

Attributes of Coffee Shop as Antecedent of Customer Satisfaction**Febriyanto Sasongko**

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ABSTRACT

This study was conducted to examine the effect of attributes coffee shop to customer satisfaction in Indonesian coffee shop industry. Furthermore, this study is also examined customer loyalty as consequences of customer satisfaction. Five attributes of coffee shop were identified as having potential to be antecedent of customer satisfaction. The five attributes were: store atmosphere, employee attitude, IT service, coffee quality, and price fairness. This study used online questionnaire which is adopted from the previous studies. The online questionnaires were used Google Form and shared through various social media platform. A total 851 respondents from 34 province in Indonesia were involved but only 350 respondents were qualified. KMO Factor analysis and regression analysis were performed to identify the validity of items and examine the relationship among variables. The results revealed that five of six hypothesized were statistically significant. Coffee quality was recognized as attribute of coffee shop which is produce the highest effects to customer satisfaction. Moreover, the relationship between customer satisfaction and customer loyalty was found positive. However, We found the IT service variable is not significant.

Keywords: attributes, coffee shop, customer satisfaction, customer loyalty, store atmosphere, coffee quality

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INTRODUCTION

As seen today, there is a significant increase in coffee consumption patterns throughout the world. This is supported by the data of International Coffee Organization (“ICO”, 2020), it shown the increasing global coffee consumption from 158,642, 162,555, 168,099 and 169,337 (in thousand 60-kg bags) for year 2016, 2017, 2018 and 2019, respectively, indicating its sustainable industrial growth in the future. Indonesia, which is 4th rank of world coffee producer based on ICO’s report issued on March 2020, is also experiencing similar positive trend regarding coffee consumption. This phenomenon become a new life style across generation and already affect the growth of number of coffee shop in Indonesia. It continues to extend mostly in urban areas, as it can be observed from increasing number of coffee shop outlets peep out almost in every shopping centre, office complex, etc. Customers tend to spend a significant amount of their budget on consuming coffee in coffee shops. This tendency occurs because the coffee shop can be used for multi-purposes. According to previous study by Fisher et al, (2007), coffee shop can be used for studying, working, playing, etc. Such new habit of customers in coffee consumption had significantly contribute to the growth of coffee industry itself.

As the result of research conducted by Toffin (2019), a coffee supplier machine, growth of number of coffee shop in Indonesia reaches 16% every year. Table below shows list of coffee shop in Indonesia as of August 2019, for each brand and number of outlets.

Table 1: List of Coffee Shop in Indonesia

| Brand | First opening | Number of Outlets |
|--------------------|---------------|-------------------|
| Anomali | 2017 | 13 |
| Bakoel Koffie | 2001 | 2 |
| Bhumi Kopi | 2017 | 2 |
| Coffee Bean | 2001 | 108 |
| Coffee Toffee | 2006 | 100 |
| Common Grounds | 2013 | 8 |
| Djournal Coffee | 2013 | 21 |
| Dunkin | 1985 | 200 |
| Excelso | 1991 | 126 |
| Filosofi Kopi | 2015 | 3 |
| First Crack | 2012 | 4 |
| Fore | 2018 | 100 |
| Harvest | 2004 | 66 |
| Janji Jiwa | 2018 | 500 |
| Jco Donut & Coffee | 2005 | 273 |
| Kopi Kecil | 2016 | 6 |
| Kopi Kenangan | 2017 | 175 |

| | | |
|--------------------------------|------|-----|
| Kopi Soe | 2017 | 150 |
| Kulo | 2018 | 300 |
| Maxx Coffee | 2015 | 74 |
| McCafe | 2005 | 40 |
| Olala Café | 1990 | 16 |
| Ombe Kofie | 2015 | 6 |
| Segafredo Zenneti | 2002 | 3 |
| Starbucks | 2002 | 421 |
| Tahta Coffee | 2019 | 7 |
| Tamamera | 2013 | 13 |
| The Gade Coffee and Gold | 2018 | 34 |
| Tuku | 2014 | 7 |
| Upnormal Coffee Roaster | 2016 | 20 |
| Warunk Upnormal | 2014 | 87 |
| Listed Kopitiam in Zomato | **) | 42 |
| Coffee Shop owned by Celebrity | ***) | 10 |

Source: Toffin

*) data above is as of August 2019, excluding coffee shop categorised as independent and mobile

