

MEDIATING CUSTOMER SATISFACTION: EXAMINING THE IMPACT OF SERVICE QUALITY, PRODUCT QUALITY, AND PRICE PERCEPTION ON CONSUMER LOYALTY AT D'GUNUNG ANGKRINGAN MALANG

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Abstract

This study explores the pivotal role of customer satisfaction as a key aspect of the business strategy, investigating its mediation among service quality, product quality, pricing, and customer loyalty at modern coffee shop D'Gunung Angkringan Malang. Modern coffee shop, a renowned local Indonesian brand, offers a diverse array of coffee beverages. Employing a quantitative descriptive approach and Structural Equation Modeling (SEM) analysis, this research examines the intricate interplay among service quality, product quality, pricing, customer satisfaction, and customer loyalty. With non-probability accidental sampling involving 50 respondents, regression analysis uncovers a significant direct correlation among the variables. Additionally, indirect effects highlight the substantial impact of the independent variables on customer loyalty, mediated by customer satisfaction. The findings underscore the importance of customer satisfaction in the coffee shop industry, crucial for retaining loyal customers. Notably, product quality, service, and pricing emerge as sensitive factors significantly contributing to customer satisfaction. Therefore, prioritizing attention to these aspects in coffee shop business can fortify customer loyalty and bolster overall business performance. This study provides valuable insights into consumer behavior dynamics within café settings, offering strategic implications for strengthening customer relations and improving business performance.

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Keywords:

Service Quality, Product Quality, Pricing, Customer Satisfaction, Customer Loyalty

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1. Introduction

Indonesia's coffee industry has become an integral part of the global economy, with coffee as a cash crop providing a significant source of income for communities and playing a vital role in increasing foreign exchange through the export of coffee beans and related products. In the ever-evolving era of modernization, coffee businesses require adaptation to any changes, no matter how small. Coffee consumption is indeed on the rise, reflecting changes in consumer lifestyles globally. Studies show that modern behaviors, especially during the COVID-19 pandemic, have led to higher levels of coffee consumption among both millennial and non-millennial groups (Parama et. al, 2022). Additionally, coffee has become a lifestyle choice for college students, with various coffee products being consumed, including coffee shop-processed drinks and instant coffee, further indicating the popularity of coffee consumption among different demographics (Briani et. al, 2023). Coffee has become one of the most favored global beverages among many people and has dominated modern lifestyles. Its abundant presence, ranging from roadside stalls to upscale cafes and hotels, demonstrates the ease of access to this

beverage with its various types and different price ranges. In Indonesia, coffee shops have become popular places for coffee enthusiasts to enjoy a variety of coffee offerings. In this context, the role of coffee shops in meeting the demand for coffee and serving as a social gathering place for the community becomes increasingly important. Coffee shops are emerging everywhere, from rural areas to urban centers (Hamid et al., 2017).

Indonesia's coffee industry has seen significant growth and development, as evidenced by data from the Asosiasi Kopi Spesialti Indonesia (AKSI) and the Pusat Kajian dan Pengembangan Industri Kopi dan Kakao (Puskakopi). In 2022, Indonesia produced a total of 794.8 thousand tons of coffee, making it the fourth largest coffee producer in the world after Brazil, Vietnam, and Colombia. Sumatera Selatan emerged as the largest coffee-producing province in Indonesia, with a production of 212.4 thousand tons in 2022. Robusta coffee comprises the majority, accounting for 76% of total coffee production. On the consumption front, domestic coffee consumption in Indonesia reached 370 thousand tons in 2022, with an average annual growth rate of 8.22% since 2016. The per capita coffee consumption in Indonesia in 2022 stood at 1.31 kg, with robusta coffee being the most consumed type, representing 60% of total consumption. The trend of coffee consumption in Indonesia continues to rise, driven by factors such as the growth of the middle class, urbanization, and lifestyle changes. Specialty coffee is gaining popularity, especially among young people, while processed forms of coffee such as instant coffee and ready-to-drink coffee are also becoming increasingly popular. Indonesia's coffee industry significantly contributes to the country's GDP, as evidenced by data from the Asosiasi Kopi Spesialti Indonesia (AKSI), with a contribution of Rp 13.8 trillion in 2022, equivalent to 0.23% of the total GDP. The value of Indonesia's coffee exports reached Rp 8.6 trillion in 2022. Moreover, the coffee industry is estimated to employ around 16 million people in Indonesia and serves as an important source of foreign exchange for the country.

