ANALYSIS OF FACTORS WHICH AFFECT CAFE CUSTOMER LOYALTY POST COVID-19 PANDEMIC USING STRUCTURAL EQUATION MODELING

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ABSTRACT

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One of the MSME business sectors that is most popular and frequently visited by Indonesian people is cafes. In December 2019, the global health crisis caused by the Coronavirus disease (COVID-19) began to hit, causing the world to be caught unprepared and to disrupt business activities, one of which is the cafe sector. To encourage people to visit cafes and increase revenue, further research is needed regarding factors that can increase customer purchasing power through customer loyalty. This study took data from online respondents to see their perceptions of the factors that influence customer loyalty for cafe visitors in the Greater Jakarta area. The results of distributing this questionnaire were then processed using Structural Equation Modeling (SEM). From this study it was found that customer satisfaction has the most influence on customer loyalty, which is then followed by trust and customer engagement. It was also found that service quality has a direct effect on customer loyalty. Atmosphere & environment has an indirect effect on customer loyalty. However, brand image, employee attitude, price and product quality were found to have no effect on customer loyalty.

INTRODUCTION

The Micro, Small and Medium Enterprises (MSMEs) play an important role in reducing the unemployment rate in Indonesia (Handini et al., 2019). According to a report from the Indonesian Ministry of Cooperatives and SMEs in 2016, MSMEs in Indonesia absorbed 97% of the national workforce, while large businesses absorbed the remainder, which only amounted to 3% (Haryanti & Fachrizah, 2022). It can be said that MSMEs are the backbone of society with their flexible management and ability to adapt to market needs.

One of the MSME business sectors that is most popular and frequently visited by Indonesian people is cafes. In 2018, Indonesia was the fourth largest country producing coffee in the world (Widyantini, 2019). The availability of these raw materials certainly supports the growth of cafes in Indonesia. In 2015, the International Coffee Organization (ICO) released data on the growth of the number of coffee drinkers in Indonesia, which was greater than the growth of world coffee drinkers (Oktrichaendy et al., 2022). The culture of drinking coffee among young people has made the cafe business in Indonesia grow so rapidly. In 2013-2018 the total income of the cafe sector is estimated to increase from USD 34 billion to USD 416 billion (Nabila & Anandya, 2022).

In December 2019, the global health crisis caused by the Coronavirus disease (COVID-19) began to hit, leaving the world unprepared and business activities disrupted (Harel, 2021). This has had serious, lasting effects on MSMEs, one of which is the cafe sector. Government policy regarding the Community Activities Restrictions Enforcement (CARE) is necessary to protect the community. However, this policy has a huge impact on socio-economic aspects for the Indonesian people (Mawar et al., 2021). Government regulations regarding limiting opening hours and closing cafes in Indonesia not only reduce cafe turnover in Indonesia but cause these companies to close permanently. The decline in people's purchasing power and the Large-Scale Social Restrictions (LSSR) policy implemented by the government ultimately resulted in many companies going out of business (Armadani et al., 2021). According to Euromonitor data through a report by Data Indonesia in 2022, sales of ready-to-drink (RTD) coffee in 2019 were recorded at 249 million liters and this number

decreased to 214 million liters in 2020 (Rizaty, 2022). This number increased slowly in the following years but has not yet reached the number in the year before the pandemic.

According to Weltman et al. (Weltman & Silberman, 2006), small business owners usually only depend on themselves and make decisions according to their own opinions. This matter is somewhat risky since a business needs expert opinions on different topics, such as legal issues, finance, insurance, technology, and many others. The COVID-19 pandemic, which still occurs until 2022, is also a challenge that must be faced by MSME owners, especially cafes.

