

## Investigating the determinants of customer loyalty at Kedai Kopi Kulo in Jakarta

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### Abstract

The food and beverage industry in Indonesia experienced significant growth, driven by changes in urban lifestyles, including the rising popularity of coffee consumption across generations. Kedai Kopi Kulo, despite its initial success during its early establishment, faced challenges as evidenced by a decline in its Top Brand Index from 2020 to 2024. This decline was suspected to be linked to decreasing levels of customer loyalty. This study evaluated the influence of service quality, price fairness, and store atmosphere on customer loyalty, with customer satisfaction serving as a mediating variable. The research adopted a quantitative approach using a cross-sectional survey of 205 respondents selected through purposive sampling. Data analysis was conducted using SEM-PLS. The findings revealed that price fairness and store atmosphere had a positive and significant impact on customer satisfaction, which in turn affected customer loyalty. However, service quality did not significantly influence either variable. These results provided strategic insights for Kedai Kopi Kulo, emphasizing the importance of focusing on price fairness and store atmosphere to enhance customer loyalty.

Keywords: Service Quality, Price Fairness, Store Atmosphere, Customer Satisfaction, Customer Loyalty

### Abstrak

Industri makanan dan minuman di Indonesia mengalami pertumbuhan yang signifikan, dipengaruhi oleh perubahan gaya hidup masyarakat perkotaan, termasuk meningkatnya popularitas konsumsi kopi di berbagai generasi. Kedai Kopi Kulo, meskipun awalnya meraih kesuksesan besar pada awal pendiriannya, saat ini menghadapi tantangan berupa penurunan *Top Brand Index* dari tahun 2020 hingga 2024. Penurunan ini diduga berkaitan dengan menurunnya tingkat loyalitas pelanggan. Penelitian ini bertujuan untuk mengevaluasi pengaruh kualitas layanan, keadilan harga, dan suasana toko terhadap loyalitas pelanggan, dengan kepuasan pelanggan sebagai variabel mediasi. Metode penelitian menggunakan pendekatan kuantitatif dengan survei *cross-sectional* terhadap 205 responden yang dipilih melalui teknik *purposive sampling*. Analisis data pada penelitian ini menggunakan SEM-PLS. Hasil penelitian menunjukkan bahwa keadilan harga dan suasana toko memiliki pengaruh positif signifikan terhadap kepuasan pelanggan, yang selanjutnya berdampak pada loyalitas pelanggan. Namun, kualitas layanan tidak memiliki pengaruh yang signifikan terhadap kedua variabel tersebut. Temuan ini memberikan wawasan strategis bagi Kedai Kopi Kulo untuk meningkatkan loyalitas pelanggan melalui fokus pada keadilan harga dan suasana toko.

Kata kunci: Kualitas produk, Kewajaran Harga, Suasana Toko, Kepuasan pelanggan, Loyalitas Pelanggan

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## 1. Introduction

Indonesia's food and beverage industry has experienced rapid growth, driven by changing urban lifestyles. Coffee consumption, in particular, has surged in popularity across various demographics. This trend has led to the emergence of numerous coffee brands, including Kedai Kopi Kulo, known for its innovative menu and extensive reach. Founded in 2017, Kedai Kopi Kulo has expanded to over 250 outlets nationwide, catering to a diverse customer base (Aulivia, 2023).