In the increasingly competitive business environment, commitment to customers reflects the primary key for business players. Customer satisfaction emerges as a key determinant for business success. The Social Exchange Theory posits that individuals form relationships based on the exchange of resources, where the benefits derived from the relationship outweigh the costs. In the context of coffee shops, customers develop loyalty when they perceive that the benefits they receive, such as high-quality products and exceptional service, outweigh the costs, including the price of the products and any inconveniences they may encounter. To excel in competition, companies must not only focus on offering a variety of coffee products with different modifications but also on providing the necessary services for consumers to enjoy coffee itself. The goal is to provide or meet customer satisfaction and needs and create strong loyalty to the company (Idris, 2017). Coffee shops today serve not only as places to drink coffee but also as venues for socializing, working, or even holding meetings (Musik & Bogner, 2019). They have become spaces not only for adults but also for millennials (Hidayah & Harnoto, 2018). Coffee drinking has become a trend across all segments of Indonesian society (Listya, 2018), especially in Jakarta, the capital city of Indonesia, home to 1,500 coffee shop outlets (Setyaningsih & Pamikatsih, 2024). However, Ujang Sumarwan, an Indonesian consumer behavior expert, claims that the coffee drinking culture has long existed and is not something new in Indonesia. Coffee is viewed not only as a stress reliever but also as a cultural practice passed down through generations (Cahya & Shihab, 2018). This cultural significance has prompted many entrepreneurs to venture into the coffee shop business due to its promising prospects, with the average profit margin of a coffee shop reaching 35–40% of total sales (Gumiwang, 2018). The retail coffee market in Indonesia has seen a significant increase, reaching 268,000 tons per year and projected to grow by 11.4% between 2017 and 2021 (Normala, 2018). However, with the rising coffee consumption trend, the emergence of many new coffee shops poses a threat to the coffee industry, as noted by Ron Prasetyo, a coffee shop business consultant (Roszi & Mutia, 2018).

Based on the conditions in D'Gunung Angkringan Malang, the business opportunities for coffee shops are expanding, with many active young Generation Z individuals. This study focuses on the modern coffee shop in D'Gunung Angkringan Malang because of its strategic location alongside the national highway and its numerous branches in various major cities in Indonesia. Modern coffee shop, a local Indonesian brand, is renowned for its diverse range of coffee and

non-coffee beverages as well as an assortment of toast and sandwiches with various toppings. With 74 outlets spread across Indonesia, modern coffee shops offer dine-in, takeaway, and delivery services through multiple food delivery applications. The café adopts an industrial minimalist interior design concept throughout its outlets, aiming to provide a comfortable and modern ambiance for its patrons. Operating daily from 08:00 to 22:00 WIB, modern coffee shop menu features a wide array of coffee variants such as Vanilla Latte, Cappuccino, Americano, Kopi Milo, and more, along with non-coffee options including Matcha, Caramel Milk, and Cheese Milk Tea. Additionally, modern coffee shops offer beverages in 1-liter portions and a variety of toast options, with prices ranging from Rp7,500 to Rp15,000 for drinks and Rp7,500 to Rp12,500 for toast items. This study explores the relationship between service quality, product quality, price perception, and consumer loyalty at D'Gunung Angkringan Malang. Using modern coffee outlets as a background, this research explores the extent to which customer satisfaction is influenced by these factors.

However, like any other business, D'gunung Angkringan also experiences fluctuations in sales. Therefore, coffee shop owners need to consider various aspects to ensure customer satisfaction and encourage repeat purchases. Modern coffee shops have evolved beyond just places to enjoy coffee but have transformed into popular spaces for social gatherings and even work environments (Wiputra et al., 2022). According to (Tjiptono, 2017), customer satisfaction can be defined as an evaluation after consumption, where the chosen alternative meets or even exceeds customer expectations. To achieve customer satisfaction, there is a need to enhance service quality, product quality, and offer affordable price perception to consumers. Moreover, to remain competitive, it is essential to cultivate loyal customers as they are more likely to make repeat purchases, thereby ensuring continuous sales, making them valuable assets for the store (Agarwal et al., 2015) dan (Uhler & Shivashankar, 2017). Additionally, to win in the competition by acquiring loyal customers, store managers need to enhance both premium experience and service quality because good service quality can influence customer satisfaction and loyalty to the store (Pratminingsih et al., 2018), along with the influence of store atmosphere on customer satisfaction (Lee & Wang, 2022). Mariansyah & Syarif (2020) have demonstrated that product quality significantly affects customer satisfaction. Based on interviews with several consumers, researchers obtained information that, while the café's products are generally enjoyable, some customers complain about inconsistencies in taste, occasionally overly sweet or not sweet enough coffee, and some products that are visually unappealing. Customer satisfaction plays a crucial role as a mediator between service quality, product quality, price perception, and customer loyalty (Suzana et al., 2022; Kaura et al., 2015; Wahjoedi et al., 2022). Therefore, in this context, customer satisfaction becomes a critical factor linking service quality, product quality, price perception, and customer loyalty.

In this study, the main focus is to understand how customer satisfaction can mediate between service quality, product quality, price perception, and customer loyalty at modern coffee shop Café in D'Gunung Angkringan, Malang. The uniqueness of this research lies in the comprehensive approach to exploring the complexity of the relationships between these various factors in the context of the coffee shop industry in Indonesia. Additionally, this research offers an original contribution to understanding consumer behavior and business dynamics in the coffee shop environment, highlighting the importance of customer satisfaction as the key to building and maintaining customer loyalty. It is hoped that the findings of this study will provide valuable new insights for coffee industry practitioners and make a significant contribution to the marketing management and consumer behavior literature.