***) Kopitiam is a kind of traditional coffee shop with Chinese-style

***) This sign marks for independent coffee shop which has no chain

Technobusiness.id (2019) argued that the economic scale of coffee shop industry in Indonesia was approximately Rp 4,8 Trillion a year at 2019 and it will increase three times in 2020 based on prediction giving by Tempo (2019). Ibis (2011) described the characteristic of coffee shop industry is unique, it has low entry barriers, competition considered as high level and intensive in labor employment. According to the industry characteristic, coffee shop owners and managements need a proper strategy both to keep their existing customers (retain) and if possible, get new customers. It such as providing convenient facilities, attractive menus, free internet facility, and good skilled human resources to serve consumer. Based on such uniqueness characteristic of this business domain, the coffee shop owners and managements shall to understand the market needs and wants in order to obtain continuously profits.

To achieve such sustainable profits, the coffee shop owner needs to retain their existing customer and attracts new ones. According to Jiang & Rosenbloom (2005), high level of customer retention caused increasing in business profitability. But it is not easy as being seen, more competitor in an industry means more effort. The coffee shop needs to provide excellent attributes to meet customer values in order to create customer satisfaction. This is also happened in coffee shop industry, as we seen in previous table, as there are various coffee shop already operating in Indonesia. Therefore, owner of those coffee shops shall improve their business continuously in order to retain and, if possible, enhance their customer satisfaction.

This research analyzed five attributes that are predicted have positive effect to customer satisfaction in Indonesian coffee shop industry. Based on numbers of previous study in food and hospitality contexts conduct by Lee et al (2018) and Konuk (2018), this study examined store atmosphere, IT service, employee attitude, coffee quality and price fairness as antecedent of customer satisfaction in coffee shop industry. Moreover, another purpose of this study is to find out the correlation of customer satisfaction and customer loyalty. Customer loyalty is described as the result of positive emotional experience that consistency felt by customers which is affected by physical attribute and perceived value of an experience, it is important to examined whether there is positive correlation between customer satisfaction and customer loyalty. When customer loyal to specific coffee shop, they tend to make repurchase toward that coffee shop (Azimi, 2017).

This research was conducted on coffee shop costumers in Indonesia which consume their coffee through dine-in and usually spend 30 minutes or more in the coffee shop. The questionnaire was adopted from previous study conducted by Lee at al (2018) and Konuk (2019), used Google Form and shared through various social media to obtain respondents from all provinces in Indonesia.

LITERATURE REVIEW

Attributes of coffee shop

This study examined five attributes as antecedents of customer satisfaction in coffee shop industry. The five attributes were: store atmosphere, employee attitude, information technology (IT) service, coffee quality and price fairness. The first attribute that hypothesized has positive correlation with customer satisfaction is store atmosphere. The previous study has found that a comfortable feeling from customers towards the store atmosphere tend to create satisfaction (Tripathi & Dave, 2014; Han & Hwang, 2015; Han & Hyun, 2017). Moreover, a study conducted by Han and Jeong (2013) found that correlation of store atmosphere on customer satisfaction is positive. Furthermore, Heung and Gu (2012) found that there is also a positive relationship between the store atmosphere of a cafe or restaurant with customer satisfaction. When customers feel comfortable with the cafe or restaurant atmosphere, it will increase customer satisfaction to a higher level (Turhan, 2014). According to the literatures as described above, the first hypothesis is proposed:

H1: Store atmosphere has positive correlation with customer satisfaction.

Employee Attitude

The second variable of this study is employee attitude, the attitude of coffee shop's employees are one of crucial factor in coffee shop industry, it is the first thing will be noticed by customers when they evaluate the overall service performance of coffee shop (Lee et al, 2018). A friendly greetings or kindly attitudes from employees are important factors in hospitality and restaurant service (Liu & Jang, 2009; Wu & Liang, 2009; Gazzoli et al, 2010; Kang & Hyun, 2012;; Ryu et al., 2012; Tsaur et al., 2015). Moreover, Kim & Ok (2010) found that customer satisfaction was strongly related to the positive attitudes of employees. Another result from Hwang and Ok (2013) found that interaction between customer and employee in restaurant industry produced customer satisfaction and behavioral intentions. According to the literatures

as described above, the following is hypothesized:

H2: Employee attitude has positive correlation with customer satisfaction.

