STORES ATMOSPHERE AND PROMOTION ON CUSTOMER SATISFACTION AND ITS IMPACT ON CONSUMER LOYALTY

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Abstract

This study aimed to determine the effect of store atmosphere and promotion on consumer satisfaction simultaneously and partially and its impact on loyalty of Le Delice Café and Bakery. The research method used were descriptive and verificative statistics. The results showed that the store atmosphere, satisfaction and loyalty were in a fairly good category, while promotion was good. Based on the analysis, store atmosphere had a greater effect than promotion on customer satisfaction, however promotion had a greater influence on loyalty. Other analysis results showed that store atmosphere and promotion had greater direct effect on consumer loyalty than indirect effect through satisfaction.

Keywords: *store atmosphere; promotion; consumer satisfaction; consumer loyalty*

INTRODUCTION

Restaurants and cafes are service businesses of food and beverage which described in UU 10/2009, states that what is meant service business of food and beverage is a business providing food and beverage services equipped with equipments and supplies for the manufacturing process. These can be in the form of restaurants, cafes, catering services, and bar/tavern. Regulation of Minister of Culture and Tourism Number PM.87/HK.501/ MKP 2010 provides a definition that restaurants and cafes are food and beverage provider businesses equipped with equipments and supplies for the process of making, storage and/or serving, in a non-moving place. The development of culinary tourism in the city of Bandung is currently experiencing rapid progress as shown in Table 1.

The phenomenon of the rise of cafe and bakery also occurs in the city of Bandung as a manifestation of lifestyle in Table 2, while Table 3 shows the growth of cafe visitors. Le Delice Cafe and Bakery occupies the 19th position of a similar business with a rating of 3.9 (www.zomato.com Bandung, 2017) This cafe was established in September 2014, and to date has 25 employees.

The store atmosphere is the reason for consumers to visit and buy. If consumers feel satisfied when visiting, it will encourage the formation of consumer loyalty at the place they visited. Pre survey results showed that the atmosphere of the store is not truly interesting and different. In terms of lighting, aesthetics of equipment preparation, music and layouts do not compel consumers to linger and promotions provided by Le Delice Cafe and Bakery are still lacking.

The first dominant factor is the store atmosphere, this is according to Utami (2010) which stated that the store atmosphere is designed and made in aiming to provide comfort and satisfaction for consumers in making purchases. The second dominant factor is promotion, in accordance with the theory by Kotler and Armstrong (2015), promotion is corporate communication to consumers on products or services produced in an effort to build profitable relationships.

Another dominant factor is consumer loyalty and customer satisfaction where these two factors influence each other in accordance with Tjiptono's theory (2014). Customer satisfaction is the customer's response to the evaluation of discrepancies or disconfirmations that were felt between previous expectations. This is supported by Prasetyo (2016) which concluded that consumer satisfaction is the biggest variable that influences consumer loyalty, and that customer satisfaction is a factor that mediates in the relationship between the store atmosphere and customer loyalty. As the results of the study, Khan et. al. (2012) also showed that there is a positive effect of promotion on customer satisfaction.

Store atmosphere is one element of retailing mix that must be considered by a retail business. According to Levy & Weitz (2014), atmosphere is designing an

environment through communication of visual, lighting, color, music, and smell to stimulate perceptions and emotions from customers and ultimately influence their buying behavior. Whereas Berman and Evan, which was translated by Lina Salim (2014) and Utami (2010) revealed that the store atmosphere includes variouslayouts; interior, exterior, store internal traffic, comfort, air, service, music, uniform, length of goods and so on. These evoke attraction to consumers and arouse the desire to buy.

Lamb in Kotler and Keller, translated by Bob Sabran (2012) suggested the purpose of store atmosphere are: a. retail store appearance, b. effective layout. Factors that influence Lamb in Bob Sabran (2012) namely: a. employee, b. type of fixture, c. music, d. aroma, e. visual factor. Berman and Evan (2014) suggested that there are four influential store atmosphere elements, they are: a. store exterior, b. general interior, c. store layout, d. interior display.

Kotler and Armstrong (2014) stated that promotion refers to activities that communicate to merits of the product and persuade customer to buy it. While Lupiyoadi (2013) stated that promotion is an activity carried out by the company to communicate the benefits of the product and as a tool to influence consumers in the activity of buying or using services according to their needs. Different understanding of promotion came from Stanton in Alma (2011) who defined that promotion is an exercise in information, persuasion and conversely, a person who is persuades is also being informed.

Kotler and Keller (2016) suggested the promotion mix as followed: 1. advertising, 2. sales promotion, 3. event and experiencess, 4. public relations, 5. online and social media marketing, 6. mobile marketing, 7. direct marketing , 8. personal selling.

