

The Influence of Product Quality, Price, Shop Atmosphere, and Service on Coffee Shop Consumer Purchasing Decisions

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Abstract

This study aims to analyze consumer perceptions and examine the direct and indirect effects of product quality, price, store atmosphere, and service on purchase decisions through the mediating role of customer satisfaction. Employing a quantitative explanatory approach, the research surveyed 100 consumers of modern independent coffee shops in Denpasar City, selected via purposive-accidental sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. Descriptive findings indicate that price and purchase decisions are perceived at a high level, while product quality, store atmosphere, service, and customer satisfaction are rated at a moderate level. Inferentially, all independent variables exert positive and significant effects on both customer satisfaction and purchase decisions. Store atmosphere emerges as the strongest predictor of customer satisfaction ($\beta = 0.489$; $f^2 = 0.553$, large effect), while price demonstrates the strongest direct influence on purchase decisions ($\beta = 0.246$). Customer satisfaction functions as a complementary partial mediator, with the largest mediation effect occurring through the store atmosphere pathway (60.3% of total effect). The structural model explains 57.4% of the variance in customer satisfaction and 65.4% in purchase decision. The study concludes that consumer purchase decisions in Denpasar's coffee shop sector are shaped by two simultaneous pathways: a transactional pathway driven by price efficiency, and an experiential pathway consolidated through affective satisfaction. These findings reveal a phenomenon of spurious loyalty, high visitation frequency coupled with moderate emotional commitment, highlighting the vulnerability of behavioral retention in a hyper-competitive market with low switching costs. Practical implications suggest that coffee shop managers should prioritize (1) servicescape optimization, particularly spatial comfort and authentic integration of Balinese cultural identity; (2) supply chain coordination to ensure product consistency from upstream farmers to downstream service delivery; and (3) enhancement of service responsiveness and personal connection to transform transactional visits into sustained relational loyalty.

Keywords: customer satisfaction, purchase decision, complementary partial mediation, servicescape, downstream agribusiness



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INTRODUCTION

Coffee is a plantation commodity that plays a strategic role in the Indonesian economy, not only as an export commodity but also as a driver of the local economy. From an agribusiness perspective, the Indonesian coffee industry is an integrated system from upstream (plantations) to downstream (consumption in coffee shops), employing more than 1.8 million families (BPS, 2023). Economically, the market value of the Indonesian coffee industry reached USD 7.12 billion in 2024 and is projected to grow to USD 9.45 billion in 2029, with a compound annual growth rate (CAGR) of 5.81% (Statista, 2024). In recent years, domestic coffee consumption has continued to grow rapidly, driven by the increasing variety of processed coffee products and the proliferation of coffee shops in various major cities in Indonesia.

Table 1. Indonesia's Domestic Coffee Consumption 2020-2024

Year	Consumption (In Tons)
2020	288,000
2021	291,000
2022	295,200
2023	298,200
2024	300,000

Source: International Coffee Organization (ICO), edited, 2024

This increasing consumption phenomenon is clearly recorded in statistical data. According to data from the International Coffee Organization (ICO), coffee consumption in Indonesia shows a consistent upward trend. While domestic consumption stood at 288,000 tons in 2020, this figure continues to rise, reaching 300,000 tons by 2024, as seen in Table 1. This increase in domestic consumption presents a significant opportunity to strengthen the local coffee agribusiness value chain, as farmers are no longer entirely dependent on fluctuating export markets. This surge in consumption volume, reaching hundreds of thousands of tons per year, signals a cultural shift and lifestyle change within society, as coffee has transformed from a mere beverage commodity into a symbol of modern lifestyle, especially among the younger generation (Kompas.id, 2023).

This increase in coffee consumption is in line with improving economic conditions. In Bali Province, the research location, the Provincial Minimum Wage (UMP) has shown an upward trend in recent years. This increase in income provides greater purchasing power for lifestyle goods, including coffee as part of a lifestyle. From an agribusiness perspective, Bali also has potential upstream, with coffee plantations covering 2,485 hectares, spread primarily across the regencies of Buleleng, Tabanan, and Bangli (Bali Provincial Plantation Office, 2023).

Besides the increase in the minimum wage (UMP), another driving factor is the recovery of Bali's tourism sector after the pandemic. International and domestic tourist arrivals have exceeded projections, totaling more than 5.2 million international arrivals throughout 2023 (Bali Provincial Statistics Agency, 2024). This influx of tourists not only increases direct consumption but also exposes local communities to global coffee trends and standards, further maturing the market.