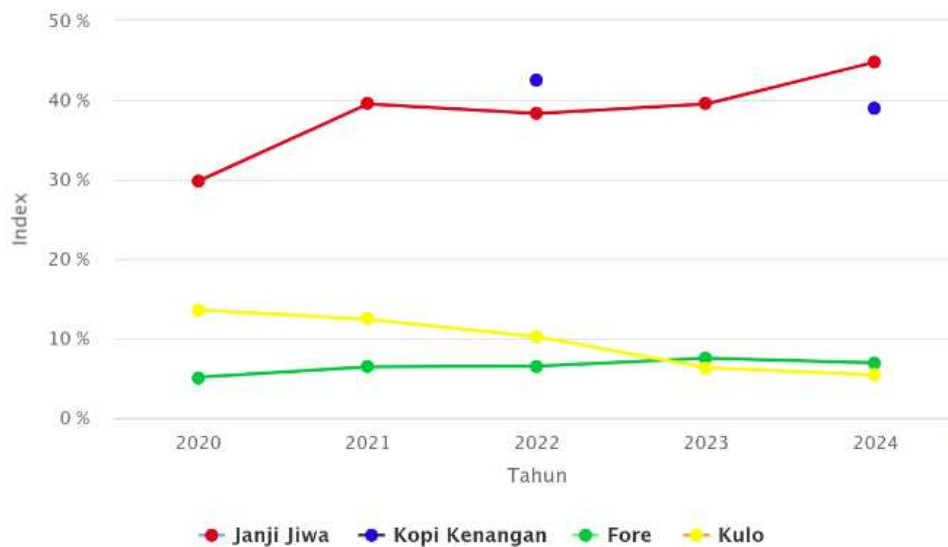


Figure 1. Top Brand Index Chart

However, recent trends indicate a decline in Kedai Kopi Kulo's brand performance. As illustrated in Figure 1, the brand's Top Brand Index dropped from 13.6% in 2020 (3rd place) to 5.40% in 2024 (4th place). While the data does not directly reflect market share, such a significant decline in the Top Brand Index may suggest a reduced brand preference or weakening customer attachment. This highlights the potential for issues related to customer loyalty, which often underlies repeat purchasing behavior and long-term brand engagement (Rather, 2019).

Customer loyalty refers to a customer's commitment to repurchase or continue patronizing a brand despite situational influences and marketing efforts by competitors. Research has consistently shown that customer loyalty is influenced by several key factors such as service quality, price fairness, and store atmosphere. For example, Wulandari et al. (2024) and Agustyawati et al. (2022) confirmed that high service quality can foster loyalty, while Heri & Tiarawati (2023) and Prum et al. (2024) established that perceived price fairness enhances loyalty across various industries. Furthermore, a pleasant store atmosphere has also been shown to contribute to stronger loyalty, as evidenced by findings from Azis & Hermina (2024) and Prasyanti et al. (2021).

Customer satisfaction is a measure of how well a product or service meets or exceeds customer expectations, it reflects a customer's overall experience and perception of a company (Benyamin & Ruslim, 2023). The study conducted by Slack

and Singh (2020) demonstrates that superior service and satisfied customers are directly linked to customer loyalty. Wulandari et al. (2024) discovered that service quality is positively linked to customer loyalty. Similarly, Pahlevi et al. (2021) also concluded that satisfaction positively influences the loyalty of banking customers.

Service quality refers to the customer's perception of how well a service meets or exceeds expectations. In the context of coffee shops, it encompasses aspects such as staff friendliness, responsiveness, professionalism, and reliability in service delivery. High service quality contributes to a positive customer experience, which in turn increases satisfaction and encourages repeat patronage. Although some research findings are mixed, prior studies such as those by Dhisasmito & Kumar (2020) and Wulandari et al. (2024) emphasize that service quality plays an essential role in fostering customer loyalty, either directly or through increased satisfaction.

Store atmosphere is another important determinant of customer satisfaction and loyalty. Effendy et al. (2019) found that store atmosphere has a beneficial impact on customer satisfaction. Elements such as lighting, music, temperature, scent, cleanliness, and seating arrangements contribute to a customer's sensory and emotional experience. When these atmospherical cues are pleasant, customers feel more comfortable and valued, which enhances their overall satisfaction with the visit. Store atmosphere also plays a crucial role in encouraging customer loyalty. Krisjayanti & Hermani (2018) discovered that a well-maintained and appealing store atmosphere increases the likelihood of repeat visits and long-term attachment to the brand. Nurdin & Alfin (2017) further emphasized that store atmosphere indirectly boosts customer loyalty by first improving satisfaction. In this way, the physical space functions not only as a service setting but also as a strategic touchpoint that shapes perceptions and builds emotional bonds with customers.

Price fairness is another factor that influences both customer satisfaction and loyalty. Sabriana and Laily (2022) showed that fair pricing boosts customer loyalty by increasing satisfaction. When customers perceive that they are paying a reasonable and justified price for the product or service received, they are more likely to feel respected and treated fairly, which leads to greater satisfaction. Fair pricing reduces the likelihood of perceived exploitation and builds trust in the brand's value proposition. This sense of fairness also contributes to customer loyalty, as customers tend to repeatedly patronize businesses, they consider transparent and equitable in their pricing. Similarly, Siswadi et al. (2020) found a direct link between satisfied customers and loyalty.

