

### THE ROLE OF STORE LOCATION AND STORE ATMOSPHERE ON CUSTOMER LOYALTY

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#### Abstract

The coffee shop business in Indonesia has become a trend in recent years. Osiris Coffee is a business unit that provides customers with services and products. Over the last six months, Osiris Coffee has experienced a decline in the number of customers, which is believed to be due to the coffee shop's less strategic location and atmospheric store, which cannot compete with other coffee shops. This research aims to determine the effect of location and store atmosphere on customer loyalty at Osiris Coffee. It is quantitative and uses an Osiris Coffee customer analysis unit. Data was collected by distributing questionnaires to 84 customers. The results of hypothesis testing state that store location has a partial effect on customer loyalty, and store atmosphere has a partial effect on customer loyalty. Apart from that, store location and store atmosphere simultaneously positively and significantly affect customer loyalty. The results of hypothesis testing in this research have a positive effect both partially and simultaneously.

**Keywords:** Store location, store atmosphere, customer loyalty

#### Abstrak

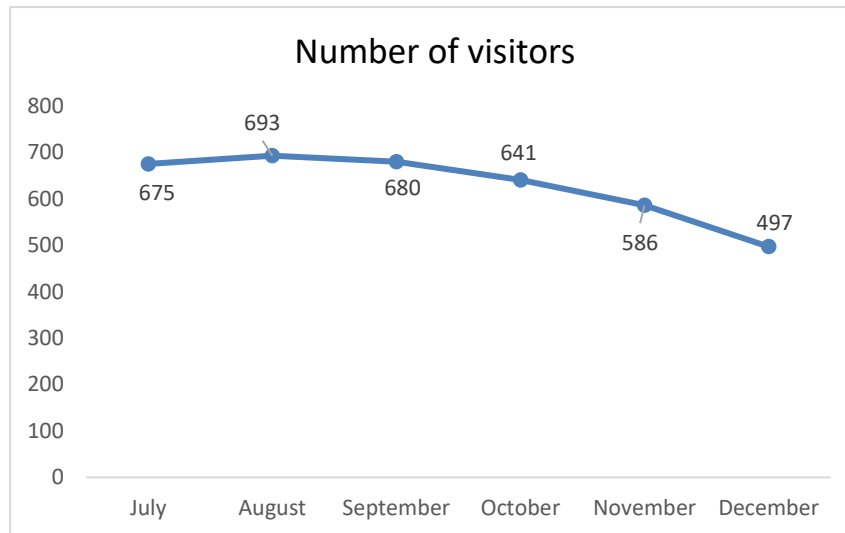
*Bisnis kedai kopi di Indonesia telah menjadi tren dalam beberapa tahun terakhir. Osiris Coffee adalah unit bisnis yang menyediakan layanan dan produk kepada pelanggan. Selama enam bulan terakhir, Osiris Coffee mengalami penurunan jumlah pelanggan yang diyakini disebabkan oleh lokasi kedai kopi yang kurang strategis dan suasana toko yang tidak dapat bersaing dengan kedai kopi lainnya. Penelitian ini bertujuan untuk mengetahui pengaruh lokasi dan suasana toko terhadap loyalitas pelanggan di Osiris Coffee. Penelitian ini bersifat kuantitatif dan menggunakan unit analisis pelanggan Osiris Coffee. Data dikumpulkan dengan menyebarkan kuesioner kepada 84 pelanggan. Hasil pengujian hipotesis menyatakan bahwa lokasi toko berpengaruh secara parsial terhadap loyalitas pelanggan, dan suasana toko berpengaruh secara parsial terhadap loyalitas pelanggan. Selain itu, lokasi toko dan suasana toko secara simultan berpengaruh positif dan signifikan terhadap loyalitas pelanggan. Hasil pengujian hipotesis dalam penelitian ini menunjukkan efek positif baik secara parsial maupun simultan.*

**Kata kunci:** Lokasi toko, suasana toko, loyalitas pelanggan

#### Introduction

The emergence of various coffee shops in Indonesia has become a trend in recent years. This can be seen from the significant increase in coffee shops and domestic coffee consumption. The rise of the coffee business, especially in Cimahi City, has tightened business competition. In the last six months, Osiris Coffee has experienced a decline in the number of visitors.