The rise in coffee consumption in Indonesia is driven not only by rising incomes but also by social patterns, increasing price variations, and the diversity of flavors on offer. Coffee drinking has now become an integral part of the modern lifestyle, adopted by various segments of society. This trend is part of a major surge in the Asia Pacific region, where the cafe market is projected to grow at a compound annual growth rate (CAGR) of 4.12% from 2024 to 2028 (Statista, 2024).

The growing demand for quality coffee has sparked the emergence of hundreds of coffee shops in major cities, including Denpasar. According to data from Toffin, a coffee business

solutions company, the number of coffee shops in Indonesia is expected to exceed 3,000 outlets by 2023, with significant growth occurring outside Jakarta, including Bali. Furthermore, a 2020 Toffin report states that the Indonesian coffee industry is experiencing rapid growth, with the specialty coffee segment being a key driver of the industry's transformation from traditional coffee to modern cafe concepts.

Denpasar, as the center of government, business, and social activity in Bali, has become one of the fastest-growing coffee shops. Ethnographic research by Santoso (2017) shows that coffee shops have become a new "third space" for urban communities, functioning not only for coffee consumption but also for co-working, socializing, and building community. Several coffee shops in Denpasar have begun adopting an integrated agribusiness model by promoting and selling single-origin coffee from Kintamani, Bangli, or Buleleng, which not only increases sales value but also supports local economic development and agro-tourism. However, this growth is not evenly distributed across the city. Based on initial mapping, South Denpasar District emerged as the area with the fastest and most dynamic concentration of coffee shop growth. Based on a preliminary study using digital mapping (Google Maps, November 2025), it was noted that of the total 188 independent coffee shops actively operating in Denpasar City, 74 shops (39.4%) were concentrated in South Denpasar, making it the area with the highest density of competition compared to North, West, and East Denpasar. Although the highest concentration is in South Denpasar, the phenomenon of modern coffee shops with high service standards has also spread to East, North, and West Denpasar, creating a comprehensive competitive ecosystem at the city level.

Denpasar City has unique characteristics as a hybrid area, combining the center of government, residential areas, and tourist destinations. Furthermore, the city is supported by a strong trade and business hub, as well as educational and cultural areas. This diverse demographic creates a highly diverse and critical consumer market, making the area a barometer of the "Third Place" trend in Bali. In this area, coffee shops serve dual functions as co-working spaces, social spaces, and tourist destinations.

In the context of this research, a coffee shop is defined as a form of retail service establishment that operates in a permanent building with walls and a roof, offers coffee-based beverages as its primary product, and deliberately designs the physical environment, services, and atmosphere to create a sustainable and meaningful consumer experience. Unlike roadside coffee shops that are transactional, functional, and operate in open public spaces without permanent facilities, modern coffee shops function as a third place, namely a neutral social space outside the home and workplace that supports social interaction, relaxation, and productive activities such as working or studying (Oldenburg, 1989). Furthermore, coffee shops are characterized by investment in the servicescape: interior design, lighting, spatial layout, and other ambient elements that actively shape perceptions of service quality and value (Bitner, 1992). Within a marketing framework, coffee shops are also classified as specialty stores that emphasize differentiation through quality consistency, curation of consumption culture, and place identity rather than solely on price or accessibility (Kotler & Keller, 2016; Manzo, 2015). This operational definition is important to ensure that the research focus is directed at coffee shops as a relevant modern service entity in the agribusiness and lifestyle ecosystem in Denpasar City.

The proliferation of coffee shops in Denpasar has automatically created a highly competitive climate (hyper-competitive). In this saturated market, the primary challenge for businesses is no longer simply attracting first-time customers, but rather creating habitual purchasing decisions. Consumers have many alternatives; if they're dissatisfied with one coffee shop, they can easily switch to another nearby with very low switching costs.

Therefore, from a hospitality marketing perspective, repetitive (recurring) purchasing decisions do not stand alone, but rather are a manifestation of post-consumption evaluation.

Factors such as product quality, price fairness, comfortable atmosphere, and service reliability do not necessarily trigger repeat purchases directly, but rather work by first shaping Customer Satisfaction. Customer satisfaction acts as a key psychological indicator that bridges the consumer's perceived experience with their actual future actions.

Previous research has shown that satisfaction is an absolute prerequisite for loyalty and consistent purchasing decisions. A consumer might buy coffee because it's cheap, but without satisfaction with the taste or service, the purchase will be unlikely to be repeated. Conversely, consumers who feel emotionally satisfied due to a supportive atmosphere (third place) or personalized service tend to have a strong belief in making that coffee shop their first choice.

