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CUSTOMER LOYALTY IN TRADITIONAL AND MODERN COFFEE SHOPS: A COMPARATIVE PLS-SEM ANALYSIS IN BANDA ACEH, INDONESIA

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Abstract. While market saturation intensifies competition among food and beverage (F&B) stakeholders in Banda Aceh, existing literature relies on standardized, transaction-based frameworks that fail to contrast customer loyalty across divergent service contexts. To address this gap, this study compares the key drivers of customer loyalty between traditional keude kuphi and modern coffee shops.Data were collected from 100 dual-format consumers who visited both store types at least twice in the past three months Using Partial Least Squares Structural Equation Modeling (PLS-SEM), this study proposes a Dual-Pathway Loyalty Framework. The structural and measurement analyses reveal fundamentally divergent loyalty mechanisms. In modern coffee shops, loyalty follows a functional-transactional pathway in which positive emotions do not directly drive customer loyalty; instead, loyalty is fully mediated by satisfaction and manifests primarily as word-of-mouth advocacy rather than resilient behavioral loyalty. Conversely, traditional keude kuphi operate via a communal-relational pathway in which positive emotions exert a strong direct effect on customer loyalty, fostering frequent return visits and resilience to price changes, bypassing satisfaction as a necessary mediator. Theoretically, this research advances relationship marketing by demonstrating that customer loyalty in traditional coffeehouses is communal and relational, whereas in modern coffee shops, it remains functional and transactional. In practice, these insights enable agribusiness stakeholders to adopt segment-specific, culturally aligned strategies for long-term business sustainability.

Keywords: Customer loyalty, *Keude kuphi*, Modern coffee shops, Dual-pathway loyalty framework, PLS-SEM

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INTRODUCTION

The Indonesian coffee industry has transformed rapidly, driven by shifting consumer preferences toward specialty coffee, aesthetic comfort, and recreational experiences (Bayındır & Çalışkan, 2022; Sudarsono & Rum, 2021). In cultural hubs like Banda Aceh, historically dubbed the "Land of a Thousand Coffee Shops," this growth creates an intense rivalry between traditional *keude kuphi* (communal spaces rooted in local heritage) and modern cafes (contemporary venues offering digital convenience and standardized menus). However, rapid market expansion has led to hyper-competition

and market saturation, where unchecked industry growth can severely impair sales and business continuity (Safitri & Arina, 2022).

In this saturated landscape, establishing customer loyalty is the ultimate driver of revenue stability and long-term business resilience (Basavaraj & Sulibhavi, 2017; Fitriani et al., 2024; Irnandha & Agung, 2019). Extensive literature evaluates service quality, atmosphere, price suitability, and affective states as key predictors of satisfaction and repeat visits (Dhisasmito & Kumar, 2020; S. Lee et al., 2021; Mudjiyanti & Sholihah, 2022). However, existing studies exhibit a major theoretical gap: they rely on standardized, transaction-based frameworks that treat consumer behavior as a homogeneous structural process across different service contexts (Baltezarević et al., 2024; Pratama et al., 2021). Consequently, empirical research lacks direct comparisons of how loyalty mechanisms diverge between culturally embedded communal spaces and contemporary transactional venues.

To resolve this gap, this study introduces a Dual-Pathway Loyalty Framework to analyze and compare the determinants of customer loyalty between traditional *keude kuphi* and modern coffee shops in Banda Aceh. Moving beyond descriptive comparisons, this research systematically dissects how psychological mechanisms, specifically the mediating role of functional satisfaction versus the direct influence of positive emotions, behave across divergent commercial environments. Ultimately, by connecting micro-level consumer behavior directly to downstream agribusiness demand, this study advances relationship marketing literature and offers F&B stakeholders segment-specific strategies to navigate market saturation.

METHOD

Research Design

This study employed a quantitative approach using a survey method to collect empirical data from customers of traditional and modern coffee shops in Banda Aceh. This design enables the objective measurement of research variables using a structured questionnaire. The analytical model applied was Partial Least Squares structural equation modeling (PLS-SEM), which is particularly suitable for examining complex relationships among latent variables with a moderate sample size.

This study had two primary objectives. First, to analyze the effects of service quality, store atmosphere, price fairness, positive emotion, and customer satisfaction on customer loyalty across both types of coffee shops. Second, to formulate strategies for enhancing customer loyalty, positioning it as social capital that contributes to business resilience and sustainability in the coffee agroindustry. Thus, the research design not only examines consumer behavior but also provides strategic insights into strengthening the resilience of local coffee enterprises.

