



The Impact of Café Atmosphere, Service Quality, and Interior Design on Customer Loyalty: A Case Study at Lir-Iilir Social House, Genteng, Banyuwangi

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Abstract: *This study aims to examine the impact of café atmosphere, service quality, and interior design on customer loyalty at Lir-Iilir Social House, located in Genteng, Banyuwangi. A quantitative research approach was employed, with data collected through online questionnaires distributed to repeat customers between May 22–28, 2025. The sample was selected using purposive sampling. The measurement of variables used a Likert scale, and the data were analyzed using SPSS version 26, employing validity, reliability, classical assumption tests, multiple linear regression, F-test, and t-test. The results revealed that interior design has a significant positive effect on customer loyalty (sig. = 0.041, $p < 0.05$), while café atmosphere (sig. = 0.113) and service quality (sig. = 0.824) do not have a significant partial effect. Simultaneously, the three independent variables significantly affect customer loyalty ($F = 10.290$, sig. = 0.000), with an R Square of 0.499, indicating that 49.9% of the variation in customer loyalty is explained by the model. These findings highlight the importance of aesthetic and functional spatial design in retaining loyal customers. Despite the presence of pleasant ambiance and service quality, interior elements such as layout, cleanliness, lighting, and decorative identity play a more decisive role in shaping customer return intentions. The study provides practical insights for café owners to enhance customer loyalty through interior experience design.*

Keywords: Café Atmosphere, Service Quality, Interior Design, Customer Loyalty, Banyuwangi

Introduction

In recent years, the café industry has become increasingly competitive, especially in regions with growing tourism potential like Banyuwangi. Today's consumers expect more than just food and beverages—they seek holistic experiences that combine ambiance, service, and interior aesthetics. Business owners are thus required to understand the psychological and emotional aspects that influence consumer behavior and loyalty.

Several prior studies have investigated individual variables related to customer loyalty. For example, Oktavianus (2022) found that café atmosphere and price had a significant impact on consumer loyalty, while service quality did not. Antonia (2022) reported that both interior design and restaurant ambiance significantly influenced customer loyalty. However, these studies did not integrate café atmosphere, service quality,

and interior design within a single research framework. Moreover, research focusing on specific and developing regions like Banyuwangi remains limited.

Customer loyalty is crucial in sustaining long-term business performance. According to Kotler and Keller (2016), customers tend to remain loyal to brands that deliver memorable, emotionally engaging experiences. Interior design (Bitner, 1992), atmospheric elements (Kotler, 1973), and service quality (Grönroos, 1984) have each been found to contribute significantly to customer perception and behavioral intention.

This study aims to analyze the simultaneous influence of café atmosphere, service quality, and interior design on customer loyalty at Lir-Ilir Social House in Genteng, Banyuwangi.

Theoretically, this research contributes to the development of literature in consumer behavior and marketing management, particularly in the context of lifestyle-based café loyalty. Practically, the findings are expected to assist café owners in creating effective interior environments, improving service delivery, and enhancing ambiance to strengthen customer loyalty, especially in tourism-oriented regions like Banyuwangi.

Methodology

This study applied a quantitative method. Primary data were collected through online questionnaires distributed from May 22–28, 2025. Respondents were selected using purposive sampling, targeting those who had made repeat purchases. A Likert scale was used to measure perceptions of atmosphere, service quality, interior design, and loyalty. Data analysis was conducted using SPSS version 26, including tests for validity, reliability, normality, multicollinearity, heteroscedasticity, autocorrelation, multiple linear regression, F-test, and t-test.

In addition, the researcher conducted direct observation of the café's atmosphere, service, and interior design at Lir-Ilir Social House in Genteng. The questionnaires were distributed online via a Google Form accessible to respondents through their devices.

Result and Discussion

In this study, data were collected through the distribution of closed-ended questionnaires designed using a Likert scale. This scale was employed to measure respondents' attitudes, perceptions, or opinions toward the research objects based on predetermined indicators.