2. Methods (Metode)

This study adopts a quantitative research approach to examine the relationship between service quality, product quality, pricing, customer satisfaction, and customer loyalty at modern coffee shop D'Gunung Angkringan Malang, Indonesia. D'Gunung Angkringan Café stands out as a pioneering establishment that has gained significant attention and recognition, serving as a model for modern coffee shops in the region. Its strategic location in modern coffee shops, coupled with its prominence in the local coffee scene, makes it an ideal research site. Moreover, the café's influence extends beyond the village, attracting visitors and serving as a benchmark for

other coffee shops in the area, reflecting the dynamic nature of coffee culture in Malang and its relevance to the broader context of coffee shop entrepreneurship in Indonesia.

The data collection period for this research spans from August 2023 to December 2023, with data gathered, following the methodology outlined by (Creswell, 2014) to ensure comprehensive information gathering. The primary focus of this research is to investigate the mediating role of customer satisfaction between service quality, product quality, pricing, and customer loyalty in the context of modern coffee shop Café.

The research employs non-probability accidental sampling to select 50 respondents who are customers of modern coffee namely at D'Gunung Angkringan Malang, Café during the data collection period, aligning with recommendations from previous studies for similar contexts. Data are collected through structured questionnaires, focusing on variables such as service quality, product quality, pricing, customer satisfaction, and customer loyalty.

The measurement of indicators for each variable includes:

1. Service quality: Tangibles, Reliability, Responsiveness, Assurance, Empathy (Shahzadi et al., 2018).
2. Product quality: Performance, Features, Reliability, Conformance, Durability, Serviceability, Aesthetics, Perceived quality (Tjiptono & Chandra, 2012).
3. Price perception: Price affordability, Competitive pricing, Price-quality ratio, Price-benefit match (Guliyev, 2023).
4. Customer satisfaction: Satisfaction with expectations, Intention to revisit, Willingness to recommend (Fornell et al., 1996; Spreng & Macky, 1996; Lee & Kim, 2021).
5. Customer loyalty: Repurchase behavior, Brand loyalty, Brand preference, Brand selection, Word-of-mouth recommendation (Kanyama, Nurittamont, & Siripipat Thanakul, 2022; Limna & Kraiwanit, 2022).

Likert scales ranging from 1 to 5 are used to measure respondents' perceptions and attitudes towards the various variables under investigation, consistent with common survey research practices. The analysis method employed in this research involves Structural Equation Modeling (SEM) and regression analysis to examine the complex relationships between the variables. The statistical software Warp-PLS is utilized for data analysis, following recommendations from previous studies (Hair et al., 2017).

3. Results and Discussion

Descriptive Data Analysis Results

Descriptive

Respondents in this research were modern D'Gunung Angkringan Malang consumers who had purchased modern D'Gunung Angkringan Malang district totaling 50. The characteristics of respondents were grouped into several criteria, namely gender, age, education level, occupation, monthly income, average monthly expenses, marital status. The following is an explanation of the characteristics of respondents in the research.

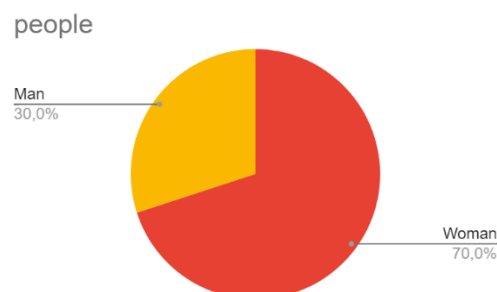


Figure 1. respondents based on gender

Demographic data from respondents show diverse characteristics, providing a broad picture of the population studied. In terms of gender, the majority of respondents were women, as many as 35 people (70%), while only 15 people were men (30%). This shows that women are more dominant or participate more in this survey.

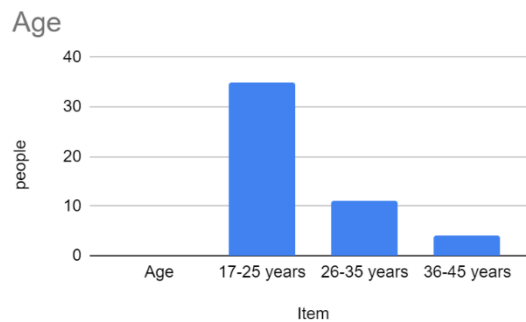


Figure 2. respondents based on Age

In terms of age, the 17-25 year age group dominates with 35 people (70%). The 26-35 year age group includes 11 people (22%), and the 36-45 year age group includes at least 4 people (8%). This distribution shows that respondents are generally in the younger age range, who may have different preferences and consumption behavior compared to older age groups.

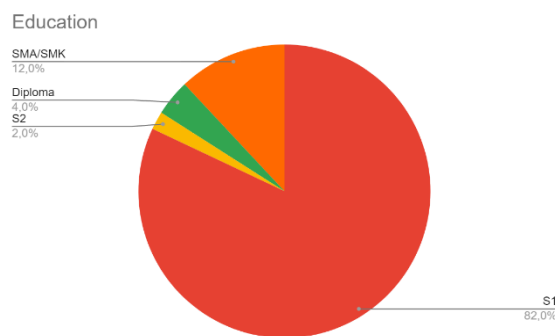


Figure 3. respondents based on education

Education is also an important factor in this analysis. The majority of respondents had a bachelor's degree (S1), as many as 41 people (82%). Other levels of education consisted of Masters (S2) for 1 person (2%), Diploma for 2 people (4%), and SMA/SMK for 6 people (12%). The high number of respondents with undergraduate education indicates that the population studied tends to have a good educational background. Marital status shows that 32 people (64%) of the respondents are not married, while 18 people (36%) are married. This data shows that most respondents are single, which may influence their spending patterns and priorities.

