

# THE ROLE OF DINING ATMOSPHERE IN SHAPING CONSUMER TRUST AND LOYALTY TO IMPROVE THE COMPETITIVENESS OF LOCAL COFFEE SHOPS

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**Abstract:** The development of lifestyle, information technology, and the industrial revolution 4.0 also play a role in shaping the increasing demand for domestic coffee consumption. At this time, the coffee shop business is growing, starting from the SME scale to the global brand scale. Besides the quality of coffee, several other things can attract consumers to visit a local coffee shop, one of which is the dining atmosphere. To increase the role of local coffee shops, this study aims to analyze consumer profiles, analyze consumer buying behavior, and analyze the effect of dining atmosphere and product quality on customer trust and repurchase intention. Primary data collection was carried out using the convenience and purposive sampling method, with the criteria being respondents who were domiciled in Bogor and had visited six coffee shops studied. The population in this study were all consumers in those coffee shops. The number of samples in this study was 426 respondents, who had met the theoretical requirements of the SEM model. The main data processing method used is Structural Equation Modeling analysis. It is known that there are differences in the SEM model results at local and global coffee shops. In the global coffee shop dining atmosphere and product quality significantly affect customer trust. Whereas at the local coffee shop, only the dining atmosphere affects consumer trust. In the next study, the dining atmosphere model can be sharpening with further testing of demographic factors as the moderating variable.

**Keywords:** coffee shop, dining atmosphere, customer trust, repurchase intention, structural equation modeling.

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Coffee is one of the leading commodities in the country. This is reflected in Indonesia's position which ranks 4th as a coffee exporting country in the world after Brazil, Vietnam, and Colombia (ICO, 2016). On the other hand, the In-

ternational Coffee Organization (ICO) noted an increase in coffee consumption in Indonesia in the period 2011-2017. In 2011, Indonesia’s coffee consumption reached 3.33 million bags, increasing to 4.6 million bags in 2017 (see Table 1). The increase

in coffee consumption in Indonesia is also supported by a change in lifestyle where drinking coffee has become popular culture and local wisdom of the Indonesian people.

**Table 1 National Coffee Consumption 2011-2017**

	2011	2012	2013	2014	2015	2016	2017
National consumption (in 1,000 packs of 60 kg)	3,333	3,584	4,042	4,167	4,333	4,500	4,600

Source: *International Coffee Organization*

The high consumer demand for coffee consumption makes the coffee processing industry continue to grow rapidly. Business opportunities in the coffee shop industry are also a particular concern of the Indonesian government. The Creative Economy Agency, through its Deputy for Research in Education and Development, re-presented the Coffee Racik Workshop in some coffee producing regions in Indonesia. The Coffee Racik Workshop is an activity that aims to provide competency-based training to self-taught baristas. This activity is expected to provide extensive knowledge about coffee, as well as to motivate young people to open businesses in the coffee sector, which in turn will create new employment opportunities for the surrounding community.

Currently, the number of international coffee shops is growing rapidly and is spread in almost all parts of the country. The existence of a global coffee shop is a challenge for local coffee shop SMEs. Besides the taste of coffee, another thing that can attract consumers to visit a local coffee shop is the interior design and layout of a coffee shop or known as the dining atmosphere. Previous research conducted by Hussain & Ali (2015) states that the store atmosphere has a significant and positive influence on forming repurchase intention. Indicators such as display or layout and cleanliness are proven to influence consumer buying intention. However, the taste of coffee also influences the desire of consumers to come back to the coffee shop (Ting et al., 2018).

As a country that has abundant coffee resources, it should be able to be utilized by domestic coffee processing industry SMEs. Comprehensive market mapping is needed to support the business sustainability of local coffee processing SMEs. However, research that discusses the key success factors of local coffee SMEs to be able to compete with global coffee shops, is still not much done. Thus, this research was conducted as an effort to improve the bargaining position of local coffee shop SMEs. In this study an analysis of factors that play an important role in shaping consumer trust to buy coffee at a local coffee shop, as well as testing how effective the existence of the dining atmosphere in forming customer loyalty.

**LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

**Dining Atmosphere Towards Customer Trust**

The concept of the physical environment better known as Servicescape or Atmosphere was introduced by Kotler (1973) more than 3 decades ago. This concept explains that “place” in particular the store atmosphere is one of the most important factors in purchasing decisions. Along with the development of a dynamic business, there has been significant progress found by previous researchers in determining what are the factors of the physical environment. In the retail business industry, this concept is known as the Store Atmosphere. As for the service business better known as Servicescape,

Dinescape, or Restaurant Atmosphere. Baker et al. (2002) contributed to identifying elements of store atmosphere such as ambient factors, design factors, and social factors, in the perspective of hospitality. Ryu and Jang (2008) proposed the Dinescape concept as a measurement scale for the restaurant environment consisting of facility aesthetics, ambiance, lighting, service products (table settings in particular), layout, and service staff. Based on our review of some previous literature, this research proposes the concept of dining atmosphere which includes exterior environment, interior design, and decoration aesthetics, employee factors, interior atmosphere and facilities, and spatial layout. In the current era, the concept of an open kitchen is an interesting thing for consumers. This is proven by Lindborg (2015) that the concept of the open kitchen in a restaurant can form consumer confidence in the quality of a product. Through a good room arrangement, aesthetic decoration, and appropriate music can increase consumer confidence and satisfaction (Villiers et al. 2017). However other factors such as taste and product quality can also increase consumer trust. This study examines how big the impact of the dining atmosphere in shaping consumer trust.

H<sub>1</sub>: There is a significant influence between dining atmosphere on customer trust

#### **Product Quality To Customer Trust**

Good quality will increase consumer trust and influence the buying interest of a product. The results of the Chiu et al. (2009) study stated that consumers who feel disappointed with the quality of a company, tend not to trust the company's products and do not wish to repurchase the product. Alamsyah et al. (2017) produced the same results that product quality has a positive impact on consumer trust. If the quality of the product is good, then consumers increasingly believe in the product. So the second hypothesis of this study is:

H<sub>2</sub>: There is a significant influence between product quality on customer trust

#### **Customer Trust to Repurchase Intention**

As is known when companies with certain products offer good quality, this can increase consumer trust and repurchase interest. This fact is reinforced by the results of research conducted by Chiu et al. (2009) where consumers who feel disappointed with the quality provided by a company, then tend not to trust the product and do not want to repurchase the product. However, the research conducted by Ercis et al. in 2012 customer satisfaction and customer trust are very closely related but do not affect customer loyalty and repurchase intention. The differences in the results of this study are interesting to be studied more deeply through the following hypothesis:

H<sub>3</sub>: There is a significant influence between customer trust on repurchase intention

#### **Dining Atmosphere on Repurchase Intention**

Research conducted by Hussain & Ali (2015) at retail outlets in Pakistan shows that store atmosphere such as cleanliness, aroma, lighting, and layout has a significant influence on consumer purchase intentions. These results illustrate that environmental aspects play an important role in purchasing decisions. Referring to the concept of Dinescape Ryu and Jang (2008), this study tries to apply a similar hypothesis to the object of restaurant research as follows:

H<sub>4</sub>: There is a significant influence between dining atmosphere on repurchase intention

#### **Product Quality to Repurchase Intention**

In the study of Ting et al. (2018), proves that there is an influence between product quality and the desire to come back to the coffee shop. Good product quality has a positive effect on customers coming and buying coffee again. Besides, service quality and experience quality also play a role in the development of coffee shops. So the next hypothesis to be tested in this study is as follows:

H<sub>5</sub>: There is a significant influence between product quality on repurchase intention

### Dining Atmosphere With Quality Products

Based on previous studies it is known that servicescape both at retail, known as store atmosphere and at restaurants known as dining atmosphere, has a relationship with product quality. Oh et al. (2007) researched the store atmosphere of web-based stores and its relation to consumer expectations of the quality of goods sold. The results are known that the store atmosphere with attractive and artsy and thematic outlet design influences consumer perceptions on the quality of goods sold. In another study conducted by Liu and Jang (2009) it was found that there was a significant relationship between store atmosphere and perceived value.

So this research will test whether the hypothesis applies to the restaurant service industry.

H<sub>6</sub>: There is a significant relationship between dining atmosphere and product quality

### METHOD

This study has tested six hypotheses with a theoretical framework or model in Figure 1. There are four latent variables to be tested namely: dining atmosphere, product quality, customer trust, and repurchase intention. The influence test is carried out using a covariance-based Structural Equation Modeling (SEM) analysis tool because it is more suitable in testing confirmatory theory models.