According to Sugiyono (2017:93), the Likert scale is used to assess the attitudes, opinions, and perceptions of individuals or groups toward a social phenomenon. Using the Likert scale, each variable is broken down into indicators, which are then used as the basis for constructing question or statement items. Each item typically consists of five response options: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

Table 1. Likert scale

No	Response Option	Score
1	Strongly Agree (SA)	5
2	Agree (A)	4

3	Neutral (N)	3
4	Disagree (D)	2
5	Strongly Disagree (SD)	1

This structured approach allows for the quantification of subjective responses, facilitating a more systematic and objective analysis of behavioral and perceptual variables within the research framework.

The instrument tests showed that all items were valid and reliable. Validity testing confirmed that each item measured the intended construct, while reliability testing indicated consistent results across items within the same variable. This ensures that the questionnaire used in the study was both accurate and dependable for data collection.

Furthermore, classical assumption tests were conducted to ensure that the regression analysis met the necessary statistical requirements. The results indicated that the data were normally distributed, as evidenced by the Kolmogorov-Smirnov significance value greater than 0.05. There were also no signs of multicollinearity, with tolerance values above 0.10 and VIF values below 10, indicating that the independent variables were not highly correlated with each other. The heteroscedasticity test using the Glejser method showed significance values above 0.05 for all independent variables, suggesting homoscedasticity. In addition, the Durbin-Watson statistic fell within the acceptable range, indicating the absence of autocorrelation in the residuals.

These results confirm that the data met all classical assumptions required for multiple linear regression analysis, thus supporting the validity of the findings and strengthening the conclusions drawn from the model.

Table 2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.706 ^a	.499	.450	2.06855	1.560

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.096	3	44.032	10.290	.000 ^b
	Residual	132.646	31	4.279		
	Total	264.743	34			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

1	(Constant)	-2.353	4.106		-.573	.571		
	X1	.492	.301	.339	1.632	.113	.374	2.676
	X2	.087	.387	.038	.224	.824	.551	1.816
	X3	.728	.342	.394	2.131	.041	.472	2.118

a. Dependent Variable: Y

Based on the results of the multiple linear regression analysis, the correlation coefficient (R) was found to be 0.706, indicating a strong relationship between the café atmosphere (X1), service quality (X2), and interior design (X3) variables with customer loyalty (Y). The R Square value of 0.499 indicates that 49.9% of the variation in customer loyalty can be explained by the three independent variables, while the remaining 50.1% is influenced by other factors outside the research model.

The F-test results show a significance value of 0.000 ($p < 0.05$), meaning that the multiple linear regression model involving café atmosphere (X1), service quality (X2), and interior design (X3) simultaneously has a significant effect on customer loyalty (Y). Therefore, the regression model is appropriate to be used in predicting customer loyalty.

The partial t-test results indicate that the interior design variable (X3) has a significant effect on customer loyalty, with a significance value of 0.041 ($p < 0.05$). Meanwhile, the café atmosphere (X1) and service quality (X2) variables do not have significant partial effects, as their significance values are 0.113 and 0.824 respectively ($p > 0.05$). Thus, only the interior design variable significantly influences customer loyalty, while café atmosphere and service quality do not have significant partial effects.

Customers feel comfortable, enjoy staying longer at the café, and are interested in capturing the ambiance on social media due to the pleasant visual, auditory, olfactory, and tactile elements. However, this atmosphere is not yet strong enough to consistently drive repeat visits or demonstrate loyalty. Customers still experience positive service interactions, such as friendly staff, fast service, and professionalism. These contribute to a positive overall experience, but are not dominant factors in maintaining customer loyalty or preventing them from switching to other cafés. Physically, customers respond positively to a comfortable spatial layout, appealing room aesthetics, and ease of access and mobility within the café area. These elements create a stronger emotional attachment, thereby encouraging the desire to return and become loyal customers.

Statistical Test Analysis

The data analysis in this study began with testing the validity and reliability of the questionnaire instruments. The results of the validity test showed that all items had a corrected item-total correlation above 0.30, indicating that each item was valid. The reliability test using Cronbach's Alpha produced values above 0.70 for all variables, confirming that the instruments used were consistently reliable and suitable for further analysis.