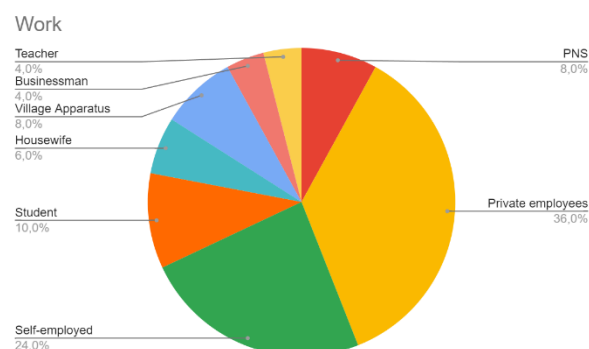


Figure 4. respondents based on work

In terms of work, respondents were spread across various professions. Private employees are the largest group with 18 people (36%), followed by self-employed people with

12 people (24%). Other professions include 4 Civil Servants (PNS), 5 students (10%), 3 housewives (6%), 4 village officials (8%), 2 entrepreneurs. people (4%), and 2 teachers (4%). This variation shows that respondents come from various work backgrounds.

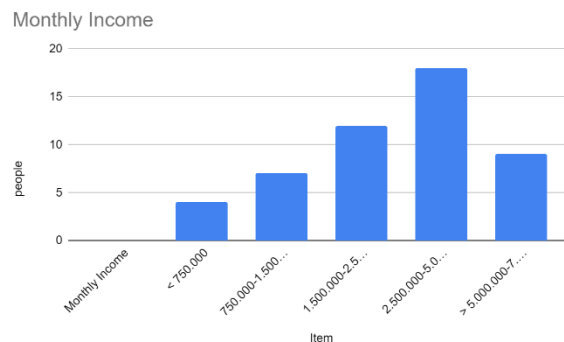


Figure 5. respondents based on monthly income

The distribution of respondents' monthly income is quite diverse. A total of 4 people (8%) had an income of less than 750,000, while there were 7 people (14%) with an income of 750,000-1,500,000. There were 12 people (24%) in the group with an income of 1,500,000-2,500,000, 18 people (36%) with an income of 2,500,000-5,000,000 and 9 people with an income of more than 5,000,000-7,000,000 (18%). These varying incomes indicate variations in purchasing power and consumption patterns among respondents.

Research Questionnaire Results

The following is a descriptive presentation regarding items and variables of service quality, product quality, price, consumer satisfaction and consumer loyalty based on respondents' answers. Based on the research findings involving 50 respondents, it is evident that the service quality, product quality, and pricing offered by the company are rated high or good. The average score for service quality is 3.97, while for product quality it is 4.06, and for price it is 4.10. Additionally, consumer satisfaction and loyalty are also rated high with average scores of 4.01 and 3.86 respectively. These findings indicate that these aspects are perceived to meet or even exceed customer expectations, which may have positive implications for the company's long-term performance.

Inferential Data Analysis Results Measurement Model (Outer Model)

The measurement model in this outer model relates the level of validity and reliability of each indicator used for each variable.

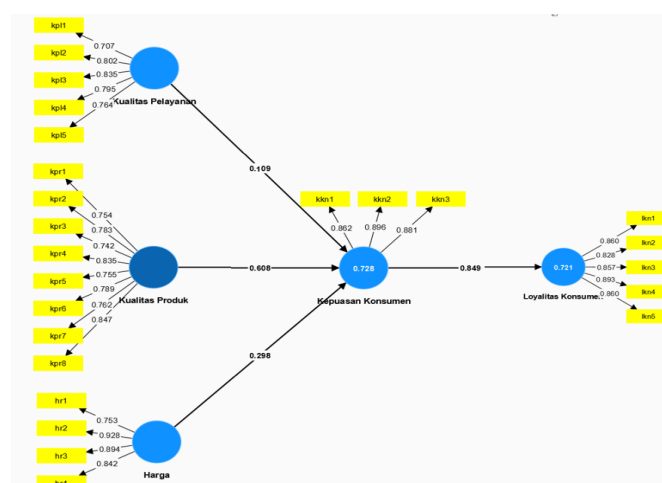


Figure 6. Path Model Diagram

Convergent Validity can be seen from the correlation coefficient between the reflective indicator scores and the latent variable scores. In factor analysis, this can be seen in the factor loading values (Solimun et al., 2017). Convergent validity can be seen from the correlation coefficient value between each indicator and exogenous and endogenous variables. If the correlation coefficient (loading factor) value is greater than 0.7 then it meets the convergent validity criteria.

1. Convergent Validity and Discriminant Validity

Convergent Validity can be seen from the correlation coefficient between the reflective indicator scores and the latent score variable.