Location and Time of Research

This study explored customer loyalty in Banda Aceh, Indonesia—a region renowned as 'The Land of a Thousand Coffee Shops.' The city's deeply ingrained coffee culture blends traditional *keude kuphi* and modern cafes, providing an ideal setting to analyze divergent consumer behavior patterns. All research phases, from instrument design to data analysis, were completed within a six-month timeframe to capture stable behavioral data.

Research Population and Sample

The population for this study comprised customers of both traditional and modern coffee shops in Banda Aceh. A purposive sampling method was employed to select the sample, with criteria specifying customers who are at least 18 years old and have visited and purchased products at both traditional and modern coffee shops at least twice within the last three months. Because the exact population size was unknown, the minimum sample size was determined using the Lemeshow formula (Lemeshow, 1997). The variables used in the calculation were as follows: n represents the minimum sample size; Z is the z-score at a 95% confidence level (1.96); P is the maximum estimate proportion,

set at 0.5; and d is the margin of error (10% or 0.10). Using these parameters, the calculation yielded a minimum sample size of 96.04 (rounded up to 97). To account for potential unreturned questionnaires or invalid responses, the final sample size collected for this study was rounded up to 100 respondents.

$$n = \frac{Z^2 p(1-p)}{d^2}$$
$$n = \frac{1{,}96^2 \times 0{,}5 \times (1-0{,}5)}{0{,}10^2}$$
$$n = \frac{0{,}9604}{0{,}01} = 96$$

Data Collection

This study collected primary data from customers of both traditional and modern coffee shops through a structured questionnaire designed to measure service quality, ambiance, price fairness, positive emotions, customer satisfaction, and customer loyalty based on the models of (Dhisasmito and Kumar (2020) and Lee et al. (2021). Secondary data were also drawn from relevant academic journals and reputable websites to support the research.

Data Analysis Methods

To address the first research objective of identifying differences in customer loyalty models, this study utilized structural equation modeling (SEM) with a partial least squares (PLS-SEM) approach. PLS-SEM was chosen for its effectiveness in analyzing complex predictive models with latent variables and its capacity to accommodate small sample sizes, which was necessary given the limited dataset from the coffee shops. This method is particularly appropriate for exploratory research comparing complex constructs and offers advantages over covariance-based SEM and regression techniques (Hair et al., 2021; Wong, 2013). The flexibility of PLS-SEM in model specification and causal-predictive analysis contributed to the study's methodological rigor. All quantitative analyses were conducted using Smart-PLS 4.0.

The PLS-SEM analysis comprised two evaluation stages: the measurement and structural models. The measurement model stage assessed the validity and reliability of the research instruments, ensuring that the indicators accurately represented latent constructs. After establishing validity and reliability, the structural model was used to test the proposed hypotheses and examine the relationships among the latent variables. Specifically, this study explicitly formulated and tested the following structured set of hypotheses based on the conceptual model (Figure 1):

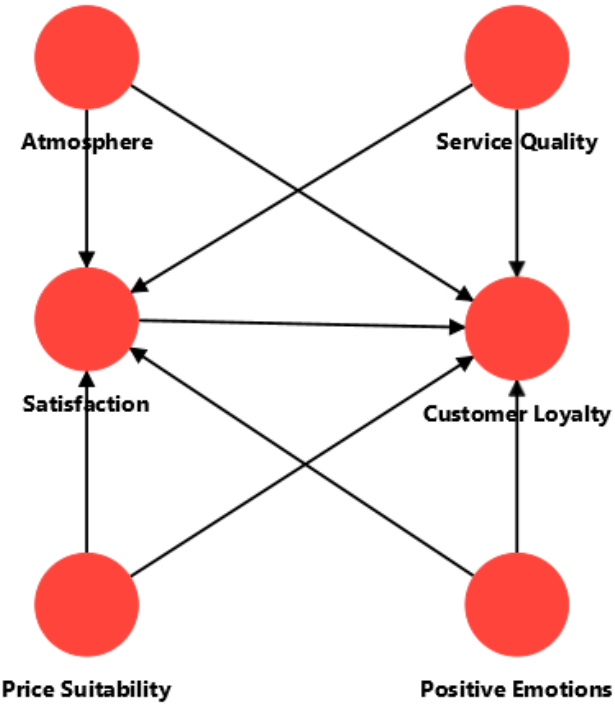
Direct effects:

