

REVISITING CUSTOMER LOYALTY IN THE CAFÉ INDUSTRY: THE ROLE OF PRICE AND LOCATION AT DOPAMINE CAFÉ J CITY MEDAN

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Abstract

In Indonesia, the café business has evolved into a sophisticated social and leisure arena where factors like location and cost have an impact on patronage, but so do factors like product quality, customer service, and overall experience. This study uses a causal-associative approach based on servicescape theory to investigate how location and price affect patron loyalty at Dopamine Café J City Medan. Data were gathered from 99 customer respondents via a 1–5 Likert-scale questionnaire and analyzed using multiple linear regression (path analysis). The findings demonstrate that pricing does not significantly influence customer loyalty ($\beta = -0.055$; $p = 0.310$), however location exerts a significant negative impact ($\beta = -0.112$; $p = 0.020$), indicating that even with a strategic position, intense competition in the area promotes customer switching behavior. Concurrent analysis indicates that price and location collectively exert a significant influence on loyalty ($F = 3.164$; $p = 0.040$), accounting for merely 6.2% of the variance in customer loyalty ($R^2 = 0.062$), while the remaining 93.8% is attributable to other determinants including product quality, service, ambiance, and customer experience. These findings underscore that strategies to enhance customer loyalty in the café industry cannot rely solely on price and location, but must integrate customer experience, service quality, and value differentiation as key factors in building long-term loyalty.

Keywords: *café industry, customer loyalty, price, location, servicescape theory, Dopamine Café J City.*

INTRODUCTION

In recent years, the café industry in Indonesia has undergone a significant transformation and has now become an essential component of urban lifestyles. Cafés are no longer merely places to consume food and beverages; they have evolved into spaces where people can interact with one another, conduct work, and construct their self-identity as members of urban society. This shift is influenced by changes in urban lifestyles, in which cafés serve as crucial venues for social engagement and personal branding, particularly among millennials and young professionals (Sudarman, 2023; Suhaeb & Ernawati S. Kaseng, 2023).

The rise of cafés corresponds with broader research on social habits and consumer culture, which positions cafés as a third place—a vital social arena beyond home and work (Zhang et al., 2023). Within these spaces, new forms of interaction and community frequently emerge, underscoring the café's role in shaping diverse urban lifestyles and reinforcing social capital through informal encounters (Bronsvort & Uitermark, 2022). This sociocultural dynamic also illustrates the growing competitiveness of the café industry, which drives continuous innovation in product offerings and customer engagement strategies to meet the shifting demands of an increasingly dynamic consumer base (Maulidi et al., 2023).

In a competitive market, maintaining customer loyalty is crucial for the sustainability of café businesses. Loyal customers not only support business continuity through repeat purchases but also contribute to organic marketing by providing word-of-mouth recommendations (Salim et al., 2018). Numerous studies highlight that customer satisfaction is a key prerequisite for loyalty, with effective complaint handling and service quality directly influencing consumer retention (Ahmed et al., 2020). When customers interact with employees and fellow patrons, they develop emotional bonds that enhance both satisfaction and loyalty (Iqbal et al., 2017; Lin et al., 2020). Thus, the café industry in Indonesia reflects not only the growing trends of urban social behavior but also the complex interplay between satisfaction, loyalty, and competitive strategies. The development of the café industry in Indonesia indicates that customer loyalty is no longer determined solely by price and location, as traditionally assumed. Several studies suggest that price alignment with consumers' perceived value can encourage repurchase intentions, while a

strategic location facilitates customer access (Ismail et al., 2023). However, other research emphasizes that nontraditional factors—such as product quality, service excellence, ambiance, and the overall customer experience—are more strongly associated with loyalty formation (Lutecia & Suryadi, 2024). For instance, Amrie et al. (2021) found that café design elements and supporting facilities, such as free Wi-Fi and live music, foster comfort that ultimately strengthens customers' intention to return. Similarly, Sitinjak et al. (2019) highlighted the role of café atmosphere as a distinctive factor influencing visit intentions.

Another study by Marso et al. (2020) underscores that the servicescape of upper-middle-class cafés directly influences both customer satisfaction and loyalty, with emotional experiences and environmental factors proving more dominant than mere cost or location considerations. Similar findings are reported by Zardi et al. (2019), who demonstrate that although price and location remain relevant, they are not the primary determinants of customer retention. Instead, a combination of product quality and the overall customer experience is regarded as a stronger foundation of loyalty. Lutecia & Suryadi (2024) further add dimensions such as safety, service quality, and customer engagement as equally crucial elements, particularly in the post-pandemic context that requires cafés to be more adaptive to evolving consumer needs.

