Analysis of Effect of Service Quality, Physical Environment And Customer Experience To Customer Loyalty Through Customer Satisfaction of Visitor Starbucks Coffee In Samarinda

Abstract-This study aims to determine the effect of service quality, physical environment and customer experience to customer loyalty through customer satisfaction on Starbucks coffee visitors in Samarinda. The research data obtained were then analyzed using the structural equation modeling (SEM) analysis tool using the analysis of moment structure (AMOS) software. The result of this research shows that service quality and physical environment have significant influence directly to customer satisfaction and to customer loyalty, other districts of customer experience have not significant effect either directly on customer satisfaction and customer loyalty, and customer satisfaction as intervening variable significantly customer loyalty, thus very precise research puts customer satisfaction as variable intervening.

Keywords: Service Quality, Physical Environment, Customer Experience, Customer Satisfaction, Customer Loyalty

I. INTRODUCTION

The company always innovates for customer satisfaction and this applies to all types of companies including companies engaged in services or retail that have adopted a strategy that can maintain satisfaction and create customer loyalty like [19] found in their research that maintaining and maintaining customers will have an impact on cost efficiency that is cheaper than the costs used to find new customers. In fact, it can be witnessed that more and more retail businesses are currently competing in the market and showing great development, this is not an obstacle for retail companies to always add outlets in various regions. This business is better known as a franchise, which is widely developed in developed and developing countries. Franchising is also known to have a very effective distribution to bring products closer to each customer. One of the franchises that are engaged in coffee shops that are currently developing, is Starbucks Coffee.

Starbucks Coffee has more varied coffee beverage products. Starbucks Corporation is a coffee shop network from the United States based in Seattle, Washington. Starbucks is the largest coffee shop company in the world, with 15,012 outlets in 44 countries. Starbucks Coffee was first opened in 1971 in Seattle by Jerry Baldwin, Zev Siegle, and Gordon Bowker. In the 1990s, Starbucks opened many new stores, this growth continued until the 2000s. At the end of March 2008, Starbucks had 16,226 outlets, 11,434 of which were in the United States. Starbucks in Indonesia has also spread in large cities such as in Jakarta, Bandung, Surabaya, Medan, and Bali. In Indonesia Starbucks competes with other Coffee Shop networks from the United States, such as The Coffee Bean and Excelso. Starbucks offers a variety of beverage menus for customers, namely non-coffee drinks, snacks and beautiful souvenirs. Starbucks Coffee market target: in terms of age 16-40 Years, students, entrepreneurs, and private employees to families. Based on the Top Brand Award data in Indonesia in the last 5 years from 2013-2017 Starbucks excelled from other competitors in the field of coffee café franchise in Indonesia and occupied the Top Brand position for 5 consecutive years. As in the following data:
In 2013-2014 Starbucks Coffee in Indonesia increased by around 1.3% from 47.3% to 48.6%. However, from 2015 to 2016 to 2017 Starbucks successively decreased from 48.7% to 47.8% then from 47.8% to 44.0% and lastly from 44.0% to 39.5%, in that position Starbucks Coffee. In the following year in 2016 and 2017 Starbucks was still the Top Brand Award in the coffee segment in Indonesia. Decreasing the percentage percentage of Starbucks Coffee reported by the Top Brand Award website is the number of other Coffee Cafés in Indonesia that make Starbucks Coffee consumers begin to slowly move to Café Coffee, such as The Coffee Bean and Excels. Other variants in Indonesia

Variables that are suspected to be part of the achievement of Starbucks to become a top brand during this time, namely Service Quality, where the quality of service provided to consumers every time buying products includes physical facilities, equipment or equipment, prices, and personal appearance and written material that is Starbucks, providing fast, precise, polite and sensitive services to customer needs. The variable Physical Environment includes strategic location selection, layout, interior design, aesthetics, tables and chairs, sound system, air condition and cleanliness, then Customer Experience includes experiences that create a sense of comfort through the quality of drinks and food that is presented with vision, touch, taste, hospitality to meet the needs and desires of customers.

