

PRICE AND PRODUCT QUALITY AS STRONGER DRIVERS THAN SERVICESCAPE IN STUDENT-ORIENTED COFFEE SHOP

Maya Permata Sari^{1*}

Afifah²

Mega Dwi Septivani³

Willson Gustiawan⁴

Manh-Trung Phung⁵

^{1,2,3,4}Politeknik Negeri Padang, Padang, Indonesia

⁵Vietnam Maritime University, Hai Phong City, Vietnam

mayapermatasari@pnp.ac.id*

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Abstract:

Purpose - The aim of this study is to examine the effect of price, product quality, and servicescape on customer satisfaction in the modern coffee shop, Workas Coffee and Eatery, in Padang, Indonesia

Methods - A quantitative methodology was employed utilizing survey data from 100 student consumers chosen via non-probability sampling. The measurement and structural models were evaluated using Structural Equation Modeling-Partial Least Squares (SEM-PLS) in SmartPLS 4.

Findings - The findings demonstrate that servicescape does not exert a significant influence on customer satisfaction ($\beta = 0.081$, $p = 0.148$), whereas price ($\beta = 0.472$, $p < 0.001$) and product quality ($\beta = 0.344$, $p < 0.001$) exhibit positive and significant effects. The model accounts for 60.3% of the variance in customer satisfaction ($R^2_{adj} = 0.603$).

Research Implications - The findings indicate that student patrons in contemporary coffee shops exhibit greater sensitivity to price and product quality than to the physical ambiance, implying that management should emphasize value-for-money propositions and uniform product standards.

Originality - This study integrates price, product quality, and servicescape in a single model focused on a student segment in a modern Indonesian coffee shop.

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INTRODUCTION

The swift expansion of contemporary coffee shops in Indonesia has heightened rivalry over product options and the value creation for customers through pricing, product quality, and the physical service atmosphere. In modern coffee consumption, coffee shops have evolved beyond basic beverage outlets; they serve as social and experiential venues where patrons assess both functional and experiential aspects of the service interaction. In this setting, customer satisfaction emerges as a critical consequence, as it indicates whether the total consumption experience aligns with or

surpasses customer expectations ([Marie, 2019; Christie, 2024](#)). Data from databoks.katadata.co.id indicates that in 2023, the yearly income of Indonesia's contemporary coffee market amounted to \$947 million, above that of other Southeast Asian nations. Indonesia's domestic coffee consumption is expected to reach around 4.8 million bags (equivalent to 288,000 tons) by 2025, up from 4.45 million bags in 2020/2021. The average per capita consumption increased to 1.03-1.04 kg per person per year ([Charles, 2025](#)). Consumer preferences tend toward instant milk coffee (53%), followed by iced milk coffee from cafes (28%) and caffè latte (27%), indicating a trend toward practical modern coffee ([Ridwan, 2025](#)).

Prior studies in food and beverage services consistently show that customer satisfaction is shaped by multiple dimensions. Product quality and price are often found to have significant effects because consumers evaluate taste, consistency, and value for money when choosing a café or restaurant. At the same time, servicescape, which refers to the physical environment where service is delivered, has also been shown to influence customer responses, including comfort, emotional reactions, and satisfaction. These findings suggest that satisfaction in coffee shop settings cannot be understood solely from the product itself, but also from how customers perceive the price they pay and the environment in which the service is experienced ([Christie, 2024; Gunawan, 2024; Setiawati, 2022](#)).

Nonetheless, the empirical evidence remains ambiguous. Numerous studies indicate that servicescape substantially influences customer happiness in coffee shops and restaurants, suggesting that layout, lighting, ambiance, and physical comfort can improve the service experience. Conversely, some research indicates that the impact of the physical environment may diminish when customers prioritize utilitarian factors such as product quality, pricing justice, and value for money. Similarly, while product quality is typically a robust predictor of happiness in food service environments, the significance of price and physical ambiance may differ among customer segments and service contexts. This mismatch suggests that the factors influencing customer satisfaction may not function uniformly across various coffee shop marketplaces (Gunawan, 2024; Setiawati, 2022; Maulana, 2025).

This matter is especially pertinent in the context of contemporary coffee establishments aimed at young consumers and students. In this industry, consumers frequently possess restricted purchasing power and exhibit significant sensitivity to pricing and product efficacy, while simultaneously anticipating a conducive atmosphere for studying, socializing, or leisure activities. Consequently, the significance of servicescape may vary from that observed at premium cafés or high-end dining establishments. In student-oriented coffee shops, price and product quality serve as the principal evaluative criteria, while servicescape functions more as a supportive or hygienic aspect rather than the key determinant of happiness (Regina, 2024).

