Store Atmosphere, SERVQUAL and Consumer Loyalty: Case Study of Excelso Coffee Shop

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Abstract

Purpose- With competitors, making business people must continue to evaluate the marketing strategy carried out and understand consumer behavior, especially from the coffee shop. The study aims to present the relationship between Store Atmosphere, SERVQUAL, and Consumer Loyalty in Excelso (Big Mall, Samarinda City).

Design/Methodology- We conduct online surveys (instrumental social networking sites). The sample of this study was based on purposive sampling. There were total 98 participants. The study hypotheses were assessed with the OLS model.

Findings- We find that there is a significant positive effect of the Store Atmosphere variable on SERVQUAL and SERVQUAL on Consumer Loyalty. Meanwhile, the relationship between Store Atmosphere and SERVQUAL variables is positive-insignificant.

Practical Implications- With this study, it can create a sense of curiosity to conduct further research, namely by holding interviews or distributing a broader questionnaire to obtain maximum results.
Introduction
As the current development and lifestyle changes, the trend of the coffee shop business is prevalent, and the opportunities are enormous in Indonesia. In the city of Samarinda itself, there have been many coffee shops with various concepts and various classes for consumers. It is starting from the middle class down to the middle class and above. This has led the business world to very tight competition to win many consumers. Because in addition to attracting consumers, for the survival of the company, the company itself must be able to retain its customers.

This very tight business competition will spur companies to innovate increasingly aggressively. To attract consumers' interests, entrepreneurs need to understand the behavior of their consumers, one of them from the store atmosphere. With so many competitors in the business world, coffee makes businesses do shop development, create a better store atmosphere, and has its characteristics from other coffee shops. The store atmosphere is the differentiator of the coffee shop from one another. That in itself is very influential in getting and attracting consumers. Also, service quality is very influential in the development of a business. Companies must create the best and maximum service that can be interesting to create customer loyalty. Consumer loyalty is formed when there has been a purchase process that has an impact on the formation of the impression of quality and experience in using goods or services (Basith, 2014).

To improve and retain customers is to pay attention to the atmosphere that is owned. At present, the atmosphere is the most critical factor for customers in choosing a place to eat (Grace, Tandiono, & Remiasa, 2018). The store atmosphere is divided into six elements, i.e., lighting, music, temperature, aroma, spatial planning, and building design. Store atmosphere can affect the enjoyment of people spending time at the café or restaurant. Customer loyalty is something that is always expected by every business person. Loyalty is aimed at behavior, for routine purchases, and is based on a decision-making unit (Griffin, 2005; Levy, Weitz, & Grewal, 2001).

Service quality is the dominant factor influencing organizational success. Success can be achieved by providing high-quality services (Siddiqi, 2011). The organization, in this case, the company must focus and pay special attention to the quality of service. This is because customers not only want high-quality products, but they also want high-quality products and services. Organizational success in providing services can occur when the services provided meet customer expectations (Jaber Hossain & Islam, 2012; Puni, Okoe, & Damnyag, 2014).

Service quality (SERVQUAL) rests on five dimensions (physical evidence, reliability, responsiveness, assurance, and empathy) so that everything can be well integrated to create excellent service to consumers (Parasuraman, Zeithaml, & Berry, 1988).

In general, coffee shop business growth in the city of Samarinda City has increased quite rapidly. Excelso coffee is one of them already present, not only Excelso, but many famous coffee shops are also present in Samarinda City (such as Starbucks and J. Co). Excelso has two outlets located in Plaza Mulia and Big Mall. As one of the coffee shops that is developing quite rapidly, Excelso is certainly also experiencing competition in the world of the coffee business. The amount of competition, making Excelso has a different store atmosphere and has its characteristics as a differentiator with another coffee shop. Besides, the quality of services provided is as good and as optimal as possible. So, it becomes more reason for consumers to choose coffee shop to be visited.