This study aims to examine the impact of service quality, perceived price fairness, and store atmosphere on customer loyalty at Kedai Kopi Kulo in Jakarta, with customer satisfaction as a mediating variable. The sample for this study is limited to customers aged 18 years and above who have made purchases and visited Kedai Kopi Kulo in Jakarta.

## 2. Literature Review

### Direct Influence on Customer Satisfaction

Panjaitan (2016) study revealed that service quality is positively linked to the satisfaction of delivery service customers in Bandung, Indonesia. Similarly, Lukito and Ruslim (2024) confirmed the significant positive impact of service quality on customer satisfaction. In a study conducted by Sutrisno et al. (2022), it was concluded that service quality positively and significantly influences customer satisfaction. Furthermore, Alaan (2016) also found that superior service quality strongly determines customer satisfaction in a study conducted among hotel customers in Bandung, Indonesia. These findings underscore the importance of service quality in enhancing customer satisfaction.

H1: Service quality positively and significantly influences customer satisfaction.

Herawaty (2017) discovered that price fairness is positively linked to customer satisfaction among the users of Go-Jek raid hailing app in Jakarta, Indonesia. Ardiansyah et al. (2024) also found that fair pricing positively influences customer satisfaction among the customers of Sauqi Footwear in Bandung, Indonesia. Herawaty's study focused on Go-Jek users in DKI Jakarta, while Ardiansyah et al. examined Sauqi Footwear in Bandung. Similarly, Intansari & Bustami (2024) concluded that price fairness is positively linked to customer satisfaction in the fashion industry. These studies show that fair pricing leads to happier customers.

H2: Price fairness positively and significantly influences customer satisfaction.

Efendi et al. (2023) found that store atmosphere has a positive and significant effect on customer satisfaction. In research conducted among the patrons of coffee shop, Simbolon et al. (2024) confirmed that store atmosphere is positively linked to customer satisfaction. Similarly, among the customers of coffee shop in Bandung, Indonesia, Munawaroh & Simon (2023) also confirmed that a pleasant store atmosphere can boost customer satisfaction. These results show that a pleasant store atmosphere is key to happy customers.

H3: Store atmosphere positively and significantly influences customer satisfaction.

### Direct Influence on Customer Loyalty

Excellent service can foster customer loyalty. In research conducted among the supermarket customers, Agustyawati et al. (2022) discovered that service quality is positively and significantly linked to customer loyalty. In the banking industry, Sumantri et al. (2023) also confirmed that service quality has a positive and significant effect on customer loyalty of Bank Central Asia, the largest private bank in Indonesia. Furthermore, Wulandari et al. (2024) also concluded that service quality is directly and positively linked to customer loyalty. These findings strongly emphasize the crucial role of service quality in fostering customer loyalty.

H4: Service quality positively and significantly influences customer loyalty.

Fair prices can lead to loyal customers. In the existing literature, Heri & Tiarawati (2023) discovered that price fairness has a direct and positive effect on customer loyalty among the subscribers of Netflix in Indonesia. Similarly, San et al. (2022)

asserted that fair price leads to loyalty among customers of coffee shops in Thailand. Furthermore, in research conducted among the hotel guests in Cambodia, Prum et al. (2024) found that price fairness is positively linked to customer loyalty. From Netflix in Indonesia to Thai coffee shops and Cambodian hotels, studies consistently show that fair pricing is key to customer satisfaction and loyalty. These findings highlight the importance of fair pricing for customer loyalty.

H5: Price fairness positively and significantly influences customer loyalty.

Research by Azis & Hermina (2024), Prasyanti et al. (2021), and Marlina et al. (2023) shows that store atmosphere positively influences customer loyalty. Azis & Hermina (2024) found that the store atmosphere of Osiris Coffee influences the loyalty of its patrons. Prasyanti et al. (2021) found that the customer loyalty of Matahari Mall in Indonesia is directly and positively influenced by store atmosphere. In addition, Marlina et al. (2023) found that store atmosphere positively and significantly influences the customer loyalty of the patrons of Kopi Latar Gondanglegi. These results highlight the significance of the store atmosphere in developing and strengthening customer loyalty in different industries.