Thus, it is important to examine not only the direct influence of the marketing mix on purchasing decisions, but also the role of Consumer Satisfaction as a mediating variable in this relationship. Understanding this mechanism will provide downstream agribusinesses with a more complete picture of what truly drives consumers in Denpasar: is it simply a delicious product or overall satisfaction with the experience they receive.

RESEARCH METHODS

This study was designed using a quantitative approach with an explanatory research type. The population in this study were consumers of independent modern coffee shops in Denpasar City. Sampling was carried out using an accidental sampling technique combined with a purposive sampling approach. The sample size was determined at 100 respondents who were allocated using an equal allocation method to four research locations, each with 25 respondents. Primary data were collected through a structured questionnaire using a Likert Scale of 1–5 to measure all research variables. This study was conducted in Denpasar City, which is the center of the growth of the modern coffee industry in Bali Province. The research implementation time is scheduled for March–April 2026. Based on data mapping via Google Maps in November 2025, 188 independent coffee shops were identified as actively operating and spread across four sub-districts in Denpasar City.

RESULTS AND DISCUSSION

Table 2. Respondent Characteristics Based on Gender

Gender	Number (n)	Percentage (%)
Man	52	52.0
Woman	48	48.0
Total	100	100.0

Table 3. Respondent Characteristics Based on Age

Age Group	Number (n)	Percentage (%)
17 – 25 Years	45	45.0
26 – 35 Years	33	33.0
36 – 45 Years	15	15.0
> 45 Years	7	7.0
Total	100	100.0

Table 4. Respondent Characteristics Based on Occupation

Work	Number (n)	Percentage (%)
Students	43	43.0
Private employees	34	34.0
Civil Servants/State-Owned Enterprises	13	13.0
Businessman	10	10.0
Total	100	100.0

Table 5. Respondent Characteristics Based on Monthly Coffee Expenditure

Monthly Expenses	Number (n)	Percentage (%)
< Rp. 100,000	27	27.0
Rp. 100,000 – Rp. 300,000	22	22.0
Rp. 300,001 – Rp. 500,000	28	28.0
> Rp. 500,000	23	23.0
Total	100	100.0

Table 6. Descriptive Analysis of Price Variable (X₁)

Code	Indicator	Mean	Category
X _{1.1}	Affordability	3.41	Tall
X _{1.2}	Quality Conformity	3.42	Tall
X _{1.3}	Price Competitiveness	3.43	Tall
X _{1.4}	Willingness to Pay More	3.43	Tall
X _{1.5}	Benefit Compliance	3.38	Currently
X _{1.6}	Prestige Value	3.40	Currently
Average of Variable X ₁		3.41	Tall

Table 7. Descriptive Analysis of Product Quality Variables (X₂)

Code	Indicator	Mean	Category
X _{2.1}	The Pleasure of Taste	3.38	Currently
X _{2.2}	The Power of Aroma	3.45	Tall
X _{2.3}	Menu Variations	3.40	Currently
X _{2.4}	Presentation Aesthetics	3.40	Currently
X _{2.5}	Consistency of Taste	3.37	Currently
X _{2.6}	Matching Expectations	3.38	Currently
Average of Variable X ₂		3.40	Currently

Table 8. Descriptive Analysis of Shop Atmosphere Variable (X₃)

Code	Indicator	Mean	Category
X _{3.1}	Spatial Comfort	3.24	Currently
X _{3.2}	Background Music	3.25	Currently
X _{3.3}	Lighting	3.31	Currently
X _{3.4}	Interior Design	3.26	Currently
X _{3.5}	Cleanliness	3.32	Currently
X _{3.6}	Local Cultural Elements	3.24	Currently
Average of Variable X ₃		3.27	Currently

Table 9. Descriptive Analysis of Service Variables (X₄)

Code	Indicator	Mean	Category
X _{4.1}	Staff Friendliness	3.44	Tall
X _{4.2}	Service Speed	3.34	Currently
X _{4.3}	Responsiveness	3.23	Currently
X _{4.4}	Menu Mastery	3.38	Currently
X _{4.5}	Customer Appreciation	3.34	Currently
X _{4.6}	Personal Connection	3.29	Currently
Average of Variable X ₄		3.34	Currently

Table 10. Descriptive Analysis of Consumer Satisfaction Variable (Z)

Code	Indicator	Mean	Category
Z.1	Conformity to Expectations	3.34	Currently
Z.2	Happy Feeling	3.29	Currently
Z.3	Overall Satisfaction	3.28	Currently

