Original Article

The Role of Cafe Atmosphere and Product Quality in Building Consumers' Trust and Loyalty

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Abstract - *One of the local businesses that are currently competing tightly is the Coffee Shop. Aside from being a place to drink tea or coffee and eat snacks, a coffee shop is also a place to gather, exchange ideas, and expand networks, and even become a place to conduct business prospects between entrepreneurs. This causes the need for a coffee shop to be considered as a daily necessity. East Java is also one of the provinces that have experienced significant development in the coffee shop business. This study aims to determine and prove the effect of cafe atmosphere and product quality in building trust and loyalty of local coffee shop consumers. This research is descriptive quantitative. The population in this study are local coffee shop consumers who are limited to the GERBANG KERTASUSILA area (Gresik, Bangkalan, Mojokerto, Surabaya, and Lamongan), totaling 262 people. The number of samples after being calculated by the Slovin formula is 159 respondents. This study was tested using the SEM-PLS model. The results showed that the cafe atmosphere had a positive and significant effect on trust and loyalty. Product quality has a positive and significant effect on customer trust and loyalty.*

Keywords - *Product quality, Cafe atmosphere, Trust.*

I. INTRODUCTION

In this globalization era, the competitiveness in business is much more varied and tight. Those things can be viewed based on the number of business people who offer the same services or goods in a market. One of the tight competitive businesses is a local coffee shop. Apart from being a place to drink tea or coffee and eat snacks, a coffee shop is also a place to gather, exchange ideas, and expand networks, and even become a place to conduct business prospects between entrepreneurs, so that the need for a coffee shop can be considered as daily needs. East Java is also one of the provinces that have a significant development in the coffee shop business. It can be seen based on the table below that is obtained from East Java Central Statistics Agency. Based on the table above, it can be concluded that Surabaya has a significant development in the field of a coffee shop. It can be seen from 2014 that it only amounts to 383, increasing drastically in the next four years, which reaches 1.341. Geographically, Lamongan is one of regency that is near with Surabaya. That is, it has an indirect impact on the business culture of coffee shops in Lamongan. The increasing number of businesses in the coffee shop sector makes competition increase. The effort that must be done by business people in the coffee shop field is to innovate in order to give trust and make loyal customers. Competitiveness is the ability of a company to give a more value towards the product compared with its competitor. Also, that value is beneficial for the customers. To get consumers' trust and loyalty in having service businesses such as a local coffee shop, one of the supported factors needed is providing a comfortable atmosphere. In the study of (Apecilus Nggaur, 2018), he asserts that cafe atmosphere is one of the supporting factors in the business of cafe shop regarding consumers' sensation while they are coming to every different cafe. Cafe atmosphere is created through its exterior and interior, sound or roar, music, another lighting that ultimately builds the feelings of comfort and disappointment felt by consumers. All above, cafe atmosphere has an important role in building consumers' trust and loyalty to win the supporting competition factor.

Table 1. The total of restaurants in East Java Province Based on Regency/City, 2014-2018

Regency/City	2014	2015	2016	2017	2018	Regency/City	2014	2015	2016	2017	2018
Regency											
Pacitan	12	20	20	26	25	Ngawi	11	12	12	10	13
Ponorogo	14	38	38	61	60	Bojonegoro	40	72	72	22	26
Trenggalek	29	29	29	29	93	Tuban	35	27	27	76	76
Tulungagung	19	38	38	42	42	Lamongan	28	20	20	24	25