To increase consumer arrivals to cafes so that they don't go out of business, consumers who are loyal to cafes are needed. According to Griffin et al. (Griffin & Moorhead, 2014) in Hudaya (Hudaya, 2020), loyal consumers and loyal characteristics are an important asset for the company. Research by Pesoa et al. (Pesoa et al., 2020) concluded that the factors that can be used to measure customer loyalty towards cafes are customer satisfaction, service quality, product quality, price, trust, brand image, employee attitude, atmosphere & environment, and customer engagement. These factors need to be re-evaluated after the COVID-19 pandemic to improve the Indonesian economy.

The Indonesian economy, which is still experiencing stagnant growth after the pandemic, also supports the need for this research. To increase economic growth starting from the growth of MSMEs, especially cafes, it is necessary to find the factors that most influence customer loyalty so that cafe owners can focus on getting loyal consumers. The influence of factors on customer loyalty will be studied using Structural Equation Modeling (SEM), which is a statistical technique used to build and test statistical models in the form of cause-and-effect models (Sarwono, 2010). SEM is a hybrid technique that includes confirmatory aspects of factor analysis, path analysis and regression which can be considered a special case of SEM.

According to the Central Bureau of Statistics (Hasibuan & Suhesti, 2020) in Angelia (Angelia, 2022), Jakarta is the province with the most culinary businesses in Indonesia and one of them includes cafes. Therefore, this research will focus on Jakarta and the surrounding areas, namely Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek).

In general, previous research only discussed the relationship between a maximum of four factors and not more. Previous research also did not examine the factors that most influence consumer loyalty from the various existing factors. The lack of research regarding the factors that most influence consumer loyalty in Jabodetabek after the pandemic became the reference for this study. Based on the preliminary study above, this research aims to test the factors that most influence customer loyalty in Jabodetabek and test the relationship between factors in the research using structural equation modeling.

According to Molina-Azorin et al. (Molina-Azorín et al., 2015) in Mensah et al. (Mensah et al., 2021), service quality is the ability of a company to meet the needs of its customers based on certain expected characteristics. Service quality is one of the main weapons for maintaining prestige value by providing more satisfaction to customers to eventually take over the market in competition. This way it will be easy to enter the industry and provide an excellent opportunity for companies to survive in competition. According to Taufik et al. (Taufik et al., 2022), service quality directly influences customer satisfaction, but does not directly influence customer loyalty.

According to Kotler et al. (Kotler & Armstrong, 2018), product quality is the characteristic of a product or service that influences its ability to satisfy customer needs, whether stated or implied. Product quality is the specific capacity of a product to demonstrate its usefulness, overall durability, reliability, accuracy, ease of use, product repairability, as well as other product attributes. According to Taufik et al. (Taufik et al., 2022), product quality directly influences customer loyalty.

Price is the value given to a product or service and is the result of a complex series of calculations, research, understanding and ability to take risks (Okwara C.C. et al., 2019). Price is an important element for companies to gain profits. Price fairness can influence the perception of being a loyal consumer. According to Noerchoidah et al. (Noerchoidah et al., 2021), price has a significant effect on customer loyalty at Kedai Kopi Kanggo Riko Sidoarjo.

Trust is defined as the level of reliability guaranteed by one party to another party in a particular exchange situation (Nguyen et al., 2013). Consumers who trust a company expect the company's promises to be honored as advertised. They also expect companies to act in their interests. Trust in a brand is defined as a feeling of security obtained by consumers that a brand will meet consumer consumption expectations (Murtiningsih et al., 2016). According to Maduretno et al. (Maduretno & Junaedi, 2022), trust has a positive effect on customer loyalty.

Brand image is the perception of a brand through brand associations that are formed and embedded in the minds of customers (Andreani et al., 2012). Customers who are accustomed to using a particular brand usually have consistent brand perceptions. According to previous research, it can be concluded that there is a positive impact between brand image and customer loyalty (Setyorini et al., 2023).

Employee's attitude towards customers is the activities needed to receive, process, and fulfill customer orders and follow up on errors that occur (Elpanso et al., 2014). Customer loyalty is influenced by many factors, including the attitude displayed by employees (Jowalie Wampande & K. Osunsan, 2020). According to previous research, it can be said that employee attitude influences customer loyalty (Elpanso et al., 2014).