From these various findings, it can be inferred that customer loyalty in the café business is increasingly shaped by complex, multidimensional factors. Price and location, once regarded as the primary foundations, are no longer sufficient to explain variations in customer behavior. Product quality, superior service, supportive ambiance, and memorable experiences have emerged as crucial elements that distinguish one café from another amid intensifying competition. Building on this framework, the present study seeks to reassess the factors influencing customer loyalty by focusing on the effects of price and location at Dopamine Café J City Medan. The study is grounded in servicescape theory, which emphasizes the role of physical environment and customer experience in shaping behavior, and further develops hypotheses regarding the relationship between price, location, and customer loyalty within the context of Indonesia's café industry.

Nevertheless, a research gap remains to be addressed. Most prior studies continue to emphasize price and location as the primary determinants of customer loyalty (Vilkaite-Vaitone & Skackauskiene, 2020; Winarno et al., 2020; Zardi et al., 2019). However, within urban cafés in Indonesia, their influence is not always significant and may even be negative. Consumer experience aspects—such as ambiance, interior design, and social connectedness within cafés—are often overlooked or only discussed in a partial manner. This indicates the need for a broader approach to examine how nontraditional elements shape customer loyalty amid intensifying competition in the café industry (Akmal et al., 2023). The novelty of this study lies in its attempt to reassess the relevance of price and location in shaping customer loyalty by employing the framework of servicescape theory, applied to a more specific setting at Dopamine Café J City Medan. Unlike previous studies that predominantly focused on price or conventional marketing strategies, this research emphasizes the importance of consumer experience and the quality of the café environment in fostering loyalty. Accordingly, the study contributes not only theoretically, by broadening our understanding of customer loyalty within Indonesia's café industry, but also practically, by offering insights for business practitioners in designing customer-centered and experience-based strategies.

LITERATURE REVIEW

Servicescape Theory

According to Servicescape theory introduced by Bitner (1992), the physical service environment strongly influences customers' perceptions and behaviors. Its dimensions include ambient conditions, spatial layout, and functionality, which interact with human behavior in shaping service experiences (Mahr et al., 2019). Over time, the theory has also incorporated social and psychological aspects, making it particularly relevant to café and hospitality settings (Lee & Jeong, 2012). Several studies have demonstrated that visual aesthetics and ambiance within the servicescape can evoke positive emotions that influence consumer behavior (Kumar et al., 2024), while social engagement has been shown to enhance customer experience and loyalty (Mahr et al., 2019). Functional elements and spatial design also play a crucial role in shaping customer satisfaction and loyalty (Kumar et al., 2017; Wang et al., 2025). More recent developments introduce the concept of the e-servicescape, which highlights the importance of visual and interactive elements in online services, paralleling the influence of physical environments on consumer perceptions (He et al., 2023). In this study, servicescape theory serves as the foundation for analyzing non-price factors such as product quality, ambiance, and customer experience in shaping loyalty within the café industry. The theory provides a more comprehensive understanding of how physical and social environments collectively foster customer satisfaction and loyalty amid the competitive dynamics of Indonesia's café business.

Customer Loyalty

Customer loyalty has become a critical issue in the service industry, including cafés, as it sustains business continuity and strengthens competitive advantage. Loyalty is understood as a consumer's commitment to repurchase or to continue choosing a brand despite situational factors that may encourage switching (Dong et al., 2011). In the café context, loyalty is reflected through repeat visits, which help businesses maintain their customer base while also enhancing profitability (Maicas & Sese, 2015). Findings from previous research indicate that service quality is a key component in shaping customer loyalty. Dimensions such as empathy, responsiveness, and staff–customer interactions contribute to satisfaction, which ultimately drives loyal behavior (Kaura et al., 2015). While pricing strategies are important for attracting new customers, their role in sustaining loyalty tends to diminish once relationships are established, although perceptions of fair pricing remain influential (Jin et al., 2016).