Z.4	Choice Belief	3.37	Currently
Z.5	Ideal Fit	3.29	Currently
Z.6	Absence of Regret	3.36	Currently
Average of Variable Z		3.32	Currently

Table 11. Descriptive Analysis of Purchase Decision Variables (Y)

Code	Indicator	Mean	Category
Y.1	Frequency of Visits	3.48	Tall
Y.2	Repurchase Intention	3.36	Currently
Y.3	Recommendation	3.40	Currently
Y.4	Primary Preferences	3.41	Tall
Y.5	Function of Social Space	3.38	Currently
Y.6	Price Tolerance	3.44	Tall
Average of Variable Y		3.41	Tall

The Role of Consumer Satisfaction in Mediating the Influence of Price, Product Quality, Shop Atmosphere, and Service on Purchasing Decisions at Coffee Shops in Denpasar City

This sub-chapter aims to answer the fifth research question. Conceptually, Figure 5 shows that all independent variables have direct and indirect paths through Consumer Satisfaction to Purchase Decisions.

The results of the indirect influence test are presented in Table 14 below.

Table 12. Indirect Influence through Consumer Satisfaction

Hypothesis	Mediation Path	(O)	-stat	p-value
H3a	Price → Consumer Satisfaction → Purchase Decision	0.172	3,848	0.000
H3b	Product Quality → Consumer Satisfaction → Purchase Decision	0.150	3,288	0.001
H3c	Store Atmosphere → Consumer Satisfaction → Purchasing Decisions	0.241	4.104	0.000
H3d	Service → Consumer Satisfaction → Purchase Decision	0.163	4,217	0.000

Based on Table 14, all indirect influences have a t-statistic above 1.96 and a p-value below 0.05. Thus, hypotheses H3a, H3b, H3c, and H3d are accepted. Since the direct and indirect paths are equally significant, the mediation that occurs is categorized as complementary partial mediation (a type of mediation in which the independent variable influences the dependent variable both directly and through a mediator, with both paths reinforcing each other), indicating that each independent variable influences purchasing decisions through two mutually reinforcing mechanisms.

H3a: Consumer Satisfaction mediates the effect of Price on Purchasing Decisions — Accepted

Hypothesis H3a states that price not only influences purchasing decisions directly but also indirectly through the resulting satisfaction. Significant complementary partial mediation means the indirect path is statistically significant ($t = 3.848$; $p = 0.000$) and works alongside the direct path in the same direction.

The indirect effect $\beta = 0.172$ yields a total effect of 0.418 (Appendices 14 and 15). The proportion of the mediating path: $0.172/0.418 = 41.1\%$. To understand why more than a third of the influence of price on purchasing decisions operates through satisfaction, it is necessary to examine the mechanism within the context of a very specific respondent profile.

Students (43.0%), who constitute the largest group, most clearly illustrate this mediation pathway. The mechanism occurs in two distinct stages in the field. The first stage (the direct influence of price on decisions): affordable prices (3.41) and lower prices than competitors (3.43) immediately encourage students to come. This is a quick heuristic evaluation: "the price is within my budget, I'll go there." The second stage (the mediation pathway through satisfaction): after several visits, students who consistently find the price affordable and competitive consistently develop cognitive satisfaction in the form of a choice belief (3.37; quite confident) that "I have chosen the right place financially." This cognitive satisfaction then encourages them to continue to include this shop as their primary preference (3.41) and are willing to continue buying even if the price increases slightly (price tolerance: 3.44). This satisfaction formed from price is what bridges the gap between "coming once because it's cheap" and "continuing to come because it's proven worthwhile."

The spending group of less than Rp 100,000 (27.0%) has the largest proportion of mediation intuitively among all spending segments for them, financial satisfaction from affordable prices is the strongest accumulating cumulative satisfaction and driving repeat purchase decisions. This group may not have too high expectations of atmosphere or service, so satisfaction from fair prices is the most dominant source of satisfaction and most directly translates into continued purchase commitments. In contrast, the spending group of more than Rp 500,000 (23.0%) has a smaller proportion of mediation because for them, satisfaction from price alone is not enough satisfaction must also be formed from the quality of the premium experience that has not been fully fulfilled. The average of these two poles produces a moderate proportion of 41.1%.