H1: Atmosphere positively affects Satisfaction
H2: Atmosphere positively affects Customer Loyalty
H3: Service Quality positively affects Satisfaction
H4: Service Quality positively affects Customer Loyalty
H5: Price Suitability positively affects Satisfaction
H6: Price Suitability positively affects Customer Loyalty
H7: Positive Emotions positively affect Satisfaction
H8: Positive Emotions positively affect Customer Loyalty
H9: Satisfaction positively affects Customer Loyalty

Mediations Effects:

H10: Satisfaction mediates the relationship between Atmosphere and Customer Loyalty
H11: Satisfaction mediates the relationship between Service Quality and Customer Loyalty
H12: Satisfaction mediates the relationship between Price Suitability and Customer Loyalty
H13: Satisfaction mediates the relationship between Positive Emotions and Customer Loyalty

The results informed the modeling and comparison of the key factors influencing customer loyalty in both traditional and modern coffee shops, thereby strengthening the practical implications of the findings (Ghozali, 2014; Hair et al., 2021, 2022; Wong, 2013).



Source: Adapted from Oliver (1999), Abdullah et al. (2018), Dhisasmito & Kumar (2020), and Mudjiyanti & Sholihah (2022)

Figure 1. Customer loyalty model

RESULT AND DISCUSSION

Characteristics of traditional and modern coffee shop respondents

The study's findings reveal notable similarities and differences in customer characteristics between traditional and modern coffee shops, which have implications for customer loyalty and satisfaction (Table 1). In terms of gender, traditional coffeehouses were predominantly visited by men (52%), whereas modern coffee shops attracted more women (57%). The majority of customers in both types were young adults aged 21–30 years, accounting for 39% of traditional coffeehouses and 45% of modern ones. Customers under 20 years of age were more common in modern coffee shops (16%) than in traditional ones (12%). Students and university students formed the largest group in both types of coffee shops. Traditional coffeehouses had higher proportions of civil servants and entrepreneurs, whereas modern coffee shops attracted more private sector employees and a more diverse range of visitors. This indicates different customer profiles and preferences.

Differences were also observed in terms of spending and visit frequency. Most traditional coffeehouses customers spend less than IDR 30,000 per visit. In contrast, modern coffee shop patrons were willing to pay higher amounts, with some exceeding IDR 100,000 per visit, reflecting differences in purchasing power and expectations. Traditional coffeehouses customers visited more regularly, with 29% visiting more than 12 times per month. Modern coffee shop customers showed more varied visit frequencies, with the largest group visiting 2–3 times per month. Overall, these demographic and consumption patterns suggest that traditional coffeehouses attract routine customers with lower spending, whereas modern coffee shops appeal to younger segments with higher spending and more diverse visitation habits.

Table 1. Respondent characteristics (in percentages)

Respondent characteristics	Traditional Coffeehouses	Modern Coffee Shop
Gender (%)		
Male	52	43
Female	48	57
Age (%)		
< 20 Years old	12	16
21-30 Years old	39	45
31-40 Years old	32	23
> 40 Years old	17	16
Occupation (%)		
Student	34	39
Civil Servant/ASN	20	14
Private Employee/Worker	9	14
Entrepreneur/Business Owner	17	11
Others	20	22
Average expenditure per visit (%)		
< IDR 10.000	18	0
IDR10,000-IDR30,000	53	32
IDR30,000-IDR50,000	17	39
IDR50,000-IDR100,000	11	18
> IDR100,000	0	11
Frequency of visits per month (%)		
1 time	18	22
2-3 times	24	27
4-6 times	18	21
7-12 times	11	14
> 12 times	29	16

Source: Data processed, 2025

Indicators' Reliability & Convergent Validity

Convergent validity for the measurement model with reflective indicators was assessed using outer loadings, Composite Reliability (CR), Cronbach's Alpha, and Average Variance Extracted (AVE). All indicators in the constructs showed outer loadings above 0.70, thus meeting the criteria for convergent validity (Hair et al., 2022). Furthermore, all constructs had Composite Reliability values above 0.80, Cronbach's alpha values above 0.70, and Average Variance Extracted values above 0.60 for both the modern and traditional coffeehouses models (Tables 2 and 3). Therefore, the variables and indicators measuring customer loyalty satisfy the requirements of convergent validity, reliability, and overall validity, making them suitable for subsequent analyses.

