# THE EFFECT OF CUSTOMER EXPERIENCE AND SERVICESCAPE ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION AS A VARIABLE INTERVERNING ON ME & COFFEE WORKS WAHID HASYIM MEDAN

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## Abstract

This study aims to determine and analyze the effect of customer experience and servicescape on customer loyalty through customer satisfaction as an intervening variable in me & coffee works by Wahid Hasyim Medan. The population in this study is the people of Medan City with 6 sub-districts including the sub-district of Me & Coffee Works customers who have visited at least 2 times with an unknown number. The sampling technique in this study was non-probability sampling as many as 85 respondents. The data analysis method uses Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results of the study show that customer experience has an effect on customer loyalty. Servicescape influences customer loyalty. Customer experience influences customer satisfaction. Servicescape influences customer satisfaction. Customer satisfaction affects customer loyalty. Customer experience influences customer loyalty through customer satisfaction as an intervening variable. Servicescape influences customer loyalty through customer satisfaction as an intervening variable.

Keywords: *Customer experience, Servicescape, Customer loyalty Customer satisfaction*

## 1.INTRODUCTION

Today's very tight business competition requires business people to think creatively and innovatively in generating competitive advantages from the products and services offered to consumers. One business that is developing very rapidly is the culinary business (Simanjuntak, 2016). Culinary businesses are very diverse, such as angkringan, cafes and restaurants that provide visitor convenience facilities, which have affordable prices, provide unique food with delicious tastes, have strategic locations with attractive architectural buildings which are important points to offer to consumers to visit. So this requires culinary entrepreneurs to be more creative in offering their products so that they are more in demand by consumers from the lower class to the upper class. One of the culinary businesses that are in great demand is a coffee shop. *Coffee shop*at first providing a place for a quick coffee. The history of this modern coffee shop comes from America, where the characteristics of service and delivery are fast. Food that is usually portioned on one plate or which is also commonly called ready on the plate and with the service term is called American Service. Coffee shops are categorized as restaurants which are informal and sometimes open up to 24 hours (Kurniawati, 2021). One of the coffee shops in Medan is Me & Coffee Works.

Me & Coffee Works in the world of coffee in Medan City is actually not new. The people behind this name are well known for their business and coffee knowledge, which need not be discussed anymore. Me & Coffee Works itself already has several outlets on Jalan RA Kartini and Wahid Residence. The atmosphere of Me & Coffee Works at Wahid Residence brings a spirit of high productivity. The people of Medan City do not show their preferences for products in Me & Coffee Works so that consumer loyalty to buy Me & Coffee Works decreases. Most consumers who buy Me & Coffee Works products only come once. The number of coffee shops in Medan is

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one of the challenges for Me & Coffee Works. The challenge is how to get and retain loyal customers, and the threat is if their customers prefer other coffee shops. Loyal consumers are those who are willing to come back to the coffee shop of their choice and provide recommendations to others (Kusumasasti, 2017). Loyalty from customers makes Me & In addition, customer satisfaction can refer to how the customer feels about the service provided compared to the desired feeling. At the same time, if the expected results do not match, dissatisfaction arises. When a business or service does not meet consumer expectations, consumer satisfaction with the performance of a service is very difficult to obtain (Agiesta, 2021).

## 2. LITERATURE REVIEW
### 2.1. Customer loyalty
Loyalty is a rooted desire in the future to buy the desired products and services even though circumstances and marketing efforts can cause changes in customers (Kotler, 2016). Loyalty is a measure of the relationship between customers and products or services. This measure is able to describe the possibility of a customer switching to another brand or not. Loyal customers can encourage company development, because customers often provide input to companies to improve the quality of their services and products (Hapsari, 2018). *Customer loyalty* is a measure of consumer attachment to a brand. Thus, companies that are able to develop and maintain consumer loyalty will gain long-term success for efforts to make consistent purchases of the brand over time (Tjiptono, 2018).

### 2.2. Customer Satisfaction
*Customer satisfaction* is the result of the evaluation of customers who have made purchases. Consumers believe when the goods and services purchased are the same or exceed what they expect. Customer satisfaction is the level of feeling happy or disappointed after comparing the services and products received and expected (Agiesta, 2021). Customer satisfaction is defined as a function of how appropriate the product buyer's expectations are with the performance that the buyer thinks of the product (Pramudita, 2013).