Young people aged 17–25 (45.0%) add an interesting temporal dimension to this mediation pathway. The group that actively compares prices across stores through social media and online reviews builds satisfaction from price very consciously and consciously; they explicitly acknowledge that "it's cheaper here than the places I know," and the satisfaction from this recognition reinforces their primary preference (3.41) and frequency of repeated visits (3.48). However, when this satisfaction from price is not supported by satisfaction from a more meaningful experience (overall satisfaction only 3.28; feeling of pleasure only 3.29), the resulting commitment is only behavioral, coming frequently, but not yet attitudinal, actively recommending (recommendation is still undecided; 3.40).

The limitations of the price mediation pathway are also very clear from the descriptive data. The moderate benefit fit (3.38) means that the satisfaction formed from the price does not reach a level sufficient to move the recommendation from doubt to willingness. Consumers who are satisfied because the price is cheap but do not feel the total experience is worth it, tend to be silent rather than actively recommending. In the context of 188 active independent coffee shops in Denpasar City, young consumers who do not recommend are missing a huge viral marketing opportunity for the four shops studied. This condition is in line with the research of Haryanto, Sanusi, and Utomo (2025) who found that competitive prices build satisfaction that strengthens purchase commitment. With the insight that in this study, the demographic profile is predominantly young with limited budgets creating a situation where satisfaction from price is the fastest formed but the most fragile to generate a strong commitment if not supported by satisfaction from the more affectively meaningful experience dimension.

H3b: Consumer Satisfaction mediates the influence of Product Quality on Purchasing Decisions — Accepted

Hypothesis H3b states that product quality not only directly drives purchasing decisions, but also through satisfaction formed from the experience of enjoying the product. Significant complementary partial mediation means the indirect path is statistically significant ($t = 3.288$; $p = 0.001$) and works alongside the direct path in the same direction.

The indirect effect $\beta = 0.150$ produces a total effect of 0.327 (Appendices 14 and 15). The mediation proportion: $0.150/0.327 = 45.9\%$. Nearly half of the effect of product quality operates through satisfaction—a mechanism that can only be fully understood by relating it to the respondent profile.

Students (43.0%) described the product quality mediation pathway in the most concrete way. Each visit began with ordering coffee, and in that moment, the strength of the fragrant aroma (3.45; highest) provided the first sensory satisfaction that immediately built layers of positive satisfaction. When students who spent two hours studying enjoyed one or two cups of coffee that had a strong aroma and a fairly good taste (although not always consistent), the accumulated satisfaction from each experience—conformity to expectations (3.34), and pleasantly good taste (3.38)—gradually strengthened their choice beliefs (3.37) and encouraged them to continue including this coffee shop as a regular study destination (primary preference: 3.41). This is a highly accumulative and gradual mediation mechanism—each moderately satisfying cup added a small layer of satisfaction that cumulatively strengthened the purchase decision.

In contrast, when only moderately stable flavor consistency (3.37; the lowest) results in visits where the coffee tastes different from expectations—too strong, too weak, or with varying acidity—students experience small dissonances that erode cumulative satisfaction: “the coffee was different today, maybe because the barista was different.” This accumulation of small dissonances does not directly determine the purchase decision (students keep coming back out of habit), but gradually weakens cumulative satisfaction and contributes to a still-undecided repurchase intention (3.36). This is why the mediation proportion of 45.9% is quite large—suboptimal flavor consistency intervenes midway through the mediation path, preventing satisfaction from reaching a high enough level to generate a strong purchase commitment.

The private sector employees (34.0%) and entrepreneurs (10.0%) groups illustrate a more critical mediation pathway. For them, coffee product quality is part of their professional image; inviting clients or colleagues to a coffee shop with poor or inconsistent coffee is a reputational risk. When the product quality is consistently good enough, characterized by a strong aroma (3.45) and a fairly attractive presentation aesthetic (3.40), the resulting satisfaction encourages them to consider the coffee shop a “safe” choice for informal gatherings (primary preference: 3.41). However, relatively stable taste consistency (3.37) creates uncertainty that prevents them from actively recommending the coffee shop to colleagues (recommendation still undecided; 3.40) because recommending means taking the risk that the quality on their friend's visit turns out to be different.

From an agribusiness perspective, the 45.9% mediation proportion has implications that go beyond shop-level marketing strategies. Product quality variability stemming from supply chain inconsistencies, ranging from the variability in the characteristics of local Balinese coffee farmers' unstandardized coffee beans, the consistency of suppliers' roasting processes, and barista brewing skills, directly weakens the cumulative satisfaction that mediates between product quality and purchasing decisions. This means that investing in post-harvest standardization for local Balinese coffee farmers and consistent roasting processes not only technically improves raw material quality but also directly strengthens the satisfaction mediation pathway that drives sustainable purchasing decisions, providing a highly strategic dual impact for the sustainability of the entire local Balinese coffee supply chain. This finding supports the research of Mu'tashim and Slamet (2020) which proves product quality → satisfaction → purchasing behavior, with the contextual extension that in the local Balinese coffee agribusiness ecosystem, strengthening this mediation pathway requires close synergy between upstream policies and downstream strategies.