Table 2. Indicators' reliability & convergent validity: Traditional coffeehouses

Variabel	Indikator	Loading Factor	AVE	CR	Cronbach's Alpha
Service Quality X1	X1.1t	0.868	0.749	0.933	0.934
	X1.3t	0.859			
	X1.4r	0.866			
	X1.6rs	0.866			
	X1.7rs	0.875			
	X1.8a	0.858			
Atmosphere X2	X.2.2	0.912	0.827	0.791	0.791
	X.2.4	0.906			
Price Suitability X3	X.3.2	0.919	0.865	0.845	0.869
	X.3.4	0.941			
Positive Emotions X4	X.4.2	0.876	0.735	0.82	0.821
	X.4.4	0.838			
	X.4.5	0.858			
Satisfaction Y1	Y.1.2	0.778	0.668	0.751	0.779
	Y.1.3	0.779			
	Y.1.4	0.890			
Loyalitas Pelanggan Y2	Y.2.2	0.893	0.794	0.87	0.871
	Y.2.4	0.888			
	Y2.5	0.892			

Source: Data processed, 2025

Table 3. Indicators' reliability & convergent validity: Modern coffee shop

Variabel	Indikator	Loading Factor	AVE	CR	Cronbach's Alpha
Service Quality X1	X1.3t	0.795	0.620	0.796	0.797
	X1.4r	0.782			
	X1.6rs	0.792			
	X1.8a	0.780			
Atmosphere X2	X.2.1	0.928	0.826	0.792	0.818
	X.2.4	0.888			
Price Suitability X3	X.3.1	0.862	0.652	0.731	0.749
	X.3.3	0.837			
	X.3.4	0.715			
Positive Emotions X4	X.4.1	0.947	0.899	0.944	0.944
	X.4.3	0.948			
	X.4.4	0.949			
Satisfaction Y1	Y.1.1	0.965	0.931	0.926	0.926
	Y.1.3	0.964			
Customer Loyalty Y2	Y.2.1	0.921	0.849	0.823	0.823
	Y.2.3	0.922			

Source: Data processed, 2025

Note: CR = Composite Reliability, AVE > 0.5, CR & Alpha > 0.7 are considered good (Hair et al., 2022).

Discriminant Validity (Fornell–Larcker Criterion)

Discriminant validity ensures that each construct in the model is not too closely correlated with the others. This study tested discriminant validity using the Fornell-Larcker criterion, which compares the square root of the AVE for a construct to its correlation with other constructs. If the √AVE is greater than the correlation, discriminant validity is good. If √AVE is less than or equal to the correlation, the construct is not distinct from the others. Specifically, Table 4 presents the results for traditional coffeehouses, while Table 5 presents the results for modern coffeehouses. For all constructs, the square

root of the AVE was higher than any correlation with the other constructs, demonstrating that each construct explained its own variables more effectively than those of the others. Therefore, the instruments clearly distinguished between latent variables and were valid for further analysis.

Table 4. Discriminant Validity (Fornell–Larcker Criterion): Traditional coffeehouses

Construct	PE	SF	PS	SQ	CL	AT	Decision
Positive Emotions	0.857						Valid
Satisfaction	0.829	0.817					Valid
Price Suitability	0.718	0.753	0.930				Valid
Service Quality	0.719	0.769	0.814	0.865			Valid
Customer Loyalty	0.827	0.813	0.728	0.804	0.891		Valid
Atmosphere	0.757	0.710	0.660	0.703	0.751	0.909	Valid

Source: Data processed, 2025

Note: PE = Positive Emotions, SF = Satisfaction, PS = Price Suitability, SQ = Service Quality, CL = Customer Loyalty, AT = Atmosphere.

Table 5. Discriminant Validity (Fornell–Larcker Criterion): Modern coffee shop

Construct	PE	SF	PS	SQ	CL	AT	Decision
Positive Emotions	0.948						Valid
Satisfaction	0.922	0.965					Valid
Price Suitability	0.736	0.752	0.807				Valid
Service Quality	0.775	0.808	0.769	0.787			Valid
Customer Loyalty	0.737	0.791	0.587	0.713	0.922		Valid
Atmosphere	0.770	0.806	0.702	0.760	0.646	0.909	Valid

Source: Data processed, 2025

Note: PE = Positive Emotions, SF = Satisfaction, PS = Price Suitability, SQ = Service Quality, CL = Customer Loyalty, AT = Atmosphere.

Structural Model Analysis (Inner Model)

The data were analyzed using Partial Least Squares (PLS). The results indicate that the proposed model achieves a good level of congruence with the actual data (Table 6). The standardized root mean square residual (SRMR) values for the traditional (0.061) and modern (0.062) coffee shop models are both below the recommended threshold of 0.08. This indicates a good fit. The NFI values for the modern (0.804) and traditional (0.802) models also exceed the 0.80 benchmark, signifying satisfactory fit (Ringle et al., 2024). These results support the use of this structural model in future studies.

