

THE INFLUENCE OF STORE ATMOSPHERE ON CUSTOMER RETENTION IN LALANA SOCIAL SPACE

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Abstrak

This study aims to determine the effect of store atmosphere on customer retention at Lalana Social Space, a coffee shop with a tropical modern concept located in Bandung. The method used is descriptive quantitative with a survey approach. Primary data was collected through the distribution of questionnaires to 90 respondents who are active members of Lalana Social Space. Data analysis was conducted using SPSS software version 27, including validity and reliability tests, simple linear regression, and t-tests. The results of the study indicate that store atmosphere, which includes aspects such as exterior, interior, layout, and display, has a significant influence on customer retention. Customers are motivated to revisit due to the comforting atmosphere offered by Lalana Social Space. This finding indicates that store atmosphere is not merely a visual complement but also a crucial element in building customer loyalty and influencing repeat purchase decisions. This study provides valuable insights for business managers to understand the importance of store atmosphere planning in retaining customers and creating enjoyable experience.

Keywords: Store Atmosphere, Customer Retention, Coffee Shop, Customer Loyalty, Lalana Social Space.

INTRODUCTION

The proliferation of coffee shops in the city of Bandung has prompted business owners to innovate in creating a store atmosphere that can attract and retain customers. Lalana Social Space stands out with its tropical modern concept and 360° natural views as its unique selling point. However, despite its appealing store atmosphere design, the rate of repeat visits (customer retention) remain fluctuating and relatively low. This situation serves as an important backdrop for the research to examine the extent to which store atmosphere influences customer retention.

The objective of this study is to analyze the impact of store atmosphere comprising exterior, interior, layout, and display aspects on customer retention at Lalana Social Space. The research employs a descriptive quantitative method with a survey approach and data collection via questionnaires.

The theoretical contribution of this study lies in strengthening the literature on the relationship between store atmosphere and customer retention in the context of coffee shop businesses. Practically, the result of this study can be used as evaluation material and strategic reference for Lalana Social Space managers and similar business operators in creating an effective store atmosphere to retain customers.

The novelty of this research lies in its focus on Lalana Social Space using a quantitative approach and store atmosphere indicators designed contextually to reflect customer experiences in an open social space.

The results of study indicate that the atmosphere of the store has a significant influence on customer retention. The practical implication of this finding is that it is recommended to improve the

quality of semi – outdoor aspects, such as seating arrangements, shade provision, temperature control (fans or heaters), and protection from the weather (rain and wind) so that customers feel more comfortable when in that area. The scope of this study is limited to analyzing the impact of store atmosphere on customer retention at Lalana Social Space, with a focus on customers registered as active members.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Store atmosphere is an important element in retail marketing that can shape consumer perceptions and influence purchasing behavior. Berman and Evans (2010) in the journal Niode et al. (2020) explain that store atmosphere consist of several key aspects, exterior (shop Front), general interior, store layout, and interior (point of purchased)display, wich collectively create the sopping experience. A well designed store atmosphere can create a positive image and enhance customer comfort. Faradannisa & Supriyanto (2022) add that an attractive store atmosphere is one of the main drivers for customers to return.

Zeithaml and Berry (in Rouly et al., 2023) define customer retention as the tendency of customers to continue making purchases, recommending to others, and having tolerance for prices and service disruptions. Thus, success in retaining customers depends not only on product quality alone, but also on the overall experience while at the business location.

Chandrasari (2021) research shows that store atmosphere has a significant influence on customer retention in the retail industry, where a comfortable and aesthetic store atmosphere can create customer loyalty. Similar research by Suryana and Risal (2023) on coffe shops in Bandung also confirms that the combination of branding, store atmosphere, and customer experience has a significant effect on customer revisit rates.

Based on previous theories and research findings, store atmosphere can influence customer retention through emotional experiences and perceptions of comfort felt by customers while at the coffe shop. In the context of Lalana Social Space, which promotes a semi outdoor tropical modern concept, store atmosphere is a major attraction with great potential for creating customer loyalty. Therefore, the hypothesis in this study is formulated as follows :

H1 : Store atmosphere has a significant effect on customer retention at Lalana Social Space.

RESEARCH METHOD

This study uses a quantitative approach with a descriptive method. The research design aims to describe the influence of store atmosphere on customer retention at Lalana Social Space, a coffe shop with a tropical modern concept in Bandung. This study adopts a survey design because data is collected directly from respondents through a structured questionnaire.

The population in this study consists of all Lalana Social Space customers who have been registered as active members for the past three months, totaling 786 people. To determine the sample size, the researcher use the Slovin formula with a 10% error rate, resulting in a sample of 90 respondents had visited Lalana Social Space at least twice.