H6: Store atmosphere positively and significantly influences customer loyalty.

Research by Pahlevi et al. (2021), Dewi et al. (2021), and Istiyawari et al. (2021) shows that customer satisfaction positively influences customer loyalty. In the customer of Bank Mega Syariah in Bengkulu, Indonesia, Pahlevi et al. (2021) found that customer satisfaction is positively linked to customer loyalty. Similarly, Dewi et al. (2021) discovered that among the Indonesian customers of laundry business, customer satisfaction positively and significantly influences customer loyalty. Furthermore, Istiyawari et al. (2021) confirmed that customer satisfaction has a positive and significant effect on the customer loyalty of local workshop in Semarang, Indonesia. These findings emphasize the importance of customer satisfaction for loyalty.

H7: Customer satisfaction positively and significantly influences customer loyalty.

### **Indirect Influence on Customer Loyalty Through Customer Satisfaction**

According to Apriyani & Ekowati (2023), service quality has a positive and significant influence on customer loyalty through the mediation of customer satisfaction of MMUGM Hotel in Yogyakarta, Indonesia. Kristianto (2022) found that service quality boosts customer loyalty through customer satisfaction among the customers of JNE delivery service in Surabaya, Indonesia. By focusing on service quality, businesses can improve customer satisfaction and, consequently, increase customer loyalty.

H8: Service quality positively and significantly influences customer loyalty, mediated by customer satisfaction.

The research conducted by Heri & Tiarawati (2023), Pinaraswati et al. (2024), and Andini et al. (2024) suggested that price fairness influences customer loyalty positively through its effect on customer satisfaction. In a study conducted among Netflix subscribers, Heri & Tiarawati (2023) found that fair price influences customer loyalty through customer satisfaction. Pinaraswati et al. (2024) discovered that price fairness is positively linked to the loyalty of apartment tenants, mediated by customer

satisfaction. Similarly, Andini et al. (2024) found that price fairness positively influences customer loyalty through the mediating role of customer satisfaction. Therefore, ensuring price fairness can be a key strategy for businesses aiming to enhance customer loyalty by fostering higher levels of customer satisfaction.

H9: Price fairness positively and significantly influences customer loyalty, mediated by customer satisfaction.

Previous research by Setyani et al. (2024), Baskara et al. (2023), and Pratama & Dewi (2022) has consistently demonstrated that store atmosphere positively influences customer loyalty, with customer satisfaction acting as a mediating factor. Setyani et al. (2024) found that store atmosphere positively influences customer loyalty through the mediation of customer satisfaction. Baskara et al. (2023) discovered that store atmosphere is positively linked to customer loyalty of coffee shop patrons, mediated by customer satisfaction. Pratama & Dewi (2022) also confirmed that customer loyalty is positively influenced by store atmosphere, mediated by customer satisfaction.

H10: Store atmosphere positively and significantly influences customer loyalty, mediated by customer satisfaction.

### 3. Research Method

Malhotra (2020) suggests that a quantitative cross-sectional survey design is appropriate for analyzing relationships between variables in consumer research. This study focused on individuals aged 18 and older who had made at least one purchase at Kedai Kopi Kulo outlets in Jakarta. The choice of respondents aged 18 years and above follows ethical research standards which require participants to possess the legal capacity to provide informed consent and the cognitive ability to assess abstract constructs like satisfaction and loyalty. While Sekaran and Bougie (2020) do not state a specific age, they emphasize the importance of selecting respondents who are cognitively competent and ethically eligible to participate in behavioral research. In line with Bougie and Sekaran (2020), a purposive sampling method was applied to ensure participants met the study's specific criteria. Data were gathered using structured questionnaires designed with a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire measured key variables such as service quality, price fairness, store atmosphere, customer satisfaction, and customer loyalty. This research defined operational variables to measure the key concepts of interest.