With competitors in the same place or around, making business people continue to evaluate marketing strategies and understand consumer behavior. One way to deal with competition is to make something different in meeting the needs, consumers' desire for the place, a comfortable atmosphere, and the best quality of service. That way, it can provide satisfaction and maintain customer loyalty to continue to choose and visit Excelso.
The form of service in Excelso Coffee Shop (Big Mal) in Samarinda City has so far been considered unsatisfactory by the consumer because the store atmosphere is less conducive, such as the treatment of employees who are not yet capable, the service time is not entirely optimal, and other factors cause customer inconvenience. Keep in mind that good stores are those that are able to satisfy consumers because that is the form of feedback. This is caused by a large amount of competition that offers store atmosphere and quality of service so that it has a direct or indirect effect on consumer loyalty. Therefore, based on the phenomena that occur, it is exciting for us to discuss the extent of the relationship between the three variables (store atmosphere, SERVQUAL, and consumer loyalty).

**Literature Review**

**Store Atmosphere and SERVQUAL**

Store atmosphere can be a more reason for consumers to be interested and choose where they will visit and buy. In addition to making differentiation from other cafes, the creation of an adequate store atmosphere can provide its satisfaction to consumers (Asmoro Kanthi, Suharyono, & Kumadji, 2016). So far, parietal needs to realize the importance of store atmosphere to create a shopping experience, which in turn gives consumers satisfaction. Consumers will not recommend restaurants to other friends if they do not find an enchanting atmosphere according to their own (Dhurup, Mafini, & Malan, 2013; Yalçın & Kocamaz, 2003).

Most retailers have discovered the benefits of developing an atmosphere that complements other aspects of store design and merchandise. Retailers can also create more exciting shopping experiences through store atmosphere. This aims to support the creation of an attractive atmosphere so that it attracts consumer interest through SERVQUAL. (Levy, Weitz, & Grewal, 2019).

Another benefit obtained by retailers in creating store atmosphere is that consumers get a feeling of pleasure and comfort in the environment, thus making them relaxed. This resulted in them wanting to spend a long time in the place with an equivalent SERVQUAL (Gilbert, 1999).

_Hypothesis 1 (H-1): Store Atmosphere has a significant positive effect on SERVQUAL._

**Store Atmosphere and Consumer Loyalty**

The atmosphere refers to the physical characteristics of the shop that are used to develop images and to attract customers, which means the atmosphere of the cafe is the physical characteristics that are used to build impressions, loyalties, and attract customers. The atmosphere in environmental design through visual communication, lighting, color, music, and aroma to stimulate the perception and emotional responses of customers and ultimately influence their buying behavior. This means that the atmosphere of the cafe through these indicators can create a comfortable purchasing environment so that it can influence consumers' perceptions and emotions to make purchases (Berman & Evans, 1992; Effendy, 2019; Levy et al., 2001).

Items such as attractive employees, adequate number of employees, and well-presented employees are used as a measure for employee factors. Based on that, in terms of storing atmospheric variables (such as facilities provided), the focus will be on internal design and decoration only. On the other hand, the atmosphere will include background music, the smell in the dining room, lighting, and temperature can also affect customer satisfaction. Spatial elements will look into the way furniture and equipment are arranged in the dining area space, because employee factors will focus on things that can be controlled, such as employee uniforms and the sufficient number of employees (Heung & Gu, 2012; Jalil, Fikry, & Zainuddin, 2016).

_Hypothesis 2 (H-2): Store Atmosphere has a significant positive effect on Consumer Loyalty._
SERVQUAL and Consumer Loyalty

Customer loyalty has an essential role for companies to achieve competitiveness and profit. Customer loyalty can increase wages and reduce company costs (Bodet, 2008; Lin & Wang, 2006). Customers are satisfied when they have positive feelings about the service or product in question. Such positive feelings come from meeting or exceeding their desires, demands, and expectations. That way, the feeling is based on the gap between expectations and their perceptions after using the product and receiving service. This gap will influence a person's purchasing decisions (Akbar & Parvez, 2009; Hashem & Ali, 2019; van der Wiele, Boselie, & Hesselink, 2002).