Table 1. Convergent Validity and Discriminant Validity

Variable	Item	Indicator	Outer Loading	Information	Variable	Item	Indicator	Outer Loading	Information
Service quality	X1.1	Responsiveness	0.835	Valid	Price	X3.1	Price compliance with product quality	0.894	Valid
	X1.2	Direct Evidence	0.707	Valid		X3.2	Price Affordability	0.753	Valid
	X1.3	Empathy	0.764	Valid		X3.3	Matching Price with Quality Benefits	0.842	Valid
	X1.4	Guarantee	0.795	Valid		X3.4	Prices according to ability or price competitiveness	0.928	Valid
	X1.5	Reliability	0.802	Valid	Consumer Satisfaction	Y1.1	Conformity to Expectations	0.862	Valid
Product quality	X2.1	Aesthetics	0.762	Valid		Y1.2	Willingness to Recommend	0.9881	Valid
	X2.2	Confirmation	0.835	Valid		Y1.3	Interested in Returning	0.896	Valid
	X2.3	Perception of Quality	0.847	Valid	Consumer Loyalty	Y2.1	Always Love The Brand	0.857	Valid
	X2.4	Repair	0.789	Valid		Y2.2	Still Choose That Brandt	0.893	Valid
	X2.5	Performance	0.754	Valid		Y2.3	Repeat purchase	0.860	Valid
	X2.6	Confirmation	0.835	Valid		Y2.4	Habits of consuming the brand	0.828	Valid
	X2.7	Reliability	0.742	Valid		Y2.5	Recommend the Brand to Others	0.860	Valid
	X2.8	Feature	0.783	Valid					

Source: (Primary Data Processed, 2023)

All indicators in this study show outer loading values above 0.7, indicating good construct validity. Convergent validity is also strengthened by Average Variance Extracted (AVE), which measures how well the indicator reflects the latent variable. These results ensure a good understanding of the indicators by respondents in the research context.

2. Average Variance Extracted (AVE)

Table 2. Results of Average Variance Extracted (AVE)

Variable	AVE
Service Quality (X1)	0,875
Product Quality (X2)	0,919
Price (X3)	0,917
Consumer Satisfaction (Y1)	0,911
Consumer Loyalty (Y2)	0,934

Source: (Primary Data Processed, 2023)

The cross loading outcomes depicted in the table demonstrate that the indicator values surpass 0.70 for each construct, surpassing the cross loading values of other constructs. This affirms the validity of each variable and ensures a distinct discrimination between constructs. All indicators successfully pass the discriminant validity test, displaying superior values compared to other variables.

3. Cross Loading

Table 3. *Cross Loading*

Item	Service Quality (X1)	Product Quality (X2)	Price (X3)	Consumer Satisfaction (Y1)	Consumer Loyalty (Y2)
X1.1	707	323	343	343	269
X1.2	802	618	341	460	478
X1.3	835	654	437	579	480
X1.4	785	586	283	300	309
X1.5	784	516	253	435	379
X2.1	691	754	480	484	498
X2.2	500	788	452	596	717
X2.3	282	742	422	418	549
X2.4	581	836	526	618	662
X2.5	621	755	537	647	700
X2.6	615	789	618	740	595
X2.7	437	782	583	710	585
X2.8	632	847	682	730	694
X3.1	283	374	753	387	180
X3.2	396	626	828	696	582
X3.3	479	728	884	710	602
X3.4	328	644	842	652	587
Y1.1	520	764	775	882	638
Y1.2	532	722	650	886	823
Y1.3	473	700	521	881	775
Y2.1	453	729	622	779	880
Y2.2	303	552	378	617	828
Y2.3	465	742	474	686	857
Y2.4	418	705	525	703	883
Y2.5	557	771	568	830	880

Source: (Primary Data Processed, 2023)

The cross-loading outcomes illustrated in the table reveal that the indicator values surpass 0.70 for each construct, surpassing the cross-loading values for alternative constructs. This signifies the credibility of each variable and distinct differentiation among constructs. All indicators successfully pass the discriminant validity assessment, displaying higher values compared to other variables.

4. Composite Reliability and Cronbach's Alpha

Table 4. Reliability Test Values

Latent Variables	Composite Reliability	Cronbach's Alpha
Variable Value Standards	>0,70	>0,60
Service Quality (X1)	0,875	0,821
Product Quality (X2)	0,919	0,899
Price (X3)	0,917	0,880
Kepuasan Konsumen (Y1)	0,911	0,854
Loyalitas Konsumen (Y2)	0,934	0,912

Source: (Primary Data Processed, 2023)

The measurement model with reflective indicators shows a very high level of validation, with Composite Reliability and Cronbach's Alpha for each variable exceeding the required thresholds (0.70 and 0.60). This shows that the indicators strengthen the latent variables and meet internal consistency reliability.

Measurement Model (Inner Model)

Evaluation of the inner model or structural model aims to determine the influence between latent variables or constructs in the model. The next stage is to carry out a structural evaluation (inner model) which includes R-Square (R²), Q-Square Predictive Relevance (Q²), Colienarity Assessment (VIF), Effect Size (f²) and Goodness of Fit (GoF).