In modern society, coffee shops function as locations for coffee drinking and social contact, making the ambiance of these facilities a crucial factor in consumer satisfaction. A study conducted by Siti Aisyah Muhammad investigated the comfort-related factors of customer-chosen areas in coffee shops among two specific age groups: 18-29 years and 30-49 years ([Muhammad, 2020](#)). This study indicates that

physical factors, like sanitation, layout, illumination, and scent, affect individuals' decisions. In the dynamic city of Padang, coffee shop proprietors consistently endeavor to establish welcoming and contemporary environments. With aesthetically pleasing designs and extensive amenities, they aim to attract the attention and interest of sophisticated clientele. Therefore, it is important to know whether the physical condition of the place where a service is provided affects customer satisfaction.

Workas Coffee Shop and Eatery is a young player in the coffee shop industry in Padang City. Having just started operations in February 2022, Workas has a rather unique business location at Jl. Koto Tinggi No. 7A Jati Baru Kota Padang. With such intense competition in the coffee shop business in Padang, targeting the same market segment of students, Workas Coffee Shop must present a concept that stands out from its competitors. This different concept can be realized in the form of an esthetic place, competitive prices, and superior product quality.

The servicescape refers to the physical environment in which services are provided to consumers. In a service-oriented firm, the physical circumstances of the service location can profoundly influence consumer perceptions and pleasure ([B. M., 2021](#)). The research conducted by Ruziano et al. (2024) at the same location shows that the servicescape at Workas Coffee Shop affects customer satisfaction with a contribution of 13.5%. The R^2 score is relatively low, meaning that other more dominant factors account for 86.5% of Workas Coffee's consumer satisfaction. However, this study did not include product quality and price as additional variables in its research ([Kevin Ruziano, 2024](#)). At the same location, [Sari's \(2024\)](#) qualitative research shows that out of the 3 aspects of servicescape asked of consumers (ambient condition; spatial organization and functionality; symbol sign and artifact), ambient condition is the aspect most noticed by consumers, specifically regarding the parking area, which has minimal lighting, causing consumers to feel concerned about the security of their vehicles. ([Sari, 2024](#)). To determine whether the servicescape actually influences customer satisfaction at Workas Coffee Shop, this finding needs to be quantitatively strengthened.

On the other hand, the measurement of the marketing mix variables on customer satisfaction has been extensively conducted by researchers. [Dhita's \(2022\)](#) research on consumers of espresso coffee products in Semarang shows that out of the 7 marketing mix variables (7P), the product is the variable with the strongest influence on customer satisfaction and loyalty. However, in the city of Semarang, customer satisfaction with espresso coffee goods is not significantly impacted by the price variable. These results are quite intriguing, as 71% of the study's participants are between the ages of 20 and 25, indicating that the bulk of respondents are young people who are typically price-sensitive students, job searchers, and entry-level employees ([Dhita, 2022](#)).

Interesting findings from [Hasbiah's \(2025\)](#) research on coffee shops in Makassar show that the marketing mix variables (7P) most influential on customer satisfaction and loyalty are people and process. Meanwhile, the location and physical evidence variables do not have an impact on customer satisfaction and loyalty. The fact that 30% of survey participants were between the ages of 18 and 24 and 40% were between the ages of 25 and 34 suggests that coffee shop patrons are, in fact, youthful. The physical evidence variable, which refers to the environment surrounding the coffee

shop, is one of the 7P indicators in the marketing mix employed in this study, even though the servicescape variable is not explicitly added ([Hasbiah, 2025](#)).

In the context of coffee shop research, the test results demonstrate a wide range of results from earlier studies. Price, product quality, and servicescape were all examined independently in those trials. The purpose of this study is to determine how these three factors impact patron satisfaction at Workas Coffee Shop, a recent addition to Padang City's coffee shop market. The specific selection of price and product quality is made because in the F&B business, these two variables are important factors considered by the customer segmentation from a young people ([Muhammad Ridwan Verinanda, 2021](#)) ([Ismail, 2025](#)).

Taken together, these observations suggest a theoretical and empirical gap. Most prior studies treat servicescape as a dominant driver of satisfaction in café settings, whereas the relative roles of product quality and price remain underexplored in a single, integrated model for student-oriented coffee shops in secondary Indonesian cities. By situating Bitner's (1992) servicescape framework within a broader SOR perspective and explicitly comparing the effects of servicescape, product quality, and price on satisfaction, this study aims to clarify whether the physical environment still operates as a primary differentiating factor or has become a hygiene factor in a price-sensitive student market.

THEORETICAL REVIEW

Servicescape on Customer Satisfaction

Bitner (1992) first defined the term "servicescape" as the physical environment created by an organization to facilitate the delivery of services to consumers. It includes tangible and intangible things like music, aroma, color, and temperature, as well as tangible things like furniture, decorations, and the physical structure ([B.M & Apritado, 2021](#)). Kotler and Armstrong explain that servicescape (hereinafter referred to as SC) is the environment where services are provided and consumers interact with tangible elements that facilitate and communicate the service offering process. It can be a distinctive element between organizations ([Kotler, 2023](#)).

Following Bitner's (1992) typology, servicescape in this study is operationalized through three dimensions: ambient conditions (e.g., lighting, temperature, and background music); spatial layout and functionality (e.g., seating arrangement, circulation, and workspace for studying); and signs, symbols, and artifacts (e.g., décor, visual identity, and directional signs). These dimensions are commonly used in café and restaurant research to capture how the physical environment functions as a stimulus that shapes customers' cognitive and affective responses.