Customer Satisfaction is an intervening variable that covers customer satisfaction with the services provided, products offered to consumers and facilities provided by Starbucks outlets in Samarinda to create the comfort and satisfaction of each customer. Furthermore, variable Customer Loyalty is indicated through repurchase, a statement of positive things about the product. and also has a commitment to always be loyal to Starbucks products. Based on the facts described, a research title can be drawn, namely "Analysis of the Effect of Service Quality, Physical Environment and Customer Experience on Customer Loyalty through Customer Satisfaction on Starbucks Coffee Visitors in Samarinda City".

II. LITERATURE REVIEW

Some experts argue about the notion of marketing as expressed by [11] that marketing is the realization of potential exchanges with the intention of satisfying human needs and desires. Then [14] states that marketing is an overall system of business activities aimed at planning, pricing, promoting and distributing goods or services that can satisfy the needs of both existing buyers and potential buyers. According to [12] "Marketing mix is the set of tactical marketing tools that the company blends to produce the response it wants in the target market." The marketing mix consists of 4 (four) components called 4P, namely: (1) Product is an item, service, idea designed and offered by the company for consumer needs. (2) Price is the amount of money the customer must pay to get the product. (3) Place is the placement of a product to be available to target consumers, and how to deliver products to consumers. (4) Promotion is the activity of communicating and conveying information about products to consumers, and persuading target consumers to buy products. Then [15] adding another 3P to 7P, namely (5) Process is the service, creation, design and implementation of effective processes (6) Physical environment is the design of building appearance, landscaping, interior furniture, equipment, staff uniforms, signs, printed materials, which are visible and provide tangible evidence of the quality of service of the company. (7) People are individuals who interact directly with consumers, which require good interpersonal skills and positive attitudes.

Marketing Services according to [18] Services are activities that can be identified individually and are not palpable, to meet needs and not have to be tied to the sale of other products or services. Furthermore [11] stated that services are all actions or performance that can be offered by one party to another party which is essentially intangible and does not produce any ownership. Various research and service marketing literature reveals that services have a number of unique characteristics that differentiate from goods and have an impact on how to market them. The characteristics of services according to [6] are Intangibility, Inseparability, Variability, Perishability [11] said that, "Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires". In line with [22] which says consumer behavior can be defined as behavior in which consumers show (searching for), purchasing, using, evaluating, and disposing of products and services that they will satisfy their needs [13] that "Retailing is a series of business activities to add value to goods and services sold to consumers for personal or household consumption”. So consumers are the target of retailing as the end consumers who buy products for consumption own. Retail mix is a variable used to satisfy customer needs and influence customer purchasing decisions. [16] says there are 6 retail mix variables including: (1) location (2) merchandise (3) Price (4) Promotion (5) Service (6) Atmosphere [11] states that "Quality is the totality of features and characteristics of a product or service that depends on its ability to satisfy expressed or implied needs." Meanwhile, according to Lewis and Booms in [24] "quality services as a measure of how well the level of service provided is in line with customer expectations. [1] argues that Service Quality can be measured by using the following 5 indicators: (1) Tangible is the appearance and capability of the company's physical facilities and infrastructure that can be relied on in the surrounding environment and is tangible evidence of services provided by service providers. (2) Reliability is the ability of
the company to provide services in accordance with what is promised accurately and reliably. (3) Responsiveness is the company's ability to provide fast and appropriate services to customers by delivering clear information (4) Assurance is knowledge, politeness of compensation, and the ability of company employees to foster customer trust in the company. (5) Emphaty is giving sincere and individual or personal attention given to customers by trying to understand customer desires.