The primary data in this study was collected using a Google Form (GForm) based questionnaire. Through GForm, the researcher was able to distribute the questionnaire online via various social media platforms such as Instagram, WhatsApp, and Line to the respondents. The number of samples includes 205 respondents who participated in completing the questionnaire, which was designed according to the criteria set by the screening questions in the study. As for the decision to use 205 respondents, the sampling method is in accordance with Hair et al. (2018) who suggested the number of samples to be 20 times of the latent variables at the minimum in the research. This research has 5 latent variables, which means that it requires at least 100 respondents. Malhotra (2020) also suggested that the minimum number of respondents should be

200 respondents. Therefore, this research has surpassed the minimum threshold of the required number of respondents. This research defines its operational variables to measure the key concepts of interest. The list of operational variables used in the study is in Table 1.

Table 1. Operational Variables

Variable	Item	Code	Source
Service Quality	The employees at this coffee shop provide friendly service.	SQ1	Dhisasmito & Kumar (2020), Gunawan et al. (2023), Abdichianto & Ruslim (2024), Sugianto & Sugiharto (2013), as adapted by the researcher.
	The employees at this coffee shop assist customers who feel uncertain when placing an order.	SQ4	
	The employees at this coffee shop respond to customer complaints effectively.	SQ5	
	In my opinion, the service quality at this coffee shop is in line with the price I pay.	PF3	
Price Fairness	In my opinion, the atmosphere at this coffee shop is worth the price I pay.	PF4	Dhisasmito & Kumar (2020), Abdichianto & Ruslim (2024), Sugianto & Sugiharto (2013), as adapted by the researcher
	In my opinion, overall, this coffee shop offers better pricing options compared to other coffee shops.	PF5	
Store Atmosphere	I feel comfortable with the layout at this coffee shop.	SA4	Dhisasmito & Kumar (2020), Gunawan et al. (2023), Abdichianto & Ruslim (2024), as adapted by the researcher.
	I feel that the temperature in this coffee shop makes me comfortable.	SA5	
Customer Satisfaction	I feel that the products from this coffee shop meet my needs.	CS1	Dhisasmito & Kumar (2020), Gunawan et al. (2023), Abdichianto & Ruslim (2024), Sugianto & Sugiharto (2013), as adapted by the researcher.
	I feel that the prices at this coffee shop are in line with my expectations.	CS4	
	I am satisfied with the atmosphere at this coffee shop.	CS5	
Customer Loyalty	I am willing to repurchase products from this coffee shop.	CL1	Dhisasmito & Kumar (2020), Gunawan et al. (2023), Abdichianto & Ruslim (2024), as adapted by the researcher.
	I will recommend this coffee shop to others.	CL2	
	Even if the prices increase, I will still purchase from this coffee shop.	CL3	
	I will be a customer of this coffee shop in the future.	CL4	

The respondent data were analyzed using the SmartPLS software with the PLS-SEM method. The PLS-SEM method involves two models: the outer model and the inner model. The outer model analysis aims to explain the relationship between latent variables and their indicators, while the inner model analysis aims to assess the relationships between the variables in the research model (Figure 2).

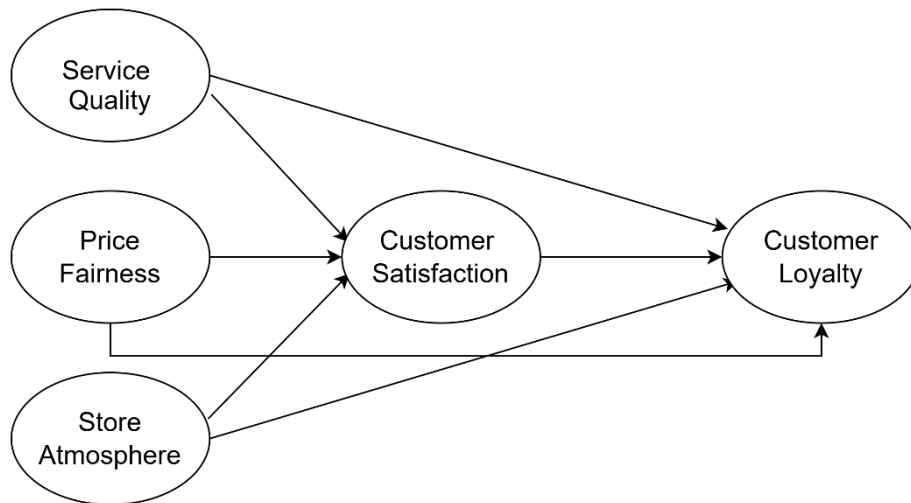


Figure 2. Research Model

#### 4. Results and Discussion

##### 4.1. Results

##### Outer model analysis

##### Convergent Validity Analysis

According to Hair et al. (2022), convergent validity reflects the extent to which a measurement is positively correlated with other measures evaluating a similar concept. The metrics used to assess the convergent validity of a construct include the Average Variance Extracted (AVE) and the evaluation of outer loadings.