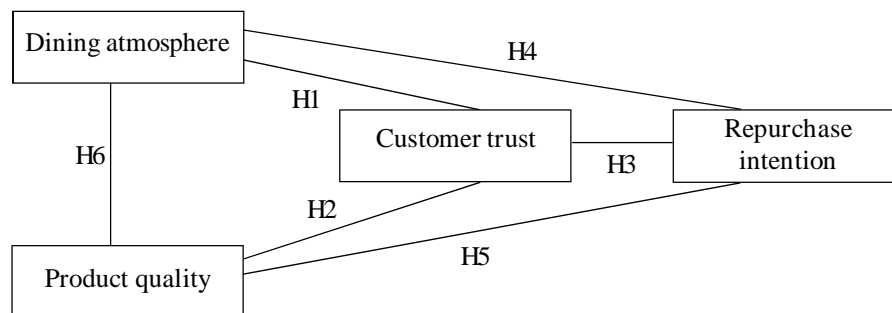


Figure 1 Hypothesis Framework

Each latent variable is explained by each of the reflective indicators. In the latent variable dining atmosphere, there are 4 sub-variables studied, namely: exterior scope, general interior, store layout, interior display, and facilities in the coffee shop. While the quality of the product focuses on the performance of the main products offered such as the taste of coffee, the appearance of the coffee served to the superiority of the coffee offered. Furthermore, studies on latent variables of customer trust focus on measuring the extent to which consumers are willing to rely on the integrity of the coffee shop party either implicitly or exponentially (Sheth and Mittal 2004). Another latent variable studied is repurchase intention, which is a measurement of brand commitment from a consumer.

The sampling method uses a non-probability sampling technique with a convenience sampling

method which is the selection of a group of research subjects based on the availability and ease of obtaining it at the right place and time. A purposive sampling approach was also carried out in making the criteria of respondents. So that the respondents in this study were consumers who visited directly and had tried the following products in the Bogor city coffee shop: Ngopi Doeloe, Rumah Kopi Ranin, Popolo Coffee, Starbucks Coffee, The Coffee Bean & Tea Leaf dan JCo Donuts & Coffee. The population in this study were all consumers who had visited six coffee shops that were used as research objects. Due to the unavailability of those data, then in calculating the number of samples based on the Lemeshow et.al (1997) approach, the population used is the citizen of Bogor in 2017. To obtain a fit Structural Equation Model (SEM), the sample size is also adjusted to the SEM analysis requirements

of 5 to 10 times the number of parameters. Because there are 27 parameters in the research model, the minimum sample is 270. This study obtained 426 respondents who have met the suitability requirements of the SEM model.

To see the characteristics of consumers used descriptive analysis of primary data obtained. Meanwhile, to test the theoretical model Structural Equation Modeling (SEM) analysis is used with the covariance approach. According to Byrne (2010), SEM is a multivariate statistical analysis technique, which allows researchers to examine the direct and indirect effects between complex variables simultaneously, both recursive and non-recursive with 2 types of measurements namely the measurement model and structural model to get a comprehensive model picture.

## RESULTS

### Validity and Reliability

In the initial stage, testing the validity and reliability of all question items from the questionnaire instrument used. The results show that the r count for each variable is greater than 0.3338 which means that all questions contained in the questionnaire are valid to measure the research objectives. Furthermore, the level of reliability can be seen from the resulting Alpha Cronbach's value which is above the critical value of 0.6, so that the research instrument is reliable for retesting later. The results of validity and reliability tests can be seen in the following Table.

**Table 2 The Results of Measurements of Validity and Reliability**

No	Variable	Corrected Item-Total Correlation	Cronbach's Alpha
1	Store Atmosphere	0.561-0.732	0.847
2	Product Quality	0.599-0.743	0.859
3	Customer Trust	0.661-0.705	0.852
4	Repurchase Intention	0.601-0.771	0.854

Source: Processed Primary Data, 2018

### Consumer Profile

The habit of drinking coffee was initially identified in older men, but the lifestyle of drinking coffee is now changing. Most consumers who come to the coffee shop are those with productive ages, namely

21 years to 30 years (82.8%). While the target market for coffee shops is not specific to a particular gender because both men and women have a relatively balanced portion of visiting coffee shops.

