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## **Determinants of consumer purchase decisions in coffee shops: The role of product quality, price, café atmosphere, and service quality**

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**Abstract**--This study aims to analyze consumer perceptions and examine the direct and indirect effects of product quality, price, café atmosphere, and service quality on purchase decisions through the mediating role of customer satisfaction. A quantitative explanatory approach was employed using a survey of 100 consumers of modern coffee shops in Denpasar City, Indonesia, selected through purposive-accidental sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The descriptive findings indicate that perceptions of price and purchase decisions were categorized as high, while product quality, café atmosphere, service quality, and customer satisfaction were perceived at a moderate level. Inferential analysis reveals that all independent variables exert significant positive effects on both customer satisfaction and purchase decisions. Café atmosphere emerged as the strongest predictor of customer satisfaction ( $\beta = 0.489$ ;  $f^2 = 0.553$ ), whereas price represented the strongest direct determinant of purchase decisions ( $\beta = 0.246$ ). Customer satisfaction functioned as a complementary partial mediator, with the strongest mediating effect observed in the café atmosphere pathway (60.3%). The structural model explained 57.4% of the variance in customer satisfaction and 65.4% of the variance in purchase decisions. The findings suggest that



purchase decisions are shaped by two simultaneous mechanisms: a transactional pathway driven by price efficiency and an experiential pathway reinforced through affective satisfaction. This study also identifies the presence of spurious loyalty, in which frequent visits are not necessarily accompanied by strong emotional commitment. Therefore, coffee shop managers should prioritize servicescape optimization, product consistency, and personalized service to foster sustainable customer retention.

**Keywords**---customer satisfaction, purchase decision, café atmosphere, servicescape, spurious loyalty, PLS-SEM.

## Introduction

The coffee industry has become one of the most dynamic sectors in Indonesia, playing a strategic role not only as an export commodity but also as a driver of domestic economic growth. From an agribusiness perspective, the coffee sector constitutes an integrated value chain ranging from upstream plantation activities to downstream consumption in coffee shops, involving more than 1.8 million farming households (BPS, 2023). Economically, the Indonesian coffee market was valued at USD 7.12 billion in 2024 and is projected to reach USD 9.45 billion by 2029, growing at a compound annual growth rate (CAGR) of 5.81% (Statista, 2024). This growth is accompanied by a steady increase in domestic coffee consumption, rising from 288,000 tons in 2020 to 300,000 tons in 2024 (International Coffee Organization [ICO], 2024). Such an increase reflects a broader transformation in consumption patterns, where coffee has evolved from a mere beverage into a symbol of modern lifestyle, particularly among younger consumers (Kompas.id, 2023).

The expansion of coffee consumption has been further stimulated by rising purchasing power, urban lifestyle changes, and tourism recovery. In Bali, increasing regional minimum wages and the post-pandemic rebound of tourism have contributed to stronger demand for lifestyle-oriented consumption, including specialty coffee products. In 2023, Bali recorded more than 5.2 million international tourist arrivals, reinforcing exposure to global coffee trends and accelerating market maturation (Badan Pusat Statistik Provinsi Bali, 2024). At the same time, Bali possesses strong upstream coffee production potential, particularly in regions such as Buleleng, Tabanan, and Bangli, where coffee plantations cover approximately 2,485 hectares (Dinas Perkebunan Provinsi Bali, 2023).

The rapid growth of coffee consumption has been accompanied by a significant expansion of coffee shops across Indonesia. According to Toffin (2020), the coffee business has experienced substantial growth, particularly in the specialty coffee segment, which has transformed traditional coffee consumption into modern café culture. In urban areas, coffee shops increasingly function as a *third place*—a social space beyond home and workplace where consumers engage in social interaction, leisure, co-working, and community building (Oldenburg, 1989; Santoso, 2017). In this context, modern coffee shops differentiate themselves not

merely through products but also through investments in *servicescape*, including spatial design, ambiance, and service experience, which shape perceived value and consumer behavior (Bitner, 1992; Kotler & Keller, 2016; Manzo, 2015).

Denpasar City, as the administrative, business, educational, and tourism center of Bali, represents a highly competitive coffee shop market characterized by diverse and increasingly critical consumers. Preliminary mapping identified 188 independent coffee shops operating across the city, with the highest concentration located in South Denpasar, accounting for 39.4% of the total establishments (Google Maps, November 2025). Such market saturation intensifies competition, making it insufficient for coffee businesses to merely attract first-time purchases; instead, sustaining repeated purchase decisions becomes a critical challenge in an environment with low switching costs.