Atmosphere generally refers to the physical and non-physical characteristics of a shop or place that are used to attract customers by producing the desired image in the minds of customers (Chang & Lin, 2022). The environment of a coffee shop includes design, ambience, and furniture (Anjani & Dewi, 2021). The atmosphere in a cafe influences

customer loyalty through customer satisfaction (Mudjiyanti & Sholihah, 2022). Research by Fajrianto (Fajrianto, 2016) concluded that the environment has a significant indirect influence on customer loyalty through customer satisfaction.

Customer engagement is the emotional attachment that customers experience during regular interactions with a brand (Bansal & Pruthi, 2021). According to research by Monferrer et al. (Monferrer et al., 2019), customer engagement and customer loyalty have a strong relationship in the banking-retail industry.

Measurement Model is a part of SEM that describes the relationship between latent variables and their indicators. The measurement model in this research consists of ten models based on the constructs that have been determined in this research. The relationship between these ten models is reflective, that is, the indicators displayed in the measurement model reflect the construct. According to Hoyle (Hoyle, 2022), for one latent variable with reflective indicators, three indicators provide sufficient degrees of freedom to estimate parameters (factors).

Customer loyalty means the intention to repurchase products and services which is the goal of the industry (Khan, 2013). Customer loyalty is a commitment made by a company to reach its consumers while making them addicted to the company's products and making competitors look normal in the eyes of consumers (Taufik et al., 2022). There are three popular concepts regarding loyalty, namely loyalty primarily as an attitude that sometimes leads to a relationship with a brand, loyalty primarily expressed in terms of revealed behavior (i.e., previous purchasing patterns) and purchasing is moderated by individual characteristics, circumstances, and purchasing situations (Khan, 2013).

Research by Pesoa et al. (Pesoa et al., 2020) concluded that the factors that can be used to examine customer loyalty consist of nine factors, namely Customer Satisfaction, Service Quality, Product Quality, Price, Trust, Brand Image, Employee Attitude, Atmosphere & Environment, and Customer Engagement. These factors have significant impact in influencing customer loyalty in the post-COVID-19 pandemic. The influence of these nine factors on customer loyalty can be explained as follows:

Customer satisfaction (Guido, 2015) is basically an assessment that consumers make regarding their sense of satisfaction related to their choices regarding the purchase and use of certain products and services. According to Kotler et al. (Kotler & Armstrong, 2018), customer satisfaction is the feeling of happiness or sadness after comparing the expectations obtained. If expectations do not match, disappointment will arise. However, if expectations are exceeded, then feelings of happiness and satisfaction arise. Existing studies identify two concepts of customer satisfaction, i.e. transaction-specific customer satisfaction and cumulative customer satisfaction. Transaction-specific customer satisfaction refers to an evaluation over a specific purchase transaction, while cumulative customer satisfaction represents evaluation based on the total purchase and usage of goods or services over time (Wahjudi et al., 2018). This study will use transaction-specific customer satisfaction. Customer satisfaction has a direct and significant relationship to customer loyalty (Taufik et al., 2022).

METHOD

Structural Model is a part of the SEM model that describes the relationship between latent variables or between exogenous variables and latent variables. The structural model was obtained from previous literature studies which define several factors that are thought to influence cafe customer loyalty. Previous research by Pesoa et al. (Pesoa et al., 2020) concluded that the factors that can be used to research customer loyalty consist of nine factors, namely customer satisfaction, service quality, product quality, price, trust, brand image, employee attitude, atmosphere & environment, and customer engagement. This research is in qualitative form, meaning it is in the form of a literature study and has not yet delved into the quantitative side on the influence of the nine factors on customer loyalty. Therefore, the relationship between the nine factors on consumer loyalty was developed and a framework was created. The framework shows the hypothesis for the relationship between variables. The structural relationship of each factor is used as a hypothesis based on the results of previous research and its suitability will be tested for case studies in Jabodetabek. The hypothesis is explained as follows:

H_1: Customer Satisfaction has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_2:   Service Quality has an effect on Customer Satisfaction for cafe customers in Jabodetabek post-pandemic.