H3c: Consumer Satisfaction Mediates the Effect of Shop Atmosphere on Purchase Decisions — Accepted (Most Critical Finding)

Hypothesis H3c states that store atmosphere primarily influences purchase decisions through emotional satisfaction derived from the experience of being in the space. Significant complementary partial mediation means the indirect path is statistically significant ($t = 4.104$; $p = 0.000$) and works alongside the direct path in the same direction but with a much larger proportion of the indirect path.

The indirect effect $\beta = 0.241$ is the largest among all mediation paths, resulting in a total effect of 0.400 (Appendix 14 and 15). The proportion of mediation: $0.241 / 0.400 = 60.3\%$, more than half of the influence of atmosphere on purchasing decisions works through satisfaction. This largest proportion of mediation can only be fully understood by linking it to the respondent profile and descriptive patterns comprehensively.

Students (43.0%) provided the most fundamental explanation for why the proportion of atmosphere mediation was the largest. Students who use cafes as study spaces never make instant decisions based on atmosphere—they don't choose a cafe because it looks attractive from the outside and then just go in. Instead, their experience with the cafe's atmosphere over a long visit (two to three hours) is one that continually accumulates in emotional memory: how comfortable the chairs are after an hour (spatial comfort: 3.24; lowest), how conducive the background music is for concentration (background music: 3.25), how aesthetically pleasing the lighting is for reading (lighting: 3.31). The accumulation of all these experiences over each visit forms an affective satisfaction that, while currently only moderate (pleasure: 3.29), is the most decisive factor in whether students will continue to use this cafe as their regular study space or start looking for more comfortable alternatives. There is no "instant atmosphere-based decision" taking place; there is an accumulation of atmosphere-based satisfaction that slowly strengthens or weakens purchase commitment. This is what produces the 60.3% mediation proportion: the atmosphere works almost entirely through satisfaction, rather than directly triggering decisions.

The 17–25 age group (45.0%) who are active on social media adds a different but equally powerful mediation mechanism. A mediocre atmosphere—interior design 3.26, local cultural elements 3.24—does not produce sufficiently “Instagram-worthy” moments to share. When there is no engaging visual content to share, the satisfaction from the social-expressive aspects of the visit—feeling proud of sharing experiences on social media, and gaining recognition from friends—does not develop. This absence of social-expressive satisfaction directly hinders recommendations from being hesitant (3.40) to developing into willing. And because recommendations are one of the most relevant indicators of purchasing decisions for young people, the inability of atmosphere to build this expressive satisfaction becomes a very significant obstacle to the total effect of atmosphere on purchasing decisions. This is why 60.3% of the atmosphere's influence operates through satisfaction: atmosphere-based expressive satisfaction is the primary mediator between atmosphere and recommendation behavior.

The gender distribution (male 52.0%; female 48.0%) adds another layer of understanding as to why affective satisfaction from ambiance is such a dominant mediator. Women (48.0%) are generally more sensitive to the aesthetic and spatial identity elements of interior design, decor, and cultural elements. When the new interior design is mediocre (3.26) and the Balinese cultural elements are only moderately noticeable (3.24), women's affective satisfaction, which should be derived from the aesthetic experience of the space, does not reach a level that encourages them to actively bring friends to the shop or recommend it. Men (52.0%), who are more sensitive to functional comfort and spatial comfort (3.24; the lowest), also do not achieve functional satisfaction strong enough to encourage explicit commitment. The combination of suboptimal aesthetic (for women) and functional (for men) dimensions results in weak overall affective satisfaction, and this weak affective satisfaction is the main

obstacle why 60.3% of the ambiance effect is stuck in the mediation path that cannot fully generate a strong purchase commitment.

Civil servants/state-owned enterprises (13.0%) and entrepreneurs (10.0%), who are generally older and expect authentic local cultural elements as an added value to their Denpasar experience, experienced the most immediate disappointment from the relatively tangible local cultural elements (3.24; lowest). For them, an atmosphere that strongly integrates Balinese identity—traditional Balinese ornaments, soft gamelan music in the background, and local materials in the decor—is not merely aesthetic, but a meaningful cultural experience worth sharing with colleagues or guests from outside Bali. When this dimension is not met, cultural satisfaction, which should be a strong mediator between atmosphere and recommendation decisions, is not formed.