Previous studies have suggested that product quality, price, atmosphere, and service quality significantly influence consumer behavior. However, purchase decisions in service-based businesses are often not formed directly, but rather through post-consumption evaluations, particularly customer satisfaction. Consumers may initially choose a coffee shop due to affordability or accessibility, yet repetitive purchase behavior is more likely to emerge when satisfaction is achieved through positive product experiences, pleasant atmospheres, and personalized services. Despite extensive studies on purchase behavior, limited empirical research has simultaneously examined the direct and indirect effects of product quality, price, café atmosphere, and service quality on purchase decisions through the mediating role of customer satisfaction, particularly in the context of urban coffee shops in Denpasar.

Therefore, this study aims to analyze the influence of product quality, price, café atmosphere, and service quality on consumer purchase decisions, while examining the mediating role of customer satisfaction among coffee shop consumers in Denpasar City. This study contributes to hospitality and consumer behavior literature by providing a more comprehensive understanding of the mechanisms underlying purchase decisions in highly competitive urban coffee markets.

## **Methods**

This study employed a quantitative explanatory research design to examine the causal relationships among product quality, price, café atmosphere, service quality, customer satisfaction, and purchase decisions in coffee shops. The study was conducted under a positivist paradigm, which assumes that social phenomena can be objectively measured through standardized instruments (Creswell & Creswell, 2018). A survey method was adopted as the primary data collection strategy, using structured questionnaires distributed to respondents who met the research criteria. This approach enabled efficient data collection from a sufficient number of participants and supported statistical generalization.

The population consisted of consumers of independent modern coffee shops in Denpasar City, Bali. Respondents were selected using a combination of purposive and accidental sampling techniques. To ensure adequate comparative experience

in evaluating coffee shop attributes, respondents were required to have consumed coffee in at least two different coffee shops in Denpasar. A total of 100 respondents participated in the study and were equally distributed across four research locations, with 25 respondents assigned to each location. Primary data were collected through structured questionnaires using a five-point Likert scale to measure all research variables. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software to assess direct effects, indirect effects, and mediation relationships among variables.

## **Result and Discussion**

### *Measurement Model Assessment*

The measurement model was assessed through convergent validity, reliability, discriminant validity, and multicollinearity tests. The outer model evaluation indicated that all 36 indicators achieved factor loadings above the recommended threshold of 0.70, ranging from 0.743 to 0.875, confirming satisfactory convergent validity. Furthermore, all constructs demonstrated strong internal consistency, with Cronbach's Alpha values ranging from 0.881 to 0.917 and Composite Reliability values between 0.909 and 0.934, exceeding the minimum threshold of 0.70. The Average Variance Extracted (AVE) values also surpassed 0.50 (0.625–0.704), indicating adequate construct validity. Discriminant validity was confirmed through the Heterotrait-Monotrait Ratio (HTMT), with all values remaining below the recommended threshold of 0.90, the highest being 0.830. In addition, multicollinearity was not detected, as all Variance Inflation Factor (VIF) values were below the critical threshold, with the highest VIF value recorded at 2.348.

The structural model evaluation demonstrated satisfactory explanatory and predictive capabilities. The coefficient of determination ( $R^2$ ) showed that product quality, price, café atmosphere, and service quality explained 57.4% of the variance in customer satisfaction, while the combined model explained 65.4% of the variance in purchase decisions. Predictive relevance was also confirmed, with  $Q^2$  values of 0.347 and 0.524 for customer satisfaction and purchase decisions, respectively. Moreover, the model achieved a standardized root mean square residual (SRMR) value of 0.075, indicating a good model fit ( $<0.08$ ), while the Goodness-of-Fit (GoF) index of 0.647 reflected a strong overall model performance.

### *Effects of Product Quality, Price, Café Atmosphere, and Service Quality on Customer Satisfaction*

The results of the structural model analysis revealed that all independent variables significantly influenced customer satisfaction. Table 1 presents the path coefficients for the relationships between price, product quality, café atmosphere, service quality, and customer satisfaction.