[20] Physical environment is everything that covers all non-human aspects of the field where consumer behavior occurs. Almost all aspects of the physical environment can influence consumer behavior, and measuring Physical Environment by using the following 6 indicators: (1) Aesthetics Facility, namely all architectural designs, interior designs, and decorations that contribute to the attractiveness of the dining area environment (2) Ambience, which is an intangible element that aims to influence the senses in a non-visual way that unconsciously gives effect to consumers (3) Lighting, which is different lighting that can affect individual consumers' perceptions of the size of the room and change consumer sensitivity in terms of physical, psychology and emotional will be an area and influence consumer buying behavior (4) Layout, which is an element that gives pleasure in a middle to upper restaurant. (5) Table Settings, that is, how to design a table by putting flowers or candles as decorations to make consumers feel they are in a good environment. (6) Service Staff, that is, refers to employee performance, number of employees, and employee gender. In line with [3] which measures Physical Environment with 5 indicators, namely Layout Accessibility, Facilities Aesthetics, Comfort Seating, Electronic Equipment, Facility Cleanliness,

According to [17] customer experience is customer responses internally and subjectively as a result of direct and indirect interactions with the company, further [21] suggests that consumer experience involves the five senses, heart, mind, who can place the purchase of a product or service in a larger context in life. [23] argues that Customer Experience can be measured by 5 indicators, namely (1) Sense, namely the senses that are owned by humans as a tool to feel the products and services offered. (2) Feel, which is the feeling displayed through the idea, pleasure, and reputation of the consumer service. (3) Think, namely the experience of demanding intelligence with the aim of creating cognitive experiences and problem solving by engaging consumers creatively. (4) Act, which is designed to create a consumer experience that relates to physical psychology (5) Relate, namely the existence of relationships with other people, other social groups (such as work, lifestyle) or wider social identities

Associated with customer satisfaction [7] states that customer satisfaction is a feeling that is owned by the customer if the needs are real or only perceived fulfilled or exceeded expectations, [11] argue that "customer satisfaction is a feeling of pleasure or disappointment someone who appears after comparing the perceptions or impressions of the performance or results of a product and service and its conformity with expectations [5] measuring Customer Satisfaction with 4 indicators, namely: (1) Service Satisfaction, is a feeling of satisfaction that consumers feel about the services provided. (2) Pleasant Experience, which is a pleasant experience felt by consumers both in using the product or service they buy. (3) Transaction Service, which is the ease of service in making transactions. (4) Leisure Facilities, namely a facility provided to consumers to enjoy leisure time or in a waiting state such as, the features of games facilities and others.

According to [10] loyalty is defined as a strong commitment to buy or subscribe to certain products or services in the future even though there are influences of marketing situations and efforts that have the potential to cause behavior change, then [26] measure Customer Loyalty with 3 indicators namely Say Positive Things, Recommend Friend, Continue Purchasing, according to [4] Customer Loyalty is measured by the following 3 indicators: (1) Word of Mouth (WOM), (2) Repurchase Intention, (3) Commitment. In this study, researchers adopted indicators according to [4] because the indicators are in line with what researchers are researching.

HYPOTESIS TEST

H1: Service Quality has significant influence on Customer Satisfaction at Starbucks Coffee visitors in Samarinda

H2: Physical Environment has a significant effect on Customer Satisfaction at Starbucks Coffee visitors in Samarinda.

H3: Customer Experience significantly impacts Customer Satisfaction on Starbucks Coffee visitors in Samarinda.

H4: Service Quality has significant impact to Customer Loyalty of a Starbucks Coffee visitors in Samarinda

H5: Philosophical Environment significantly affects the customer loyalty of visitors to Starbucks Coffee in Samarinda

H6: Customer Experience significantly influence Customer Loyalty of Starbucks Coffee visitors in Samarinda

H7: Customer Satisfaction significantly affects Customer Loyalty of Starbucks Coffee visitors in Samarinda.