Table 2. Test Result of Outer Loading (OL)

	CL	CS	PF	SA	SQ
CL 1	0.788	CS 1 0.764	PF 3 0.875	SA 4 0.865	SQ 1 0.884
CL 2	0.831	CS 4 0.833	PF 4 0.868	SA 5 0.898	SQ 4 0.887
CL 3	0.828	CS 5 0.858	PF 5 0.871		SQ 5 0.878
CL 4	0.783				

For all research variables, the outer loadings of the variables, indicators are required to exceed 0.7. Indicators that fall below this threshold are excluded, leaving only those with values greater than 0.7, which meet the criteria for convergent validity.

##### Results of Discriminant Validity Analysis

The discriminant validity of the constructs was assessed using the Fornell-Larcker criterion, cross-loading, and HTMT, following Hair et al. (2022). The Fornell-Larcker criterion showed that the square roots of the AVE for each construct were higher than their correlations with other constructs. Cross-loading analysis confirmed that indicators loaded higher on their respective constructs, and HTMT values were all below the 0.85 threshold, ensuring sufficient discriminant validity. These results confirm that the constructs measure distinct concepts with no significant overlap.

##### Results of Reliability Analysis

Based on the results of the Cronbach's Alpha and Composite Reliability analyses presented above, the variables of customer loyalty, customer satisfaction, price

fairness, store atmosphere, and service quality all have values greater than 0.6 and do not exceed 0.95. Therefore, it can be concluded that each research variable is reliable as it meets the reliability testing criteria.

Table 3. Test Result of Reliability Test

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	AVE
CL	0.822	0.823	0.883	0.695
CS	0.754	0.757	0.859	0.751
PF	0.842	0.844	0.905	0.605
SA	0.714	0.723	0.875	0.682
SQ	0.854	0.859	0.914	0.569

### Inner model analysis

#### Results of the Coefficient of Determination ( $R^2$ )

Based on the results of the coefficient of determination ( $R^2$ ) above, the customer loyalty variable has an  $R^2$  value of 0.504, indicating that the model can explain approximately 50.4% of the variation in customer loyalty. This means that 49.6% of the variation is influenced by factors outside the model, which are not examined in this study. The customer loyalty variable falls into the moderate influence category, as it has an  $R^2$  value around 0.50.

Table 4. The Result of  $R^2$ 

Variable	R-square	Conclusion
CL	0.504	Moderate

#### Results of Hypothesis Testing

Table 5. Test Result of Research Hypothesis Result

Variables	Coefficients	p-values	H	Result
<b>Dependent: Customer satisfaction</b>				
Service quality	0.156	0.068	H1	Not Supported
Price fairness.	0.382	0.000	H2	Supported
Store atmosphere	0.274	0.003	H3	Supported
<b>Dependent: Customer loyalty</b>				
Service quality.	0.121	0.089	H4	Not Supported
Price fairness	0.346	0.000	H5	Supported
Store atmosphere	0.201	0.000	H6	Supported
Customer satisfaction	0.558	0.000	H7	Supported
<b>Dependent customer loyalty, mediated by customer satisfaction</b>				
Service quality	0.087	0.068	H8	Not Supported
Price fairness	0.213	0.000	H9	Supported
Store atmosphere	0.153	0.001	H10	Supported

The results of the path coefficients and p-values test in the table above indicate that the path coefficients for all hypotheses in this study are positive, showing a positive relationship between the independent and dependent variables. Based on the p-values analysis, it shows that service quality does not have a significant impact on customer satisfaction or customer loyalty, as the p-values are  $\geq 0.05$ . The analysis also indicates that the use of mediation does not have a significant effect on the relationship between

service quality and customer satisfaction, as well as customer loyalty. Meanwhile, the other variables have a significant impact on both customer satisfaction and customer loyalty.