**Table 3 Consumer Characteristics**

Demographic	Criteria	Frequency (N= 426)	Percentage (100%)
Gender	Man	203	47.7
	Woman	223	52.3
Age	≤ 20 yrs	39	9.1
	21-30 yrs	353	82.8
	31-40 yrs	22	5.1
	≥ 41 yrs	12	2.7

Education	Senior High School	56	13.1
	Diploma	153	35.9
	S1 / S2 / S3	217	50.9
Job	Student	152	35.7
	Entrepreneur	74	17.4
	Employee	89	20.9
	Government Employee	28	6.6
	Housewife	16	3.8
	Others	67	15.7
Monthly income	Below regional minimum wage (less than or IDR 3 million)	22	38
	Above regional minimum wage (more than IDR 3 million)	64	62

Source: Processed Primary Data, 2018

Generally, coffee shop consumers have a good level of education where 86.8% have studied in college. On the other hand, the majority of consumers namely 62% have an income above the minimum wage (more than IDR 3,000,000). This illustrates that coffee shop consumers in the city of Bogor are classified as middle-class customers. Through a good level of education and income, middle-class consumers have unique characteristics where they are willing to pay more to buy quality products to improve their standard of living (Septiani and Indraswari 2018). Research conducted by Ting et al. (2018) states that product quality can influence the desire to come back to the coffee shop. So that matters related to product quality need to be a concern of coffee shop businesses so that customer loyalty is maintained properly.

**Consumer Purchasing Patterns**

In the analysis of purchasing behavior, information gathering starts from the average expenditure of consumers when they come to the coffee

shop, the frequency of arrivals, the main factors coming to the coffee shop to the preferred coffee shop. The frequency of customer arrivals at the coffee shop in Bogor is classified as quite frequent, with 56.8% coming to the coffee shop less than 2 times a week and 31.9% coming to the coffee shop 2-3 times per week. Each time the majority of consumers purchase the range of IDR 50,000 - IDR 150,000 (61.7%). These results illustrate that coming to the coffee shop today has become a lifestyle and even a necessity for certain communities. In addition to good quality coffee, a comfortable coffee shop atmosphere (33.8%) is also a very determining factor in consumer purchasing decisions. Demand in this business shows a positive trend that should be utilized by local coffee shop businesses. Although global coffee shop brands are generally superior, local coffee shops are proven to be capable competitors. This can be seen from the survey results where the difference in the level of local coffee shop preferences towards global is only around 16%.

**Table 4 Consumer Purchasing Patterns**

Indicator of Purchasing Pattern	Criteria	Frequency (N= 426)	Percentage (100%)
Average expenditure per visit	Less than IDR 50.000	99	23.2
	IDR 50.000 – Rp 150.000	263	61.7
	IDR 150.000 – Rp 300.000	53	12.4
	More than Rp 300.000	11	2.6

Frequency of arrival per week	Less than 2 times a week	242	56.8
	2-3 times a week	136	31.9
	4-5 times a week	39	9.2
	More than 5 times a week	9	2.1
The main factor is visiting the coffee shop	Know the owner	10	2.3
	Good service	32	7.5
	Well-known brand	59	13.8
	The location is easy to reach	56	13.1
	Very good quality coffee	109	25.6
	Cozy coffee shop atmosphere	144	33.8
	Others	16	3.8
The preferred type of coffee shop	Local Coffee Shops (Popolo, Ngopi Doeloe, Rumah Kopi Ranin)	179	42
	Global Coffee Shop (Starbucks, The Coffee Bean & Tea Leaf, JCo)	247	58

Source: Processed Primary Data, 2018

### Dining Atmosphere SEM Model

Initial testing in SEM analysis has been carried out by measuring the suitability of the data with the model that has been made through the goodness of fit test. Some goodness of fit criteria used in this study is the chi-square test, RMSEA, and GFI. Although the results of the chi-square test are not too small, the assessment of the feasibility of the model can be accompanied by other measures. The

RMSEA value is obtained at 0.078, smaller than the ideal maximum limit of 0.08. This shows the model is quite good at adjusting data. Another absolute measure that can be used is GFI which shows 0.921 (fit). Besides, based on CMIN and CFI criteria that measure comparative compatibility, the overall model in this study is considered to be quite good in adjusting data.