H_3:   Product Quality has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_4:   Price has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_5:   Trust has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_6:   Brand Image has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_7:   Employee Attitude has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_8: Atmosphere & Environment has an effect on Customer Satisfaction for cafe customers in Jabodetabek post-pandemic.

H_9: Customer Engagement has an effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_{10}: Service Quality has an indirect effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

H_{11}:   Atmosphere & Environment has an indirect effect on Customer Loyalty for cafe customers in Jabodetabek post-pandemic.

Structural Equation Modeling (SEM) is a statistical technique used to build and test statistical models in the form of causal models (Sarwono, 2010). SEM is a hybrid technique that includes confirmatory aspects of factor analysis, path analysis and regression which can be considered as a special case of SEM. The variables in SEM (Ginting, 2009) consist

of latent variables and manifest variables. Latent variables, which are called unobserved variables, constructs, or latent constructs (factors) (Dash & Paul, 2021), are variables that cannot be measured directly, unless measured by one or more manifest variables. Latent variables are depicted with circles or ovals (Ginting, 2009). Manifest variables are variables used to explain or measure a latent variable. Manifest variables are also called observed variables, measured variables, or indicators which are depicted in box form. Manifest variables are variables whose data must be sought in the field and usually take the form of surveys. Partial Least Squares (PLS) or PLS-SEM is the approach used in this research because it does not require multiple normal assumptions, the data does not have to be on a certain scale and can be used for reflective and formative indicators (Hikmah et al., 2023). PLS-SEM can be applied to all scales of data and can be used to establish relationships without a theoretical basis.

In this study, the questionnaire was divided into two parts. The first part consists of the demographic profile of research respondents, namely frequency of visiting cafes, cafes visited, gender, age, occupation, and monthly income. The second part consists of factors that influence Customer Loyalty. Five Likert Scales were used to ask respondents in the second part: Strongly agree = 5, Agree = 4, Somewhat agree = 3, Disagree = 2, Strongly Disagree = 1. Data collection was carried out in April 2023.

The determination of the number of research samples according to Memon et al. (Memon et al., 2020) is generally a minimum of 100 respondents. The samples taken in this research used non-probability sampling techniques, especially purposive sampling (judgmental sampling), namely random selection of samples that represent the criteria required by researchers (Vehovar et al., 2016). Distribution of the questionnaire was carried out online and via WhatsApp in Google Form format. The 137 respondents taken in this research were customers who were cafe visitors and lived in Jabodetabek.

A survey of 137 respondents was distributed online to see their perceptions of the factors that influence customer loyalty for cafe visitors in the Jabodetabek area. The characteristics of respondents discussed in this chapter consist of the number of visits to cafes, cafes visited, current domicile, gender, age, occupation, and monthly income. The results of factor and indicator data processing were carried out using SmartPLS software, one of the most widely used applications for PLS-SEM (Wong, 2013). SmartPLS displays the results of the measurement model, indicator loadings, construct validity and reliability, convergent validity, discriminant validity, collinearity, estimated coefficient of determination, estimated effect size, path coefficient, and indirect effects.

RESULTS AND DISCUSSION

The characteristics of respondents are shown in Table 1. The frequency of visits to the cafe is quite low, with the highest number of visits being once a month. Many respondents chose to visit Starbucks with the highest results, and the second most results were visiting various cafe branches or MSME cafes as their favorite places. Most respondents live in Jakarta and there were more female respondents than male, with the difference not being large enough and almost equal. Results show that the respondents who visited the cafe were mostly young, namely 20-30 years old. Most cafe visitors are private employees with the result having the largest percentage. The respondents' highest result of monthly income is quite large, namely >IDR15,000,000,- so most respondents who visit cafes can be said to be well off.