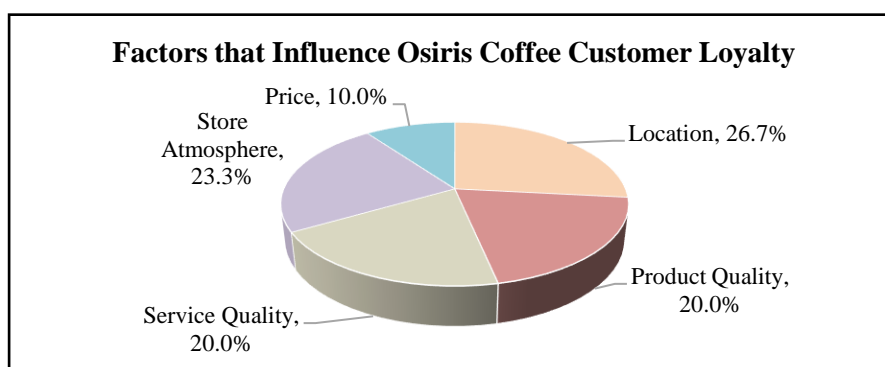
**Figure 1. Osiris Coffee Cimahi visitors in August-December 2023**



Osiris Coffee Cimahi visitors in August-December 2023 experienced a significant decline. This decrease in the number of visitors automatically reduces the number of purchases and turnover from Osiris Coffee. (Budiman & Dananjoyo, 2021). The problem of decreasing the number of visitors to Osiris Coffee is related to customer loyalty, which is a customer's tendency to buy a product repeatedly. Customer loyalty is influenced by customer satisfaction, product or service quality, brand image, perceived value, trust, customer relationship, switching costs, and dependability. (Channa et al., 2022).

Apart from that, one way to increase customer loyalty to purchase or visit a store is by looking at the atmosphere. Store atmosphere can be an alternative to differentiate one cafe from another with more or less the same products and prices. (Kasmad, 2022). Location is a primary element in building a business because locations are easily accessible, making it easy for consumers to visit the service provider. (Maranatha et al., 2023). An easy-to-reach location with a large parking area makes it easy for consumers to visit the service provider. At an accessible location, consumers will continue to use the service provider. This is in line with research conducted by Bhatt et al., (2020), which states that location significantly affects customer loyalty. Researchers conducted a preliminary survey of 30 respondents to determine the factors influencing customer loyalty at Osiris Coffee.

**Figure 2. Factors that Influence Osiris Coffee Customer Loyalty**



The pre-survey results show that the most significant factor influencing Osiris Coffee customer loyalty is location, which is 26.7%, followed by store atmosphere at 23.3%. According to Cachero-Martínez & Vázquez-Casielles, (2021), loyalty is a deeply held commitment to purchase or support a preferred product or service again in the future despite the influence of the situation and marketing efforts that have the potential to cause the customer to suffer. Having customers or visitors with high loyalty is a hope for coffee shop owners. Increasing customer loyalty to the products offered can affect business continuity in the coffee shop (Akmal et al., 2023).

Channa et al., (2022) States that loyalty manifests the fundamental human need to have support, get a sense of security, build attachment, and create emotional attachment. A company must have a strategy in a strategic and comfortable location for its activities, which can benefit the company. Choosing customer satisfaction that is located in the middle of a crowded place and is easy for consumers to reach can be a strategy for business actors when they want to build a business. (Pantano et al., 2021). Apart from location, store atmosphere is a determining factor for people to visit, becoming more sensitive to the atmosphere that makes them comfortable or not in a place. According to Vilnai-Yavetz et al., (2021) The store atmosphere is a combination of physical characteristics of the store, such as architecture, layout, signs and displays, coloring, lighting, air temperature, sound, and aroma, where these characteristics work together to create the company's image in the customer's mind. Based on these phenomena, this research is expected to determine how much location and store atmosphere can influence Osiris Coffee Cimahi's customer loyalty.

## **Methods**

Research methods are scientific ways to obtain data with specific objectives and uses (Nurlan, 2019). Referring to the research objectives, the author chose the Explanatory Survey Method, which aims to test hypotheses that have been previously formulated (testing research). The data sources in this study come from two types of data: primary data and secondary data. Primary data is obtained through empirical research using a structured questionnaire given to consumers of Osiris Coffee Cimahi who have visited the place. Meanwhile, secondary data is obtained from reports, previous research journals, articles relevant to this research topic, and information sources on the Internet.