**Table 5 Assessment of The Goodness of Fit Criteria (Full Respondent)**

No.	Criteria	Cut-off value	Result	Notes
1.	Chi-square	< 112.31 (p=0.1%, df=70)	248.891	Moderate Fit
2.	RMSEA (root mean square error of approximation)	<0.08	0.078	Fit
3.	GFI (goodness of fit)	>0.90	0.921	Fit
4.	CMIN/DF (the minimum sample discrepancy function/degree of freedom)	< 5	3.556	Fit
5.	CFI (comparative fit index)	>0.90	0.949	Fit

Source: Processed Primary Data, 2018

### Measurement Model

The measurement model describes the relationship between the indicator and its latent variable. At this stage, there is a process of reduction of some

indicators that are less strong in reflecting latent variables. The reflexive measure of the indicator with its construct is said to be quite high when the loading factor value is more than 0.6 (Chin and

Newsted, 1999) so that indicators that have a loading factor value of less than 0.6 are dropped or deleted.

After going through some reduction stages, the final measurement items of the research are obtained in Table 6. Dining Atmosphere is reflected by 3 main indicators namely food storage layout and storefront (DA5), coffee shop room arrangement (DA6), and comfortable café interior design (DA7). Furthermore, Product Quality is illustrated when the coffee has a pleasant aroma (KP1), good taste (KP2), an interesting presentation (KP3), and the suitability of the dish with the order (KP4). In contrast to other latent that have experienced indicator

reductions, in the latent Customer Trust, all indicators are very strongly reflecting their latency. Customer Trust is reflected when products and services meet expectations (CT1), appropriate places (CT2), believe coffee shops act honestly and fairly (CT3), and have continuous trust in coffee shops (CT4). When customer trust gives positive results, the opportunity for consumers to make repeat purchases is greater. The latent variable Repurchase Intention is illustrated when consumers want to regularly visit a coffee shop at least once a week (RI3), intend to buy regularly even though the competitor's offer is more attractive (RI4), and will come again to be a loyal customer (RI5).

**Table 6 Mean, Standard Deviation, and Factor Loading of Measurement Items**

Construct	Item Used	FL
Dining Atmosphere	Layout and storefront for storing food menus in the café is very systematic and neat (DA5)	0.762
	The arrangement of the Coffee Shop room is neat and comfortable (DA6)	0.849
	The interior design of the café is very cozy and comfortable (DA7)	0.749
Product Quality	The coffee offered has a delicious aroma (KP1)	0.801
	The coffee has a good taste (KP2)	0.826
	Appearance of coffee that is served is interesting (KP3)	0.669
	coffee served according to what was ordered (KP4)	0.732
Customer Trust	Products and services provided according to my expectations (CT1)	0.861
	I feel this place suits me as a whole (CT2)	0.797
	I am sure that this Coffee Shop acts fairly and honestly (CT3)	0.720
	I am sure to continue to trust this coffee shop (CT4)	0.719
Repurchase Intention	I want to visit the café regularly at least 2 times a week (RI3)	0.822
	I intend to repurchase the café regularly even though I get a more attractive offer from another café (RI4)	0.890
	I will come back to this place and become a loyal customer (RI5)	0.729

Source: Processed Primary Data, 2018

Note: FL = factor loading

**Structural Model**

Then the causal relationship model is measured as well as testing the hypothesis that has been built. Causality test results in SEM function to determine whether or not there is an influence between one latent variable with another. The significance of the causality relationship can be seen from the values

of p and CR. There is a significant effect when the p-value (probability) does not exceed 0.001 (alpha 1%). Table 7 shows the value of the test results of the influence of endogenous and exogenous variables as seen from the estimated value, critical ratio, and probability.



Table 7 Analysis of The Overall Causality of Respondents

Latent Endogenous	Latent Exogenous	Estimate	Critical Ratio	P-value	Annotation	Hypothesis testing
Customer Trust	← Dining Atmosphere	0.395	5.438	***	Significant	H1 accepted
Customer Trust	← Product Quality	0.641	7.739	***	Significant	H2 accepted
Repurchase Intention	← Customer Trust	1.456	7.001	***	Significant	H3 accepted
Repurchase Intention	← Dining Atmosphere	-0.130	-.830	.407	Not Significant	H4 rejected
Repurchase Intention	← Product Quality	-0.160	-.818	.413	Not Significant	H5 rejected
Dining Atmosphere	↔ Product Quality	0.178	8.947	***	Significant	H6 accepted

