determine the role of customer satisfaction in mediating the influence of store atmosphere and service quality on customer loyalty. Judgment sampling is used to determine the sample. This research used quantitative method with analysis technique using SEM-PLS. Based on the results of the analysis shows that: store atmosphere has a positive and significant effect on customer satisfaction, store atmosphere has a positive and significant effect on customer loyalty, service quality has positive and significant effect on customer satisfaction, service quality has positive and significant effect on customer loyalty, customer satisfaction is able to mediate store atmosphere on customer loyalty, and customer satisfaction is able to mediate service quality on customer loyalty.

Keywords –customer loyalty, customer satisfaction, SEM-PLS

I. INTRODUCTION

This very tight business competition will spur companies to innovate more aggressively. In choosing a shop, prospective customers have different ways of choosing. The main factors that become the criteria for choosing a shop are a good shop atmosphere, good taste of food and drinks, affordable prices, a comfortable, strategic place and good service quality. To attract customers, entrepreneurs need to understand the behavior of their customers.

Number of competitors in the business world makes business people carry out various developments and form their own characteristics compared to other coffee shops. Ahmed et al. (2014) stated that loyalty has an important role in a business. Retaining their customers means improving financial performance and maintaining the viability of the company. The benefit of customer loyalty is the reduced influence of attacks from competitors from similar companies, not only competition in terms of products but also competition in terms of perception. Customer loyalty is formed when there has been a purchase process that has an impact on the formation of an impression of quality and experience in using goods or services. In addition, loyal customers can encourage the development of the company by providing ideas or suggestions to the company in order to improve the quality of its products.

II. LITERATURE REVIEW

Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of or not use goods, services, ideas, or experiences to satisfy their needs and wants. Loyalty is a diverse concept consisting of attitudes and behaviors. Loyalty is a process that involves thoughts and emotions between customers and companies that cannot be measured and managed, because the thoughts and emotions of customers are different from one another so it will be difficult to measure or symbolize. Tulipa and Supit (2014) state that the store atmosphere is one of the most influential parts for a store to make consumers feel comfortable in choosing the products to buy. Facing increasingly competitive competition, marketers must be able to provide a comfortable store environment, because consumer purchasing decisions can come from creating an attractive store atmosphere. Customers are interested in buying a product or service because of good service quality. Service quality is the expected level of excellence and control over the level of excellence to meet customer desires (Ofori et al., 2018).

Efforts will be made by the company to satisfy customer needs with various strategies and various ways in the hope that customers will be satisfied and then want to come back. If the customer has turned into a loyal customer because they are satisfied that their needs have been met, the customer will not move to another shop. Customer satisfaction is a very decisive factor in marketing, on the other hand, customer disappointment in providing services can lead to the destruction of the company in the future. In a market where the level of competition is quite high, customer satisfaction and customer loyalty are interconnected, which means that if there is an effort from the company to increase customer satisfaction, customer loyalty will also increase and vice versa if the company or business entity decreases customer satisfaction, loyalty will automatically increase. So in this case customer satisfaction is the cause of customer loyalty (Fatima et al., 2018). Figure 1 shows the conceptual framework.

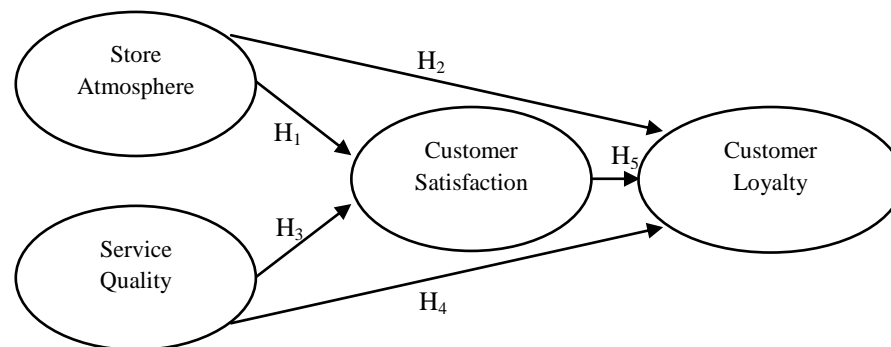


Fig. 1 Conceptual Framework

III. MATERIALS AND METHODS

The population in this study is the people of Denpasar City who have come to the Warung Kopi Umah Lokal, the number of which cannot be stated or calculated with certainty (infinite). This study uses a sampling method based on judgment (judgment sampling), namely the sample is determined with certain considerations that can provide the desired information in accordance with the research problem. This research used quantitative method with analysis technique using SEM-PLS.

IV. RESULTS AND ANALYSIS

Table 1 shows that the results of path coefficients indicate that store atmosphere has a positive and significant effect on customer satisfaction of 0.315, t-statistics value of 3.576, and p-value of 0.000. These results support the first hypothesis, namely store atmosphere has a positive and significant effect on customer satisfaction. The results of path coefficients show that store atmosphere has a positive and significant effect on customer loyalty of 0.221, the t-statistics value is 2.188, and the p-value is 0.015. These results support the second hypothesis, namely store atmosphere has a positive and significant effect on customer loyalty.