III. RESEARCH METHOD

This study uses SEM (Structural Equation Model) for data processing and analysis in which SEM is a statistical technique that can analyze the relationship between latent constructs and indicators, latent constructs with each other and direct measurement errors. SEM allows direct analysis between several dependent and independent variables [9]. The causal relationship between research variables can be constructed from one or several exogenous variables with one or several endogenous variables. Each endogenous variable or exogenous variable can be constructed from several indicators that can be measured directly. Data Processing and Procedure Analysis by Structural Equation Model (SEM) is carried out through the stages of correlation calculation, confirmation factor analysis, and the determination of direct and indirect effects between exogenous and endogenous variables. [2] Software used for moment structure analysis (AMOS) 5.0.
Structural Equation Model (SEM), referring to opinion [8] which uses seven stages: (1) the development of theory-based models with confirmatory techniques (2) regression path diagrams for research testing models (3) flow chart conversion into a series of structural models and measurement of specification equations (4) or covariance data input matrix correlation matrix (5) Possible identification problems (6). Evaluation of the criteria for goodness of fit (7) The interpretation and modification model of the sample was 154

IV. RESULTS AND DISCUSSION

4.1 Hypothesis Testing Results
The results of testing the hypothesis in this study after being tested using AMOS then obtained the data as in the following table:

Table 2

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Path Coefficient</th>
<th>C.R. Critical Ratio</th>
<th>Probability</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q → CS</td>
<td>.498</td>
<td>4.663</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>E → CS</td>
<td>.626</td>
<td>5.826</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>CE → CS</td>
<td>.064</td>
<td>.881</td>
<td>.378</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Q → CL</td>
<td>.251</td>
<td>2.224</td>
<td>.026</td>
<td>Significant</td>
</tr>
<tr>
<td>E → CL</td>
<td>.250</td>
<td>2.020</td>
<td>.043</td>
<td>Significant</td>
</tr>
<tr>
<td>E → CL</td>
<td>.077</td>
<td>1.133</td>
<td>.257</td>
<td>Not Significant</td>
</tr>
<tr>
<td>S → CL</td>
<td>.572</td>
<td>3.912</td>
<td>***</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Data processed by Researchers

After the data is analyzed and hypothesis testing is performed using SEM analysis tools through AMOS software, shows (table 2). that of the 7 hypotheses previously thought, overall 7 positive hypotheses are accepted, namely service quality has a significant effect on customer satisfaction, physical environment has a significant effect on customer satisfaction, customer experience has no significant effect on customer satisfaction, service quality has a significant effect on customer loyalty, physical environment have a significant effect on customer loyalty, customer experience has no significant effect on customer loyalty and customer satisfaction has a significant effect on customer loyalty. The results of testing the hypothesis are as follows:

In structural equations this involves many variables and path of inter variables which include direct influence, indirect influence and total influence. For that, we will discuss in detail each of these influences.

Direct Effect of Inter variables of Research
Direct relationships occur between Service Quality (X1) and Physical Environment (X2) variables and Customer Experience (X3) against Customer Loyalty (Y2). The direct relationship of the variable is described in the table as follows:

Table 3

<table>
<thead>
<tr>
<th>Direct effect of Research Variables</th>
<th>Endogenous Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>.251</td>
</tr>
<tr>
<td>Physical Environment</td>
<td>.250</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>.077</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>.572</td>
</tr>
</tbody>
</table>

Source: Data processed by Researchers

Based on table 3, above can be explained by the direct influence of exogenous variables on endogenous variables, namely Service Quality variable (X1) has a direct influence on Customer Loyalty (Y2) variables of .251. Meanwhile in the Physical Environment variable (X2) gives a direct influence on Customer Loyalty (Y2) variables of .250. Meanwhile the Customer Experience variable (X3) gives a direct influence on Customer Loyalty (Y2) variables of .077.