Source: Processed Primary Data, 2018

Note: use alpha 1%

The structural equation model of this research is as follows:

$$\text{Customer Trust } (\eta_1) = \Gamma_1 \text{ Dining Atmosphere} + \Gamma_2 \text{ Product Quality} + \zeta_1$$

$$\text{Repurchase Intention } (\eta_2) = \beta_1 \text{ Customer Trust} + \zeta_2$$

$$\text{Repurchase Intention } (\eta_3) = \Gamma_3 \text{ Dining Atmosphere} + \Gamma_4 \text{ Product Quality} + \zeta_3$$

where:

$\eta$  : variable endogenous;

$\beta$  : coefficient of endogenous latent variables;

$\Gamma$  : coefficient of exogenous latent variables;

$\zeta$  : structural error

**Effect of Dining Atmosphere on Repurchase Intention Based on The Coffee Shop Category**

Two types of models were tested namely the local SEM coffee shop model and the global SEM coffee shop model. The latent variable measured is the same as the latent in the previous full respon-

dent model. Based on the compatibility test, it is known that both models have the goodness of fit with existing data so that further measurements can be continued. Furthermore, the results of measurements of causal relationship models based on the coffee shop category are listed in table 8.

Table 8 Causality Analysis by Coffee Shop Category

Latent Endogenous	Latent Exogenous	Estimate		Critical Ratio		P-value		Annotation	
		Local	Global	Local	Global	Local	Global	Local	Global
Customer Trust	← Dining Atmosphere	.490	.721	3.759	5.941	***	***	v	v
Customer Trust	← Product Quality	.366	.392	3.104	4.278	.002	***		v
Repurchase Intention	← Customer Trust	1.256	1.307	3.677	6.850	***	***	v	v
Repurchase Intention	← Dining Atmosphere	-.094	-.147	-.311	-.664	.756	.506		
Repurchase Intention	← Product Quality	-.002	-.016	-.009	-.104	.993	.917		
Dining Atmosphere	↔ Product Quality	.195	.189	5.765	6.413	***	***	v	v

Source: Processed Primary Data, 2018

Note: use alpha 1%; v = significant influence or relationship

## DISCUSSION

Based on SEM analysis on the overall model, it is known that the dining atmosphere and product quality have a significant influence in forming customer trust. This result supports several previous studies that explain that “place” in the marketing mix plays an important role in the purchase decision process (Kotler 1973). Another factor that can increase customer trust is product quality. Product quality plays an important role in determining consumer trust when consumers feel disappointed with the quality of the products offered, they tend not to trust the performance and image of the coffee shop (Chiu et al. 2009; Alamsyah et al. 2017). In the context of customer trust, this study gives different results from Ercis et al. (2012) where consumers of local Bogor coffee shops, customer trust in coffee shops will make consumers tend to intend to repurchase in the future. Besides having a role in shaping customer trust, the dining atmosphere is also related to shaping consumer perceptions about product quality. This study has similarities with the research of Oh et al. (2007), Liu and Jang (2009) that a comfortable shop atmosphere with an attractive artistic outlet design contributes to shaping consumer perceptions that the products sold at the site are in good quality.

Large opportunities in the coffee shop business should be utilized by local businesses. Business development in the coffee sector is one of the industry clusters that the government is concerned about because in addition to being able to utilize local commodities it also plays a role in encouraging the growth of the Small and Medium Enterprises (SMEs) of the coffee business in Indonesia. To see the prospect of a local coffee shop in the Bogor area, this study examines more deeply about the factors that influence consumer repurchase intention through the SEM model making based on the coffee shop category.

As a global brand, international coffee shops have good standards in terms of product quality and service. Based on probability values, it is known that in global coffee shops, product quality and dining atmosphere significantly influence customer trust.

In the global coffee shop, the majority of consumers have high expectations of the products offered. Its position as a global brand makes the coffee shop must provide products with good quality standards. Besides, the global quality standard coffee shop is also apparent from the global atmosphere coffee shop that offers tidiness layout, the convenient arrangement of the room to improve customer trust (Ryu and Jang, 2008).