## **Result and Discussion**

### **Research Result**

#### **Validity test**

According to Nurlan, (2019), validity is the degree of accuracy between the data that occurs on the object and the data collected by the researcher.

**Table 1. Validity test**

ITEM	REQUIREMENT	RESULT	JUDGMENT
<b>VALIDITY X1</b>	calculation $> r_{table} = 0.167$	$> 0.167$	Valid
<b>VALIDITY X2</b>	calculation $> r_{table} = 0.167$	$> 0.167$	Valid
<b>VALIDITY Y</b>	calculation $> r_{table} = 0.167$	$> 0.167$	Valid

Source: SPSS version 25

The results of testing the validity of questionnaire items in Table 1 show that all statement items in each variable X1 are valid. So, it can be said that the questionnaire items for the Store location (X1) variables, Store Atmosphere (X2), and Customer loyalty (Y) are valid and can be used to measure the variables studied.

### Reliability Test

According to Nurlan, (2019), a reliability test is the extent to which measurement results using the same object produce the same data. Reliability tests are carried out jointly on all statements.

**Table 2. Reliability Test**

ITEM	REQUIREMENT	RESULT	JUDGMENT
<b>RELIABILITY X1</b>	Cronbach's alpha $> 0.70$	0.827	Reliable
<b>RELIABILITY X2</b>	Cronbach's alpha $> 0.70$	0.769	Reliable
<b>RELIABILITY Y</b>	Cronbach's alpha $> 0.70$	0.833	Reliable

Source: SPSS version 25

The results of reliability tests in Table 2 carried out on all items in this research show that all research items can be reliable (the reliability coefficient value is more significant than 0.70) and thus can be used as instruments in measuring the variables determined in this research.

### Normality Test

The normality test helps determine whether the independent or dependent variables are normally distributed or close to normal.

**Table 3. Normality Test**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		84
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	3.47101085
Most Extreme Differences	Absolute	.093
	Positive	.093
	Negative	-.044
Test Statistic		.093
Asymp. Sig. (2-tailed)		.070 <sup>c</sup>

- a. Test distribution is Normal.  
b. Calculated from data.  
c. Lilliefors Significance Correction.

Source: SPSS version 25

Table 3 shows the results of data normality testing using the Kolmogorov-Smirnov method (Kolmogorov-Smirnov Test). The test results show that the significance value (Asymp. Sig 2-tailed) is 0.070. The data is normally distributed because the significance value is more significant than 0.05 ( $0.070 > 0.05$ ).

### Multicollinearity Test

The multicollinearity test determines whether there are deviations from the classic assumption of multicollinearity and whether there is a relationship between independent variables. A good regression model means no multicollinearity or correlation between independent variables.

**Table 4. Multicollinearity Test**

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.821	4.245		1.607	.112		
	Store Location	.706	.134	.496	5.258	.000	.905	1.105
	Store Atmosphere	.153	.071	.203	2.149	.035	.905	1.105