IT Service

The information technology (IT) service is described as the availability and performance of wireless Internet service in the coffee shop provided to their customers. Previous studies have found that free wireless internet service was a crucial factor to increase the service quality in restaurant industry (Honack & Waikar, 2017; Brochado, Rita, & Margarido, 2016; Bulut, Demirbas, & Ferhatosmanoglu, 2015; Liu, 2009; Efimov & Whalley, 2004; Yang & Jun, 2002). Cobanoglu et al. (2012) also found favorable responds of customer in a restaurant industry, were determined by several factors, one of them is the availability of wireless internet Service. Kim, Park, and Jeong (2004) in their previous study found that wireless Internet service on customer satisfaction has a positive impact. Another study conducted by Lee et al. (2018) found that IT service leads customer satisfaction to a higher level. According to the literatures as described above, the following is proposed as the third hypothesis:

H3: IT service has positive correlation with customer satisfaction.

Coffee Quality

A number of previous study conducted by Namkung & Jang (2007), Chen&Hu (2010), Dorn et al (2016), and Han & Hyun (2017) shown that the most important factors in the food service business is food quality. The quality of food and beverage can affect the level of customers satisfaction (Pimonsompong 2007). A study conducted by Al-Tit (2015) found that food and beverage quality affect customer satisfaction in a positive way. Another study conducted by Ha & Jang (2010) which being done in an ethnic restaurant, also found that food quality has a positive correlation to customer satisfaction. Similar studied in restaurant which had being done by Tsauro et al. (2015) in a full-service one and also by Han & Hyun (2017) in a hotel one, found the same result that food quality is affecting customer satisfaction. Last, Lee et al (2018) in their study found that coffee quality is significantly affects customer satisfaction towards coffee shop. Thus, this study hypothesizes:

H4: Coffee quality has positive correlation with customer satisfaction.

Price Fairness

Zeithaml (1988, p. 10) described price as a number of sacrificed to gain product or service. Price fairness is described as a consumer's judgment of whether the price offered by seller is reasonable, acceptable, or justifiable compared to the products or service accepted by customer (Xia et al, 2004). Price fairness is subjective judgments by customers of the price offered, whether the price is right or wrong based on product or service offered. Once customer feels the price of product or service is fair, it will produce a high satisfaction of customer.

Existing studies have reported that there is positive effect of price fairness to customer satisfaction (Martín-Consuegra et al., 2007; Jin et al., 2012; Konuk, 2018; Konuk, 2019). Therefore, the following is proposed as fifth hypothesis:

H5: Price Fairness has positive correlation with customer satisfaction.

Customer Satisfaction

Customer satisfaction has become one of the most important key constructs which is used to describe customer behavior in recent days. Based on expectation-disconfirmation theory argued by Oliver (1980), satisfaction is described as a comparison conducted by a customer towards product or service with predetermined expectation they had before consuming the product or service. When customer's expectations meet with product or service offered, satisfaction occurs and otherwise dissatisfaction will occur (Namkung and Jang, 2007). Based on expectation disconfirmation theory, the increasing of customer satisfaction level can be affected by increasing the performance of perceived product or decreasing predetermined customer expectation. Liljander and Strandvik (1997) found that customer satisfaction is built by two components, cognitive and affective. Cognitive component affected by logical and rational evaluation of the purchased product or service. Otherwise, the affective component affected by emotions that occur during the acquisition and consumption of product or service had been purchased by customers (Yu and Dean, 2001). This study using both cognitive and affective components to measure customer satisfaction.

Customer Loyalty

Lee et al. (2018) in their previous study have found that customer satisfaction leads to customer loyalty. When customer feels satisfied with performance of product or service offered, it is more likely to bring a positive behavioral response from customer. Previous studies found that customer loyalty is a significant output from customer satisfaction, as conducted by Luo and Homburg (2007); and also Hu, Kandampully, and Juwaheer (2009). Based on Azimi (2017), when customers start having a commitment to make repeat purchases towards specific seller, it is more likely that the customer loyalty towards the seller had occur. Based on this study, the last hypothesis of this study is:

H6: Customer satisfaction has positive correlation with customer loyalty

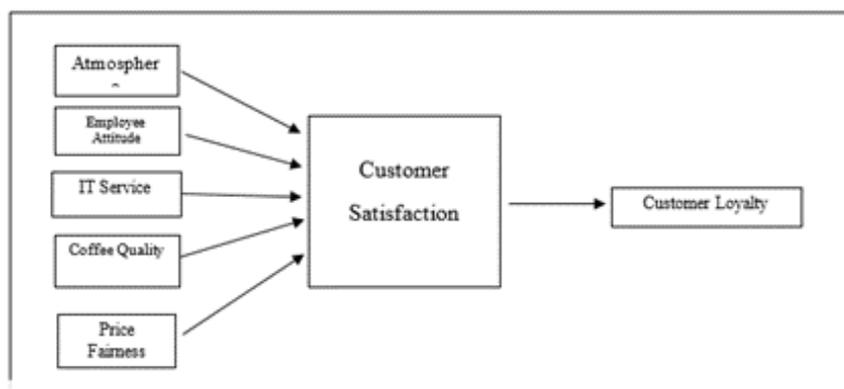


Figure 1: Theoretical framework of the study

RESEARCH METHODS

Sampling and Population

In order to obtain valid data for this study, purposive sampling was chosen as a method of data sampling. Etikan et al (2015) argued that the purposive sampling is chosen by researcher to obtain the specific information for their study. The respondents are selected based on their behavior in consuming coffee in coffee shop using the screening questions. The respondents were only they whom are the consumer of modern coffee shop in Indonesia and preferred dine in and usually spend more than 30 minutes in coffee shop.

Data Collection

The study used online questionnaire using google form to collect the primary data. The online link to the questionnaire distributed through various social media to the respondents. The outcome was 851 completed questionnaires collected but only 380 can be used and classified as valid data for this study.

Measurement

The questionnaire of this study was used adopted items from previous study conducted by Lee et al (2018) and Konuk (2019). Three until four items were used per construct to ensure construct reliability. The questionnaire divided into 3 parts, first part contains the screening questions. The second part contains the main questions about variables used in this study and the last part contains demographic questions to profiling the respondents. Five-point Likert scale is used to measure the constructs in the questionnaire of this study. The likert scale ranging from ‘1(strongly disagree’ to “5—strongly agree”.

Table 2: Seven constructs and items on the questionnaire

| Construct | Item | Source |
|--------------------------|------------------------------------------------------------------|-------------------|
| Store Atmosphere | The coffee shop has a comfortable atmosphere. | Lee et al. (2018) |
| | Atmosphere of the coffee shop is familiar to me. | Lee et al. (2018) |
| | It is comfortable to spend my time at the coffee shop. | Lee et al. (2018) |
| | The coffee shop makes me relaxed. | Lee et al. (2018) |
| Employee attitude | The coffee shop’s employees are friendly. | Lee et al. (2018) |
| | The coffee shop’s employees are kind. | Lee et al. (2018) |
| | The coffee shop’s employees makes me feel happy. | Lee et al. (2018) |
| IT service | The wireless Internet service at the coffee shop is satisfactory | Lee et al. (2018) |
| | The coffee shop has good Internet service. | Lee et al. (2018) |
| | The coffee shop provides high-quality wireless service. | Lee et al. (2018) |
| Coffee quality | The taste of the coffee shop’s coffee is great. | Lee et al. (2018) |
| | The coffee shop’s coffee has a good smell. | Lee et al. (2018) |
| | Aroma of the coffee shop’s coffee is pleasant. | Lee et al. (2018) |
| | I like the smell and taste of the coffee shop’s coffee. | Lee et al. (2018) |

| Satisfaction | I am satisfied with the coffee shop. | Lee et al. (2018) |
|----------------|----------------------------------------------------------------|-------------------|
| | The coffee shop is fulfilling. | Lee et al. (2018) |
| | I am content with the coffee shop. | Lee et al. (2018) |
| Price fairness | The price of the product sold at the coffee shop is reasonable | Konuk (2019) |
| | The price of the product sold at the coffee shop is fair | Konuk (2019) |
| | The price at the coffee shop is acceptable | Konuk (2019) |
| Loyalty | I am willing to pay money to the coffee shop | Lee et al. (2018) |
| | I have loyalty to the coffee shop | Lee et al. (2018) |
| | I am a loyal customer of the coffee shop | Lee et al. (2018) |

RESULT AND DISCUSSION

Descriptive Analysis

Online questionnaire was used to simplify data collection procedure. The link of such online questionnaire had been communicated through various social media platform to people domiciled in all provinces in Indonesia. As this research used purposive sampling method, only 44.65 % or 380 responses from 22 provinces was valid and can be used in this research. 55.35% responses were not valid because the respondents never been enjoyed their coffee in the store (dine in). From the analysis of some profiling questions, the respondents mostly spent time in the coffee shop between 30 minutes until an hour. The top three respondents' reasons spent time at coffee shops were for having quality time with friends or relatives, studying (group assignment) or meeting with client, and enjoying their favorite coffee. The profile of 380 valid respondents are explained in table 3 below:

Table 3: Profile of Respondents

| Item | | Frequency | Percentage |
|--------------------|----------------------------------------|-----------|------------|
| Gender | Male | 220 | 57.7% |
| | Female | 161 | 42.3% |
| Age (in years old) | < 20 | 25 | 6.6 % |
| | 20 – 30 | 110 | 29 % |
| | 30 – 40 | 152 | 40 % |
| | 40 – 50 | 67 | 17,6 |
| | >50 | 26 | 6,8 % |
| Coverage Area | DKI Jakarta | 148 | 38.95% |
| | Jawa Barat | 88 | 23.16% |
| | Jawa Timur | 77 | 20.26% |
| | Banten DI Yogyakarta Jawa Tengah | 37 | 9.74% |

| | | | |
|--------------------------------|-------------------------------------------------------------------------------------------------------|-----|--------|
| | Bali Kalimantan Maluku & Maluku Utara Nusa Tenggara Timur & Barat Sulawesi Tanah Papua | 17 | 4.47% |
| | Sumatera | 13 | 3.42% |
| Occupation | Employee – Private Company | 195 | 55.79% |
| | Housewife | 41 | 11.58% |
| | Student | 37 | 10.53% |
| | Civil Servant | 30 | 8.68% |
| | Self-employed | 27 | 7.63% |
| | Employee – State Owned Enterprise | 16 | 4.47% |
| | Others | 5 | 1.32% |
| Monthly salary (in IDR) | 5,000,000 | 99 | 26% |
| | 5,000,000 - 10,000,000 | 114 | 29.9% |
| | 10,000,000 - 20,000,000 | 85 | 22.3% |
| | 20,000,000 - 30,000,000 | 35 | 9.2% |
| | More than 30,000,000 | 48 | 12.6% |

According to the table 3, there are 57.7 % of the total respondents were male, while 42.3% were female. Most of respondents were lived in the west part of Indonesia. Regarding profile of respondents' occupation, 195 ones (55.79%) were employees in private enterprises, 41 ones (11.58%) were housewives, 37 ones (10.53%) were students, 30 ones (8.68%) were civil servants, 27 ones (7.63%) were self-employed, 16 ones (4.47%) were employees in state-owned enterprises. Also, based on the table above can be concluded that most of respondents had monthly income IDR 5 million until IDR 10 million.

Exploratory Factor Analysis

Kaiser-Meyer-Olkin (KMO) method was conducted on all 23 questionnaire items to determine validity of each item in questionnaire. The Kaiser-Meyer-Olkin (KMO) testing result was 0.948, with factor loadings of all item is > 0.6. Therefore, all items were considered to be significant valid. The exploratory factor analysis' result of each item and analysis of reliability of each construct is shown in table 4 below.

Table 4: Descriptive information on measurement

| Construct | Item | Mean | Loadings | Eigenvalues | Cronbach's alpha |
|------------------------------|--------|-------|----------|-------------|------------------|
| Store Atmosphere | Atmo1 | 4.144 | 0.758 | 3.236 | 0.919 |
| | Atmo2 | 4.092 | 0.723 | | |
| | Atmo3 | 4.065 | 0.729 | | |
| | Atmo4 | 3.913 | 0.672 | | |
| Employee attitude | Emp1 | 4.021 | 0.706 | 2.623 | 0.928 |
| | Emp2 | 4.089 | 0.752 | | |
| | Emp3 | 3.871 | 0.719 | | |
| IT service | IT1 | 3.686 | 0.853 | 2.758 | 0.956 |
| | IT2 | 3.702 | 0.875 | | |
| | IT3 | 3.686 | 0.864 | | |
| Coffee quality | CoffQ1 | 4.060 | 0.748 | 3.519 | 0.954 |
| | CoffQ2 | 4.021 | 0.730 | | |
| | CoffQ3 | 4.026 | 0.777 | | |
| | CoffQ4 | 4.034 | 0.764 | | |
| Price Fairness | PrcF1 | 4.015 | 0.792 | 2.579 | 0.959 |
| | PrcF2 | 3.997 | 0.756 | | |
| | PrcF3 | 4.013 | 0.743 | | |
| Customer Satisfaction | Stfct1 | 3.660 | 0.730 | 2.772 | 0.917 |
| | Stfct2 | 3.776 | 0.734 | | |
| | Stfct3 | 3.750 | 0.758 | | |
| Customer Loyalty | Loy1 | 3.705 | 0.765 | 2.488 | 0.897 |
| | Loy2 | 3.318 | 0.758 | | |
| | Loy3 | 3.271 | 0.764 | | |