Empirical research typically demonstrates a favorable correlation with servicescape and satisfaction in café and restaurant settings. Research conducted at Starbucks locations in Jakarta revealed that servicescape, in conjunction with service quality, markedly enhanced customer satisfaction. A separate study at 38 Coffee Lab indicated that the servicescape positively influenced customer satisfaction and, indirectly, the desire to revisit through satisfaction as a mediating variable. Comparable research from many food service environments indicates that adverse

physical conditions – such as inadequate lighting, excessive heat, insufficient parking, or restricted seating – can diminish pleasure and comfort. Consistent with these findings, this study regards servicescape as a fundamental experience stimulus within the SOR framework and posits the following hypothesis (Wajong, 2023; Marie, 2019)

Through emotional reactions, perceived comfort, and perceived service quality, servicescape may have an impact on patron pleasure at coffee shops and restaurants. In the end, a nice physical setting can increase customer satisfaction by arousing positive emotions and sentiments of enjoyment, relaxation, and belonging. Customers typically assess service experiences based on the comfort and pleasantness of the surroundings during consumption activities in addition to the product itself. Other studies have also shown that bad physical circumstances, such as dim lighting, hot rooms, inadequate parking spaces, and cramped seating arrangements, lower customer happiness and comfort ([Lubis, 2022](#)).

According to ([Christie, 2024](#)), consumers go to coffee shops to meet their lifestyle demands, boost productivity, mingle, and spend free time with friends and family. As a result, the physical environment of the café greatly influences the experiences and feelings of its patrons. Ambient atmosphere, layout arrangement, signage, spatial comfort, noise level, and parking availability are among the servicescape dimensions identified by the study. These factors affect the clients' emotional perception of the service environment. While crowded places, loud noises, few parking spaces, and awkward seating arrangements may lower consumer satisfaction and overall experience, a comfortable and well-organized layout may foster emotions of relaxation, convenience, and enjoyment. Additionally, the results show that servicescape has a substantial impact on customer satisfaction, suggesting that consumers assess not just the goods but also the psychological and emotional comfort they feel when visiting. Additionally, by using customer satisfaction as an intervening variable, the study indicates that a positive servicescape can indirectly increase revisit intention. This suggests that patrons who are emotionally content and at ease in a café setting are more likely to form positive behavioral intentions toward the establishment.

H1: Servicescape has positive impact on customer satisfaction

Product Quality on Customer Satisfaction

A corporation can provide products either as tangible goods or as services. A product is any item that a corporation provides to the market for consumption to satisfy consumer demands. In contrast, a service is the provision of an activity, benefit, or enjoyment that is typically intangible and does not confer ownership to the consumer. Products are a fundamental component of the marketing process. The marketing mix commences with establishing the value to be offered to consumers, which subsequently serves as the basis for cultivating connections with them. Product quality (hereafter PQ) includes all attributes and characteristics of a product or service that fulfill consumer requirements ([Kotler, 2023](#)).

In the context of a coffee shop, product quality relates to how customers feel about the flavor of the food and beverages, the consistency of the presentation, the look, the freshness of the raw materials, and the range of options available. Product quality has a direct and significant impact on customer satisfaction, according to research conducted in a variety of coffee shops and restaurants. This is because

customers evaluate the success of their visit based on how well the main products they consume meet or exceed their expectations. Customers will feel they are getting a better deal when the coffee and related menu items are scored highly in terms of taste, scent, texture, and proportion. This will increase their intention to return and refer others. Consistency in taste quality and presentation standards are the primary conditions for building satisfaction in the student sector, as this group frequently uses coffee shops as gathering or study spaces with a relatively high frequency of visits ([Vitaharsa, 2023](#); [Nababan, 2024](#); [Aurellia, 2024](#)).

Further research in coffee shop and restaurant environments indicates that elevated perceptions of food and beverage quality result in increased pleasure, thereby fostering enhanced loyalty and favorable word-of-mouth communication. For young consumers who frequently visit coffee shops, consistent product quality is crucial as it influences their assessment of value for money during repeated trips. From the SOR approach, product quality serves as a functional stimulus that directly influences customers' cognitive assessments of the service experience ([Sihombing, 2025](#)).

H2: Product Quality has positive impact on customer satisfaction

Price on Customer Satisfaction

Price (hereinafter referred to as PC) is the only component of the marketing mix that translates the company's values to consumers and returns in the form of profit and gain to the company. Price is an amount of money for a product or service exchanged by consumers to obtain the benefits of a product or service ([Kotler, 2023](#)).

The study conducted by ([Sudaria, 2019](#)) on MSMEs within the food and beverage industry in Malaysia indicates that price exerts a positive and significant influence on customer satisfaction. This study demonstrates that consumers experience satisfaction when the advantages derived from the product surpass their expectations.