Beyond price and service aspects, the consumer experience in cafés also plays a crucial role. Factors such as ambiance, environmental design, and comfort have been shown to strengthen satisfaction and loyalty (Zardi et al., 2019). A strong brand image combined with appropriate pricing strategies can also foster positive perceptions that encourage customers to remain loyal (Jin et al., 2016). The literature further highlights that competitive dynamics can influence loyalty. Dong et al. (2011) emphasize that competitive pressure often drives businesses to prioritize short-term gains over long-term relationships, ultimately making customer retention more challenging. Overall, customer loyalty in the café industry is not solely determined by price or location, but also by product quality, service, ambiance, and emotional connection. This highlights the need for a comprehensive strategy that integrates customer experience with the value offered to foster long-term loyalty.

Previous Studies

Previous studies provide important insights into the factors influencing customer loyalty in the café industry. The findings indicate that product quality, service, and customer experience more often determine customer loyalty than price and location. Taufik et al. (2022) emphasized that product quality and café ambiance have a direct impact on satisfaction, which subsequently drives customer loyalty. This finding highlights that customers perceive product quality as the primary indicator when choosing a café. Furthermore, Muhammad et al. (2024) found that price perception and service quality, mediated by customer satisfaction, play a crucial role in building loyalty. This means that the overall experience, including interactions with baristas and the atmosphere of the space, becomes a key factor in maintaining customer loyalty.

In addition, the study by Limna et al. (2023) highlighted the role of promotional strategies and customer engagement, such as loyalty programs and social media marketing, in enhancing satisfaction and strengthening loyalty. This indicates that effective communication and marketing can reinforce customers' positive perceptions of a café. In line with this, Aprilia & Warganegara (2024) underlined that ethical sales behavior can increase customer trust and commitment, which ultimately strengthens loyalty. In general, previous studies indicate that although price and location remain relevant, non-price factors such as product quality, customer experience, as well as marketing strategies and sales ethics have been proven to exert a more significant impact on building loyalty. The differences in findings at Dopamine Café J City Medan compared to the existing literature highlight a new space for in-depth analysis, particularly regarding how these factors interact within the specific context of the café industry in Indonesia. The findings from various previous studies show that although price and location still hold meaning, other factors beyond these two are actually more decisive in building customer loyalty. Product quality, consumer experiences, marketing strategies, and ethical sales practices often emerge as the main determinants. This emphasizes that customer loyalty in the café industry cannot be explained solely by price or accessibility, but is instead shaped by a broader and more complex combination of factors. Therefore, further research is needed to examine how these factors operate within the café context in Indonesia, particularly at Dopamine Café J City Medan.

METHOD

This causal associative study aims to investigate the cause-and-effect relationships among variables, particularly the influence of price and location on customer loyalty at Dopamine Café in J City Medan. From January to May 2025, the research will examine customers who visit the café directly.

One dependent variable (customer loyalty) and two independent variables (price and location) are used in this study. Price is determined based on perceptions of affordability, quality conformity, competitiveness, and benefits. Location is assessed from aspects of accessibility, visibility, parking facilities, business expansion, and surrounding environment. Customer loyalty is measured through indicators such as repurchase intention, willingness

to recommend, and brand commitment. The research instrument designed below is used to measure each indicator with a Likert scale from 1 to 5.

Table 1. Operationalization of Variables

Variable	Definition	Indicator	Scale	Questionnaire Item Number
Price (X ₁)	Price is the amount of money or other measure (including goods and services) exchanged to own or use a product or service in a way that satisfies consumers (Amrie et al., 2021).	1. Affordable price; 2. Alignment between price and quality; 3. Price competitiveness ; 4. Balance between cost and benefits	<i>Likert (1-5)</i>	1-2 3-4 5-6 7-8
Location (X ₂)	Location encompasses everything related to the physical site and the activities of goods, such as the location of stores, offices, or factories, as well as the methods of delivering goods to customers (Rifkifadillah & Talumantak, 2022).	1. Accessibility — the ease of reaching the location 2. Visibility — the location can be clearly seen from a normal viewing distance 3. Parking facilities 4. Expansion potential 5. Surrounding environment	<i>Likert (1-5)</i>	1-2 3-4 5-6 7-8 9-10
Customer Loyalty (Y)	Loyalty is a deep commitment to repurchase or continue supporting preferred goods or services, even when environmental factors and marketing efforts could potentially encourage customers to switch (Pan et al., 2012).	1. Intention to make repeat purchases 2. Willingness to recommend 3. Commitment to the brand	<i>Likert (1-5)</i>	1-2 3-4 5-6