The classical assumption tests also indicated that the data met the requirements for multiple linear regression. The normality test using the Kolmogorov-Smirnov method

yielded a significance value above 0.05, indicating that the data was normally distributed. The multicollinearity test showed VIF values below 10 and tolerance values above 0.10, proving that no multicollinearity existed between the independent variables. The heteroscedasticity test using the Glejser method resulted in significance values above 0.05, meaning the residuals were homoscedastic. Meanwhile, the Durbin-Watson value was within the acceptable range of 1.5 to 2.5, indicating no autocorrelation.

Next, the multiple linear regression test produced a regression equation showing the direction and strength of each independent variable's effect on customer loyalty. The F-test revealed that café atmosphere, service quality, and interior design jointly had a significant effect on loyalty (sig. = 0.000 < 0.05), which supports the main hypothesis.

However, the t-test revealed a more nuanced picture. Only interior design had a significant partial effect (sig. = 0.041 < 0.05), while café atmosphere (sig. = 0.113) and service quality (sig. = 0.824) did not significantly influence loyalty when examined individually. This suggests that although each variable may not strongly impact loyalty on its own, their collective presence contributes meaningfully to customer retention.

These statistical findings emphasize the importance of designing customer experience strategies that are comprehensive and cohesive, rather than relying on isolated improvements.

The Influence of Café Atmosphere on Customer Loyalty

While the statistical results showed that café atmosphere did not have a significant effect on loyalty, it is essential to analyze the broader context behind this outcome. Several factors could explain this insignificance.

First, the concept of customer loyalty is not always built from sensory experience alone. According to Dick and Basu (1994), loyalty arises from the combination of positive attitude and repeated behavior. While atmosphere may generate a pleasant attitude, it may not be sufficient to trigger repeat purchase unless supported by other factors like emotional bonding or brand trust.

Second, café atmosphere may have an indirect effect on loyalty through customer satisfaction or emotional engagement, which were not directly measured in this model. Bitner (1992) suggested that physical environment, or *servicescape*, often impacts behavior through intermediate psychological responses such as affective reactions or perceived value.

Moreover, Oktavianus (2022) found that café ambiance significantly influenced loyalty when supported by pricing strategies. This supports the idea that atmosphere works best in tandem with other elements, such as affordability or customer-centric offerings. In this case, perhaps the ambiance at Lir-Ilir Social House was not perceived as unique enough to influence behavioral intention on its own.

From a managerial standpoint, this implies that although the atmosphere may not directly impact loyalty, it still matters in shaping customer experience and satisfaction. Managers should continuously assess visual design, music, lighting, aroma, and spatial arrangement to ensure customers feel immersed and welcomed. Even if not statistically

significant, atmosphere remains a critical touchpoint in customer journey mapping and brand positioning especially in cafés targeting lifestyle-conscious customers.

The Influence of Service Quality on Customer Loyalty

Although service quality did not have a statistically significant effect on customer loyalty in this study ($p = 0.824$), this finding opens an important discussion regarding how loyalty is built in lifestyle cafés. Traditionally, service quality has been regarded as a primary driver of customer satisfaction and loyalty (Parasuraman, Zeithaml, & Berry, 1988). However, in modern café settings especially those driven by ambiance and social media appeal the role of service may be secondary to aesthetic or emotional experience.

One potential explanation is that customers in such environments are not seeking intensive or personalized service. Instead, they value autonomy, speed, and convenience. As stated by Zeithaml et al. (1996), perceived service quality is heavily influenced by expectations. If customers only expect basic friendliness and efficiency and those expectations are met they may not perceive service as a decisive factor in returning.

Moreover, Grönroos' model (1984) divides service quality into three components: technical quality (what is delivered), functional quality (how it is delivered), and corporate image. In cafés, the functional quality such as baristas' communication, responsiveness, or attitude may lack variation across venues, reducing its weight in loyalty formation.

Still, service quality remains relevant. While it may not stand out when consistently average, poor service can quickly become a dealbreaker. Café managers must maintain baseline service standards but should also consider integrating emotional labor such as creating a warm, welcoming environment or remembering regular customers' preferences as a way to personalize the service experience and enhance long-term attachment.