One of the key elements of the marketing mix that consumers directly view as a financial sacrifice to acquire a certain good or service is price. Customer satisfaction in the food and beverage (F&B) sector, which includes coffee shops, has been shown to be greatly impacted by the perception of fair and reasonable prices, which are evaluated in terms of the alignment between the fees paid and the portion, product quality, and services obtained. Customers are more likely to be satisfied and see the consumption experience as useful when they believe the prices are reasonable and competitive when compared to other options, according to research on a variety of coffee shops. This is especially true if the prices are accompanied by high-quality products. This is especially important for the student demographic, who typically have little money to spend and are highly price-sensitive. Whether or not the menu prices match their expectations for the quality of the coffee and the amenities offered will determine whether or not they decide to visit and how satisfied they are afterward ([Vitaharsa, 2023](#); [Nababan, 2024](#); [Aurellia, 2024](#)).

Other studies in restaurant and coffee shop settings indicate that equitable and competitive pricing, when consistent with product quality and portion size, substantially enhances consumer happiness. Conversely, views of unjust or exorbitant costs might diminish satisfaction, even when the product quality is satisfactory. In

student sectors with constrained purchasing capacity, price sensitivity is elevated, rendering pricing a pivotal criterion in evaluating overall happiness and value for money. Within the SOR framework, price functions as a value-related stimulus that influences customers' cognitive and emotional responses to the service interaction (Pambudi, 2024).

H3: Price has positive impact on customer satisfaction

RESEARCH METHODS

Approach

The relationship between servicescape, quality product, price, and customer satisfaction is examined in this study using a quantitative methodology.

Research Variable

The servicescape, quality product, price, and customer satisfaction are among the criteria used in this study that were taken from earlier research.

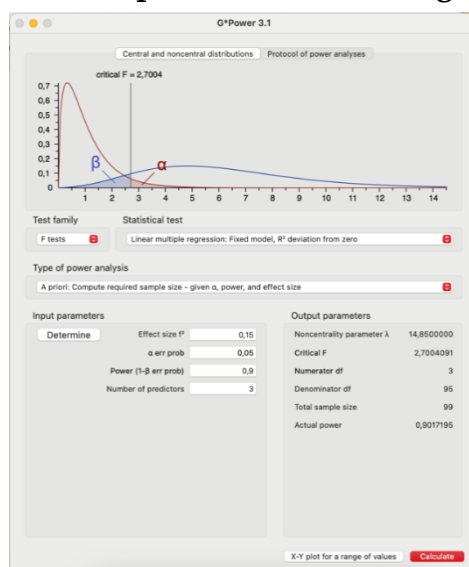
Table 1. Operational Variable Definitions

Variable	Definition	Indicators
Servicescape (SC)	Physical environment created by an organization to facilitate the delivery of services to consumers (B.M & Apritado, 2021)	1. Ambient condition 2. Spatial layout and functionality 3. Signs, symbol, and artifacts (B. M., 2021)
Quality Product (QP)	The general qualities and attributes of a good or service that can meet the needs of customers (Kotler, 2023)	4. Product diversity 5. Adequate packaging 6. Well-done packaging (Raesi, 2024)
Price (PR)	Price is an amount of money for a product or service exchanged by consumers to obtain the benefits of a product or service (Kotler, 2023)	7. Cheaper price 8. Follow price development. 9. Negotiable price 10. Offering discount (Nababan, 2024)
Customer Satisfaction (CS)	The satisfaction or dissatisfaction that results from contrasting perceived performance with client expectations (Kotler, 2023)	11. Overall satisfaction 12. Confirmation of expectation 13. Performance vs expectation 14. Decision satisfaction 15. Behavioral intention as satisfaction outcome (Nababan, 2024; Vitaharsa, 2023)

Source: Processed Data, 2026

Population And Sample

Data was gathered from the research population, specifically the patrons of Workas Coffee and Eatery. The exact population of Workas Coffee Shop consumers is unknown; hence, the G*Power application was employed to determine the data requirements.

Figure 1. Sample Calculation Using G*Power

Source: G*Power Application, 2026

The calculated minimum sample size is 99 responses. The study's demographic comprises patrons of Workas Coffee and Eatery. Due to the absence of a comprehensive customer list, a probability-based simple random sampling could not be executed. The study employed a non-probability, convenience-purposive sampling method, inviting only actual customers who visited the coffee shop during the data-collecting period and purchased at least one item to participate. The questionnaire comprises four sections: (1) respondent demographics, (2) inquiries regarding Servicescape, (3) inquiries concerning product quality, and (4) inquiries pertaining to price. To reach the target number of responders, the questionnaire was distributed over the course of one week. The time frame of 8:00 PM to 11:00 PM was specifically selected for the distribution of the questionnaire since Workas Coffee Shop is busy with customers during that time, making it possible to satisfy the respondents' needs.

The questions in the questionnaire are designed using closed and open-ended questions. Closed-ended questions employ a Likert scale ranging from 1 to 5. Scale 1 represents the lowest value, denoting a perception of significant disagreement, while Scale 5 signifies the greatest value, reflecting a view of strong agreement. Open-ended inquiries aim to elicit respondents' ideas freely and provide explanatory responses to the queried indications.