Source: own tabulation

According to Malhotra (2007), a construct can be classified as reliable when the value of Cronbach's alpha is above 0.6. From table 4, the Cronbach's alpha for all construct was between 0.8 until 0.9, therefore, all construct is statistically reliable. As shown in the table above Cronbach alpha for store atmosphere is 0.919, employee attitude is 0.928, IT Service is 0.956, coffee quality is 0.954, price fairness is 0.959, customer satisfaction is 0.917, and for customer loyalty is 0.897. Therefore, all construct was used in this questionnaire can be considered as significant reliable.

Correlation Analysis

In order to perform analysis positive and negative correlations between construct, Pearson correlation method was conducted, as the result is shown on table 5 as below:

Table 5: Correlation Matrix

| | Store Atmosphere | Employee Attitude | IT Service | Coffee Quality | Price Fairness | Customer Satisfaction | Customer loyalty |
|-----------------------|------------------|-------------------|------------|----------------|----------------|-----------------------|------------------|
| Store Atmosphere | 1 | | | | | | |
| Employee Attitude | 0.707** | 1 | | | | | |
| IT Service | 0.526** | 0.509** | 1 | | | | |
| Coffee Quality | 0.725** | 0.664** | 0.456** | 1 | | | |
| Price Fairness | 0.790** | 0.712** | 0.508** | 0.828** | 1 | | |
| Customer Satisfaction | 0.626** | 0.573** | 0.566** | 0.622** | 0.679** | 1 | |
| Customer loyalty | 0.623** | 0.554** | 0.491** | 0.647** | 0.676** | 0.754** | 1 |

** at the level 0.01, correlation is considered as significant (two-tailed)

Source: own tabulation

The result of Pearson correlation matrix shown that the correlation among all construct were between 0.5 until 0.8. Based on Weston *et al* (2014), it can be concluded that correlation among all construct were statistically significant. The greater value of pearson correlation, the closer relation between constructs. Thus, can be concluded that the constructs were considered to be significant correlated.

Regression Analysis

As attributes of coffee shop are determined as store atmosphere, employee attitude, IT service, coffee quality, and price fairness; multiple regression was performed to test the relationship between such attributes and customer satisfaction. The result of multiple regression of attributes coffee shop and customer satisfaction is illustrated in table 6 below:

Table 6: Multiple Regression Analysis for the Relationship Between Attributes of Coffee Shop and Customer Satisfaction

| Independent variable | Standardized Coefficient β | T | Sig. | VIF | R ² | Adjusted R ² | F |
|----------------------|----------------------------------|--------|-------|-------|----------------|-------------------------|---------|
| Constant | 0.77 | 0.692 | 0.489 | | 0.785 | 0.782 | 273.052 |
| Store Atmosphere | 0.277 | 6.881 | 0.000 | 2.826 | | | |
| Employee Attitude | 0.132 | 3.600 | 0.000 | 2.328 | | | |
| IT Service | 0.009 | 0.295 | 0.768 | 1.626 | | | |
| Coffee Quality | 0.443 | 11.671 | 0.000 | 2.505 | | | |
| Price Fairness | 0.149 | 4.299 | 0.000 | 2.076 | | | |

As shown above in table 6 that R square was 0.785, which means 78.5 % of customer satisfaction was explained by attributes of coffee shop. As the value of R square and adjusted R square were slightly different, hence it might be concluded that the regression model can explain very well the relationship between independent variable and dependent variable (Markovic and Jankovic 2013). VIF for all independent variable is more than 1 but least than 10 ($1 < VIF < 10$), it means that there was no multicollinearity problem among independent variable. So it can concluded that the result of multiple regression test is reliable, partial coefficient regression in this multiple regression model is robust.