The results of path coefficients show that service quality has an effect on customer satisfaction of 0.513, t-statistics value of 5.149, and p-value of 0.000. These results support the third hypothesis, namely service quality has a positive effect on customer satisfaction. The results of path coefficients show that service quality has an effect on customer loyalty of 0.281 with a t-statistics value of 2.137, and a p-value of 0.017. These results support the fourth hypothesis, namely service quality has a positive and significant effect on customer loyalty.

The results of path coefficients show that customer satisfaction has a positive and significant effect on consumer loyalty of 0.390, t-statistics value of 2.998, and p-value of 0.001. These results support the fifth hypothesis, namely customer satisfaction has a positive and significant effect on consumer loyalty.

TABLE 1. Path Coefficients

	Path Coefficients	T Statistics	P Values	Conclusion
Store Atmosphere ->Customer Satisfaction	0,315	3,576	0,000	Significant
Store Atmosphere ->Customer Loyalty	0,221	2,188	0,015	Significant
Customer Satisfaction ->Customer Loyalty	0,390	2,998	0,001	Significant
Service Quality ->Customer Satisfaction	0,513	5,149	0,000	Significant

Service Quality ->Customer Loyalty	0,281	2,137	0,017	Significant
<i>Source: Results SEM-PLS</i>				

Before testing the effect of mediation, a test is conducted on the direct influence outside of mediation. The test is carried out by examining the direct effect of store atmosphere on customer loyalty and the direct influence of service quality on customer loyalty when the mediating variable of customer satisfaction has not been included in the model.

TABLE 2. Direct Effects

Variable	Coefficients	T Statistics
Store Atmosphere ->Customer Satisfaction	0,315	3,576
Store Atmosphere ->Customer Loyalty	0,221	2,188
Customer Satisfaction ->Customer Loyalty	0,390	2,998
Service Quality ->Customer Satisfaction	0,513	5,149
Service Quality ->Customer Loyalty	0,281	2,137
<i>Source: Results SEM-PLS</i>		

The test results show that the coefficient value of the direct influence of store atmosphere on customer loyalty before the mediation variable of customer satisfaction is entered into the model is 0.226 with p-values of 0.000. The test results show that the coefficient value of the direct influence of service quality on customer loyalty before the mediating variable of customer satisfaction is entered into the model is 0.278 with p-values of 0.000. This shows that store atmosphere has a significant effect on customer loyalty, the service quality variable also has a significant effect on customer loyalty.

The existence of a customer satisfaction variable as a mediating variable will have a different effect on the direct relationship of store atmosphere to customer loyalty and the direct relationship of service quality to customer loyalty. The next step is to test customer satisfaction as a mediating variable by calculating the Variance Accounted For (VAF) value. The calculation of the Variance Accounted For (VAF) requires the value of the coefficient of indirect influence and the coefficient of total influence. The results of the calculation of the indirect effect of store atmosphere on customer loyalty are as follows.

$$\text{Indirect effect} = 0.315 \times 0.390 = 0.123$$

The coefficient value of the indirect influence of store atmosphere on customer loyalty through customer satisfaction is 0.123. Furthermore, to determine the coefficient of total influence, the calculation of the sum of the coefficients of the direct influence of store atmosphere on customer loyalty and the coefficient of indirect influence of store atmosphere on customer loyalty through customer satisfaction is carried out, with the following calculations:

$$\text{Total effect} = 0.221 + 0.123 = 0.344$$

The total influence coefficient value is 0.344. By knowing the value of the coefficient of indirect influence and the coefficient of total influence, it can be calculated the value of Variance Accounted For (VAF) as follows:

$$\text{VAF} = \frac{\text{Indirect effect}}{\text{Total effect}} = \frac{0.123}{0.344} = 0.357$$

To calculate the indirect effect of service quality on customer loyalty, the multiplication coefficient of the direct influence between the service quality coefficient on customer satisfaction and customer satisfaction on customer loyalty is calculated, with the results of the multiplication calculation as follows:

$$\text{Indirect effect} = 0.513 \times 0.390 = 0.200$$

The coefficient value of the indirect effect of service quality on customer loyalty through customer satisfaction is 0.200. Furthermore, to determine the coefficient of total influence, the sum of the coefficients of the direct influence of service quality on customer loyalty and the coefficient of the indirect influence of service quality on customer loyalty through customer satisfaction is carried out, with the following calculations:

$$\text{Total effect} = 0.281 + 0.200 = 0.481$$

The total influence coefficient value is 0.481. By knowing the value of the coefficient of indirect influence and the coefficient of total influence, it can be calculated the value of Variance Accounted For (VAF) as follows:

$$\text{VAF} = \frac{\text{Indirect effect}}{\text{Total effect}} = \frac{0.200}{0.481} = 0.415$$

From the two results of these calculations, the role of customer satisfaction as a mediator in the influence of store atmosphere on customer loyalty has a VAF value of 0.357 (35.7 percent) and the role of customer satisfaction as a mediator in the influence of service quality on customer loyalty has a VAF value of 0.415 (41, 5 percent). Based on these two values, customer satisfaction has a partially mediating role in the

influence of store atmosphere and service quality on customer loyalty. Store atmosphere and service quality can affect customer loyalty directly or indirectly through customer satisfaction. Therefore, it can be concluded that hypothesis 6 and hypothesis 7 which states that customer satisfaction acts as a mediator of the influence of store atmosphere and organizational service quality on customer loyalty is proven.