Indirect Effect and the Total Effect of Research Inter Variables

An indirect relationship occurs between Service Quality (X1) and Physical Environment (X2) and Customer Experience (X3) variables towards Customer Loyalty (Y2). Because the variable relationship through the variable Customer
Satisfaction (intervening variable), so there is a total influence as shown in table 4 as follows:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Intervening Customer Satisfaction</th>
<th>Endogenous Customer Loyalty</th>
<th>Total effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQ(X1) → CS(Y1) → CL(Y2)</td>
<td>.285</td>
<td>.572</td>
<td>.857</td>
</tr>
<tr>
<td>PE(X2) → CS(Y1) → CL(Y2)</td>
<td>.358</td>
<td>.572</td>
<td>.930</td>
</tr>
<tr>
<td>CE(X3) → CS(Y1) → CL(Y2)</td>
<td>.037</td>
<td>.572</td>
<td>.609</td>
</tr>
</tbody>
</table>

Source: Data processed by Researchers

Based on table 4 above shows that the relationship between Service Quality (X1), Physical Environment (X2), and Customer Experience (X3), on Customer Loyalty (Y2), through Customer Satisfaction (Y1) as intervening variables, is respectively (X1), 285, (X2), 358 and, (X3), 037. The influence of Customer Satisfaction (Y1), on Customer Loyalty (Y2), is .572. Thus obtained the total effect of Service Quality (X1), on Customer Loyalty (Y2), through Customer Satisfaction (Y1) amounting to .857, Physical Environment (X2), on Customer Loyalty (Y2), through Customer Satisfaction (Y1), amounting to .930 and Customer Experience (X3) to Customer Loyalty (Y2), through Customer Satisfaction (Y1), amounting to .609. The use of Customer Satisfaction (Y1) as an intervening variable is very appropriate because it can increase and increase the influence of the mass of each related variable

**IV. RESULT AND DISCUSSION**

Statistical test results show the causality relationship that occurs as a proof of the hypothesis in this study, based on data used and theoretical studies. As well as the results of empirical research that supports, and or rejects the results of hypothesis testing conducted in this study.

**Effect of Service Quality (X1) on Customer Satisfaction (Y1), Hypothesis 1**

The results of the first hypothesis test (H1) states that Service Quality (X1) has a significant effect on Customer Satisfaction (Y1) on visitors to Starbucks Coffee outlets in Kota Samarinda (Table 4.1). This is indicated by the Standardized Path Coefficient of .498 and the Critical Ratio (CR) value of 4.663, greater than the critical value of ± 1.96 and obtained a significant probability (p) of ***** which is smaller than the specified error level (α) of 0.05.

**Effect of Physical Environment (X2) on Customer Satisfaction (Y1) Hypothesis 2**

The results of the second hypothesis test (H2) stated that Physical Environment (X2) had a significant effect on Customer Satisfaction (Y1) on visitors to Starbucks Coffee outlets in Samarinda City (Table 4.1). This was indicated by the Standardized Path Coefficient of .626 and the Critical Ratio value. (CR) of 5.826, greater than the critical value of ± 1.96 and obtained a significant probability (p) of ***** which is smaller than the error level (α) of 0.05.

**Effect of Customer Experience (X3) on Customer Satisfaction (Y1) Hypothesis 3**

The results of the third hypothesis (H3) test can be stated as Customer Experience (X3) which has not significant effect on Customer Satisfaction (Y1) visitors to Starbucks Coffee outlets in Kota Samarinda (Table 4.1). This is indicated by the Standardized Path Coefficient of .064 and the Critical Ratio (CR) value of .881, smaller than the critical value of ± 1.96 and obtained a significance probability (p) of .378 which is greater than the specified error level (α) of 0.05. The findings of this study indicate that Customer Experience (X3) influences Customer Satisfaction (Y1). This means that customer experience is not a determinant key to determining customer satisfaction. In this context every customer has a thought in assessing their level of satisfaction gained from the experience of visiting the Starbucks Coffee store. In addition, the majority of respondents surveyed were students / students with the dominant visiting frequency, namely once/inevitably, therefore from that experience is not the focus or value taken by the respondents of this study.