Table 1. Effects of Price, Product Quality, Café Atmosphere, and Service Quality on Customer Satisfaction

Hypothesis	Path	$\beta$ (O)	t-stat	p-value
H1a	Price → Customer Satisfaction	0.349	5.695	0.000
H1b	Product Quality → Customer Satisfaction	0.304	4.467	0.000
H1c	Café Atmosphere → Customer Satisfaction	0.489	8.145	0.000
H1d	Service Quality → Customer Satisfaction	0.332	5.625	0.000

Primary Data, 2026

The findings demonstrate that all hypotheses (H1a–H1d) were supported, as each relationship exceeded the critical t-value of 1.96 and achieved significance levels below 0.05. Café atmosphere emerged as the strongest predictor of customer satisfaction ( $\beta = 0.489$ ,  $f^2 = 0.553$ ), followed by price ( $\beta = 0.349$ ,  $f^2 = 0.285$ ), service quality ( $\beta = 0.332$ ,  $f^2 = 0.256$ ), and product quality ( $\beta = 0.304$ ,  $f^2 = 0.214$ ). These findings indicate that customer satisfaction in coffee shops is shaped not only by product-related attributes but also by experiential and environmental dimensions.

H1a: Price Positively and Significantly Influences Customer Satisfaction — Supported

The findings confirm that price positively and significantly affects customer satisfaction ( $\beta = 0.349$ ;  $t = 5.695$ ;  $p < 0.001$ ), indicating that consumers who perceive coffee prices as affordable, competitive, and aligned with perceived value tend to experience higher satisfaction. The moderate effect size ( $f^2 = 0.285$ ) suggests that price serves as an important, though not dominant, determinant of satisfaction.

This finding may be explained by the demographic composition of respondents, which was dominated by young consumers and students with limited spending capacity. For price-sensitive consumers, affordable and competitive pricing reduces financial burden and strengthens perceived value. However, the relatively moderate coefficient suggests that satisfaction is not shaped by price alone, but rather by the congruence between price and the overall experience received. This finding supports the concept of perceived value proposed by Kotler and Keller (2016), which emphasizes that customer satisfaction emerges when the benefits received are perceived to exceed the costs incurred. The result is also consistent with Haryanto et al. (2025), who found that competitive and value-consistent pricing significantly enhances customer satisfaction in coffee shop settings.

H1b: Product Quality Positively and Significantly Influences Customer Satisfaction — Supported

Product quality was found to positively and significantly influence customer satisfaction ( $\beta = 0.304$ ;  $t = 4.467$ ;  $p < 0.001$ ), although it represented the weakest predictor among the four antecedents. This finding suggests that consumers expect acceptable coffee quality as a basic requirement, making it a necessary but insufficient condition for generating stronger satisfaction.

The relatively lower coefficient may reflect the expectations of younger consumers, who are increasingly exposed to premium coffee standards through social media and prior consumption experiences. While respondents generally perceived

product quality positively, dimensions such as taste consistency remained moderate, limiting its ability to generate stronger satisfaction. In line with Garvin's (1987) quality framework, product reliability—particularly consistency in taste and presentation—plays a critical role in sustaining satisfaction over time. This finding is consistent with Mu'tashim and Slamet (2020), who identified product quality as a significant determinant of customer satisfaction in coffee shop businesses.

H1c: Café Atmosphere Positively and Significantly Influences Customer Satisfaction — Supported

Café atmosphere emerged as the strongest determinant of customer satisfaction ( $\beta = 0.489$ ;  $t = 8.145$ ;  $p < 0.001$ ), with a large effect size ( $f^2 = 0.553$ ). Interestingly, although café atmosphere received the lowest descriptive score among independent variables, it demonstrated the strongest structural influence on customer satisfaction. This finding indicates substantial room for experiential improvement.

The dominance of café atmosphere can be attributed to the multifunctional role of coffee shops among young consumers, particularly students and remote workers who use cafés as spaces for studying, social interaction, and co-working. Spatial comfort, interior aesthetics, lighting, and cultural ambiance therefore become essential dimensions shaping emotional satisfaction. This result strongly supports the servicescape theory proposed by Bitner (1992), which argues that the physical environment acts as an active determinant of customer perceptions and emotional responses. Furthermore, the finding reinforces Oldenburg's (1989) *third place* concept, emphasizing coffee shops as social environments extending beyond transactional consumption. The result aligns with Mudjiyanti and Sholihah (2022), who found café atmosphere to be a significant predictor of customer satisfaction.