a. Dependent Variable: Loyalitas Pelanggan

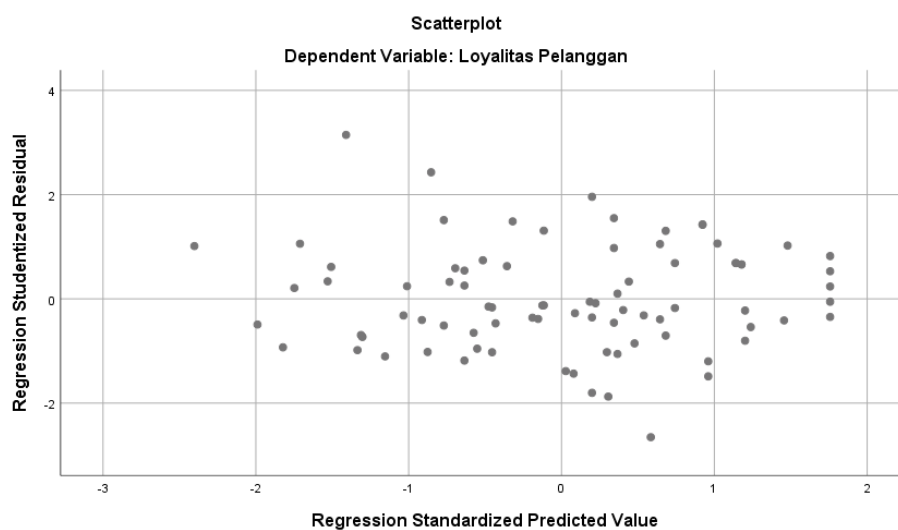
Source: SPSS version 25

Table 4 shows that the Tolerance value of the two independent variables is 0.905 and is more than 0.1. Then, the Variance Inflation Factor (VIF) value of the two independent variables is 1.105, and the Variance Inflation Factor (VIF) is less than 10. So, it can be concluded that in this study, there was no multicollinearity between the independent variables.

### Heteroscedasticity Test

The heteroscedasticity test determines whether a regression model has an inequality of variance from the residuals of one observation to another.

**Figure 2. Heteroscedasticity Test Results**



The scatterplot graph in Figure 2 shows that the points are spread randomly and are both above and below the number 0 (zero) on the Y-axis. Thus, the regression model used does not show symptoms of heteroscedasticity.

### Multiple Linear Regression Test

Multiple linear regression determines the influence or linear relationship between two or more independent variables and one dependent variable.

**Table 5. Multiple Linear Regression Test**

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.821	4.245		1.607	.112
Store Location	.706	.134	.496	5.258	.000
Store Atmosphere	.153	.071	.203	2.149	.035

a. Dependent Variable: Loyalitas Pelanggan

Source: SPSS version 25

Based on Table 5, it can be seen that the multiple linear regression analysis equation in this research is:

$$Y = (6.821) + (0.706) X_1 + (0.153) X_2$$

Means:

1. The value of constant (a) is 6.821. This can be interpreted as a value of Store Location, with Store atmosphere being 0 and customer loyalty being 6.821.
2. The regression coefficient value of the Store Location variable (b1) is positive, namely 0.706. This means that for every increase in Store Location by 1 unit, customer loyalty will increase by 0.706 units, assuming the other independent variables have constant values.
3. The store atmosphere variable (b2) regression coefficient value is positive, 0.153. This can be interpreted as every increase in the in-store atmosphere by 1 unit increasing customer loyalty by 0.153 units, assuming the other independent variables have constant values.

#### Coefficient of determination test

The coefficient of determination test was conducted to determine how much the Store Location and Store Atmosphere variables contribute to customer loyalty. R Square (R<sup>2</sup>) or the square of R shows the coefficient of determination.

**Table 6. Results of Determination Coefficient Test Analysis**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.590 <sup>a</sup>	.348	.332	3.51360

a. Predictors: (Constant), Store Location, Store Atmosphere

Source: SPSS version 25

Based on Table 6, the meaning of R is multiple correlation, namely the correlation between two or more independent variables on the dependent variable. The R-value ranges from 0 to 1. If it is close to 1, the relationship is getting closer, but if it is close to 0, it is getting weaker.

$$\begin{aligned} KD &= R^2 \times 100\% \\ &= (0.348) \times 100\% \\ &= 34.8 \%. \end{aligned}$$

Meanwhile, it is known that the R Square value is 0.348 or 34.8%, which shows a simultaneous influence between variables X1 and X2 on variable Y of 33.9%, and other variables influence the remaining 65.2%.

A T-test was carried out to determine the value of each independent variable's influence on the dependent variable.

**Table 7. T-Test  
Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.821	4.245		1.607	.112
Store Location	.706	.134	.496	5.258	.000
Store Atmosphere	.153	.071	.203	2.149	.035

a. Dependent Variable: Loyalitas Pelanggan

Source: SPSS version 25

1. The calculated t value > t table ( $5.258 > 1.99$ ) and significance < 0.05 ( $0.000 < 0.05$ ), then  $H_0$  is rejected, and  $H_a$  is accepted, so it can be concluded that Store Location partially influences Customer Loyalty. A positive calculated t value means that it has a positive effect; that is, if Store Location increases, Customer Loyalty will increase.
2. The calculated t value > t table ( $2.149 > 1.99$ ) and significance < 0.05 ( $0.035 < 0.05$ ) means  $H_0$  is rejected, and  $H_a$  is accepted, so it can be concluded that Store Atmosphere partially influences Customer Loyalty. A positive calculated t value means that it has a positive effect. That is, if the Store Atmosphere increases, Customer Loyalty will increase.