1. Coefficient of Determination (R-Square)

Table 3. *R-Square* Value

Variabel Laten Endogen	R-Square
Consumer Satisfaction (Y1)	0,728
Consumer Loyalty (Y2)	0,721

Information : *Latent Variable Coefficients R-Square*

Source: Processed primary data (2023)

With an R-Square value of 0.728 for the Consumer Satisfaction variable (Y1), it indicates that approximately 72.8% of Consumer Satisfaction (Y1) is determined by Service Quality (X1), Product Quality (X2), and Price (X3), categorizing it as a strong influence. The remaining 27.2% is attributed to other variables not accounted for in this study.

2. *Q-Squared Predictive Relevance (Q²)*

Tabel 4. Q-square value

Variabel Laten Endogen	Q-Square
Consumer Satisfaction (Y1)	0,711
Consumer Loyalty (Y2)	0,715

Information : *Latent Variable Coefficients Q-Square*

Source: Processed primary data (2023)

In this research model, the Q-Square (Q2) value produced in the model equation for the Consumer Satisfaction variable (Y1) and the Consumer Loyalty variable (Y2) is 0.711 and 0.189, so this means that the structural model has good predictive relevance.

3. Full Collinearity VIF

Table 4. VIF Full Collinearity Test Results

Variabel Laten	Full Collinearity VIF
Value Standards	<3,3
Service Quality (X1)	2,118
Product Quality (X2)	3,083
Price (X3)	2,090
Consumer Satisfaction (Y1)	1,000

Source: Processed primary data (2023)

Based on the results of the Full Collinearity VIF test value, it shows that all values less than 3.3 meet the criteria (Sholihin and Ratmono, 2013), meaning that the model is free from vertical collinearity problems or measurements between overlapping latent variables, lateral collinearity or measurements between explanatory latent variables and variables. latent response and common method bias or error in measuring or testing data.

4. Effect Size

Table 5. *Effect Size* Value

	Service Quality (X1)	Product Quality (X2)	Price (X3)	Consumer Satisfaction (Y1)
Consumer Satisfaction (Y1)	0,109	0,608	0,298	
Consumer Loyalty(Y2)				0,849

Information : *Effect sizes for path coefficients*

Source: Processed primary data (2023)

Based on Table 5, it can be seen that the Consumer Satisfaction variable (Y1) has a relatively large influence value with a value of 0.849 on Consumer Loyalty (Y2).

5. Goodness of Fit (GoF)

Table 6. Goodness of Fit (GoF) Test Results

Model fit and quality indices	Index	Matching Criteria		Information	
Average path coefficient (APC)	305	P-Value ≤ 0.05		Baik/Good Fit	
Average R-Squared (ARS)	724	P-Value ≤ 0.05		Baik/Good Fit	
Average adjusted R-Squared (AARS)	713	P-Value ≤ 0.05		Baik/Good Fit	
Average block VIF (AVIF)	1736	acceptable if ≤ 5	Ideal	ideally ≤ 3.3	
Average full collinearity VIF (AFVIF)	1741	acceptable if ≤ 5	Ideal	ideally ≤ 3.3	
Tenenhaus GoF (GoF)	494	small ≥ 0.1 medium ≥ 0.25 large ≥ 0.36		Large	
Simpson's paradox ratio (SPR)	1000	acceptable if ≥ 0.7	Ideal	ideally = 1	
R-Squared contribution ratio (RSCR)	1000	acceptable if ≥ 0.9	Ideal	ideally = 1	
Statistical suppression ratio (SSR)	1000	acceptable if ≥ 0.7		Ideal	
Nonlinear bivariate causality direction ratio (NLBCDR)	1000	acceptable if ≥ 0.7		Ideal	

Source: Processed primary data (2023)

Analysis of the model employs diverse evaluation metrics to ascertain its suitability. The Average Path Coefficient (APC) gauges the mean value of the path coefficient, with a recommended P value of ≤ 0.05 indicating a well-fitting model. Similarly, the Average R-Squared (ARS) and Average Adjusted R-squared (AARS) assess the average R-Square and adjusted R-Square values, with a suggested P value of ≤ 0.05 . The Average block VIF (AVIF) and Average Full Collinearity VIF (AFVIF) are utilized to detect collinearity issues, with optimal values being ≤ 3.3 or ≤ 5 , which are still deemed acceptable. The Tenenhaus GoF serves as a measure of model fit, particularly suited for reflexive constructs. Sympton's Paradox Ratio (SPR) and R-squared contribution ratio scrutinize causality concerns and negative R-squared contributions, with acceptable values being ≥ 0.7 . The Statistical Suppression Ratio (SSR) evaluates statistical suppression problems, with an acceptable value of ≥ 0.7 as well. Additionally, the Nonlinear Bivariate Causality Direction Ratio (NLBCDR) evaluates weak causality relationships, with a desirable value also being ≥ 0.7 . Evaluation of the model is crucial to ensure its alignment with the utilized data and the reliability of the results obtained.

Discussion

How consumer satisfaction becomes a key variable or mediator in forming customer loyalty beyond price quality and product quality or service quality.