The strategic implications of the 60.3% mediation proportion are very clear when linked to all respondent profiles simultaneously: investment in improving the atmosphere, especially in the three weakest elements (spatial comfort 3.24, local cultural elements 3.24, and interior design 3.26) will result in increased affective satisfaction that will be felt first by students (more comfortable space for studying), then young people (more shareable aesthetics), then women (more aesthetic design), then visitors who value Balinese identity (more authentic cultural elements), and ultimately drive purchasing decisions, especially recommendations and repurchase intentions from hesitant to willing or certain. The concept of "adaptive third place" introduced as an extension of Oldenburg's (1989) formulation is highly relevant here: a space that is able to simultaneously meet the functional comfort needs of students, the visual aesthetic needs of young people, the professional tranquility needs of employees, and the cultural experience needs of civil servants and tourists while still maintaining a strong Balinese identity is a space that will generate affective satisfaction from all segments simultaneously, and it is this holistic satisfaction that will drive purchasing decisions most strongly through the mediation channel that is currently the largest (60.3%) but has not been optimized.

H3d: Consumer Satisfaction mediates the influence of Service on Purchasing Decisions
— Accepted

Hypothesis H3d states that service primarily influences purchasing decisions through relational satisfaction formed from the quality of staff-customer interactions. Significant complementary partial mediation means the indirect path is statistically significant ($t = 4.217$; $p = 0.000$) and works alongside the direct path in the same direction.

The indirect effect $\beta = 0.163$ produces a total effect of 0.311 (Appendices 14 and 15). The mediation proportion: $0.163/0.311 = 52.4\%$. More than half of the influence of service on purchasing decisions operates through satisfaction mechanisms that need to be deeply linked to the entire respondent profile and descriptive patterns.

Students (43.0%) described the most nuanced service mediation pathway. Students who visited the shop 4–5 times per month (contributing to a visit frequency of 3.48; the highest) naturally interacted with the same staff repeatedly. Each interaction was an opportunity to build or not build a personal connection. The already high staff friendliness (3.44) provided a positive foundation; each visit began with a friendly greeting, but the neutral personal connection (3.29) meant that after several visits, students were still treated as “friendly strangers” rather than “known regulars.” When staff didn’t remember the names or favorite drinks of students who had visited dozens of times, the relational satisfaction that should develop progressively from repeated interactions was not formed, and this directly prevented feelings of pleasure (3.29; so-so) and overall satisfaction (3.28; the lowest) from growing higher. This lack of relational satisfaction, in turn, prevented recommendations from moving from hesitant to active: students had no “special service stories” to share with their peers.

The service mediation mechanism for private sector employees (34.0%) operates through the efficiency dimension. Responsive staff (currently quite responsive; 3.23; the lowest) allows meetings to proceed without administrative disruption, orders are timely, and additional requests are promptly addressed. When responsiveness is low, satisfaction from the efficiency of the visit decreases (confidence in the choice becomes more uncertain; overall satisfaction is lower than it should be), and this lower satisfaction directly reduces the likelihood of recommendations to colleagues. However, when responsiveness increases—proactive staff offer refills or promptly respond to requests without having to be called—the resulting efficiency satisfaction encourages employees to make the shop a “regular informal meeting venue” and recommend it to colleagues. This is the most financially valuable mediation pathway: recommendations from private sector employees to colleagues attract a segment of middle- to high-income consumers who visit in groups and place more orders per visit.

The 17–25 age group (45.0%) and males (52.0%) simultaneously illustrate why neutral personal connections (3.29) are the most critical mediation barrier. Young males active on social media (part of the 45.0% of 17–25 age groups) will not share stories about “friendly staff” on social media because friendliness is the assumed standard everywhere. What they will share are “the staff who remembered my order even though I’ve only been here twice” or “the barista who knew my name and recommended a new variant based on my preferences”—moments of deep personal connection. The absence of these memorable personal moments (personal connections only 3.29; neutral) means there are no “service stories” worth sharing, and without them, relational satisfaction is not formed, recommendations do not occur, and the service mediation pathway operates below its optimal capacity.

Women (48.0%) had the highest sensitivity to the empathy dimension of service—how much staff provided genuine and personal attention. Moderate customer recognition (3.34; moderate) and neutral personal connection (3.29) meant that 48.0% of women in the sample did not feel that they were treated specially as individuals, not just as “customer number so-and-so.” This lack of feeling “special” directly held back women’s affective satisfaction—pleasant feelings (3.29)—from reaching the “very happy” level that would encourage them to actively recommend to their female friends, who culturally typically share cafe recommendations intensively.