The customers of Dopamine Café J City during the research period (7,970 people) constitute the research population. The sample size is 99 respondents, determined using Slovin’s formula with a 10% margin of error. A purposive sampling technique was applied using the following criteria: (1) respondents must be customers who have visited the café and made direct purchases; and (2) respondents must have experience in evaluating price, location, and loyalty toward Dopamine Café J City. The research data consist of both primary and secondary sources. Primary data were obtained from internal organizational documents, the company profile, as well as references from books, journals, and online sources. Secondary data were collected through interviews and questionnaires distributed to relevant respondents. The research instrument was tested for reliability and validity before use. The reliability test measured the consistency of the instrument, while the validity test ensured that the instrument accurately measured the intended variables. Descriptive analysis was employed to describe the variables and characteristics of the respondents. In addition, classical assumption tests were conducted to ensure the appropriateness of the regression model, including checks for multicollinearity, heteroscedasticity, and normality.

Path analysis, also referred to as causal path analysis, was employed to calculate the causal relationships among variables in accordance with the theoretically constructed model. The analytical model is formulated as:

$$Y = P_{yx1}X_1 + P_{yx2}X_2 + \varepsilon_1$$

where Y represents customer loyalty, X₁ denotes price, and X₂ denotes location. Furthermore, the coefficient of determination (R²) was used to assess the extent to which the independent variables contribute to the dependent variable.

RESULTS AND DISCUSSION

Result

This research was conducted at Dopamine Café J-City, located at Jalan Karya Wisata, Komplek J-City, Ruko J-LINE B23, Medan Johor. The café’s location within a strategic commercial area makes it easily accessible to customers from various directions. Its aesthetic atmosphere, comprehensive facilities (including co-working spaces, meeting rooms, a rooftop, prayer room, and Wi-Fi), as well as flexible operating hours strengthen its position as both a social and working destination for the younger generation. These factors provide an important context for the study, as strategic location and complete facilities are often assumed to be the primary attractions in shaping customer loyalty.

Figure 1. Dopamine Café J City Building

This study involved 99 respondents who were customers of Dopamine Café J City. Data were collected using



a five-point Likert scale, where 1 indicated strongly disagree, 2 indicated disagree, 3 indicated somewhat disagree, 4 indicated agree, and 5 indicated strongly agree. Customers of Dopamine Café J City who were willing to complete the distributed questionnaire provided information regarding their gender, age, education, and occupation. The following table presents the number and percentage of respondents based on these demographic characteristics:

Table 2. Distribution of Respondents by Gender

Gender	Number of Respondents	Percentage (%)
Male	42	42%
Female	57	58%
Total	99	100%

Source: Processed Questionnaire Data, 2025

Of the 99 respondents, 42 (42%) were male and 57 (58%) were female, as shown in Table 2. This indicates that the majority of respondents willing to complete the distributed questionnaire were female.

Table 3. Distribution of Respondents by Age

Age Range	Number of Respondents	Percentage (%)
19 - 22 years	22	22,2%
23 - 26 years	27	27,3%
27 - 30 years	25	25,3%
31 - 34 years	14	14,1%
Over 35 years	11	11,1%
Total	99	100%

Source: Processed Questionnaire Data, 2025

Table 3 above shows that 22.2% of respondents were aged 19–22 years, 27.3% were 23–26 years, 25.3% were 27–30 years, 14.1% were 31–34 years, and 11.1% were over 35 years. This indicates that the majority of respondents willing to complete the distributed questionnaire were aged 23–26 years.

Table 4. Distribution of Respondents by Occupation

Occupation	Number of Respondents	Percentage (%)
Government/Military/Police	16	16,2%
Private Employee	28	28,3%
State-Owned Enterprise Employee	14	14,1%
Entrepreneur	14	14,1%
Student	27	27,3%
Total	99	100%

Source: Processed Questionnaire Data, 2025

Table 4 above shows that 16 respondents (16.2%) worked as government employees, military, or police, 28 respondents (28.3%) were private employees, 14 respondents (14.1%) were state-owned enterprise employees, 14 respondents (14.1%) were entrepreneurs, and 27 respondents (27.3%) were students. Thus, the majority of respondents willing to complete the distributed questionnaire were employed as private employees or were students. The following figure illustrates the normality test of this study based on graphical analysis.