Data Analysis

The acquired data are processed and analyzed by several tests, including the measurement model test (outer model), which includes validity and reliability assessments, and the model and hypotheses (inner model) are evaluated using structural equation modeling (SEM) with SmartPLS 4.

RESULTS AND DISCUSSION

Respondent Profile

Table 2 indicates that among the 100 respondents sampled in this study, 62 were male and 38 were female. The clientele of Workas Coffee predominantly consists

of males, as the culture of coffee consumption typically aligns with male habits, further evidenced by the high volume of patrons from 9:00 p.m. until midnight. Fifty-four percent of respondents were students, while the remainder were civil servants and entrepreneurs. This validates a study by [\(Afifah, 2025\)](#) indicating that a coffee shop serves as a venue for young individuals to congregate for diverse social engagements.

Table 2. Respondent Profile

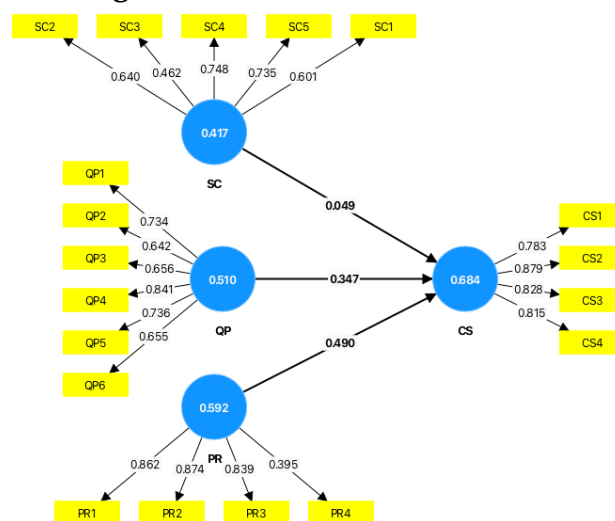
Labels	Count of Gender
1. Male	62
2. Female	38
Total	100
Labels	Count of Occupation
1. Students	54
2. ASN	10
3. Private company employee	15
4. Entrepreneur	15
5. Other	6
Total	100
Labels	Count of Age
1. 15 - 25 years old	66
2. 26 - 35 years old	25
3. 36 - 45 years old	6
4. > 46 years old	3
Total	100

Source: Processed Data, 2026

Validity And Reliability Testing

The collected data was processed using Structural Equation Modeling (SEM) analysis with the help of SmartPLS version 4.0. The data processing resulted in a model as shown in Figure 2 as follows:

Figure 2. PLS-Path Initial Model



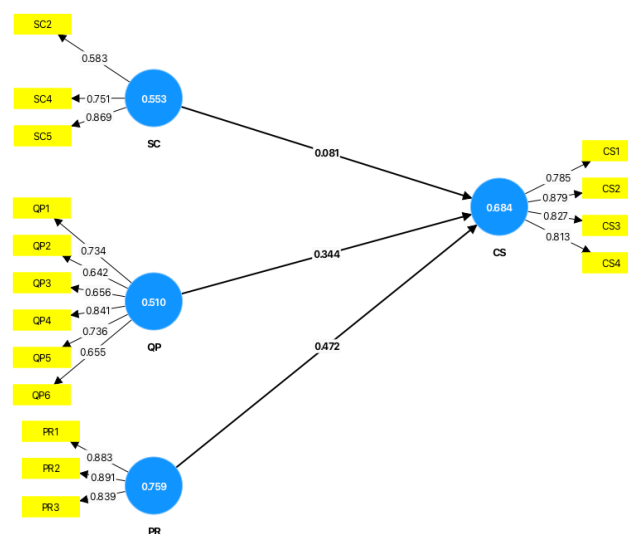
Source: SmartPLS 4.0, 2026

The preliminary PLS measuring model delineated six indicators for servicescape (SC1–SC6), six indicators for product quality (PQ1–PQ6), four indicators for price (PR1–PR4), and four indicators for customer happiness (CS1–CS4). Figure 1 illustrates that the AVE for SC and PR had a standardized score beneath the advised threshold of 0.50. Within the servicescape construct, SC1 and SC3 had the weakest loadings at 0.601 and 0.462, respectively, whereas PR4 demonstrated the lowest loading in the price construct at 0.395. These items diminished the average variance extracted (AVE) and compromised the convergent validity of the reflective constructs.

This study evaluated the reflected measurement model by employing the outer loading relevance testing approach established by [Hair et al. \(2017\)](#). Indicators with loadings exceeding 0.70 were maintained as they unequivocally satisfied the required requirement and enhanced convergent validity. When an indicator's loading ranged from 0.40 to 0.70, its removal was assessed by analyzing the effects on internal consistency reliability and average variance extracted (AVE) for the relevant construct.