H1d: Service Quality Positively and Significantly Influences Customer Satisfaction — Supported

Service quality was also found to positively and significantly affect customer satisfaction ( $\beta = 0.332$ ;  $t = 5.625$ ;  $p < 0.001$ ), indicating that courteous, responsive, and personalized interactions with staff enhance consumers' post-purchase evaluations.

Although staff friendliness was rated relatively high, dimensions related to responsiveness and personal connection remained moderate, limiting the overall impact of service quality on satisfaction. This finding suggests that consumers, especially younger generations, increasingly expect not only efficient service but also relational and personalized interactions. The result supports the SERVQUAL framework developed by Parasuraman et al. (1988), particularly the dimensions of responsiveness and empathy as determinants of customer satisfaction. Consistent with Mu'tashim and Slamet (2020), the findings demonstrate that service quality remains an essential component in shaping satisfaction within coffee shop environments.

Overall, the findings reveal a clear hierarchy of determinants influencing customer satisfaction: café atmosphere ( $\beta = 0.489$ ), price ( $\beta = 0.349$ ), service quality ( $\beta = 0.332$ ), and product quality ( $\beta = 0.304$ ). This pattern suggests that

consumer satisfaction in Denpasar coffee shops is primarily experiential, where environmental comfort and emotional experiences outweigh purely functional product attributes.

*Effect of Customer Satisfaction on Purchase Decision*

This section addresses the third research objective by examining the influence of customer satisfaction on purchase decisions in coffee shops in Denpasar City. In this study, purchase decision reflects consumers' behavioral continuity toward the same coffee shop after previous consumption experiences, represented through revisit intention, recommendation behavior, purchase preference, social function, and price tolerance.

Table 2. Effect of Customer Satisfaction on Purchase Decision

Hypothesis	Path	$\beta$ (O)	t-stat	p-value
<b>H2a</b>	Customer Satisfaction $\rightarrow$ Purchase Decision	0.493	5.118	0.000

Primary Data, 2026

The results indicate that customer satisfaction positively and significantly influences purchase decisions ( $\beta = 0.493$ ;  $t = 5.118$ ;  $p < 0.001$ ), thereby supporting H2a. Among all relationships in the structural model, customer satisfaction demonstrated the strongest path coefficient, indicating its central role in shaping consumers' behavioral commitment toward coffee shops. These findings suggest that consumers who experience higher cognitive and affective satisfaction are more likely to revisit, recommend, and prioritize the same coffee shop in future consumption decisions.

Interestingly, the descriptive findings revealed a paradoxical pattern: while visit frequency was relatively high, consumers still expressed moderate levels of repurchase intention and recommendation willingness. This finding suggests the presence of **spurious loyalty**, where repeated visits are driven more by situational factors—such as location convenience, habit, and functional adequacy—rather than strong emotional attachment. In the context of Denpasar coffee shops, students and young consumers frequently revisit cafés not necessarily because of deep satisfaction, but because cafés function as routine study spaces, co-working environments, or socially convenient locations.

The findings are consistent with the Expectancy-Disconfirmation Theory proposed by Oliver (1980), which argues that cumulative satisfaction derived from repeated experiences determines long-term behavioral commitment. However, this study found that customer satisfaction tended to be more cognitive than affective, indicating that consumers perceived coffee shops as sufficiently functional but not yet emotionally memorable. Consequently, purchase decisions reflected behavioral continuity rather than strong attitudinal loyalty. This finding supports Mu'tashim and Slamet (2020), who reported that customer satisfaction significantly influences repurchase decisions in coffee shop settings, while extending the argument that affective satisfaction remains a critical yet underdeveloped driver in highly competitive urban coffee markets.

*Direct Effects of Price, Product Quality, Café Atmosphere, and Service Quality on Purchase Decision*

This section addresses the fourth research objective by examining the direct effects of price, product quality, café atmosphere, and service quality on purchase decisions.