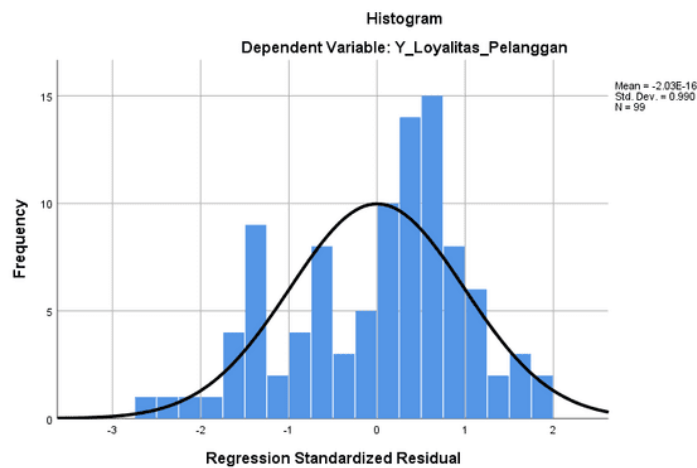


Figure 2. Histogram Illustrating the Normality Test

The histogram curve above shows asymmetry, indicating that the research data are not normally distributed.

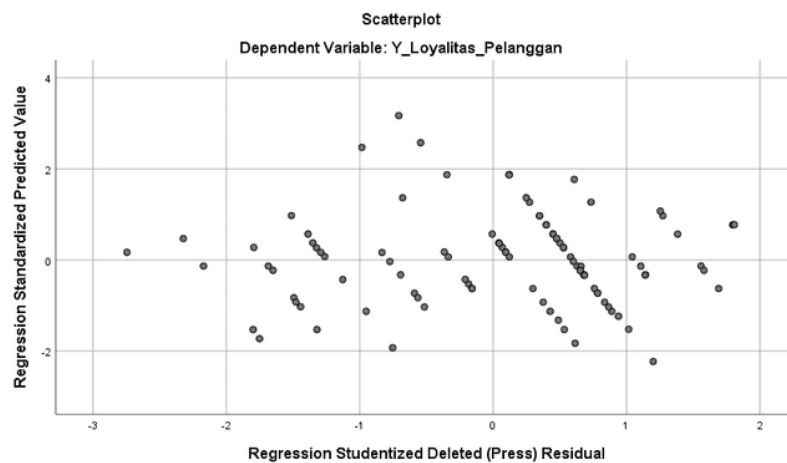


Figure 3. Normal Probability Plot for Assessing Data Normality

Figure 3 shows that the data are dispersed, indicating that the data distribution is not normal. Statistical analysis provides a more robust method for testing normality. The Kolmogorov-Smirnov test was used to examine the normality of the regression model residuals.

Table 5. Results of the Normality Test\
One-Sample Kolmogorov-Smirnov Test

		Y_Loyalitas_Pelanggan
N		99
Normal Parameters ^{a,b}	Mean	24.70
	Std. Deviation	2.247
Most Extreme Differences	Absolute	.200
	Positive	.140
	Negative	-.200
Test Statistic		.200
Asymp. Sig. (2-tailed)		.000 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: SPSS 25 Output, 2025

According to Table 5, the probability value or Asymp. Sig (2-tailed) is 0.00. This is because the p-value of 0.00 is lower than the predetermined significance level of 0.05. This indicates that the normality assumption is not met.

The Glejser test was used to determine whether heteroscedasticity is present or not.

Table 6. Results of the Glejser Test for Heteroscedasticity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	30.765	2.497		12.321	.00
	X1_Harga	-.055	.055	-.100	-1.012	.31
	X2_Lokasi	-.112	.050	-.221	-2.229	.02

a. Dependent Variable: Y_Loyalitas_Pelanggan

Source: SPSS 25 Output, 2025

According to Table 6, the probability (significance) values of the regression coefficients for each independent variable are 0.31 for price, which is higher than 0.05, and 0.02 for location, which is lower than 0.05. This indicates that neither the price nor the location variable shows evidence of heteroscedasticity in this study. The effect of an independent variable on the variation of the dependent variable, either individually or partially, is measured using the partial hypothesis test (t-test) in the First Model. The evaluation criteria are as follows:

- $H_0: b_1 = 0$, indicating that the independent variable has no positive and significant effect on the dependent variable partially.
- $H_1: b_1 \neq 0$, indicating that the independent variable has a positive and significant effect on the dependent variable partially.