### **4.3. Discussion**

#### **Evaluation of Predictor Variables on Customer Satisfaction**

The analysis shows that service quality does not have a significant effect on customer satisfaction. This result contrasts with prior studies such as Lukito and Ruslim (2024) and Sutrisno et al. (2022), who found a significant positive relationship. The discrepancy may stem from the nature of Kedai Kopi Kulo's operations, where service interactions are minimal and standardized, making customers less sensitive to variations in service quality. Additionally, in fast-service or takeaway-oriented coffee outlets like Kedai Kopi Kulo, the service delivery process is highly procedural and transactional, leaving limited room for relational or experiential service attributes that typically drive satisfaction. Customers may place higher value on convenience, speed, and price rather than interpersonal service encounters. This aligns with consumer behavior theories in low-contact service settings, where perceived service performance may be viewed as uniform or less impactful on post-purchase evaluations.

The results also reveal that price fairness significantly influences customer satisfaction. This supports the findings of Herawaty (2017), Ardiansyah et al. (2024), and Intansari & Bustami (2024), emphasizing that when customers perceive prices as reasonable, they experience higher satisfaction. Fair pricing builds a sense of trust and transparency, which can positively shape how customers evaluate their overall experience. In competitive markets like Jakarta, where options are abundant, even small perceived injustices in price can lead to dissatisfaction or switching behavior.

Furthermore, the study finds that store atmosphere significantly affects customer satisfaction, consistent with Efendi et al. (2023), Simbolon et al. (2024), and Munawaroh & Simon (2023). A comfortable atmosphere enhances the sensory experience and emotional state of customers, leading to greater satisfaction. Elements such as music, lighting, cleanliness, seating arrangements, and even aroma can play a role in making customers feel welcome and relaxed. These sensory and emotional triggers contribute to a memorable visit, increasing the likelihood of positive evaluations.

#### **Evaluation of Predictor Variables on Customer Loyalty**

The findings indicate that service quality does not significantly influence customer loyalty. This contradicts past studies like Agustyawati et al. (2022) and Wulandari et al. (2024), where service quality had a strong impact on loyalty. In this case, it is likely that loyalty is driven by more tangible factors, such as price fairness and ambiance. Customers of Kedai Kopi Kulo may perceive service as a baseline expectation rather than a differentiating factor, thereby diminishing its role in determining repeat patronage. Moreover, when service quality across competing brands is perceived as homogeneous—as often found in franchised coffee shops—customers may shift their attention to other factors that provide emotional or functional value. In this context,

loyalty is less likely to be built on service nuances and more on distinctive store atmosphere and value-based pricing, which offer a clearer point of differentiation in the customer's mind.

In contrast, the study confirms that price fairness has a significant positive impact on customer loyalty. This aligns with the findings of Heri & Tiarawati (2023) and San et al. (2022), who noted that fair pricing increases long-term customer commitment. When customers feel that prices are justified relative to product quality and experience, they are more likely to develop brand attachment and remain loyal. Inconsistent or perceived unfair pricing, on the other hand, can erode trust and encourage brand switching.

Store atmosphere also exerts a positive and significant influence on customer loyalty. This echoes research by Azis & Hermina (2024), Prasyanti et al. (2021), and Marlena et al. (2023), affirming the role of ambiance in enhancing customer retention. A cozy and well-maintained physical atmosphere encourages customers to linger, make repeat visits, and even bring along friends or family. This repeated exposure and comfort within the store can evolve into a deeper emotional connection with the brand.

Finally, the study confirms that customer satisfaction strongly and positively affects customer loyalty. This is consistent with the findings of Pahlevi et al. (2021), Dewi et al. (2021), and Istiyawari et al. (2021). Satisfied customers are more likely to remain loyal, recommend the brand, and tolerate minor inconveniences. Satisfaction acts as a buffer during occasional service failures and helps maintain positive attitudes toward the brand, especially when alternatives are readily available.