The spending group over Rp 500,000 (23.0%) represents the greatest potential for under-optimized service mediation channels. For this premium segment, personalized service—staff remembering their preferences, recommending new beverages that suit their tastes, or providing free samples from new menu items—is the strongest driver of cumulative satisfaction and a strong purchase commitment. Moderate menu mastery (3.38; moderate) in this context is not simply about memorizing the price list, but rather about the staff’s ability to explain the flavor profiles of the local Balinese coffee beans used, their roasting process, and why certain choices will suit the consumer’s preferences. When this product knowledge is combined with strong personal connections, the cumulative satisfaction generated in this premium segment results in higher price tolerance and the strongest purchase commitment, ultimately significantly strengthening the service mediation channel.

Collectively, the nearly equal proportion of 52.4% mediation between the direct and indirect pathways indicates that service operates through two nearly equally strong mechanisms in the context of this respondent profile: directly through already high friendliness (3.44) that triggers instant decisions based on first impressions (47.6% direct effect), and indirectly through the accumulation of relational satisfaction formed from the consistency of repeated interactions (52.4% through satisfaction). To optimize the total effect of service on purchasing decisions (0.311; lowest), the focus of improvement should be directed at the dimensions that operate through the mediation pathway, namely responsiveness and personal connection,

because these will most dramatically increase cumulative satisfaction, which then push recommendations and repurchase intentions from hesitant to willing most effectively.

A training program focused on active listening, considering regular customer preferences, and proactive communication would first increase the satisfaction of university students (who visit most frequently and most need recognition as "known customers"), then increase the satisfaction of private sector employees (through higher responsiveness), and finally increase the satisfaction of women and the premium segment (through more personalized empathy) reaching all key segments in the sample sequentially through a single targeted investment. In the agribusiness context, baristas' product knowledge about local Balinese coffee, the origins of the beans, the characteristics of local varieties, post-harvest processes, and flavor profiles is an additional dimension that not only improves menu mastery (3.38) but also creates meaningful and authentic conversation material for building personal connections that differentiate the experience at a local Balinese coffee shop from any generic coffee shop. This finding supports the research of Mu'tashim and Slamet (2020) who found that the relational dimension of service is the most determinant of satisfaction that drives active loyalty, with the extension that in the context of Denpasar with a very heterogeneous respondent profile, investment in the relational dimension of service is what will produce the most equitable and inclusive returns on satisfaction and purchasing decisions for all consumer segments simultaneously.

Based on all the test results with the integration of respondent profiles and comprehensive descriptive analysis, all 13 hypotheses in this study were declared accepted. The most important holistic finding is: coffee shop consumers' purchasing decisions in Denpasar City are shaped by the interaction between very specific demographic characteristics of multifunctional young age dominance (78.0%), students (43.0%), and even expenditure distribution with interrelated descriptive perception patterns, which together produce two main decision-making pathways: a price-led transactional pathway (for the acquisition of young, low-spending consumers) and an atmosphere-led experiential pathway through affective satisfaction (for the retention and advocacy of consumers from all segments). The synergy between these two pathways is realized through competitive prices, an adaptive and culturally local atmosphere, consistent product quality, and personalized service are absolute prerequisites for the sustainability of local coffee shop businesses in the midst of a hypercompetitive market with 188 active independent competitors.

CONCLUSION

Consumer assessments of the research variables showed mixed results, with price and purchasing decisions rated as good, while product quality, service, customer satisfaction, and the shop's atmosphere were still rated as adequate. Interestingly, the shop's atmosphere received the lowest rating but had the greatest positive and significant influence on customer satisfaction, proving that coffee shop customers in Denpasar City highly value the visual experience and atmosphere of the place, beyond just the delicious taste of the coffee. This customer satisfaction then becomes the main key because it has the strongest influence on consumer purchasing decisions to revisit, recommend the place, and remain loyal amidst fierce competition. Although all independent variables have a significant influence on purchasing decisions, price is the direct driving factor most quickly assessed by consumers, while the shop's atmosphere, service, and product quality work indirectly through mediation of customer satisfaction with the largest mediation path occurring in the shop's atmosphere aspect. Overall, the final consumer purchasing decision is formed through two main pathways: the instant pathway based on price suitability and the experience-based retention pathway that builds deep satisfaction.

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