### F-test

The F test is carried out to determine whether the independent variable influences the dependent variable.

**Table 8. F-test  
ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	534.725	2	267.363	21.657	.000 <sup>b</sup>
	Residual	999.977	81	12.345		
	Total	1534.702	83			

a. Dependent Variable: Customer Loyalty



b. Predictors: (Constant), Store Location, Store Atmosphere

Source: SPSS version 25

Based on Table 9, the significant value  $< 0.05$  ( $0.000 < 0.05$ ) and the calculated F value  $> F$  table ( $21.657 > 3.108$ ).

### Result of Hypothesis

There are 2 (two) variables in this research, namely Store Location (X1), Store Atmosphere (X2), and Customer Loyalty (Y). The results of the hypothesis test are as follows:

**Table 9. Hypothesis Test Results**

CODE	HYPOTHESIS	RESULT
H1	Store Location has a positive effect on Customer Loyalty to Osiris Coffee Cimahi.	Accepted
H2	Store Atmosphere has a positive effect on Customer Loyalty to Osiris Coffee Cimahi.	Accepted

Source: SPSS version 25

### Discussion

**Store Location positively and significantly affects Osiris Coffee Cimahi Customer Loyalty.**

Based on the research results, it is known that location has a positive and significant effect on customer loyalty. The location of Osiris Cafe has a significant influence on customer loyalty. This proves that the better the location of Osiris Cafe, the higher the customer loyalty and customers will continue to use the service regularly. This means that the location, which includes tangible reliability, responsiveness, assurance, and empathy of Osiris Cafe's services, can directly, positively, and significantly influence customer loyalty. In other words, the location at Osiris Cafe can provide value to customers so that every customer uses the product services continuously. The delicious quality of coffee and food makes customers loyal because they feel they have chosen the Osiris Café correctly (Essardi et al., 2022).

**Store Atmosphere Has a Positive and Significant Influence on Osiris Coffee Cimahi Customer Loyalty**

Based on the research results, it is known that Store Atmosphere has a positive and significant effect on Customer Loyalty. (Vinish et al., 2020). Through Store Atmosphere, consumers can recognize products, evaluate quality, reduce purchasing risks, and gain specific experiences and satisfaction from a product. Building and maintaining a solid image is very important for a service organization to attract consumers and maintain their loyalty. The results

of this research align with previous research, which shows that Brand Image significantly affects customer loyalty through customer satisfaction (Li et al., 2021).

## **Conclusion**

Store location plays a crucial role in influencing customer loyalty, albeit partially. A strategically placed store offers convenience, making it easier for customers to access products and services. This convenience translates into a value proposition that enhances customer satisfaction, ultimately fostering loyalty. When customers find it effortless to visit a store due to its proximity or accessibility, they are more likely to return. In this way, the positive impact of store location on customer loyalty is realized. It is a key factor that retailers must consider when designing their business strategies, as it contributes directly to customer retention.

In addition to location, the store atmosphere significantly influences customer loyalty. A well-designed atmosphere allows consumers to easily recognize products, assess their quality, and make informed purchasing decisions. By creating a welcoming and engaging environment, stores can reduce perceived purchasing risks and offer customers a unique shopping experience. The ambiance, layout, and overall aesthetic of the store create an emotional connection with customers, leading to greater satisfaction and a higher likelihood of return visits. When consumers feel comfortable and satisfied with their in-store experience, they are more inclined to develop loyalty towards the brand.

Furthermore, the combined influence of store location and store atmosphere on customer loyalty is notable. While each factor individually contributes to customer retention, their joint effect amplifies the overall experience. A store that is conveniently located and offers a pleasant shopping environment is more likely to create loyal customers. These two variables work together to enhance the shopping experience, making it more seamless, enjoyable, and fulfilling. Consequently, retailers who invest in both the location and atmosphere of their stores can expect higher levels of customer loyalty, as these factors collectively provide significant value to the consumer.

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