**Effect of Service Quality (X1) on Customer Loyalty (Y2) Hypothesis 4**

The results of the fourth hypothesis test (H4) state that Service Quality (X1) has a significant effect on Customer Loyalty (Y2) on visitors to Starbucks Coffee outlets in Kota Samarinda (Table 4.1). This is indicated by the Standardized Path Coefficient of .251 and the Critical Ratio (CR) value of 2.224, greater than the critical value of ± 1.96 and obtained a significant probability (p) of .026 which is smaller than the error rate (α) which is set at 0.05.

**Effect of Physical Environment (X2) on Customer Loyalty (Y2) Hypothesis 5**

The result of testing the fifth hypothesis (H5) can be stated that Physical Environment (X2) has a significant effect on Customer Loyalty (Y2) on visitors to Starbucks Coffee outlets in Kota Samarinda (Table 4.1). This is indicated by the Standardized Path Coefficient of .250 and the Critical Ratio (CR) value of 2.020, greater than the critical value of ± 1.96 and obtained a significance probability (p) of .043 which is smaller than the error rate (α) of 0.05. The results of this study support the previous research conducted by [25] in Taiwan with a sample of 931 respondents. Where the previous research stated that Physical Environment had a significant effect on Customer Loyalty.

**Effect of Customer Experience (X3) on Customer Loyalty (Y2), Hypothesis 6**

The test results of the sixth hypothesis (H6) can be stated as Customer Experience (X3) has no significant effect on Customer Loyalty (Y2) visitors to Starbucks Coffee Big Mall
outlets in Samarinda City (Table 4.1). This is indicated by the Standardized Path Coefficient of 0.77 and the Critical Ratio (CR) value of 1.133, smaller than the critical value of ±1.96 and obtained a significance probability (p) of .257 which is greater than the error rate (α) of 0.05 ..

**Effect of Customer Satisfaction (Y1) on Customer Loyalty (Y2) Hypothesis 7**

The results of testing the seventh hypothesis (H7) can be stated that Customer Satisfaction (Y1) has a significant effect on Customer Loyalty (Y2) on visitors to Starbucks Coffee outlets in Kota Samarinda (Table 4.1). This is indicated by the Standardized Path Coefficient of .572 and the Critical Ratio (CR) value of 3.912, greater than the critical value of ±1.96 and obtained a significant probability (p) of *** which is smaller than the specified error level (α) of 0.05 .

**V. CONCLUSION AND RECOMMENDATION**

**Conclusion**

The results of research conducted on visitors to Starbucks Coffee outlets in Samarinda City. Based on the data analysis carried out, the conclusion of the study can be drawn as follows:

1. Service Quality and Physical Environment have a significant effect on Customer Satisfaction of visitors to Starbucks Coffee outlets in Samarinda City. The findings of this study shows that in a consistent, good quality service and Physical Environment in this case conformity with expectations that are expected to create customer satisfaction visiting Starbucks Coffee outlets in Samarinda City.

2. Service Quality and Physical Environment have a direct and significant effect on Customer Loyalty visitors to Starbucks Coffee outlets in Samarinda City. The findings of this study indicate that customer loyalty is significantly influenced directly by Service Quality and Physical Environment. The results of this study also support the findings of research conducted by [25]

3. Customer Experience has no significant effect on Customer Satisfaction and Customer Loyalty on visitors to Starbucks Coffee outlets in Samarinda City. With the findings of this study indicate that customer experience of the product or service provided is not a determinant key to determining customer satisfaction as well as customer loyalty.

4. Customer Satisfaction has a significant effect on Customer Loyalty visitors to Starbucks Coffee outlets in Samarinda City. The findings of this study indicate that customer loyalty can be influenced by the level of customer satisfaction where products and services offered provide satisfaction to Starbucks Coffee outlets in Samarinda.

**Recommendation**

Based on the conclusions of this study, it is advisable for the company to maintain and or improve Service Quality and Physical Environment variables because these two variables have a direct and significant effect on Customer Satisfaction as an intervening variable and on Customer Loyalty and Customer Satisfaction variables also have a direct and significant effect. Towards Customer Loyalty so that Customer Satisfaction variable is recommended to be maintained and / or improved

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