Conceptually, the deleted indicators also offered limited added value for representing their constructs. SC1 captured a very general impression of the physical setting that overlapped with the remaining servicescape items and did not tap a distinct aspect of ambience, layout, or signs. SC3 reflected a specific feature of the environment that respondents frequently reported as less salient compared to lighting, seating comfort, and circulation, which are still represented by SC2, SC4, and SC5. Similarly, PR4 measured discount-oriented perceptions that do not characterize the pricing strategy of Workas Coffee, where menu prices are relatively fixed and promotions are occasional rather than central to the value proposition. CS5 referred to a behavioural intention item that overlapped with other satisfaction-related intentions and did not contribute additional explanatory power beyond CS1–CS4. Removing these indicators therefore improved psychometric properties without weakening the conceptual coverage of servicescape, price, and customer satisfaction.

Figure 3. Outer Loading and AVE Values in Research Models



Source: SmartPLS Version 4.0, 2026

Figure 3 illustrates the final PLS measurement model subsequent to the elimination of low-loading indicators (SC1, SC3, and PR4) in accordance with the outer loading relevance technique advocated by [Hair et al. \(2017\)](#). All remaining indicators exhibit substantial loading on their respective constructs: servicescape (SC2, SC4, SC5), product quality (PQ1–PQ6), price (PR1–PR3), and customer satisfaction (CS1–CS4), with standardized loadings predominantly exceeding 0.70. This pattern signifies that each reflective construct is well represented by its indicators and that measurement error has been minimized to an acceptable threshold

Table 3. Convergent Validity and Internal Consistency Reliability

Construct	Items	Outer Loading	Average variance extracted (AVE)	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
CS	CS1	0.785	0.684	0.845	0.852	0.896
	CS2	0.879				
	CS3	0.827				
	CS4	0.813				
PR	PR1	0.883	0.759	0.842	0.848	0.904
	PR2	0.891				
	PR3	0.839				
QP	QP1	0.734	0.510	0.806	0.822	0.861
	QP2	0.642				
	QP3	0.656				
	QP4	0.841				
	QP5	0.736				
	QP6	0.655				
SC	SC2	0.583	0.553	0.604	0.695	0.784
	SC4	0.751				
	SC5	0.869				

Source: Data Processed, 2026

Table 3 encapsulates the convergent validity and internal consistency reliability of the reflective constructs within the final assessment model. All constructs satisfy the suggested AVE criterion of 0.50, with customer happiness (AVE = 0.684), pricing (AVE = 0.759), and product quality (AVE = 0.510) each accounting for over half of the variance in their respective indices. The servicescape construct attains an AVE of 0.553 following the elimination of low-loading items, signifying that the remaining indicators sufficiently represent the latent variable.

Cronbach's alpha, rho_A, and composite reliability (rho_C) for all constructions surpass 0.70, with the majority exceeding 0.80, indicating satisfactory reliability. The sole marginal finding is the Cronbach's alpha for servicescape (0.604); still, this figure is deemed adequate for exploratory PLS-SEM applications and is corroborated by superior rho_A and composite reliability values (0.695 and 0.784, respectively). Collectively, these statistics validate that the ultimate collection of indicators for servicescape, product quality, price, and customer happiness has sufficient convergent validity and internal consistency reliability, aligning with the measuring model depicted in Figure X. The results align with the outer loading

relevance testing approach depicted in Figure X, wherein low-loading indications (SC1, SC3, and PR4) were eliminated to enhance AVE and reliability.

The Cronbach's alpha for servicescape (0.604) is marginally below the widely accepted criterion of 0.70, whereas rho_A (0.695), composite reliability (0.784), and AVE (0.553) satisfy the suggested standards. This indicates that the internal consistency of the servicescape scale is marginal however adequate for exploratory PLS-SEM applications. The insignificant effect of servicescape on satisfaction should be understood as a result of both substantive and measurement factors: the construct seems to encompass the primary physical environment dimensions, yet its relatively low reliability may diminish its statistical influence in comparison to price and product quality.

Table 4. Discriminant Validity: Heterotrait-Monotrait Ratio

Construct	CS	PR	QP	SC
CS				
PR	0.850			
QP	0.822	0.772		
SC	0.578	0.425	0.828	

Source: Data Processed, 2026

Discriminant validity was additionally evaluated by the heterotrait-monotrait (HTMT) ratio of correlations. Table X indicates that the HTMT values among the constructs vary from 0.425 to 0.850. The maximum HTMT value is recorded between customer satisfaction and price (HTMT = 0.850), whereas the other pairs, including price-product quality (0.772), customer satisfaction-product quality (0.822), and servicescape-customer satisfaction (0.578), fall beneath the conservative threshold of 0.85 suggested by [Hair et al. \(2017\)](#). The results demonstrate that each dimension is empirically distinct, confirming the discriminant validity of servicescape, product quality, price, and customer satisfaction.

Hypothesis Testing

Before interpreting the structural paths, multicollinearity and potential common method bias were examined using full collinearity variance inflation factors (VIFs). The VIF values for servicescape (1.548), product quality (2.350), and price (1.713) in predicting customer satisfaction are all well below the conservative threshold of 3.3 and the more traditional threshold of 5. These results indicate that multicollinearity among the predictor constructs is not a concern and that common method variance is unlikely to pose a serious threat to the validity of the structural model.