V. CONCLUSION

Based on the research analysis and the results of the discussion it can be concluded that store atmosphere has a positive and significant effect on customer satisfaction. These results are in accordance with the first hypothesis which states that store atmosphere has a positive and significant effect on customer satisfaction. This is able to explain if the better the store atmosphere at Warung Kopi Umah Lokal, then the customers who come will feel more satisfied because they are spoiled by the comfortable atmosphere of the shop. The results of this study are in accordance with previous research conducted by Tulipa and Supit (2014). Lee et al. (2018) also find that store atmosphere has a positive effect on consumer satisfaction. Higher customer satisfaction can be achieved with a better store atmosphere.

The relationship between customer loyalty which is influenced by store atmosphere in a number of studies has a positive effect. Hypothesis testing conducted on the influence of store atmosphere on consumer loyalty in this study, obtained the results that store atmosphere has a positive and significant effect on consumer loyalty. These results are in accordance with the second hypothesis which states that store atmosphere has a positive and significant effect on customer loyalty. This is able to explain if the better the store atmosphere at Warung Kopi Umah Lokal, the customers will tend to come back so that customer loyalty also increases. The results of this study are in accordance with previous research conducted by Huang (2016) which found that if the store atmosphere is getting better, then customer loyalty will increase. Thus, store atmosphere has a positive and significant effect on customer loyalty.

Hypothesis testing conducted on the effect of service quality on customer satisfaction in this study obtained the results that service quality has a positive and significant effect on customer satisfaction. These results are in accordance with the third hypothesis which states that service quality has a positive and significant effect on customer satisfaction. This is able to explain if the better the quality of service at Warung Kopi Umah Lokal, the customers will feel more satisfied. This also shows that the interaction between employees and customers is very important to maintain and pay attention to. Research conducted by Sari and Lestari (2019) found that service quality has a positive and significant effect on customer satisfaction. Budiarta et al. (2017) stated that the higher the quality of service provided to customers, the higher the level of customer satisfaction. Conversely, the lower the quality of service provided to customers, the lower the level of customer satisfaction. This study is in line with research conducted by Saleem and Raja (2014), Khan and Fasih (2014), and Wantara (2018) which found the results that service quality had a positive and significant effect on satisfaction.

Hypothesis testing conducted on the effect of service quality on customer loyalty in this study obtained the results that service quality has a positive and significant effect on customer loyalty. These results are in accordance with the fourth hypothesis which states that service quality has a positive and significant effect on customer loyalty. This is able to explain if the better the quality of service at Warung Kopi Umah Lokal, the customers will tend to come back so that customer loyalty will increase. These results are in line with the research of Omorogie et al. (2019) which found that service quality had a positive and significant effect on customer loyalty. Research conducted by Maisya et al. (2019) and Narotama (2019) found the same thing, namely service quality has a positive and significant effect on customer loyalty.

Hypothesis testing conducted on the effect of customer satisfaction on customer loyalty in this study obtained the results that customer satisfaction has a positive and significant effect on customer loyalty. These results are in accordance with the fifth hypothesis which states that customer satisfaction has a positive and significant effect on customer loyalty. This is able to explain if customers feel more satisfied, then customer loyalty at Warung Kopi Umah Lokal will tend to increase. These results are in line with the research conducted by Rasoolimanesh et al. (2016), Budiarta et al. (2017) and Pratiwi et al. (2019) found a positive and significant effect between the customer satisfaction variable and the customer loyalty variable.

The existence of significance in the role of customer satisfaction in mediating the influence of store atmosphere on customer loyalty can be seen from the results of testing store atmosphere on customer loyalty which is then included in the mediating variable of customer satisfaction. From the tests carried out, the results obtained that customer satisfaction is able to mediate the influence of store atmosphere on customer loyalty. These results are in accordance with the sixth hypothesis which states that customer satisfaction mediates the effect of store atmosphere on customer loyalty. This is able to explain that the better the store atmosphere owned by Warung Kopi Umah Lokal, the customers will feel more satisfied so that it can increase customer loyalty. These results support the findings of Singh et al. (2014) which explains that store atmosphere has a positive and significant effect on customer satisfaction and customer loyalty.

From the tests carried out, the results obtained that customer satisfaction is able to mediate the effect of

service quality on customer loyalty. These results are in accordance with the seventh hypothesis which states that customer satisfaction mediates the effect of service quality on customer loyalty. This is able to explain that the better the quality of service owned by Warung Kopi Umah Lokal, the more satisfied customers will be so that it can increase customer loyalty. The results of this study are also in line with Fatima et al. (2018) finding that service quality is positively related to loyalty mediated through customer satisfaction.

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