Table 1. Characteristics of respondents

	Respondents	%		Respondents	%
Number of visits			Age (years)		
Once a month	71	51.8%	20-30	47	34.3%
Once a week	35	25.5%	51-60	33	24.1%
2-3 times a week	23	16.8%	31-40	23	16.8%
Every day	5	3.6%	41-50	20	14.6%
Never visited	3	2.2%	>60 years	12	8.8%
			<20 years	2	1.5%
Cafes visited					
Starbucks	54	39.4%	Occupation		
Kopi Kenangan	24	17.5%	Private employees	68	49.6%
Jco donuts & Coffee	9	6.6%	Entrepreneurs	16	11.7%
Kopi Kulo	3	2.2%	Bumn	16	11.7%
Janji Jiwa	2	1.5%	Housewives	8	5.8%
Tuku Cafe	2	1.5%	Students	8	5.8%
Other cafes (MSME)	43	31. 3%	Retirees	6	4.4%
			Civil servants/TNI/Polri	6	4.4%
Current domicile			Others	9	6.6%
Jakarta	69	50.4%			
Tangerang	21	15.3%	Monthly income		
Bekasi	19	13.9%	(IDR)		

Depok	17	12.4%	>15,000,000,-	59	43.1%
Bogor	11	8%	5,000,000~ 10,000,000,-	31	22.6%
			10,000,001~ 15,000,000,-	26	19%
Gender			<5,000,000,-	21	15.3%
Female	75	54.7%			
Male	62	45.3%			

Before processing the data, data with a standard deviation of less than 0.25 in Excel is first removed (Farrell, 2010). The formula =STDEV.P is used to calculate the standard deviation for the entire population. Then data is sorted from smallest to largest and data with a standard deviation below 0.25 are deleted. Data is then reduced from 134 respondents to 126 respondents.

Measurement Model

The validity results of indicators and reliability of constructs are shown Table 2. The indicators have loading values above 0.708 (Hair et al., 2021) which means there are no indicators that need to be removed. Indicators with loadings between 0.4 and 0.708 should be removed if removing the indicator can increase internal consistency reliability or convergent validity above the specified value. Indicators with very low loadings below 0.4 should always be removed from the measurement model. The Cronbach's alpha and composite reliability values of this research are greater than 0.7, therefore the results are reliable.

Table 2. Validity and reliability results of factors affecting customer loyalty

Factors	Indicators	Notation	Cronbach's α	Loadings
Customer	Satisfaction with the cafe visited	P1	0.865	0.907
Satisfaction	Happy with the features and layout of the café	P2		0.869
	Satisfied with the services provided	P3		0.886
Customer	Recommended to close friends and family	P4	0.825	0.856
Loyalty	Remember this cafe when you want coffee	P5		0.887
	Next purchase will be at this cafe	P6		0.836
Service	The staff serves accurately	P7	0.900	0.925
Quality	The staff was attentive to my needs	P8		0.905
	Staff knows the products offered	P9		0.910
Product	The products offered are unique	P10	0.894	0.889
Quality	The menu offered varies	P11		0.904
	The complements offered vary	P12		0.930
Price	Price changes are communicated clearly	P13	0.867	0.816
	The price paid is fair	P14		0.950
	Other cafes don't have these best prices	P15		0.897
Trust	I believe in this café	P16	0.855	0.897
	The café brand provides confidence	P17		0.857
	This cafe keeps its promise	P18		0.888
Brand	The product corresponds to the cafe brand	P19	0.853	0.932
Image	Customers are satisfied with the cafe brand	P20		0.968
	Customers are not influenced by other brands	P21		0.725
Employee	The waiters are dressed politely	P22	0.968	0.969
Attitude	The waiters spoke kind words	P23		0.975
	The waiters asked nicely	P24		0.964
Atmosphere &	The cafe design and layout are good	P25	0.912	0.934
Environment	The cafe interior is nice	P26		0.943
	The room smells right	P27		0.889
Customer	I enjoy visiting the same café	P28	0.908	0.900
Engagement	I want to visit the same café	P29		0.961
	I will try to visit the same café	P30		0.864