This research employs multiple criteria to assess the hypothesis, specifically the original sample, T-statistics, and P-values. The research hypothesis for the model is delineated based on the literature review presented in the preceding subsections.

Table 5. Hypothesis Testing

Hypothesis	Path	Std. Beta	Std. Error	T Value	P-values	Bias	Confidence Interval 5.0%	95.0%	R Square Adj	Decisions
H1	SC -> CS	0.081	0.077	1.047	0.148	0.002	-0.053	0.206	0.603	Not Supported

H2	QP->	0.34	0.08	3.923	0.00	0.013	0.195	0.475	Supported
	CS	4	8		0				
H3	PR ->	0.47	0.08	5.558	0.00	0.009	0.344	0.612	Supported
	CS	2	5		0				

Source: SmartPLS 4.0, 2026

Structural model evaluation was conducted using the bootstrapping procedure with 5,000 resamples in SmartPLS 4. The path from servicescape to customer satisfaction is positive but statistically non-significant ($\beta = 0.081$, $t = 1.047$, $p = 0.148$), so H1 is not supported. This result indicates that, in the context of Workas Coffee and Eatery, variation in the physical environment does not translate into meaningful differences in reported satisfaction levels.

Conversely, quality products exert a positive and significant influence on consumer satisfaction ($\beta = 0.344$, $t = 3.923$, $p < 0.001$), hence corroborating H2. Elevated evaluations of flavor, freshness, and consistency correlate with increased satisfaction levels among respondents. The price has a significant positive impact on customer happiness ($\beta = 0.472$, $t = 5.558$, $p < 0.001$), hence corroborating H3 and indicating that perceived affordability and value for money are the primary factors influencing satisfaction within this student-dominated consumer segment. The adjusted R^2 for customer satisfaction is 0.603, which means that servicescape, product quality, and price jointly explain 60.3% of the variance in customer satisfaction. This indicates a substantial level of explanatory power for the model in the context of a modern coffee shop

Discussion

This study's results indicate that servicescape does not significantly affect customer happiness at Workas Coffee and Eatery, whereas product quality and price exert positive and significant influences. The insignificant link between servicescape and customer satisfaction ($\beta = 0.081$, $t = 1.047$, $p = 0.148$) is remarkable as it contrasts with numerous prior studies that indicate a favorable and substantial correlation between servicescape and satisfaction in café and restaurant environments. Research on Starbucks locations in Jakarta and 38 Coffee Lab indicates that servicescape aspects, including atmosphere, layout, and physical comfort, augment consumer happiness and indirectly influence the propensity to revisit (Christie, 2024). The current findings indicate that the influence of a servicescape may vary across different coffee shop markets.

From the perspective of Bitner's (1992) servicescape framework, the non-significant effect of servicescape suggests that the ambient, spatial, and symbolic elements at Workas Coffee have reached a basic acceptable level but no longer differentiate satisfaction outcomes among customers. In SOR terms, the physical environment still acts as a stimulus, but its variability does not translate into meaningful differences in the organism state of satisfaction once a minimum threshold of cleanliness, comfort, and ambience is met. For a student-oriented outlet, this implies that the servicescape dimensions identified by Bitner may be necessary but not sufficient conditions for satisfaction; they prevent dissatisfaction when inadequate, yet they do not generate substantial incremental satisfaction beyond that produced by product quality and price

The qualitative information gathered from the previous study lends more credence to this perspective. A number of users brought up unique problems with

Workas Coffee and Eatery's physical surroundings, such as the parking lot's poor lighting and the small number of interior seats ([Sari, 2024](#)). Customers' perceptions of comfort and convenience may be diminished by these circumstances, particularly at busy times or at night. Despite the fact that consumers viewed the servicescape favorably overall, these flaws might have reduced its capacity to elicit powerful emotional reactions and unforgettable experiences that greatly increase customer happiness. The respondent profile was dominated by young consumers and students, a segment generally characterized by high price sensitivity and practical consumption behavior. For this group, satisfaction tends to be influenced more strongly by affordability and product quality than by physical atmosphere alone.

The findings of this study demonstrate that product quality exerts a favorable and significant influence on customer satisfaction at Workas Coffee and Eatery. The hypothesis testing results indicate a standardized path coefficient (β) of 0.344, t-statistics of 3.923, and p-values of 0.000, demonstrating that increased perceived product quality correlates with enhanced customer satisfaction. The data indicate that product quality is a significant factor of satisfaction in the coffee shop sector. This outcome corroborates the marketing theory established by ([Kotler, 2023](#)), which asserts that product quality signifies a product's capacity to fulfill its functions and meet customer wants and expectations. In coffee shops, consumers assess product quality based on factors including flavor consistency, freshness, scent, menu display, ingredient quality, and product variety ([Ismail, 2025](#)). Customers often experience satisfaction when the things they consume meet or surpass their expectations.