In the context of forming customer loyalty, consumer satisfaction has a crucial role as a key variable or mediator that influences customer perceptions and behavior. Although price, product and service quality have a significant impact in forming customer loyalty, consumer satisfaction acts as a link between these factors and the resulting level of loyalty (Sukmawati et al., 2023).

. When consumers are satisfied with their experience, whether it is related to the price they paid, the quality of the product received, or the service provided, they are more inclined to maintain a long-term relationship with the brand or company. Consumer satisfaction can also moderate the relationship between price, product or service quality and customer loyalty, by increasing trust and stronger loyalty. Therefore, to build and maintain strong customer loyalty, companies need to not only pay attention to product and service quality aspects, but also ensure that consumer satisfaction is the main focus in their marketing strategy and customer relationship management (Putu et.al., 2021).

At the modern coffee shop Café in D'Gunung Angkringan Malang,, the customer experience is not only about enjoying a delicious cup of coffee, but also about feeling the warmth of the strong local culture and hospitality rooted in tradition. This café offers more than just

coffee drinks, a place where people gather to share stories, enjoy a relaxed atmosphere, and celebrate social bonds. Modern coffee shop culture reflects a wealth of local wisdom, where the art of brewing coffee is a cherished ritual (Kester & Rahadiyanti, 2020). While Malang's cultural heritage gives a unique touch to every corner of the café. From friendly service to quality products served with love, every aspect of modern coffee shop Café embraces customer satisfaction as the core of their experience. The price here is not just a number, but an offering of values that are upheld by authenticity, quality and community closeness. Thus, customer satisfaction is not just about meeting their needs, but also about maintaining a strong bond with this coffee shop, which in turn forms deep loyalty.

Coffee shops serve as more than just a place to drink coffee; they also function as spaces for formal activities such as studying, organizational meetings, and business meetings (Suryani, 2020). The facilities provided by coffee shops play an important role in influencing customer purchasing decisions and overall satisfaction, highlighting the importance of creating a conducive environment that meets diverse customer needs (Jeady et al., 2023). At the Café in D'Gunung Angkringan, Malang, there are several facilities provided, such as a fast and stable Wifi connection which allows customers to stay well connected to the digital services their customers use. Apart from that, this cafe also provides other facilities such as easily accessible power outlets, so customers can charge their devices without difficulty. Not only that, the atmosphere or vibes created is also one of the main attractions of the cafe with a warm and pleasant touch that makes customers feel comfortable, at home and relaxed. So this cafe creates a friendly atmosphere with an experience that is not just about drinking coffee or eating a meal, but this place is ideal for gathering with friends or colleagues or even for meetings with business partners with the aim of completing productive work or just enjoying reading a book.

Through a theoretical approach that uses The Social Exchange Theory, which is a basic concept in various fields, including supply chains, marketing, workplace relationships, and customer behavior. In the context of coffee shops, SET can be applied to understand customer behaviour and intentions. Attributes such as price fairness, quarantine and cleanliness, and environmental friendliness influence customer intentions in cafes, indicating the relevance of SET in understanding consumer choices in such settings (Liaquat & Mehmood, 2017). Meanwhile, according to research by Iswari, (2022) revealed that the application of the Theory of Planned Behavior can predict entrepreneurial intentions. This is relevant to cafe businesses in Malang, where positive attitudes, social support, and control over behavior can increase entrepreneurial intentions in the cafe industry. However, the theory explained by this research was not chosen in this research because it would not be appropriate to choose that theory, because research on Malang cafes tends to emphasize showing relevance in understanding consumer choices.

Local culture plays a significant role in shaping customer loyalty towards coffee shops. In Indonesia, particularly in Greater Jakarta (Jabodetabek), visiting coffee shops has become a cultural trend (Pringgo et al., 2022). The growth of local and international coffee shops in Indonesia, such as Starbucks, has transformed coffee into a symbol of social status and lifestyle (Nurhasanah & Dewi, 2019). This cultural shift has led to a strong consumer loyalty towards coffee shops like Janji Jiwa, where factors like service quality, brand image, and customer satisfaction influence customer loyalty (Fadillah & Suherman, 2023). Understanding the local culture's influence on consumer behavior is crucial for coffee shop businesses to tailor their strategies effectively and maintain customer loyalty in regions like Kuningan City, West Java Province (Castillo & Del Río, 2023). The alignment of customer-focused strategies with local cultural preferences is essential for the success and sustainability of coffee shop businesses. However, not only focusing on consumer strategies, but according to Iswari's (2022) research, financial literacy influences financial performance through financial behavior. This is relevant for coffee shop businesses in D'Gunung Angkringan Malang, where good financial understanding can improve their business performance, with appropriate financial behavior as the main mediating factor. Therefore, it is important for coffee shop entrepreneurs to not only focus on establishing their business but also to understand financial literacy so that their business can be sustainable and successful in the long term.