### 2.3 Servicescape
*Servicesape* is the environment in which services are delivered and where companies and consumers interact, as well as any tangible components that facilitate the appearance or communication of services Ridlolloh, 2014. Servicescape is the style and physical appearance of the experience elements encountered by consumers at the place of service delivery (Imanto, 2016). Servicescape is everything that is physically present around consumers during service transaction meetings (Juliana, 2020).

### 2.4 CustomerExperience
*customer experience* is an overall picture of all the cues a customer perceives in the buying process. Therefore, to attract the attention of customers, companies must be able to find out what kind of experience is experienced by customers during the product purchasing process so that they can provide comfort to customers. The picture given by the customer obtained through the customer's perceived experience is very important for the company. Customer responses from cognitive services play a role in providing knowledge about a product (Kurniawati, 2021).

### 3.RESEARCH METHOD
This research is a quantitative research that emphasizes measurable data through several hypothesis testing. This research was conducted at Me & Coffee Works The Wahid Private

Residence, Jl. KH Wahid Hasyim. This research was conducted in March 2023. The population in this study were Me & Coffee Works customers who had visited at least 2 times with an unknown number. In this study, data analysis used the Partial Least Square (PLS) approach. PLS is a component- or variant-based Structural Equation Modeling (SEM) model. According to Ghozali & Latan (2015), PLS is an alternative approach that shifts from a covariance-based SEM approach to a variant-based one.

## 4.RESULTS AND DISCUSSION
### 4.1. Descriptive statistics

Based on the characteristics of the respondents based on gender, it can be seen that there were 40 male respondents or 47.05% of male respondents and 45 female respondents or 52.95. This shows that the female sex is more dominant than the male. It can be concluded that those who use it are women who come to Me & Coffee Works more often. Based on the characteristics of respondents based on age, it is known that respondents aged 17-21 years amounted to 20 respondents or 23.53%, aged 22-26 years amounted to 40 respondents or 47.06% and ages > 27 years amounted to 25 respondents or 29.41%. Based on this, most respondents in this study were aged 22-26 years where at that age many consumers who came to Me & Coffee did not only buy products but they often did assignments and gathered Me & Coffee.

### Table 2. Path Coefficient

|  | Original Sample (O) | Sample Means (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|---|---|---|---|---|---|
| **Customer Experience (X1) -> Customer Satisfaction (Z)** | 0.194 | 0.196 | 0.071 | 2,736 | **0.006** |
| **Customer Experience (X1) -> Customer Loyalty (Y)** | 0.071 | 0.071 | 0.029 | 2,461 | **0.014** |
| **Customer Satisfaction (Z) -> Customer Loyalty (Y)** | 0.715 | 0.717 | 0.063 | 11,341 | **0.000** |
| **Servicescape (X2) -> Customer Satisfaction (Z)** | 0.768 | 0.768 | 0.052 | 14,715 | **0.000** |
| **Servicescape (X2) -> Customer Loyalty (Y)** | 0.312 | 0.309 | 0.072 | 4,346 | **0.000** |

Source: Research Results (Data Processed by Author, 2023)

Table 2 explains thatthe influence of customer experience on customer loyalty with PValues 0.014 <0.05, meaning that there is a positive and significant influence between customer experience and customer loyalty. H1 there is a positive and significant influence of customer experience on customer loyalty. Influence between servicescape on customer loyalty with PValues 0.000 <0.05, meaning that there is a positive and significant influence between servicescape on customer loyalty. H2 has a positive and significant effect of servicescape on customer loyalty. the influence of customer experience on customer satisfaction with a PValues of 0.006 <0.05, meaning that there is a positive and significant influence between customer experience and customer satisfaction. H3 there is a positive and significant influence of customer experience on customer satisfaction. Influence between servicescape on customer satisfaction with PValues 0.000 <0.05, meaning that there is a positive and significant influence between servicescape on customer satisfaction. H3 there is a positive and significant effect of servicescape on customer satisfaction. The influence of customer satisfaction on customer loyalty with PValues 0.000 <0.05, means that there is a positive and significant influence between customer satisfaction and customer loyalty. H2 there is a positive and significant effect of customer satisfaction on customer loyalty.