Table 3. Direct Effects of Price, Product Quality, Café Atmosphere, and Service Quality on Purchase Decision

Hypothesis	Path	$\beta$ (O)	t-stat	p-value
<b>H2b</b>	Price → Purchase Decision	0.246	3.174	0.002
<b>H2c</b>	Product Quality → Purchase Decision	0.177	2.220	0.026
<b>H2d</b>	Café Atmosphere → Purchase Decision	0.159	2.662	0.008
<b>H2e</b>	Service Quality → Purchase Decision	0.147	2.155	0.031

Primary Data, 2026

The results demonstrate that all independent variables exerted positive and significant direct effects on purchase decisions, thereby supporting hypotheses H2b–H2e. Among the four predictors, price exhibited the strongest direct effect, followed by product quality, café atmosphere, and service quality. These findings suggest that purchase decisions in coffee shops are influenced not only by experiential evaluations but also by immediate transactional considerations.

**H2b: Price Positively and Significantly Influences Purchase Decision — Supported**  
Price was identified as the strongest direct predictor of purchase decision ( $\beta = 0.246$ ;  $t = 3.174$ ;  $p = 0.002$ ). This finding indicates that affordable and competitive pricing directly encourages consumers to revisit or continue purchasing from coffee shops without necessarily requiring prior satisfaction formation.

The dominance of price can be explained by the demographic profile of respondents, particularly the large proportion of students and low-to-middle spending consumers. For these groups, price acts as a preliminary decision filter before evaluating other attributes such as atmosphere or service quality. In other words, consumers first determine whether a coffee shop is financially accessible before considering additional experiential factors. This finding supports the consumer value perspective proposed by Kotler and Keller (2016), suggesting that economic affordability remains an immediate trigger for consumer decisions. The result also aligns with Zaini et al. (2020), who found price to be the strongest direct determinant of coffee shop purchase decisions.

**H2c: Product Quality Positively and Significantly Influences Purchase Decision — Supported**

Product quality was found to positively and significantly influence purchase decisions ( $\beta = 0.177$ ;  $t = 2.220$ ;  $p = 0.026$ ), confirming H2c. Although the effect size was smaller than price, the result suggests that sensory product characteristics remain important drivers of purchasing behavior.

Among product dimensions, aroma and sensory appeal appear to play a particularly important role in triggering direct purchase intentions, especially among young consumers who value aesthetic and sensory experiences. However, the relatively moderate coefficient indicates that product quality alone is

insufficient to sustain stronger purchase commitment, particularly when taste consistency remains moderate. This finding supports Garvin's (1987) quality framework, which highlights performance and reliability as key dimensions affecting consumer evaluations. The result is consistent with Amellinda et al. (2023), who found that sensory quality significantly influences coffee purchase decisions.

#### H2d: Café Atmosphere Positively and Significantly Influences Purchase Decision — Supported

Café atmosphere positively and significantly influenced purchase decisions ( $\beta = 0.159$ ;  $t = 2.662$ ;  $p = 0.008$ ), supporting H2d. However, despite being the strongest predictor of customer satisfaction, café atmosphere demonstrated only a moderate direct effect on purchase decisions.

This finding suggests that café atmosphere operates primarily through experiential accumulation rather than immediate transactional triggers. Consumers may not instantly choose a coffee shop solely because of its atmosphere, but repeated exposure to a comfortable and aesthetically pleasing environment gradually shapes stronger purchase commitment. This pattern strongly supports Bitner's (1992) servicescape theory, which emphasizes that environmental cues influence consumer behavior through internal emotional responses. Furthermore, the finding reinforces Oldenburg's (1989) *third place* concept, where cafés function not merely as consumption spaces but as environments supporting social and productive activities.

#### H2e: Service Quality Positively and Significantly Influences Purchase Decision — Supported

Service quality also positively and significantly influenced purchase decisions ( $\beta = 0.147$ ;  $t = 2.155$ ;  $p = 0.031$ ), although it represented the weakest direct predictor among the independent variables. This finding suggests that service quality exerts a relatively indirect influence, primarily through accumulated satisfaction rather than immediate purchasing decisions.

Although staff friendliness was generally perceived positively, dimensions such as responsiveness and personal connection remained moderate, limiting service quality's immediate impact on consumer decisions. Younger consumers, particularly students and young professionals, increasingly expect relational and personalized interactions beyond basic service efficiency. This finding supports Kotler and Keller's (2016) argument that service quality often shapes behavioral commitment gradually through customer satisfaction mechanisms.