Blitar	30	43	43	43	45	Gresik	23	23	23	105	106
Kediri	32	57	57	102	114	Bangkalan	15	19	19	23	23
Malang	190	195	195	202	202	Sampang	7	12	12	13	11
Lumajang	37	21	21	104	111	Pamekasan	27	26	26	29	29
Jember	56	67	67	31	33	Sumenep	28	17	17	39	43
Banyuwangi	107	88	88	88	100	**City**					
Bondowoso	31	37	37	43	51	Kediri	35	25	25	25	35
Situbondo	23	48	48	22	22	Blitar	41	34	34	22	22
Probolinggo	17	29	29	20	24	Malang	173	707	707	707	1 028
Pasuruan	7	37	37	24	25	Probolinggo	17	21	21	35	34
Sidoarjo	33	124	124	121	147	Pasuruan	26	90	90	53	30
Mojokerto	23	29	29	29	34	Mojokerto	14	14	14	11	10
Jombang	18	21	21	10	13	Madiun	38	27	27	13	17
Nganjuk	25	24	24	22	31	Surabaya	383	713	790	1 083	1 341
Madiun	20	31	31	31	31	Batu	30	43	43	43	48
Magetan	12	52	52	49	49	**The total in East Java**	**1706**	**2930**	**3007**	**3432**	**4169**

Source: Culture and Tourism Office East Java Province

II. LITERATURE REVIEW

A. Cafe Atmosphere

The cafe atmosphere is an essential part of attracting the consumers because a cafe that is comfortable, safe and interesting, it will determine consumers' loyalty. According to Utami (2006:238), the atmosphere is the environmental design that relies on visual lighting communication, color, music, and fragrance to design an emotional response and consumers' perception as well as to influence consumers' decision in choosing a place. Besides, Levy cited in Dian (2013:416), the atmosphere is the creation of character atmosphere through visual, lighting arrangement, music, and aroma that create a comfortable selling environment, so that it can influence consumers' perception and emotional to do buying. Umar (2002:61) defines the character of the atmosphere as an entire of emotional effect created by characters' physical attributes to satisfy parties concerned, retailers, and consumers.

B. Product Quality

According to Wibowo (2014), quality is defined as the fulfillment of customers' expectations. Based on Heized and Render (in Wibowo 2014:113), quality is the ability of a product or service to fulfill consumers' needs. Kotler and Armstrong in a state that product quality is the ability of a product to perform its functions. It includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes. Compiled from that information mentioned, it can be understood that quality product is the characteristic of goods and services that has the ability to fulfill the need as the combination of reliability, precision, ease of operation, and repair.

C. Trust

Trust is the main important aspect in building both commitment and agreement that is realized if it is meant in the future. In brief, trust is the factor needed in overcoming any obstacles among business partners, and also it is an asset to develop long-term relationships within the company.

D. Consumer Loyalty

Recently, loyalty has been used in the business context to describe the willingness of customers to continue the use of the company's products in the long term, moreover if they use it executively and to recommend the company's products to friends and colleagues. Loyalty is emotional, and many things can influence someone's loyalty, including the employee and a faithful consumer of a certain brand or product (Mu'ah & Masram, 2014). Consumer loyalty is usually formed after the customer feels satisfied with a product or service that has been purchased and felt (Qomariah, 2016).

E. Competitiveness

Basically, the success of a product in a particular area is said to be successful if the created product has something more than others, so the price of its product remains high. As a result, nowadays, many products are marketed, resulting in a tight competitiveness and a qualified test. Frinces (2011) defines the competitiveness as the strength or ability and advantages that are built from the potential and resources that come from inside and outside the organization in a planned and systematic manner to fight against any later or real potential to disturb, shift, fight, and destroy the position, existence, and existence of parties that will be rivaled.

III. RESEARCH METHODOLOGY

This study is descriptive quantitative using the primary data. Population in this study is consumers' coffee shop local where is restricted by GERBANG KERTASUSILA (Gresik, Bangkalan, Mojokerto, Surabaya and Lamongan) amounts

262 people. The sample after being calculated by the Slovin formula was 159 respondents. This study is tested using the SEM-PLS model and processed using Smart PLS3 to evaluate a model of research.