For this study, the t-table was determined as follows: H_0 is accepted if $t\text{-calculated} < t\text{-table}$ at $\alpha = 5\%$, and H_0 is rejected if $t\text{-calculated} > t\text{-table}$ at $\alpha = 5\%$.

Table 7. Partial Hypothesis Test (t-Test) – First Model

Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
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		B	Std. Error	Beta		
1	(Constant)	30.765	2.497		12.321	.000
	X1_Harga	-.055	.055	-.100	-1.012	.31
	X2_Lokasi	-.112	.050	-.221	-2.229	.02

a. Dependent Variable: Y_Loyalitas_Pelanggan

Source: Processed with SPSS 25, 2025

In Table 7, the results of the partial hypothesis test (t-test) show the effect of each independent variable on the dependent variable. First, the price variable (X₁) on customer loyalty (Y) indicates that price has no significant effect on customer loyalty at Dopamine Café J City, with a regression coefficient of -0.055, t-value of -1.012, and significance value of 0.310. In other words, respondents' perception of price does not affect their level of loyalty, as the significance value is greater than 0.05. Second, the location variable (X₂) on customer loyalty (Y) has a regression coefficient of -0.112, t-value of -2.229, and significance value of 0.020. This indicates that location has a significant effect on customer loyalty, with a significance value below 0.05. However, the negative coefficient suggests an inverse relationship, meaning that the higher the respondents' perception of location, the lower their loyalty tends to be. The F-test is used to test the hypothesis. The criterion is that the alternative hypothesis is accepted if the F significance value < 0.05. This indicates that the independent variables collectively have a significant effect on the dependent variable.

Table 8. F-Test Results for Simultaneous Effects – First Model

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.606	2	15.303	3.164	.04
	Residual	464.303	96	4.836		
	Total	494.909	98			

a. Dependent Variable: Y_Loyalitas_Pelanggan

b. Predictors: (Constant), X2_Lokasi, X1_Harga

Source: SPSS Output, 2025

Based on Table 8, the F significance value is 0.04, which is less than 0.05. Therefore, it can be concluded that price and location simultaneously have a significant effect on customer loyalty. The coefficient of determination is used to determine the extent to which the independent variables can explain the variation in the dependent variable, in this case, customer loyalty.

Table 9. R² Values for the First Model

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.249 ^a	.062	.04	2.199

a. Predictors: (Constant), X2_Lokasi, X1_Harga

b. Dependent Variable: Y_Loyalitas_Pelanggan

Source: SPSS 25 Output, 2025

Based on Table 9, it can be seen that the price and location variables explain only 4% of the variation in customer loyalty, with an adjusted R² value of 0.04. The remaining 96% is influenced by other factors not included in this research model. Additionally, the regression model shows an average prediction error of ±2.19 points for actual customer loyalty values, according to the Standard Error of Estimate of 2.19. This indicates that the model does not always predict customer loyalty accurately.

Discussion

Based on the results of the partial hypothesis test conducted on the second model, the location variable (X₂) has a significant effect on customer loyalty (Y), with a regression coefficient of -0.11, t-value of -2.22, and a significance level of 0.02. The significance value is below the 0.05 threshold. However, the direction of the effect is negative. This indicates that the higher the respondents' perception of the advantages of the location—such as ease of access, crowd density, and strategic positioning—the lower the level of customer loyalty tends to be. This phenomenon can be understood in the context of competition within the J City area. While a busy and strategic location provides advantages for Dopamine Café J City, it simultaneously attracts many competitors to establish

similar businesses nearby. As a result, consumers have a variety of coffee shop options within close proximity, increasing the tendency to try other cafés or switch brands. Therefore, although location is supportive, customer loyalty is not automatically established due to the competitive appeal of nearby alternatives.