Overall, the hierarchy of direct effects on purchase decisions—price ( $\beta = 0.246$ ), product quality ( $\beta = 0.177$ ), café atmosphere ( $\beta = 0.159$ ), and service quality ( $\beta = 0.147$ )—suggests that consumers in Denpasar coffee shops initially make purchase decisions through rational and transactional considerations, particularly price sensitivity, before experiential dimensions reinforce long-term commitment. This finding reveals the coexistence of transactional and experiential pathways in shaping coffee shop consumption behavior.

#### *Mediating Role of Customer Satisfaction in the Relationship between Price, Product Quality, Café Atmosphere, Service Quality, and Purchase Decision*

This section addresses the fifth research objective by examining the mediating role of customer satisfaction in the relationship between price, product quality,

café atmosphere, service quality, and purchase decisions. Conceptually, customer satisfaction functions as a psychological mechanism through which consumers translate service experiences into future purchasing behavior.

Table 4. Indirect Effects through Customer Satisfaction

Hypothesis	Mediation Path	$\beta$ (O)	t-stat	p-value
<b>H3a</b>	Price → Customer Satisfaction → Purchase Decision	0.172	3.848	0.000
<b>H3b</b>	Product Quality → Customer Satisfaction → Purchase Decision	0.150	3.288	0.001
<b>H3c</b>	Café Atmosphere → Customer Satisfaction → Purchase Decision	0.241	4.104	0.000
<b>H3d</b>	Service Quality → Customer Satisfaction → Purchase Decision	0.163	4.217	0.000

Primary Data, 2026

The results indicate that all indirect effects were statistically significant ( $t > 1.96$ ;  $p < 0.05$ ), thereby supporting hypotheses H3a–H3d. Since both direct and indirect effects remained significant, customer satisfaction was identified as a complementary partial mediator, indicating that each independent variable influences purchase decisions through two simultaneous mechanisms: directly through immediate evaluations and indirectly through satisfaction formation. Among the mediation pathways, café atmosphere demonstrated the strongest indirect effect ( $\beta = 0.241$ ), followed by price ( $\beta = 0.172$ ), service quality ( $\beta = 0.163$ ), and product quality ( $\beta = 0.150$ ).

H3a: Customer Satisfaction Mediates the Relationship between Price and Purchase Decision — Supported

Customer satisfaction significantly mediated the relationship between price and purchase decision ( $\beta = 0.172$ ;  $t = 3.848$ ;  $p < 0.001$ ), supporting H3a. This finding indicates that competitive and affordable pricing does not merely trigger purchase decisions directly but also strengthens behavioral commitment by increasing consumers' post-purchase satisfaction.

For price-sensitive consumers, particularly students and younger respondents, affordability initially acts as a transactional trigger. However, sustained purchasing behavior emerges when consumers perceive that the price paid is consistent with the overall benefits received, including product quality, atmosphere, and service. This finding supports the perceived value framework of Kotler and Keller (2016), emphasizing that consumer decisions are shaped by the balance between perceived benefits and sacrifices. The complementary mediation found in this study suggests that price simultaneously functions as an immediate decision trigger and as a satisfaction-building mechanism.

H3b: Customer Satisfaction Mediates the Relationship between Product Quality and Purchase Decision — Supported

Customer satisfaction significantly mediated the relationship between product quality and purchase decision ( $\beta = 0.150$ ;  $t = 3.288$ ;  $p = 0.001$ ), thereby

supporting H3b. This finding indicates that product quality contributes to purchase decisions not only through immediate sensory evaluation but also through consumers' accumulated satisfaction over repeated consumption experiences.

Although product quality exerted a direct influence on purchase decisions, its mediated effect suggests that dimensions such as taste consistency, aroma, and presentation gradually shape behavioral commitment through satisfaction. Consumers may initially visit a coffee shop because of product attractiveness, but repeated purchase decisions are more likely to occur when the perceived quality consistently meets or exceeds expectations. This finding aligns with Garvin's (1987) quality framework and Oliver's (1980) Expectancy-Disconfirmation Theory, which argues that satisfaction emerges when product performance confirms or exceeds prior expectations.

H3c: Customer Satisfaction Mediates the Relationship between Café Atmosphere and Purchase Decision — Supported

Café atmosphere demonstrated the strongest mediated effect on purchase decisions through customer satisfaction ( $\beta = 0.241$ ;  $t = 4.104$ ;  $p < 0.001$ ), supporting H3c. This finding suggests that café atmosphere exerts a stronger influence on consumer behavior indirectly through emotional and experiential satisfaction rather than immediate transactional considerations.