In contrast, at the local coffee shop, the dining atmosphere is the most influential variable in customer trust. This is understandable because local coffee shops in Bogor generally offer a cafe atmosphere with a unique thematic design, artistic and offers a different experience than the global coffee shop. The physical environment is one alternative strategy to attract consumers to visit the local coffee shop. Generally, those who come to the local coffee shop are interested in the experiences offered such as seeing and trying the coffee processing, or taking pictures in the local coffee shop. These results support Lindborg (2015) that the concept of the open kitchen in a restaurant can form consumer trust in the quality of a product. Through a good room arrangement, aesthetic decoration, and appropriate music can increase consumer trust and satisfaction (Villiers et al. 2017).

An interesting and artistic layout from a local coffee shop becomes an additional benefit for consumers who later consumed personally or to meet the needs of consumers' existence by posting the coffee shop's interior on social media. Local coffee shops have more convenient spatial planning because of their location that is stand-alone or not in supermarkets such as global coffee shops. The characteristic of this particular local coffee shop location is its superiority to win the coffee business competition.

Product quality in the local coffee shop does not have a strong influence on forming customer trust. These results are slightly different from the research of Chiu et al. (2009) and Alamsyah et al. (2017). The better quality of coffee offered by the local coffee shop does not necessarily make consumers trust the standardization of the coffee shop.

Consumers have different perceptions when assessing local and global coffee shops. Suitability of the products presented with a customer order becomes an additional indicator in reflecting the variable quality of the products at the local coffee shop where this does not occur in the global coffee shop.

On the other hand, both the local and global coffee shop models have the same results in measuring the influence of customer trust on repurchase intention. Both models show that after consumers have good trust, consumers will be interested in repurchasing at the coffee shop they visited before. Although the results of this study are different from the study of Ercis et al (2012), these results are in accordance with the theory that the more consumers believe in coffee shops, the opportunity to repurchase in the future is higher.

In this study, the dining atmosphere and product quality only have a direct effect on customer trust, not on repurchase intention. This can be seen in both models, the local coffee shop model, and the global coffee shop model. Although different from the previous research (Hussain & Ali 2015; Ting et al. 2018) which states that the dining atmosphere and product quality contribute directly to repurchase intention, this study provides its insight. To make consumers revisit and repurchase at a coffee shop, customer trust becomes a very important factor to be maintained. Characteristics of purchasing patterns are also considered to play a role in shaping the SEM model. Customer visit frequency which is generally classified in the rare category (less than 2 times per week) further strengthens the results of SEM where the dining atmosphere and product quality do not directly influence in forming repurchase intention.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

Along with the development of culture and lifestyle, consumer behavior in making purchases has also changed. Nowadays the lifestyle of consuming coffee is shifting from consuming coffee at home to visiting coffee shops. The quality of coffee

is not the only thing that matters when visiting a coffee shop. In addition to meeting the needs of core products, consumers generally also come to the coffee shop for other reasons. At a local coffee shop that can affect consumer trust is the dining atmosphere. Unlike the global coffee shop, both the dining atmosphere and product quality both have a significant effect on customer trust. A good dining atmosphere from a local coffee shop can be reflected in the layout and storefront for storing food menus in a café that is so systematic and the arrangement of the coffee shop room is made neat and comfortable so that consumers feel comfortable for a long time in the coffee shop. Consumer comfort while in the coffee shop becomes important because the coffee shop is a service business category. So aspects related to people, processes, and physical evidence are the key success factors in the service industry.

### **Recommendations**

The dining atmosphere is also related to product quality, which means that when the coffee shop has an attractive atmosphere, consumers tend to perceive the products offered at the coffee shop are also of good quality. Another thing that also needs to be considered by local coffee shop players is by continuing to maintain customer trust through a commitment to act fairly and honestly to consumers and continue to try to match the atmosphere of the coffee shop with the current issues or lifestyle of its target market. Based on the results of the analysis it is proven that local coffee shops can compete with global coffee shops. Through continuous improvement in various aspects, especially the dining atmosphere, the local coffee shop will reach a strategic position. It is so good impact on the growth of SMEs local coffee shop.

This research is limited to the comparison of the dining atmosphere by the coffee shop category. In the next research, it can further examine the role of demographic factors as moderating variables such as income, education level, or age on the concept of dining atmosphere and repurchase intention. Yildirim et al. (2015) stated that there is a signifi-

cant influence between age and education level on store atmosphere perception. On the other hand, some researchers have suggested that age has a strong role in shaping perspectives, attitudes, and consumer behavior.

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