According to Hair, et al. (Hair et al., 2021), a Convergent Validity value of 0.50 or more is considered to have strong validity. The convergent validity values for indicators are shown in loadings and the results are all above 0.7, which means the values are valid. Discriminant validity is used to see whether an indicator of a particular latent variable is different from indicators of other latent variables, so that the indicator is considered appropriate for explaining the latent variable. The Average Variance Extract (AVE) values of this research are all > 0.5, therefore the values are declared valid.

Structural Model

Collinearity is the occurrence of a correlation between variables in latent variables in a model, so that the predictive power is unreliable and unstable(Hair et al., 2021). The Variance Inflation Factor (VIF) values of this research results are all < 5 which means there is no collinearity problem. R^2 value of 0.493 means that the ability of the service

quality and atmosphere & engagement variables through customer satisfaction in explaining customer loyalty is weak. The R^2 value of 0.555 means that the ability of the product quality, price, trust, brand image, employee attitude and customer engagement variables in explaining customer loyalty is 0.555 moderate. f^2 is a measure used to assess the relative impact of an influencing variable (exogenous) on the influenced variable (endogenous) (Hair et al., 2021). The recommended f^2 value is 0.02. 0.15 and 0.35 with exogenous latent variables having small, moderate, and large effects at the structural level. The test results in this research show relatively small f^2 values for each path coefficient.

The test results in Table 3 show the the effect and significance of each path coefficient in the consumer loyalty model. The results of this test are used to prove the hypothesis that was prepared in Hypoythesis Formation. The original sample (O) results are all positive except for brand image.

Table 3. Effects and significance of path coefficient results

No.	Hypothesis	O	P values	Path coefficient
H_1	Customer Satisfaction → Customer Loyalty	0.486	0.001	Has a significant effect
H_2	Service Quality → Customer Satisfaction	0.451	0.000	Has a significant effect
H_3	Product Quality → Customer Loyalty	0.100	0.304	No significant effect
H_4	Price → Customer Loyalty	0.111	0.212	No significant effect
H_5	Trust → Customer Loyalty	0.400	0.015	Has a significant effect
H_6	Brand Image → Customer Loyalty	-0.013	0.926	No significant effect
H_7	Employee Attitude → Customer Loyalty	0.004	0.969	No significant effect
H_8	Atmosphere & Environment → Customer Satisfaction	0.430	0.000	Has a significant effect
H_9	Customer Engagement → Customer Loyalty	0.282	0.047	Has a significant effect
H_{10}	Service Quality → Customer Loyalty	0.244	0.028	Has a significant effect
H_{11}	Atmosphere & Environment → Customer Loyalty	0.012	0.931	No significant effect