Meaning that there is a positive and significant influence between servicescape on customer

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satisfaction. H3 there is a positive and significant effect of servicescape on customer satisfaction. The influence of customer satisfaction on customer loyalty with PValues 0.000 <0.05, means that there is a positive and significant influence between customer satisfaction and customer loyalty. H2 there is a positive and significant effect of customer satisfaction on customer loyalty. meaning that there is a positive and significant influence between servicescape on customer satisfaction. H3 there is a positive and significant effect of servicescape on customer satisfaction. The influence of customer satisfaction on customer loyalty with PValues 0.000 <0.05, means that there is a positive and significant influence between customer satisfaction and customer loyalty. H2 there is a positive and significant effect of customer satisfaction on customer loyalty.

## Table 3. Indirect Effects

| | Original Sample (O) | Sample Means (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| **Customer Experience (X1) -> Customer Satisfaction (Z) -> Customer Loyalty (Y)** | 0.138 | 0.139 | 0.048 | 2,854 | **0.004** |
| **Servicescape (X2) -> Customer Satisfaction (Z) -> Customer Loyalty (Y)** | 0.549 | 0.552 | 0.069 | 7,925 | **0.000** |

Source: Research Results (Data Processed by Author, 2023)

Table 3 explains thatthe influence of customer experience on customer loyalty through customer satisfaction with P-Values 0.004 <0.05, meaning that there is a positive and significant influence between customer experience and customer loyalty. H1 there is a positive and significant effect of customer experience on customer loyalty through customer satisfaction. The influence of servicescape on customer loyalty with P-Values 0.000 <0.05, means that there is a positive and significant influence between servicescape on customer loyalty through customer satisfaction. H2 there is a positive and significant effect of servicescape on customer loyalty through customer satisfaction.

## DISCUSSION

The results of the analysis show that customer experience has a positive and significant effect on customer loyalty where the path coefficient value of customer experience is 0.071 and a significant value is 0.014 <0.05, meaning that the results show that customer experience has a positive and significant influence on customer loyalty. Thus, the First Hypothesis can be accepted. *Servicescape*has a positive and significant effect on customer loyalty, where the path coefficient value of servicescape is 0.312 and a significant value is 0.000 <0.05, meaning that the results show that servicescape has a positive and significant effect on customer loyalty. Thus, the second hypothesis can be accepted. *customer experience*has a positive and significant effect on customer satisfaction, where the path coefficient value of customer experience is 0.194 and a significant value is 0.006 <0.05, meaning that the results of the study show that customer experience has a positive and significant influence on customer satisfaction. Thus, the third hypothesis can be accepted.

*Servicescape*has a positive and significant effect on customer satisfaction where the path coefficient value of servicescape is 0.768 and a significant value is 0.000 <0.05, meaning that the results of the study show that servicescape has a positive and significant effect on customer satisfaction. Thus, the fourth hypothesis can be accepted. *Customer satisfaction*has a positive and significant effect on customer loyalty, where the path coefficient value of customer satisfaction is 0.715 and a significant value is 0.000 <0.05, meaning that the results of the study show that

customer satisfaction has a positive and significant effect on customer loyalty. Thus, the fifth hypothesis can be accepted.

*Customer satisfaction*has a positive and significant effect on customer loyalty, where the path coefficient value of customer satisfaction is 0.715 and a significant value is 0.000 <0.05, meaning that the results of the study show that customer satisfaction has a positive and significant effect on customer loyalty. Thus, the fifth hypothesis can be accepted. *Servicescape*has a positive and significant effect on customer loyalty through customer satisfaction as an interverning variable, where the path coefficient value of servicescape is 0.549 and a significant value is 0.000 <0.05, meaning that the results show that servicescape has a positive and significant influence on customer loyalty through customer satisfaction as an interverning variable. Thus, the fifth hypothesis can be accepted.

## 5. CONCLUSION

Based on the results of the research above, it can be concluded that customer experience has a positive and significant effect on customer loyalty at Me & Coffee. Servicescape has a positive and significant effect on customer loyalty at Me & Coffee. Customer experience has a positive and significant effect on customer satisfaction at Me & Coffee. Servicescape has a positive and significant effect on customer satisfaction at Me & Coffee. Customer satisfaction has a positive and significant effect on customer loyalty at Me & Coffee. Customer experience has a positive and significant effect on customer loyalty through customer satisfaction as an interverning variable in Me & Coffee.

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