From the table above can be seen that four of five independent variables (Store Atmosphere, IT Services, Employee Attitude, Coffee Quality, and Price fairness) significantly influenced customer satisfaction ($p < 0.050$). The Coffee Quality had the highest statistically significant coefficient value ($\beta = 0.443$, $p < 0.05$). The coffee quality produced the highest impact on customer satisfaction among all independent variables. Moreover, store atmosphere was also had a significant relation to customer satisfaction, store atmosphere was in the second place after coffee quality ($\beta = 0.277$, $p < 0.05$), followed by price fairness ($\beta = 0.149$, $p < 0.05$) and the last variable which is produced the high impact on customer satisfaction was employee attitude ($\beta = 0.132$, $p < 0.05$). Last, it can be seen that IT service did not have statistically significant effect to the customer satisfaction because the probability coefficient is more than 0.05 ($p = 0.768$) and it gave the smallest impact on customer satisfaction ($\beta = 0.009$). Another result that can be seen in table 6 is F value, F value that count from regression method is 273.052 which is greater than F table (2.14). That means, all independent variable is simultaneously had significant effect to customer satisfaction as dependent variable.

Table 7: Regression Analysis between variable of Customer Satisfaction and variable of Customer Loyalty

| Independent variable | β | T | Sig. | R ² | Adjusted R ² | F |
|-----------------------|---------|--------|-------|----------------|-------------------------|---------|
| Constant | 0.338 | 2.382 | 0.018 | 0.569 | 0.568 | 498.868 |
| Customer Satisfaction | 0.754 | 22.335 | 0.000 | | | |

Source: own tabulation

Simple linear regression was performed to analyse the relationship between variable of customer satisfaction and variable of customer loyalty. As seen in table 7, R square value was 0.569 and adjusted R² was 0.568. It means, 56,9 % customer loyalty is explained by customer satisfaction. The difference between R square and adjusted R square is only 0.001, it means that customer satisfaction had very good explanatory power in relation to customer loyalty. From table 7 below can be seen that customer satisfaction had significantly influenced the customer loyalty ($\beta = 0.754$, $p < 0.05$). From all components that shown in table 7, customer satisfaction was an important variable that influenced customer loyalty.

Hypothesis Testing

Based on research model in figure 1 in the previous part of this paper, there were six hypotheses was proposed in this study. The summary of the result is as seen in table below:

Table 8: Summary of the hypotheses testing

| Relationship | Hypothesis | Result |
|----------------------------------------------|------------|---------------|
| Store atmosphere with customer satisfaction | H1 | Supported |
| Employee attitude with customer satisfaction | H2 | Supported |
| IT service with customer satisfaction | H3 | Not supported |
| Coffee Quality with customer satisfaction | H4 | Supported |
| Price fairness with customer satisfaction | H5 | Supported |
| Customer satisfaction with customer loyalty | H6 | Supported |

Hypotheses H1, H2 and H4, H5 and H6 are supported by the result of the coefficient regression analyses presented earlier. Meanwhile, hypothesis H3 was not supported because of insignificant relationship between IT service and customer satisfaction.

5. Discussion

This study was conducted to find out the antecedents and consequence of customer satisfaction in Indonesian coffee shop industry. Based on the previous study, five attributes of coffee shop as explained earlier were proposed as the antecedent of customer satisfaction in the study. As proposed above, customer loyalty was investigated as the result of customer satisfaction in this study. This study used data collected through online questionnaire. KMO factor analysis and linear regression were undertaken to analysed the data.

The results found that the research model of this study can explains perfectly four attributes as antecedents of customer satisfaction and significantly described customer loyalty as consequence of customer satisfaction. This finding is strengthening the theory which was built before by several previous study that coffee quality, store atmosphere of coffee shop, price fairness and the attitude of the employee have significantly effect to customer satisfaction. Also, this study proved theoretically that customer satisfaction had positive relation with customer loyalty. The finding of this study also can be used for coffee shop management in Indonesia to analyse their strength in order to build a right strategy for their business. They should focus on four major aspects – coffee quality, store atmosphere, price fairness and employee attitude in order to win the competition in coffee shop industry.

Coffee quality was the most attribute which was produced the highest impact on customer satisfaction. Coffee quality produced the highest β among all attributes that had been proposed in this study. Result of this study was similar with result of previous one conducted by Lee et al. (2018), Ha and Jang (2010) and Han and Hyun (2017). By providing a good coffee quality to customer, level of the customer satisfaction is expected to increase. The coffee shop can improve their customer satisfaction level by improving their coffee quality. The coffee quality can be determined from the taste and the aroma of the coffee that served in the coffee shops.

In this study, store atmosphere was the second attribute that produced the highest effects to customer satisfaction. Providing better store atmosphere can achieve higher level of customer satisfaction. . Better store atmosphere described as how much the store atmosphere can make the customers feel comfortable and relax so they have willingness to stay longer at the coffee shop.