IV. RESULT AND DISCUSSION

Table 2. Hypothesis Test Results - Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Consumers' trust → competitiveness	0.265	0.266	0.087	3.024	0.003
Product quality → competitiveness	0.180	0.175	0.080	2.243	0.025
Product quality → Consumers' trust	0.396	0.400	0.092	4.285	0.000
Product quality → Consumers' loyalty	0.264	0.261	0.093	2.826	0.005
Consumers' loyalty → competitiveness	0.155	0.161	0.101	1.533	0.126**
Cafe atmosphere → competitiveness	0.200	0.202	0.073	2.748	0.006
Cafe atmosphere → consumers' trust	0.311	0.313	0.081	3.840	0.000
Cafe atmosphere → consumers' loyalty	0.324	0.332	0.096	3.382	0.001

Commonly, the discussion is relevant to research questions stated in journal articles. Based on table 2, it can be explained that the results of testing the path coefficient, t-statistics, and p-value to answer the developed hypothesis in this study are as follows: 1) cafe atmosphere on consumer confidence has a positive path coefficient of 0.311, a t-statistic of 3.840 (>1.96) and p-value of 0.000 (<0.05) which means hypothesis 1 is accepted. So, it can be concluded that cafe atmosphere has a positive and significant effect on consumer confidence. 2) Cafe atmosphere towards consumer loyalty has a positive path coefficient of 0.324, a t-statistic of 2.382 (>1.96), and a p-value of 0.001 (<0.05), which means that hypothesis 2 is accepted. So, it can be concluded that cafe atmosphere has a positive and significant effect on consumer loyalty. 3) Product quality towards consumer confidence has a positive path coefficient of 0.396, t-statistics of 4.285 (>1.96), and p-value of 0.000 (<0.05), which means hypothesis 3 is accepted. So, it can be concluded that product quality has a positive and significant effect on consumer confidence. 4). Product quality towards consumer loyalty has a positive path coefficient of 0.264, t-statistic of 2.826 (>1.96), and p-value of 0.005 (<0.05), which means hypothesis 4 is accepted. So, it can be concluded that product quality has a positive and significant effect on consumer loyalty. 5). Consumer confidence in competitiveness has a positive path coefficient of 0.265, t-statistic of 3.024 (>1.96), and p-value of 0.003 (<0.05), which means hypothesis 5 is accepted. So, it can be concluded that consumer trust has a positive and significant

effect on competitiveness. 6) Consumer loyalty to competitiveness has a positive path coefficient of 0.155, t-statistic of 1.533 (<1.96), and p-value of 0.126 (>0.05), which means hypothesis 6 is rejected. So, it can be concluded that consumer loyalty has no significant effect on competitiveness. Research (Rosalina et al., 2019) states that product quality affects consumer loyalty for Oppo Smartphones.

7). Cafe atmosphere on competitiveness has a positive path coefficient of 0.200, t-statistic of 2.748 (>1.96), and p-value of 0.006 (<0.05), which means hypothesis 7 is accepted. So, it can be concluded that the cafe atmosphere has a positive and significant effect on competitiveness. 8). Product quality on competitiveness has a positive path coefficient of 0.180, t-statistic of 2.243 (>1.96), and p-value of 0.025 (<0.05), which means that hypothesis 8 is accepted. So, it can be concluded that product quality has a positive and significant effect on competitiveness. Research (Sutrisno et al., 2017) states that that trust has an effect on consumer loyalty. Research (Sutrisno et al., 2017) stated that trust has an effect on consumer loyalty. (Qomariah, 2018) in his research stated that product attributes have an impact on customer loyalty. (Iriyanti et al., 2016) in his research stated that the quality of product and the location have an impact on customer loyalty. (Caceres & Paparoidamis, 2007) stated that trust has an impact on customer loyalty. (Sulaiman et al., 2020) stated that store atmosphere has a no significant impact on customer loyalty. (Dewi & Rulirianto, 2011) stated that trust has an impact on customer loyalty.

V. CONCLUSION

Cafe atmosphere has a positive and significant effect on consumer confidence; besides that, the cafe atmosphere also has a positive and significant effect on consumer loyalty and competitiveness. Product quality has a positive and significant effect on consumer confidence; besides that, product quality also has a positive and significant effect on consumer loyalty and competitiveness. Consumer trust has a positive and significant effect on competitiveness. However, consumer loyalty does not have a significant effect on competitiveness.

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