These findings are in line with Simanjuntak & Purba (2020), who emphasized that customer experience and satisfaction play a crucial role in shaping loyalty, while competitive pressure can encourage switching behavior. This also provides additional perspective to the findings of Zardi et al. (2019), which stated that location can support loyalty but must be complemented by other factors such as satisfaction and service quality. Thus, the results of this study indicate that a strategic location is not the sole determinant of customer loyalty. Managers of Dopamine Café J City need to combine the advantages of location with other differentiation strategies, such as excellent service quality, innovative menu offerings, a unique café atmosphere, and customer loyalty programs like point systems, community events, or exclusive promotions for loyal customers. The research data support the importance of these strategies, as customer loyalty in a competitive area heavily depends on the experience and added value provided by the café, rather than just its physical location.

According to this study, although many previous studies emphasize the importance of location in enhancing customer loyalty, this research found that highly competitive locations can trigger switching behavior. Therefore, managers should focus on value differentiation and customer experience to build long-term loyalty. Further research could explore how product quality, service, and customer experience play a role in mitigating the impact of location-based competition. Based on the results of the partial hypothesis test conducted on the second model, the location variable (X_2) has a significant effect on customer loyalty (Y). The regression coefficient for this variable is -0.11 , with a t -value of -2.22 and a significance level (Sig.) of 0.02 . This indicates that the significance value is below 0.05 . Interestingly, the effect is negative: the higher the respondents' perception of the location's advantages—such as being strategic, busy, and easily accessible—the lower the customer loyalty tends to be.

This phenomenon can be explained by the high level of competition in the J City area. A strategic and easily accessible location not only benefits Dopamine Café J City but also attracts competitors to establish similar businesses in the same area. As a result, customers have many alternative coffee shops to choose from, increasing the likelihood that they will try or compare experiences at other cafés, which reduces loyalty to any single café. These findings indicate that a strategic location does not automatically guarantee customer loyalty. In areas with many similar options, the advantage of location needs to be supported by other differentiating factors, such as service quality, menu innovation, or a unique ambiance, to maintain customer loyalty. From a managerial perspective, these results have strategic implications for Dopamine Café J City's management. Marketing strategies should not only emphasize location advantages but also strengthen the unique selling proposition (USP), for example, through exclusive menu innovations, personalized service, or a distinct café experience that sets it apart from competitors. Customer loyalty programs, such as point systems, community events, or special promotions for loyal patrons, can also help retain customers despite the abundance of alternatives nearby.

The results of this study differ from some previous research that emphasized the positive effect of location on customer loyalty. Zardi et al. (2019) stated that a strategic and easily accessible location can increase customer retention through convenience and visibility; however, they also emphasized that customer loyalty is influenced by other factors, such as competition and price transparency. Furthermore, Braun & Schweidel (2010) highlighted that location alone is insufficient to build loyalty, necessitating a more holistic strategy that includes additional differentiating factors. Findings from Mardika (2022) also indicate that service quality does not always have a significant independent impact on customer retention, suggesting that the interaction of multiple factors determines loyalty. The findings of this study indicate that although a strategic location provides an initial advantage by attracting customers, high competition in the surrounding area creates many alternatives for consumers. As a result, customers tend to try other options, which lowers loyalty to a single café. This confirms that location alone cannot serve as the sole factor in a customer retention strategy. Multiple linear regression analysis shows that, with a correlation coefficient (R) of 0.24 , there is a positive but relatively weak relationship between price (X_1) and location (X_2) with customer loyalty (Y) at Dopamine Café J City. Furthermore, with a coefficient of determination (R^2) of 0.062 , price and location together only account for 6.2% of the variation in customer loyalty, while the remaining 93.8% can be attributed to other factors such as product quality, service quality, café ambiance, customer experience, and brand image, which are often crucial for building and maintaining loyalty in the coffee shop industry.

These results demonstrate that strategies to enhance customer loyalty cannot rely solely on competitive pricing or strategic location. While both factors remain important as basic elements in purchase decisions, their influence on customer loyalty formation is relatively limited. This aligns with modern marketing concepts emphasizing that customer loyalty is the result of a combination of emotional satisfaction, positive experiences, and consistent brand

attachment developed over time. The findings of this study can also be compared with Limna et al. (2023), who emphasized that factors such as product quality, promotions, price, and location are important predictors of customer loyalty in the coffee shop industry. These results indicate that price and location are only effective when combined with a holistic marketing strategy, including high product quality and attractive promotions, which can significantly enhance customer satisfaction and loyalty. In line with the findings of Zardi et al. (2019), this study confirms that customer satisfaction does not always translate into loyalty; a good product or attractive price does not automatically ensure customer retention, especially in a competitive market. This underscores that other factors, including service quality and customer experience, play a crucial role in shaping loyalty, as reflected in the large portion of loyalty variation (93.8%) influenced by factors beyond price and location.