In case of Indonesian coffee shop's customers, the store atmosphere being so crucial because according to this study, most of Indonesian coffee shop customer used a coffee shop as a place to have quality time with friends and relatives.

The third attributes that played important role in creating customer satisfaction based on this study was price fairness. In order to make customer satisfy, the coffee shop owners and manager should offer a fair price to their customers. This finding is supported by several studies conducted by Konuk (2018) and Konuk (2019), when customers had a high expectation of the price fairness, their satisfaction could be higher (Konuk, 2019). The coffee shop shall to offer a reasonable price to customers compared to the product or service they had.

The last attribute that had statistically significant impact to customer satisfaction was employee attitude. This is supported by previous studies conducted by Lee et al. (2018) and Han et al. (2012). The coffee shop management should provide a continuously training for their employees in order to maintain their ability in giving the best service to customer. According to the result of this study, customers like when the employee of coffee shop is kind and friendly. These kind of employee make them feel satisfy so it tends to increase customer satisfaction.

Furthermore, this study found that there was no significant impact of IT service to customer satisfaction. This result is contrast with previous study that conducted by Kim et al (2004) and Lee et al. (2018). The different result may occur because of the reason of mostly customer whom had been a respondent in this study (78.2%) was for having quality time with friends and relatives so IT service was not the main factor influences their satisfaction. Needs further study to find out why the IT service was not have significant impact to customer satisfaction in coffee industry in Indonesia.

Last, this study examined that customer satisfaction was produced high influenced to customer loyalty. This result is supported by Luo and Homburg (2007); Hu, et al (2019); and Lee et al. (2018). According to those studies, providing the highest performance by for coffee shop management of attributes they had in order to make customer feel satisfy is very important. Once customers feel satisfy, the loyalty towards the coffee shop will increase.

CONCLUSION

As theoretical contribution, this study strengthening the finding in previous study by proofing that store atmosphere, price fairness, employee attitude, and coffee quality have significantly affect customer satisfaction in Indonesian coffee shop industry. Another theoretical support from this study, customer satisfaction had positive affection on customer loyalty. Moreover, this study had examined a new finding in coffee shop business domain research that price fairness can be described as new attributes that significantly affect customer of coffee shop. As contrast to previous study, the attribute of IT service is not significantly affect customer satisfaction.

This study also provides practical information for coffee shop owners and managers. First, coffee shop owners and managers need to improve the quality of their coffee (taste and aroma) to fulfil the customer expectation. They need to spend more budget in R&D area in order to provide a better coffee quality for their customers. Moreover, they have to able creating a comfortable store atmosphere since most of customer spend their time in coffee shop to have quality time with friends and relatives. A better store atmosphere includes a wider space, a comfortable atmosphere, a better lighting and may be the right music playlist.

Moreover, coffee shop owners and managers also should offer a fair price of their products to customer in order to retain or even enhance customer satisfaction. They have to build a right pricing strategy, offer a reasonable price that fit for their customer. Last, Since the employee attitude become one of crucial attribute, coffee shop owners and managers needs to invest more in employees training. Customers expect a friendly and kind employee to serve them. By implementing all suggestion above, the coffee shop is expected to survive and create a continuously profit.

This study has many limitation, there were only five attributes were observed and hypothesized as antecedents of customer satisfaction in the context of coffee shop industry. By performing more additional information about the attribute of coffee shop, the finding of future research would widen the understanding of customers behaviour in Indonesian coffee shop industry. The sample was limited to Indonesian coffee customer in certain province, the sample for next research shall be more spread based on proportion of each province's population. Given such limitation of sample, the wider sample of next future research is needed in order to give more significant insight about the study about coffee shop industry.

According to the result of screening question, 41% of respondents which is involved in this study prefer take their coffee by taking away. They were a loyal customers of coffee shops in Indonesia but they never spend their time to dine in the coffee shop outlets. This phenomenon can explain another consumer behavior and can be subject to the next future research. Another uncommon finding from this study was IT service did not contribute significant role in affecting customer satisfaction in Indonesian coffee shop industry. Next future research needs to deepen and to find out the effects of IT service to customer satisfaction in order to generalizing the result of this study. Future research in the context of coffee shop is needed in order to improve and strengthening the finding of this study. The finding of next future research are expected to provide more contribution to both of theoretical and managerial aspect.

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