The finding reinforces the earlier result showing that café atmosphere was the strongest determinant of customer satisfaction. Comfortable seating, spatial design, ambiance, and aesthetic appeal may not instantly drive purchasing decisions, but they gradually foster emotional attachment and positive experiences, ultimately encouraging revisit intention and behavioral commitment. This result strongly supports Bitner's (1992) servicescape theory, emphasizing that physical environments influence consumer behavior through emotional responses. Similarly, Oldenburg's (1989) *third place* concept is reinforced, suggesting that coffee shops serve broader social and experiential functions beyond product consumption. The strength of this mediated pathway indicates that investments in atmosphere improvement may generate the highest long-term return in customer retention.

H3d: Customer Satisfaction Mediates the Relationship between Service Quality and Purchase Decision — Supported

Customer satisfaction also significantly mediated the relationship between service quality and purchase decision ( $\beta = 0.163$ ;  $t = 4.217$ ;  $p < 0.001$ ), confirming H3d. Although service quality had the weakest direct effect on purchase decisions, its indirect effect through satisfaction was comparatively stronger, suggesting that service experiences influence consumer behavior more gradually through emotional evaluations.

The findings imply that courteous interactions alone are insufficient to generate stronger behavioral commitment. Instead, responsiveness, empathy, and personal connection become critical dimensions shaping affective satisfaction, which subsequently translates into repeated purchase decisions. This finding is consistent with the SERVQUAL framework proposed by Parasuraman et al.

(1988), particularly the responsiveness and empathy dimensions as determinants of long-term customer relationships.

Overall, the mediation analysis reveals two complementary pathways shaping purchase decisions in Denpasar coffee shops. The transactional pathway is primarily driven by price efficiency and immediate product evaluation, while the experiential pathway is consolidated through customer satisfaction, particularly through café atmosphere and service experiences. This finding highlights that coffee shop consumers in Denpasar do not merely seek affordable products but also meaningful experiences that foster emotional attachment and sustained behavioral commitment. However, the coexistence of moderate satisfaction and relatively frequent visits suggests the persistence of spurious loyalty, where repeated visits occur without strong emotional commitment, indicating substantial room for improvement in customer retention strategies.

### **Conclusion**

This study examined the effects of product quality, price, café atmosphere, and service quality on purchase decisions, with customer satisfaction acting as a mediating variable among consumers of modern coffee shops in Denpasar City. The findings demonstrate that all independent variables significantly and positively influence customer satisfaction and purchase decisions, both directly and indirectly. Café atmosphere emerged as the strongest determinant of customer satisfaction, emphasizing the importance of experiential and environmental attributes in shaping consumers' evaluations. In contrast, price exerted the strongest direct effect on purchase decisions, indicating that transactional considerations remain critical, particularly among younger and price-sensitive consumers.

Customer satisfaction was found to significantly influence purchase decisions and functioned as a complementary partial mediator across all relationships, indicating that consumer decisions are formed through both immediate evaluations and accumulated satisfaction. The strongest mediation effect occurred in the relationship between café atmosphere and purchase decision, suggesting that emotional and experiential experiences play a substantial role in fostering behavioral commitment. However, the coexistence of moderate satisfaction levels and relatively high visit frequency indicates the presence of spurious loyalty, where repeated visits are driven more by habit and situational convenience than strong emotional attachment. Overall, the findings reveal that purchase decisions in Denpasar coffee shops are shaped through two simultaneous pathways: a transactional pathway driven by price efficiency and an experiential pathway reinforced through customer satisfaction.

### **6. Managerial Implications**

The findings suggest that coffee shop managers in Denpasar should prioritize improvements in service quality, particularly spatial comfort, interior aesthetics, and the integration of authentic Balinese cultural identity, as café atmosphere demonstrated the strongest influence on customer satisfaction and mediated purchase decisions most substantially. While maintaining competitive

pricing remains essential for attracting price-sensitive consumers, managers should avoid competing solely on price and instead strengthen the perceived value of the overall experience. In addition, improving product consistency—especially taste reliability—and enhancing service responsiveness and personalized interactions may help transform transactional consumption into stronger emotional attachment, thereby converting spurious loyalty into sustainable customer retention and active customer advocacy.

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