### **The Mediating Role of Customer Satisfaction in Shaping Loyalty**

The study finds that customer satisfaction does not significantly mediate the relationship between service quality and loyalty. This result mirrors the non-significance of H1 and H4, indicating that the effect of service quality is minimal, both directly and indirectly. This might suggest that for Kedai Kopi Kulo's target market, expectations of service are low or standardized, thereby reducing its role in influencing satisfaction and loyalty. It is also possible that the fast-paced nature of the transaction limits emotional or cognitive engagement with the service encounter, thus weakening the satisfaction-loyalty pathway. In situations where consumers are focused on speed and affordability, their loyalty decisions may bypass affective evaluations of service and instead depend more heavily on practical and environmental cues. This detachment from service perception undermines the mediating role of satisfaction. To enhance this relationship, future strategies may consider service personalization, human-centered touchpoints, or employee engagement training to elevate the service experience beyond a mere transactional function.

In contrast, the results confirm that customer satisfaction significantly mediates the relationship between price fairness and loyalty. This reinforces findings from Heri & Tiarawati (2023), Pinaraswati et al. (2024), and Andini et al. (2024), showing that fair pricing enhances satisfaction, which in turn drives loyalty. From a managerial perspective, this suggests that improving perceived fairness not only has a direct

payoff but also an indirect one through satisfaction. Kedai Kopi Kulo can enhance loyalty more effectively by addressing both perceptions of fairness and overall satisfaction.

Similarly, customer satisfaction is found to mediate the relationship between store atmosphere and loyalty. This confirms findings by Setyani et al. (2024), Baskara et al. (2023), and Pratama & Dewi (2022), emphasizing that a pleasant atmosphere improves loyalty through the satisfaction pathway. Customers who enjoy their surroundings are more likely to feel emotionally fulfilled, which translates into stronger brand preference and repeat behavior. Therefore, optimizing atmospherical cues should be seen not only as an aesthetic improvement but as a strategic investment in loyalty-building.

### **Theoretical and Practical Contributions**

Although prior studies have explored the effects of service quality, price fairness, and store atmosphere on customer satisfaction and loyalty, this study contributes theoretically by offering a nuanced empirical insight within the context of a modern, fast-service coffee shop in Jakarta. Unlike many previous studies, the results demonstrate that service quality does not significantly influence either customer satisfaction or loyalty. This unexpected outcome highlights a contextual variation that may be overlooked in general customer loyalty frameworks and invites further research into how customer expectations shift in standardized service environments. In addition, the study reinforces the mediating role of customer satisfaction in the relationship between price fairness and store atmosphere with loyalty, thereby adding empirical evidence to support this relational structure. By examining all three predictors in a single integrated model and applying them specifically to the Indonesian coffee shop market, the research provides localized theoretical enrichment. This supports the need for more context-specific investigations and helps bridge the gap in loyalty research focused on emerging urban consumer behavior in Southeast Asia.

From a managerial perspective, the results provide practical guidance for coffee shop operators, particularly Kedai Kopi Kulo and similar businesses, to optimize customer retention strategies. The data show that customer loyalty is most effectively influenced through enhancements in perceived price fairness and store atmosphere. These findings suggest that customers are more likely to return when they feel they receive fair value for their money and enjoy a pleasant, inviting store environment. Additionally, the study underscores that while service quality remains important, it may not be a key differentiator in environments where service is standardized or fast paced. Thus, management may achieve greater impact by investing in price strategy transparency, promotional consistency, ambient improvements, and experiential design rather than focusing exclusively on service training. These insights offer a practical roadmap for customer-centric improvements that align with consumer expectations in competitive urban markets.

## 5. Conclusion

The study investigates the impact of service quality, price fairness, and store atmosphere on customer loyalty at Kedai Kopi Kulo in Jakarta, with customer satisfaction serving as a mediating variable. The findings indicate that service quality does not significantly influence customer satisfaction or loyalty. Conversely, both price fairness and store atmosphere positively and significantly affect customer satisfaction, which in turn has a substantial impact on customer loyalty. This suggests that improving the perceived fairness of prices and enhancing the store atmosphere can lead to increased customer satisfaction and loyalty. In conclusion, the research highlights the importance of prioritizing strategies that focus on price fairness and store atmosphere to cultivate customer loyalty. These insights can guide management in implementing effective measures to enhance customer experiences and drive business success. Future studies could further explore additional factors affecting customer loyalty to provide a more comprehensive understanding of consumer behavior in the coffee shop industry.

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