Consumer satisfaction according to Kotler & Keller (2016) is the feeling of someone's likes or dislikes for a product after he compared the performance of the product with his expectations. Then Lovelock and Wirtz (2011) argued that consumer satisfaction is an attitude that is decided based on the experience gained. Where as Tjiptono (2014) defined it as the customer's response to the evaluation of discrepancies or disconfirmations that were felt between previous expectations.

Loyalty is a behavior where the experience of purchasing a product that is used as a reference or a benchmark; if a consumer is satisfied with a product then there is a high probability that the consumer will make a repeat purchase or even use the product with that brand continuously. On the contrary, if a consumer feels that the product is not in line with his expectations, the consumer may not be satisfied (Tjiptono, 2014).

In accordance with researches by Indra (2014), Widoretno (2014) and Prasetyo (2016) which state that store atmosphere has an effect on consumer satisfaction. Maria (2013) and Amanah (2010) provided results that there is a positive influence between promotion

and customer satisfaction. Therefore, the higher the promotion, it is expected to have a positive impact on the level of customer satisfaction.

The results of Indra's (2014) and Widoretno's (2014) study stated that store atmosphere has an effect on consumer satisfaction as well as promotion which has a positive effect on consumer satisfaction and Maulana Lutfi (2016) found that store atmosphere and promotion simultaneously affect customer satisfaction.

Satisfaction will arise if the customer positively evaluates the transaction experience. With that positive impression, the customer is willing to remain loyal to the company. Researches by Aryani(2010), Widjoyo (2014) and Khadka and Maharjan (2017) stated that customer satisfaction has a positive and significant effect on customer loyalty.

Researches done by Widoretno(2014), Prasetyo (2016) and Ayu (2017) stated that store atmosphere has a significant effect on consumer loyalty. Arfiani (2017) and Wibawa (2014) stated that promotion has a significant positive effect on consumer loyalty, and Indar (2016) stated that promotion is one of the determinants of the success of marketing programs, and promotion has a significant positive effect on consumer loyalty.

The hypothesis proposed is: (1) store atmosphere and promotion affect consumer satisfaction both simultaneously and partially, (2) store atmosphere influences consumer loyalty both simultaneously and partially, (3) customer satisfaction affects consumer loyalty, (4) store atmosphere and promotion influences consumer loyalty indirectly through customer satisfaction.

METHOD

The research method used was descriptive and verification. The population was consumers of Le Delice Cafe and Bakery of 750 people which is the average consumer per day, specifically 25 people multiplied by 30 days, with a sample of 89 people. The rating scale used was Likert. The data collection technique was a survey. Descriptive data analysis technique was by calculating the average consumer answer. While path analysis was used to answer the verification formulation.

RESULTS

The store atmosphere was perceived by consumers of Le Delice Cafe and Bakery category as fairly good. This indicator hadthe lowest score in the marquee indicator and the largest average score in the temperature indicator. Promotion was perceived to be fairly good, with the smallest average score in the indicator of sales promotion frequency and the largest average score in media indicator. Consumer satisfaction was perceived as fairly good category. The smallest average score was in the company's performance indicators in

designing comfort and the biggest was in the company's performance indicators in the suitability of the products offered. Consumer loyalty was also fairly good, the smallest average score was in the indicator of the level of linkages and repeat purchases and the largest in the preference level indicator.

The store atmosphere and promotion had positive and significant effects on consumer satisfaction (Table 4) of 78.7%. The store atmosphere had an effect of 45.5% and promotion had an effect of 33.2% on customer satisfaction. The influence of store atmosphere and promotion on customer satisfaction and its impact on consumer loyalty (Table 5) was 83.9%, positive and significant. The store atmosphere had an effect of 10.3%, promotion 40.7%, and consumer satisfaction 32.9% on consumer loyalty.

DISCUSSION

The store atmosphere at Le Delice Cafe and Bakery was in the sufficient category. There were still low ratings on store front indicators, lighting and fixtures and possters, signs and cards display. While the highest indicator was on the temperature indicator which is considered good. Promotion was fairly good, there was still the lowest rating from consumers on the indicator of the accuracy of the promotion target and the highest indicator on media indicators. Consumer satisfaction was also fairly good, the lowest indicator was the company's performance in designing comfort in an attractive place and the highest indicator was the company's performance in the suitability of the products offered. Consumer loyalty was fairly loyal as well, the lowest indicator was the level of linkages and repeat purchases and the highest indicator was the level of purchase preference.

The store atmosphere had a positive effect on consumer satisfaction by 45.5%. This result is consistent with the research done by Indra (2014), Widoretno (2014), Dabija (2014), Waja (2013), and Prasetyo (2016). Promotion had a positive effect on consumer satisfaction by 33.2% supporting the study by Maria (2013) and Amanah (2014) and Khan, et. al. (2012). The store atmosphere and promotions simultaneously had direct effect on consumer satisfaction at 78.7% supporting Indra's (2014), Widoretno's (2014), and Maulana's (2016) research.