Data collection was conducted using a closed-ended questionnaire with a 5 point likert scale (1= strongly disagree to 5 = strongly agree), covering indicators of store atmosphere (exterior, interior, store layout, and Interior point of purchased display) and customer retention (word of mouth communication, repurchase intention, price insentivity, and complaint behavior). Secondary data was also collected through relevant documentation and literature.

The instruments were tested using validity and reliability tests. Validity was tested using the Product Moment correlation, and reliability was tested using the Cronbach Alpha formula with a cutoff value of > 0,60. Data were analyzed using SPSS version 27 software. The analysis techniques used included classical assumption tests (normally and heteroskedasticity), simple linier regression

analysis, t-tests to assess the significance of the independent variable influence on the dependent variable, correlation coefficients to determine the strength of the relationship between variable, and determination coefficients to determine to extent of the independent variable influence on the dependent variable.

In this study, no special tools or materials were used because the entire process was conducted using manual and digital questionnaire instruments, and data processing was performed statistically using SPSS software.

RESULT AND DISCUSSION

The results of this study were analyzed using SPSS 27 for Windows, which showed that the items in the questionnaire were valid because, from the variables Store Atmosphere (X) and Customer Retention (Y), all items had a significance value of 0.000 (less than 0.05). The reliability test results for the Store Atmosphere variable yielded a reliability coefficient of 0.869, and the Customer Retention variable yielded a reliability coefficient of 0.924, indicating that all statement items used in this study are reliable.

Based on the results of the descriptive analysis, the Store Atmosphere of Lalana Social Space Coffee Shop successfully attracts customers to return through its general interior design. This was found in the general interior aspect, with a tropical modern interior design, a 360° natural view, and a sunset view, which make customers feel attracted and create a unique and enjoyable visual experience for customers who visit Lalana Social Space Coffee Shop. Furthermore, based on the results of the descriptive analysis of customer retention, Lalana Social Space Coffee Shop successfully provides an engaging experience for consumers, there by creating a positive reputation through reviews. This indicates the presence of customer loyalty toward Lalana Social Space Coffee Shop.

From the data processing using the Kolmogorov-Smirnov normality test, the significance value was $0.200 > 0.05$. Thus, the data is considered normally distributed. The heteroskedasticity test using the Glejser method yielded a significance value of $0.123 > 0.05$, indicating that there is no heteroskedasticity, so the regression model meets the classical assumptions. Based on the results of the simple linear regression test, the performance value of Store Atmosphere is 0.769, meaning that the Store Atmosphere variable has a positive influence on Customer Retention. Additionally, there is a strong relationship between the Store Atmosphere variable (X) and Customer Retention (Y) at Lalana Social Space, as evidenced by a correlation test value of 0.776. Furthermore, based on the coefficient of determination, the analysis results show that the R Square value is 0.603 or 60.3%, which means that the Store Atmosphere variable has an influence of 60.3% on customer retention at the Lalana Social Space coffee shop, while 39.7% is influenced by other variables such as price, service quality, and promotions, which were not studied in this research. Based on the significance value from the T-test results showing a value of $0.000 < 0.10$, it can be proven that the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted, meaning that the Store Atmosphere variable influences customer retention at Lalana Social Space.

This study supports the findings of a previous study by Chandrasari (2022), which states that store atmosphere has a positive influence on customer retention. In addition, this study also confirms that place and atmosphere design strategies have an effect equivalent to other marketing variables such as price or product quality.

Theoretically, these findings reinforce the concept in marketing management that consumers' emotional and psychological factors (through store atmosphere) can create customer loyalty. This can also contribute to modifying classical theories that focus too much on products and prices, by paying attention to consumers' emotional experiences.

Practically, the results of this study provide input for Lalana Social Space management to continue developing store atmosphere elements to improve customer retention. Additionally, this concept can also be applied by similar businesses to differentiate their operations in the face of intense competition.

CONCLUSION

Based on the data obtained, the conclusions that can be drawn include the following points:

1. Lalana Social Space coffee shop is able to attract customers to visit through its store atmosphere, especially with its tropical modern interior theme and 360° natural view.
2. Lalana Social Space Coffee Shop has successfully built customer loyalty, as Lalana Social Space consistently receives positive reviews from consumers.
3. Store atmosphere also significantly influences customer retention at 60.3%. If the store atmosphere improves, customer retention will also increase.

Based on the findings from the descriptive analysis, the following recommendations can be considered for further development of the Lalana Social Space coffee shop and future researchers:

1. Providing indoor space also aims to ensure customer comfort when visiting Lalana Social Space, as some customers prefer enclosed spaces to enjoy coffee and other beverages or work from the café.
2. Improving the quality of products sold to customers so that the quality offered is more in line with the price paid.

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