In this context, other research states the same thing as research conducted by (Hartanto, 2019), based on the results of research conducted at De Mandailing Cafe Surabaya, it was found that product quality has a positive, although not significant, influence on customer satisfaction. However, service quality and physical environment significantly influence customer satisfaction. The research results also show that customer satisfaction positively and significantly influences customer loyalty in the cafe. This is in accordance with the finding that service quality is more dominant in influencing customer satisfaction compared to product quality and the physical environment. In a broader context, these findings illustrate how consumer satisfaction is a key variable in forming customer loyalty beyond aspects such as price quality and product or service quality. Customer satisfaction serves as a mediator that links positive experiences from aspects such as service quality and physical environment with customer loyalty, indicating that meeting consumer needs and expectations thoroughly has a significant impact in retaining customers and building long-term relationships with them.

In today's business dynamics, understanding customer behavior and preferences has become very important for a company's success. One of the main concepts to consider in this case is customer loyalty. Customer loyalty is not just about how often they buy a product or use a brand's services, but also about how strong their attachment is and their desire to continue maintaining a relationship with the brand over the long term. Based on these findings, it can be concluded that in this context, consumer satisfaction is a key variable in forming customer loyalty outside of factors such as price, product or service quality. Customer behavior and preferences play an important role in shaping marketing strategies and business success (Dovlatova, 2022). Understanding consumer behavior involves analyzing variables that influence purchasing decisions, such as customer demographics, economic status, and technology preferences (Shahchra et al., 2018). Research shows that factors such as service quality, staff behavior, technological innovation, and ATM accessibility influence customer choices in banking services. Additionally, the use of modern technology such as ATM cards is preferred by the younger generation, highlighting the importance of adapting to evolving consumer preferences. By focusing on improving service quality, offering differentiated products, and providing customer education about new technologies, businesses can better meet customer needs and increase client retention.

According to research conducted by (Sholikhah & Hadita, 2023), although service quality, product and price do not have a significant direct influence on customer loyalty, customer satisfaction still has a positive and significant direct influence on customer loyalty. This shows that customer satisfaction acts as a mediator that connects positive experiences from aspects such as service and product quality with customer loyalty. However, customer satisfaction is not able to mediate the effect of price on customer loyalty, confirming that the price factor does not directly influence customer loyalty in this context.

Thus, the discussion of this research is also supported by several other researchers who state that there are differences in the results carried out and these are also different from the objects studied. However, in the context of consumer satisfaction, it is a key variable or mediator in forming customer loyalty, apart from price quality and product quality or service quality, this is very sustainable in creating consumer satisfaction itself. According to Thung, (2019), who conducted research with this study, he examined the influence of Go-Jek partner service quality on customer loyalty, with customer satisfaction as a mediator. The results show that service quality has a positive and significant influence on customer satisfaction, which in turn contributes to customer loyalty. Thus, customer satisfaction acts as a mediator between service quality and customer loyalty in the context of Go-Jek services. The influence of service quality and product quality on consumer satisfaction is that service and product quality together have a very positive and significant effect on consumer satisfaction which then influences purchasing decisions made by consumers, therefore consumer satisfaction acts as a mediator (Manggala & Adirinekso, 2022). Meanwhile, according to (Yufa & Lestari, 2023), the research findings included the influence of service quality and the influence of price discounts on purchasing decisions, with customer satisfaction as a mediator. The results show that service quality has a positive and significant influence on customer satisfaction, which in turn influences purchasing decisions. However, the effect of price cuts does not directly influence purchasing decisions, but

rather through its influence on customer satisfaction. Thus, customer satisfaction acts as a mediator in the relationship between service quality, price discounts, and purchasing decisions.

Findings from various studies show that service quality often has a more dominant role in influencing customer satisfaction compared to product quality or the physical environment. However, research results also show that in some contexts, product quality or the physical environment can also have a significant influence on customer satisfaction. This shows that in some situations, both service quality and product quality can play a significant role in shaping customer satisfaction, although service quality is often the more dominant factor. Therefore, it is important for companies to consider these two aspects seriously in their efforts to increase customer satisfaction and build sustainable relationships with them.

4. Conclusion

The conclusion from the discussion above is that consumer satisfaction plays a very important role in forming customer loyalty beyond factors such as price, product or service quality. Although price, product and service quality have a significant impact in forming customer loyalty, consumer satisfaction acts as a link between these factors and the resulting level of loyalty. Consumer satisfaction can also moderate the relationship between price, product or service quality and customer loyalty, increasing trust and stronger loyalty. Findings from various studies show that service quality often has a more dominant role in influencing customer satisfaction compared to product quality or the physical environment. However, research results also show that in some contexts, product quality or the physical environment can also have a significant influence on customer satisfaction.

Suggestions for further research are to explore the factors that influence consumer satisfaction in various industries, including service quality, products, and physical environment. Longitudinal studies are also recommended to understand changes in customer behavior and preferences over time, and their impact on customer loyalty. It is also important to examine the role of consumer satisfaction across different customer segments or demographics to develop more appropriate strategies. Taking into account external factors such as industry trends, technological developments, and regulatory changes is also necessary because they can influence customer perceptions and behavior. Comparative research between different industries or companies will help understand best practices in building customer satisfaction and loyalty, as well as identify factors that differentiate company performance. Thus, comprehensive research in these aspects will provide valuable guidance to companies in developing effective marketing and customer relationship management strategies.

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