Moreover, Kaura et al. (2015) also emphasize the importance of a holistic approach that encompasses various dimensions, such as service quality, emotional satisfaction, and brand attachment. They highlight the significance of creating memorable experiences and emotional engagement with customers, which can outweigh the simple influence of price and location. Overall, although previous studies have emphasized the importance of location and price in shaping customer loyalty, the findings of this study indicate that the influence of these two factors is more limited, especially in highly competitive contexts such as Dopamine Café J City. Therefore, cafés need to develop a comprehensive strategy that not only focuses on price and location but also prioritizes customer emotional engagement, unique offerings, and holistic experiences to build long-term loyalty. The managerial implication of these findings is that the management of Dopamine Café J City should combine the advantages of location with other differentiation strategies to foster loyalty. Such strategies may include enhancing service quality, innovating the menu, creating a unique café ambiance, and implementing customer loyalty programs such as point systems, community events, or exclusive promotions. With this approach, the café can retain customers amidst intense competition.

Overall, this study confirms that a strategic location and competitive pricing are important but not sufficient for building long-term loyalty. Café management needs to focus on customer experience, added value, and differentiation to effectively face stiff competition and ensure sustained customer loyalty. Although this study provides important insights into the effects of price and location on customer loyalty at Dopamine Café J City, there are several limitations to consider. First, the study only examined two independent variables—price and location—so the contribution of other potential factors affecting customer loyalty, such as service quality, menu innovation, café atmosphere, customer experience, and brand image, was not analyzed in depth. Second, the sample was limited to customers in a single area (J City), so the results may not fully represent customer behavior in other regions or cities. Based on these limitations, several recommendations can be made for future research. First, it is suggested to expand the research variables by including other factors that may influence customer loyalty, such as service quality, product innovation, customer experience, promotions, and emotional attachment to the brand. This is expected to provide a more comprehensive understanding of the elements shaping customer loyalty in the coffee shop industry.

Second, future research should use a larger and more geographically diverse sample, including multiple cities or areas, to evaluate the consistency of price and location effects on customer loyalty and to enhance the generalizability of the findings. Third, a longitudinal approach could be applied to analyze changes in customer loyalty over time, allowing a deeper understanding of loyalty dynamics. Fourth, employing a mixed-methods approach that combines quantitative and qualitative methods could capture richer customer perspectives, including motivations for switching cafés (brand switching) and experiences that affect loyalty. Fifth, future studies could explore the role of differentiation strategies, such as unique selling propositions (USP), menu innovation, café atmosphere, and loyalty programs, in mitigating the negative effects of competitive locations and enhancing customer loyalty. By implementing these recommendations, future research is expected to provide a more comprehensive and practical understanding of strategies for managing customer loyalty in a highly competitive coffee shop industry.

CONCLUSION

The regression coefficient for price is -0.055 with a significance value of 0.310 (greater than 0.05), indicating that price does not significantly affect customer loyalty. This finding suggests that customers, particularly Millennials and Gen Z, prioritize product quality, comfort, and overall customer experience over price alone. In other words, customers are willing to pay higher prices as long as they perceive commensurate value and experience (value for money). However, location has a significant impact on customer loyalty. As indicated by the regression coefficient for location of -0.11 and a significance value of 0.02 (< 0.05), a strategic and easily accessible location correlates negatively with customer loyalty. This phenomenon arises because busy locations attract many alternative cafés in

the surrounding area, leading customers to switch from one café to another. These findings emphasize that a strategic location does not automatically generate loyalty, especially in the highly competitive coffee shop industry in Medan. The influence of price and location on customer loyalty is relatively small. The correlation coefficient (R) of 0.24 indicates a positive but weak relationship, while the coefficient of determination (R²) of 0.062 shows that price and location together only account for 6.2% of the variation in customer loyalty. Other factors, such as product quality, service quality, café atmosphere, promotions, and brand image, significantly affect customer loyalty. This study demonstrates that while location and price are important factors in determining customer loyalty, they are not the sole determinants. Customer loyalty is shaped through a combination of product quality, customer experience, service, promotions, and additional value provided by the café, suggesting that loyalty enhancement strategies should be holistic and differentiated.

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