SERVQUAL will have an impact on the development of the concept of customer loyalty - SERVQUAL because it is considered as one of the determinants of customer loyalty that is often analyzed. The SERVQUAL constituents (directly and indirectly) are essential in evaluating the customer's view of the customer's trust in an organization. Service is defined as a quality that is important for customer satisfaction, and SERVQUAL has an impact on customer loyalty. It can be interpreted that the limitation of the study of SERVQUAL is the inconsistency in determining the relationship between SERVQUAL and customer loyalty. Several previous studies have discussed SERVQUAL in determining customer satisfaction and influencing customer loyalty. Other studies, by contrast, have justified the effect of customer satisfaction on SERVQUAL quality (Bolton & Drew, 1991; Doney & Cannon, 1997; Garbarino & Johnson, 1999; Ivanauskiene & Volungenaite, 2014; Oliver, 1999; Rust & Oliver, 1993).

Hypothesis 3 (H-3): SERVQUAL has a significant positive effect on Consumer Loyalty.

Scale and Measurement

The study uses two types of variables, i.e., dependent and independent. Store Atmosphere acts as an independent variable (hypothesis-1 and hypothesis-2). Whereas SERVQUAL is an independent variable (for hypothesis-3), and SERVQUAL also acts as a dependent variable (hypothesis-1). For Consumer Loyalty has a role as a dependent variable on hypothesis-3. All variables have influence and interrelationship with one another. To answer these three hypotheses, we use the Ordinary Least Square (OLS) analysis tool. The measurements are made in table 1 to facilitate the definition of these variables.

<table>
<thead>
<tr>
<th>Variable (Codes)</th>
<th>Definition</th>
<th>Indicators</th>
<th>Previous Study</th>
<th>Likert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Atmosphere (SA)</td>
<td>Creation of an atmosphere in the store environment to provide comfort and pleasure to consumers while in the store</td>
<td>Cleanliness of Excelso outlets is always awake, The music played by Excelso makes it comfortable and not noisy in the ears, The fragrance used by Excelso creates a sense of comfort and does not interfere with the appetite to eat, Room temperature is always awake and makes it comfortable to be in the booth Excelso, and The selection of lighting carried out by Excelso is right and sufficient</td>
<td>(Hussain &amp; Ali, 2015)</td>
<td>1-5</td>
</tr>
<tr>
<td>SERVQUAL (SQ)</td>
<td>It is essential for producers or companies in meeting the needs and expectations of consumers</td>
<td>Excelso waiters use neat and polite clothes, Excelso employees provide services that meet customer expectations, Excelso</td>
<td>(Tjiptono, 2014)</td>
<td>1-5</td>
</tr>
</tbody>
</table>
employees provide quick response and service to customers. Employees at Excelso Coffee prioritize greetings, greetings, and smiles when serving customers, and Employees at Excelso coffee helps provide advice on choosing coffee and serving it to customers when confused choosing a menu.

| Consumer Loyalty (CL) | A commitment that is formed from consumer loyalty to a product or service so that it continually makes purchases and chooses Excelso coffee | Repurchase products or services that have become his choice, Not easily influenced or interested in other products (refuse), Make recommendations on a product or service to others and Buy outside the product or service line (reward) |

(Keloay, Rumawas, & Asaloei, 2019) 1-5

Noted: Scale 1-5 (Strongly disagree, Disagree, Neutral, Agree, Strongly agree)

The subjects in this study were Excelso Coffee (Big Mall) consumers in Samarinda City during 2019. We drew samples with a purposive sampling technique. Samples are customers who have shopped (at least twice a month) at Excelso Coffee Big Mall, have been aged 17 years and over, and are domiciled in Samarinda City.

The study population cannot be determined, so determining the minimum number of samples that the number of samples as respondents must correspond to the number of question indicators used in the questionnaire (Hair, Ringle, & Sarstedt, 2013). The objects used in this study were 98 participants. Data from interviews and questionnaires were processed using the Statistical Package for the Social Sciences (SPSS) version 24.

The survey was conducted online through an instrument social networking site (questionnaire), with Google Docs and a link, sent to users to fill out instruments. That way, participants and other people from social media are also asked to post a link from their profile.