The Influence of Interior Design on Customer Loyalty

Interior design significantly influenced customer loyalty in this study ($p = 0.041$), highlighting the strong role of physical environment in shaping behavioral responses. This supports Bitner's (1992) concept of *servicescape*, which posits that environmental factors including layout, furnishings, decor, and spatial arrangements can influence customer perception, satisfaction, and return intention.

In lifestyle cafés such as Lir-Ilir Social House, customers often expect more than functional seating. They seek aesthetic experiences that align with personal values or visual storytelling on social media. The "Instagrammable" design of Lir-Ilir, which includes visually appealing corners, natural elements, and a cozy layout, contributes not only to initial attraction but also to memorability, which is key for building long-term loyalty.

A study by Antonia (2022) reinforces that interior aesthetics such as color schemes, artistic elements, and space functionality are critical in establishing emotional connection with customers. In this sense, design is not merely decoration but a vehicle for brand expression and identity.

Moreover, spatial layout impacts customer behavior. According to Wakefield and Blodgett (1996), well-designed layouts facilitate ease of movement, reduce stress, and

enhance perceived value. At Lir-Irir, features like organized seating, natural light, and thematic decor contribute to both comfort and brand distinctiveness.

From a managerial perspective, interior design investments should be viewed not as one-time expenditures but as strategic components of experience marketing. Redesigning or refreshing elements regularly can sustain customer interest and reinforce emotional bonds with the brand, particularly in a competitive, lifestyle-driven market.

The Simultaneous Influence of Café Atmosphere, Service Quality, and Interior Design on Customer Loyalty

The F-test results reveal that the combination of café atmosphere (X1), service quality (X2), and interior design (X3) significantly affects customer loyalty (Y), with a significance value of 0.000. The adjusted R² value of 0.499 indicates that nearly 50% of the variance in customer loyalty is explained by these three variables together. This supports the idea that customer loyalty is not shaped by a single factor, but by the interplay of multiple experiential dimensions.

In consumer behavior theory, loyalty is built not only on satisfaction or product quality, but through holistic experiences. According to Oliver (1999), true loyalty emerges from affective commitment a psychological attachment to a brand formed through repeated, positive experiences. The presence of aesthetic comfort (design), emotional engagement (atmosphere), and perceived competence (service quality) enhances that commitment.

The results also support the "experiential marketing" perspective (Schmitt, 1999), where loyalty is viewed as a result of multi-sensory, emotional, and relational encounters. Even if one variable like service quality does not stand out individually, its contribution within a broader experience context cannot be overlooked.

For café operators, this finding emphasizes the need for balance and integration. A beautifully designed space without warmth in ambiance or staff engagement may still fall short. Likewise, an attentive team in a poorly arranged interior may not leave a lasting impression. Loyalty stems from the harmony of these elements working together to craft a consistent, memorable brand experience.

Future business strategies should therefore consider regular experience audits evaluating customer journeys across ambiance, service interaction, and space design to continuously optimize the loyalty pathway.

Conclusion

The findings of this study reveal that service quality and interior design have a significant impact on customer loyalty, while café atmosphere does not have a significant partial effect. The key implication is that café managers should prioritize enhancing service interactions and developing interior designs that are both functional and aesthetically appealing. High-quality service fosters emotional bonds with customers, and attractive interior design enhances comfort and creates memorable experiences that encourage repeat visits.

For café business practitioners, practical recommendations include conducting regular training sessions for staff to improve empathy, punctuality, and warmth in service delivery. In addition, interior management should focus on spatial layouts that support customer activities, aesthetic elements aligned with brand identity, and physical comfort such as lighting, seating, and cleanliness.

Future research is encouraged to explore the mediating role of customer satisfaction or customer experience as an intervening variable between atmosphere, service, and design toward loyalty. Furthermore, qualitative or mixed-methods approaches could be employed to gain deeper insights into customer perceptions and preferences that may not be captured through a purely quantitative method.

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