The results align with earlier research by ([Dhita, 2022](#)), which identified product quality as a significant determinant of customer satisfaction and loyalty among coffee consumers in Semarang. Likewise, ([Raesi, 2024](#)) underscored that customers exhibit significant sensitivity to product characteristics related to freshness, flavor, and perceived quality, which directly influence satisfaction levels. Open-question feedback from consumers regarding Workas Coffee and Eatery indicated that the consistency and freshness of its coffee items are among the most valued attributes of the café. Numerous responders emphasized that the coffee is brewed upon request, fostering an impression of authenticity and superior product quality. This suggests that buyers prioritize the sensory and experiencing aspects of the product over the café ambiance.

Finally, data analysis conducted with the SmartPLS 4.0 program indicates that Price (PC) also exhibits a positive and statistically significant correlation with Customer Satisfaction (CS), evidenced by a p-value of 0.000. This corroborates ([Hasbiah, 2025](#)) study, which investigated the impact of the 7P marketing mix on customer satisfaction and loyalty at coffee shops in Makassar. The mean response from participants for this variable indicator is 3 (neutral) and 4 (agree) (mean = 3.92). The cost of brown sugar milk coffee goods at Workas Coffee and Eatery varies from Rp 10,000 to Rp 17,000, contingent upon cup size, which is comparatively more economical than analogous offerings from competitors. [Kotler \(2023\)](#) elucidates that price influences pleasure through perceived value for money: superior-quality products offered at reduced rates yield greater value, thereby enhancing contentment. Price-sensitive consumers will be content if the cost is reasonable in relation to the

advantages obtained, rather than the nominal price. Supplementary expenses (time, effort, or shipping fees) influence pleasure; reducing these ancillary costs enhances consumer contentment, even when the base price remains unchanged ([Kotler, 2023](#)).

The results align with earlier research by ([Sudaria, 2019](#)) and ([Samosir, 2024](#)), indicating that price positively and significantly affects customer satisfaction. In the intensely competitive food and beverage sector, consumers are inclined to evaluate pricing among comparable coffee establishments prior to making purchasing selections. Consequently, competitive pricing methods are crucial for attracting and retaining consumers. Moreover, qualitative interview data corroborate this outcome, as numerous respondents indicated that Workas Coffee and Eatery offers products at competitive pricing relative to the quality and portion provided. Customers regard the café as providing "good value for money," hence enhancing favorable assessments of the brand. This signifies that price strategy is essential for both attracting customers and influencing their entire pleasure and consumption experience.

The stronger effect of price compared with product quality ($\beta_{\text{price}} = 0.472$ vs. $\beta_{\text{product}} = 0.344$) can be interpreted in light of the student-dominated customer base. For these customers, disposable income is limited, and coffee shop visits often involve trade-offs against other daily expenses. As a result, perceived affordability and value for money become primary decision criteria, while variations in product quality are evaluated relative to the price paid. When prices are perceived as fair and aligned with student budgets, even "good enough" product quality may produce high satisfaction; conversely, very good product quality may not compensate for prices that are perceived as too high. This pattern supports the notion that, in this context, price acts as a central value cue that shapes how product quality is interpreted.

CONCLUSION

This research investigates the impact of servicescape, product quality, and pricing on customer satisfaction at Workas Coffee and Eatery in Padang, Indonesia. The results indicate that product quality and pricing positively and significantly affect customer satisfaction; however, the servicescape does not have a major impact on consumer satisfaction. Of the three variables, pricing exhibits the most significant impact, suggesting that consumers prioritize cost and perceived value when assessing their happiness with coffee shop experiences. Product quality is a crucial factor, especially for taste consistency, freshness, and overall performance.

These findings suggest that, in a student-dominated coffee shop market, servicescape may function more as a basic or supporting condition rather than as a differentiating factor of satisfaction. The study, therefore, contributes to the literature by showing that the relative importance of the servicescape may decline when customers are more sensitive to affordability and product performance. However, the findings should be interpreted cautiously because the study was limited to one coffee shop, used non-probability sampling, and involved 100 respondents only.

The managerial implications of this study should be aligned with the empirical results. Since price is the strongest determinant of customer satisfaction, Workas Coffee and Eatery should prioritize maintaining affordable and competitive prices that match the purchasing power of student customers. Menu pricing should be designed to strengthen perceptions of value for money, for example, through

student-friendly bundles, appropriate portion sizes, and attractive promotional packages that do not reduce perceived product quality.

Product quality should be treated as the second strategic priority. Management should focus on maintaining consistency in taste, freshness of ingredients, beverage preparation, and menu quality, because these attributes significantly shape customer satisfaction. Regular quality control, standardized recipes, and periodic menu development may help sustain positive customer evaluations over time.

Although servicescape is not statistically significant in this study, it should not be ignored entirely. Improvements in lighting, seating arrangement, cleanliness, and circulation space should be positioned as supporting strategies aimed at maintaining a comfortable baseline experience rather than as the main source of customer satisfaction. In other words, investments in the physical environment should complement rather than replace the stronger strategic focus on price and product quality.

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