Results

The number of consumers selected as respondents was 98 participants with criteria based on gender, age, and occupation. The respondents are consumers who have loyalty to Excelso Big Mall in Samarinda City.

It is known that the number of respondents was 98 participants (44 men and 54 women). Of these, 15 participants aged 17-21 years, 36 participants aged 22-26 years, 19 of them were 27-31 years old, and the most dominant were aged over 32 years as many as 28 people. Based on the type of work, the majority of participants are students, and at least (8 participants) work as government employees.

The mean value (average) of each Store Atmosphere indicator has an average of more than 3. This shows that the Excelso Big Mall store atmosphere is pleasant. The indicator of cleanliness in Excelso both has an average rating of 4.12 (the highest), and the lowest is an indicator of good lighting following the tastes of the average consumer of 3.58. With a total average for all indicators found at 3.77. It can be concluded for the Store Atmosphere variable in Excelso Big Mall, participants have rated it well.

For the mean value on the SERVQUAL indicator, it also has an average of more than 3. It appears that SERVQUAL is good. Tangibles, as the most significant indicator, offered by Excelso such as using neat and polite clothes, reached an average of 4.08. Meanwhile, the lowest indicator was Responsiveness, namely in
providing fast response and service to customers by 3.56. Thus, the majority of participants gave a rating of 3.73 for the SERVQUAL variable (good).

The mean magnitude of each indicator of Consumer Loyalty (average above 3). The Consumer Loyalty variable in Excelso Big Mall looks good. The highest indicator is to repurchase the product or service that has become his choice by always buying Excelso coffee products with an average achievement of 3.78. Meanwhile, the Indicator of buying outside the product or service line, the average participant assessed 3.44. With a total average for all indicators of 3.65 or in other words, participants have rated it well.

Table 2 - Validity and reliability analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>r value</th>
<th>r table</th>
<th>Alpha</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA</td>
<td>1</td>
<td>.684</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>.536</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>.545</td>
<td>.196</td>
<td>.749</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>.547</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>.644</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td>SQ</td>
<td>1</td>
<td>.539</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>.489</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>.458</td>
<td>.196</td>
<td>.846</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>.470</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>.490</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td>CL</td>
<td>1</td>
<td>.568</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>.621</td>
<td>.196</td>
<td>.797</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>.612</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>.720</td>
<td></td>
<td></td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Author(s) calculation

All indicators used to measure the variables used to have a correlation coefficient that is greater than the r table is n = 96 or 0.196. Thus, the indicators of Store Atmosphere, SERVQUAL, and Consumer Loyalty are valid. The test results of the Cronbach Alpha value of all variables are greater than 0.60, or in other words, have met the criteria (see Table 4).

They are based on Table 3, explaining that the two correlations with different levels of significance are quite varied. When compared to the three variables, the highest 5% significance correlation is the Store Atmosphere variable (indicator 2), and the lowest is indicator 5 (SERVQUAL). From a significance level of 1%, indicator 4 of the SERVQUAL variable has the highest correlation value compared to indicator 1 in the Store Atmosphere variable.

Table 3 - Correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Pearson Cor.</th>
<th>Prob.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA</td>
<td>1</td>
<td>.488**</td>
<td></td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>.728*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>.716**</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>.717*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>.716**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SQ</td>
<td>1</td>
<td>.649*</td>
<td></td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>.518**</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>.700*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>.792**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>.625*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CL</td>
<td>1</td>
<td>.788**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Hypotheses 1, 2, and 3 have been answered with a positive relationship between these variables. Even so, the highest coefficient is SERVQUAL and Consumer Loyalty, and the lowest in the Store Atmosphere relationship to Consumer Loyalty. Table 6 also presents the constants obtained by 6.126 (positive) with determination (R2) of 85.6%. This means that of the three relationships, it has a strong coefficient, and the rest is outside the study model (14.4%).