Customer satisfaction has a significant effect on customer loyalty. This means that the greater the level of customer satisfaction, the more loyal they will be to the cafe. These results are in accordance with previous research. Service quality has a significant effect on customer satisfaction, which means that the better the cafe can meet the needs of its customers, the more often customers come to the cafe. These results are in accordance with previous research. From the results of this research, it can be concluded that product quality does not have a significant effect on customer loyalty. This is different from previous research. It can be concluded that unique and varied products do not have much influence on consumers returning to cafes. Consumers will be more loyal in coming to cafes with the same taste and quality of coffee. Price does not have a significant effect on customer loyalty. This is not in accordance with previous research and means that price changes have no effect on consumer arrivals at the cafe. Loyal consumers will continue to stop by their regular cafes without paying attention to the price of the products in the cafe. Trust has a significant effect on customer loyalty, which means that if consumers feel that the cafe provides services according to their interests, a sense of trust will arise and make them want to come back to the cafe. This is in accordance with previous research by. Brand image does not have a significant effect on customer loyalty. These results are not in accordance with previous research. Customers are not tied to a particular cafe brand and tend to be happy to switch cafes. Employee attitude does not have a significant effect on customer loyalty. This is not in accordance with previous research by. It can be concluded that employee attitudes do not really influence consumers' return to the cafe. Atmosphere & environment influence customer satisfaction. This is in accordance with previous research. Consumers who like the physical and non-physical characteristics of a cafe will come back to that cafe. Customer engagement influences customer loyalty. These results are in accordance with previous research by which means that consumers who have a strong emotional attachment will return to the cafe they frequent. Service quality has a significant effect on customer loyalty. This is not in accordance with previous research. However, research by Tirtayasa (Tirtayasa, 2022) states that service quality has a positive and significant influence on customer loyalty. This means that the more a cafe can meet the needs of its customers, the more consumer loyalty to the cafe will increase. Atmosphere & environment have an insignificant or indirect effect on customer loyalty. This is in accordance with previous research which stated that the level of influence of the atmosphere & environment has no direct effect on customer loyalty.

Table 4. Specific indirect effects

Relationship	O	p	Effect
Service Quality → Customer Satisfaction → Customer Loyalty	0.219	0.006	Mediated
Atmosphere & Environment → Customer Satisfaction → Customer Loyalty	0.209	0.002	Mediated

The relationship between the mediating variables can be seen in Table 4. The value of specific indirect effects of service quality on customer loyalty through customer satisfaction in this research has a value of 0.219, which means positive. P-values or p <0.05 which means customer satisfaction "plays a role" in mediating the influence of service quality on customer loyalty. The indirect influence of atmosphere & environment on customer loyalty through customer satisfaction has a value of 0.209, which means positive. P-values <0.05 means that customer satisfaction also "plays a role" in mediating the influence of atmosphere & environment on customer loyalty.

Managerial Implications

Managerial implications for cafe owners are prepared in the form of suggestions and one of them is to ensure that the cafe's features and layout are instagrammable because most visitors aged 20-30 years are active on social media (Srisawatsakul & Papasratorn, 2015). Café owners can also make advertisements in contemporary language that is easy to understand for visitors aged 20-30 years and private employees. They can also offer membership cards that provide member discounts and a point system so members can get free food or drinks when they reach a certain number of points. Café owners can also conduct regular training for staff on how to read consumer behavior so that staff can offer products that suit consumer desires.

CONCLUSION

The study investigated the factors influencing customer loyalty in cafes, particularly focusing on customer satisfaction, service quality, product quality, price, trust, brand image, employee attitude, atmosphere & environment, and customer engagement. The characteristics of respondents revealed that most were young (20-30 years old), with a significant number being private employees, residing in Jakarta, and with relatively high monthly incomes. Analysis showed that customer satisfaction significantly impacts customer loyalty, indicating that higher satisfaction levels lead to increased loyalty. Additionally, service quality has a significant effect on customer satisfaction, emphasizing the importance of meeting customer needs for repeated visits. However, product quality and price did not significantly influence customer loyalty, suggesting that factors beyond product uniqueness and pricing affect consumer loyalty in cafes. Trust was found to significantly impact loyalty, highlighting the importance of consumer perception of service reliability. Contrary to expectations, brand image and employee attitude did not significantly affect loyalty. Atmosphere & environment indirectly influenced loyalty through customer satisfaction, indicating the importance of the overall cafe experience. Customer engagement also significantly impacted loyalty, emphasizing the role of emotional attachment in fostering repeat visits. Mediation analysis further revealed that customer satisfaction mediates the effects of service quality and atmosphere & environment on loyalty. Managerial implications suggest cafe owners focus on creating instagrammable features, advertising in contemporary language, offering membership rewards, and providing staff training on consumer behavior to enhance customer satisfaction and loyalty, particularly targeting young, social media-active demographics and private employees.

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