The store atmosphere had a positive effect on consumer loyalty by 10.3%. The effect of promotion on consumer loyalty was 40.7% in accordance with the research done by Ayu (2017), Widoretno (2014), and Prasetyo (2014). The effect of consumer satisfaction with consumer loyalty was 32.9% supporting Indra's (2016), Arfiani's (2017), and Wibawa's (2014) research. The influence of store atmosphere, promotion, and consumer satisfaction on consumer loyalty was 83.9% in accordance with the research done by Khadka and Maharjan (2017), Sicily (2016).

The influence of store atmosphere on consumer loyalty indirectly was 0.45%, while the results of direct analysis amounted to 12.1%. The store atmosphere is considered to be one of the reasons consumers are loyal supporting Turley's and Milliman's (2000) research. The effect of promotion on consumer loyalty indirectly was 19.3%, while the results of direct analysis was 50.9% (Figure 1).

CONCLUSION

The store atmosphere and promotion had an effect on customer satisfaction simultaneously and positively. While partially the biggest significant value was the store atmosphere and then promotion. Store atmosphere, promotion, and customer satisfaction directly influenced consumer loyalty simultaneously. While partially promotion had the biggest influence, then consumer satisfaction, and finally the store atmosphere.

Store atmosphere and promotion indirectly influence consumer loyalty through customer satisfaction. The direct effect of promotion on consumer loyalty was greater than the indirect influence. This is shown that consumer satisfaction has a small role through promotion on consumer loyalty, while consumer satisfaction has a large enough role for store atmosphere on consumer loyalty.

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Table 1. Cafe in Bandung

Period	Quantity	Enhancement
2013	196	11,5 %
2014	235	13,8 %
2015	432	25,3 %
2016	653	38,3 %

Source: The Central Bureau of Statistics, Kota Bandung

Table 2. Type of Café in Bandung

No	Type of Café	Period		
		2014	2015	2016
1.	Cafe & Bakery	76	81	157
2.	Buffet	67	79	84
3.	Bistro & Brasserie	46	57	78
4.	Caffeteria	72	77	84
5.	Coffee shop	116	134	157

Source: The Central Bureau of Statistics, Kota Bandung

Table 3. Number of Consumers 2014-2016

No	Type of Cafe	2014	2015	2016	Number of Consumers
1	Cafe & Bakery	3,996,872	5,739,698	6,927,774	16,634,344
2	Buffet	5,195,561	4,181,748	6,167,923	15,545,232
3	Bistro & Brasserie	3,988,891	4,697,874	5,675,586	14,362,351
4	Cafeteria	5,124,237	5,205,232	5,213,243	15,542,712
5	Coffee Shop	3,589,310	4,889,982	5,087,790	13,567,521

Source : The Central Bureau of Statistics, Kota Bandung

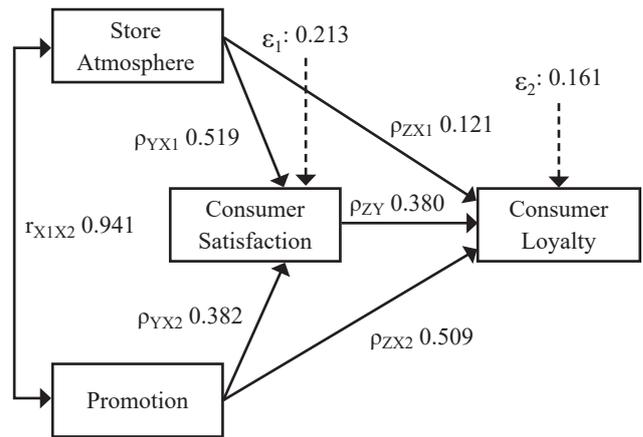Table 4. Effect of Store Atmosphere and Promotion
to Consumer Satisfaction

Variable	Beta	Zero Order	Total
Store Atmosphere (X1)	0,519	0,878	0,455
Promotion (X2)	0,382	0,870	0,332
Total			0,787

Source : Data Processed

Table 5. Effect of Store Atmosphere, Promotions, Consumer
Satisfaction to Consumer Loyalty

Variable	Beta	Zero Order	Total
Store Atmosphere (X1)	0,121	0,854	0,103
Promotion (X2)	0,509	0,801	0,407
Consumer Satisfaction (Y)	0,380	0,867	0,329
Total			0,839

Source : Data Processed

Indirect Effect:
$IE_{ZYX1} : X_1 \rightarrow Y \rightarrow Z = (0,121)(0,380) = 0.045$
$IE_{ZYX2} : X_2 \rightarrow Y \rightarrow Z = (0,509)(0,380) = 0,193$

Total Effect
TE_{ZX1} : $DE_{YX1} + IE_{ZYX1} = (0,519) + (0,045)$
TE_{ZX2} : $DE_{YX2} + IE_{ZYX2} = (0,382) + (0,193)$

Figure 1. Path Diagram Structure