Table 4 - Summary of influences between variables

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coeff.</th>
<th>t value</th>
<th>Prob.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H-1 SA -- SERVQUAL</td>
<td>.292</td>
<td>2.891</td>
<td>.005</td>
<td>Supported</td>
</tr>
<tr>
<td>H-2 SA -- CL</td>
<td>.159</td>
<td>1.438</td>
<td>.154</td>
<td>Not supported</td>
</tr>
<tr>
<td>H-3 SERVQUAL -- CL</td>
<td>.447</td>
<td>2.557</td>
<td>.023</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Constanta (α) = 6.126  
R² = .856  
F value = 8.959  
DW = 2.106

The F value above of the statistic provisions (8.959 > 2.36), which is interpreted by the relationship of SERVQUAL, Consumer Loyalty, and Store Atmosphere, simultaneously has a significant effect. Durbin Watson’s value is still considered reasonable, or the model used does not occur autocorrelation disorders (n <4.00). It can be concluded, only the rejected hypotheses explain the Store Atmosphere and Consumer Loyalty, while the two hypotheses proposed have been accepted (as summarized by Figure 1).

Discussion

The results of the Store Atmosphere on SERVQUAL show there is a positive and significant effect, so the first hypothesis is accepted. If the Store Atmosphere increases, the SERVQUAL will increase. Store atmosphere can not only provide a pleasant purchasing environment but also can provide added value to the products sold and also as a means of communication that can have positive and beneficial effects made as attractive as possible.
(Nofiawaty & Yuliandi, 2014). Also, by increasing impressive offerings, it can add value to the SERVQUAL presented by Excelso in Big Mall (Samarinda City). In terms of quantity and quality, it can be the principal capital in the future, because the conclusion of this study is positive and significant.

Increasing employee involvement and fostering employee motivation is very necessary so that the willingness to try to improve their abilities by creating competent service continuously. That way, the reliability of service can be felt directly by consumers (Pusriadi & Darma, 2020).

Store Atmosphere on Consumer Loyalty is proven by a positive effect, but not significant, so the second hypothesis put forward is rejected. If the Store Atmosphere increases, then Consumer Loyalty will increase, even if only in quantity. However, in the scope of the study observation period, the quality is less systematic impact, because the acquisition is not significant. Store Atmosphere not only creates an atmosphere of a place to provide comfort and pleasure to consumers while there but how to increase sales and generate loyalty to consumers (Liistonio, 2015). So far, Store Atmosphere is one of the characteristics of Excelso in Big Mall (Samarinda City), which is a differentiator from other coffee shops that can be the primary strategy to attract consumers.

Using experience is part of consumer loyalty, where the factor is everything that happens at each stage in the consumer cycle from before the purchase occurs, until after the purchase occurs and may include interactions (Wijayanti, Setini, & Darma).

Our study also confirms that the influence of SERVQUAL and Consumer Loyalty is positive and significant. This fact indicates if the third hypothesis proposed has been accepted. If the SERVQUAL value increases, it will increase Consumer Loyalty. Service quality is one of the main factors of company success, where service quality is an effort made by the company to consumers through meeting the needs, desires of customers, and the accuracy of its delivery in balancing or exceeding expectations desired by customers (Wungow, 2013). In terms of quantity and quality, this analysis shows that during the study observations, we found excellent results, and they can continue in the future.

Consumer loyalty is always changing, and this is an essential part of companies because consumer spending increases motivation for educational change, encourages social, cultural change, and other factors that cause changes in behavior (Maria, Permadi Hakim, & Caisar Darma, 2020).

Conclusion
Referring to the calculation of data and study observations, we can conclude that only two hypotheses can be accepted, namely the effect of Store Atmosphere on SERVQUAL and SERVQUAL on Consumer Loyalty. Meanwhile, Store Atmosphere and SERVQUAL show a positive and insignificant relationship, so the hypothesis is rejected.

Excelso in Big Mall (Samarinda City), needs to maintain and maintain cleanliness, music, the smell of outlets, room temperature, and proper lighting to maintain consumer loyalty. Also, improvements are needed for services, ranging from employee attitudes to providing responses and services as expected by consumers.

In the future, it is hoped to be able to use this study as a comparison material to carry out subsequent research and use other variables with different models or scale of analysis to obtain varied results, to provide attractiveness and refinement.

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Conflicts of Interest: The authors declare no conflict of interest.
References