Table 6. Goodness of Fit Model

Modern	Traditional Value	Modern Value	Interpretasi
SRMR	0.062	0.061	Good fit
d_ULS	0.720	0.507	Good fit
d_G	0.552	0.480	Good fit
Chi-square	324,958	285,130	Difference within a reasonable range
NFI	0.804	0.802	Fairly good fit

Source: Data processed, 2025

Table 7. f – Square, R – Square, and R – Square Adjusted

	Modern			Traditional		
	f-Square	**R-square**	**R-square a**	**f-Square**	**R-square**	**R-square a**
Satisfaction Y1		0.883	0.878		0.759	0.749
Service Quality	0.057			0.063		
Atmosphere	0.075			0.006		
Price Suitability	0.008			0.035		
Positive Emotions	1.077			0.339		
Customer Loyalty (Y2)		0.647	0.628		0.793	0.782
Service Quality	0.05			0.142		
Atmosphere	0.001			0.035		
Price Suitability	0.013			0.001		
Positive Emotions	0.001			0.136		

Source: Data processed, 2025

In both developed theoretical models, involving four predictor variables (Table 7), the model for modern coffee shops was able to explain 88.3% of the variance in customer satisfaction (R2=0.883) and 64.7% of the variance in customer loyalty (R2=0.647). The model for traditional coffeehouses explained 75.9% of the variance in customer satisfaction (R2=0.759) and 79.3% of the variance in customer loyalty (R2=0.793). Thus, both models have substantial predictive ability regarding customer satisfaction and loyalty variables, although the strength of influence among the variables differs between the modern and traditional contexts.

Table 8. Structural model summary: Traditional coffeehouses

Path	**Coefficient (β)**	**STDEV**	**T-values**	**P-values**	**Decision**
Direct effect					
PE -> SF	0.495	0.082	6.070	0.000	Supported
PE -> CL	0.337	0.091	3.716	0.000	Supported
SF -> CL	0.199	0.096	2.068	0.039	Supported
PS -> SF	0.168	0.094	1.787	0.074	Not Supported
PS -> CL	-0.027	0.079	0.337	0.736	Not Supported
SQ -> SF	0.233	0.096	2.431	0.015	Supported
SQ -> CL	0.333	0.082	4.054	0.000	Supported
AT -> SF	0.061	0.087	0.707	0.480	Not Supported
AT -> CL	0.139	0.080	1.730	0.084	Not Supported
Mediation Effect of Satisfaction					
PE -> CL	0.099	0.051	1.931	0.054	Not Supported
PS -> CL	0.034	0.027	1.240	0.215	Not Supported
SQ -> CL	0.046	0.031	1.517	0.129	Not Supported
AT -> CL	0.012	0.021	0.592	0.554	Not Supported

Source: Data processed, 2025

Note: PE = Positive Emotions, SF = Satisfaction, PS = Price Suitability, SQ = Service Quality, CL = Customer Loyalty, AT = Atmosphere.

The results of the hypothesis testing show differences in the patterns of influence between the variables. In traditional coffee shops (Table 8), positive emotions significantly affect satisfaction ($\beta = 0.495$; $p < 0.001$) and customer loyalty ($\beta = 0.337$; $p < 0.001$). Customer satisfaction also increased loyalty ($\beta = 0.199$; $p = 0.039$). Service quality positively affected satisfaction ($\beta = 0.233$; $p = 0.015$) and loyalty ($\beta = 0.333$; $p < 0.001$). In contrast, price suitability and atmosphere did not significantly affect either satisfaction or loyalty. These findings indicate that in the context of traditional coffee shops,

emotional experience and service quality are the main factors driving both customer satisfaction and loyalty, whereas price and atmosphere are not considered important factors.

In modern coffee shops (Table 9), positive emotions strongly influence satisfaction (β = 0.648; p < 0.001) but do not directly affect loyalty (β = 0.038; p = 0.840). Satisfaction has been shown to be the main predictor of loyalty (β = 0.648; p = 0.001). Service quality positively contributed to satisfaction (β = 0.143; p = 0.021) and loyalty (β = 0.272; p = 0.035). Atmosphere also affects satisfaction (β = 0.163; p = 0.019) but does not have a significant effect on loyalty. Price suitability does not appear to impact either dependent variable. In other words, in modern coffee shops, customer loyalty is primarily shaped by satisfaction influenced by positive emotions, service quality, and atmosphere, whereas price is not the main determinant.

Table 9. Structural model summary: Modern coffee

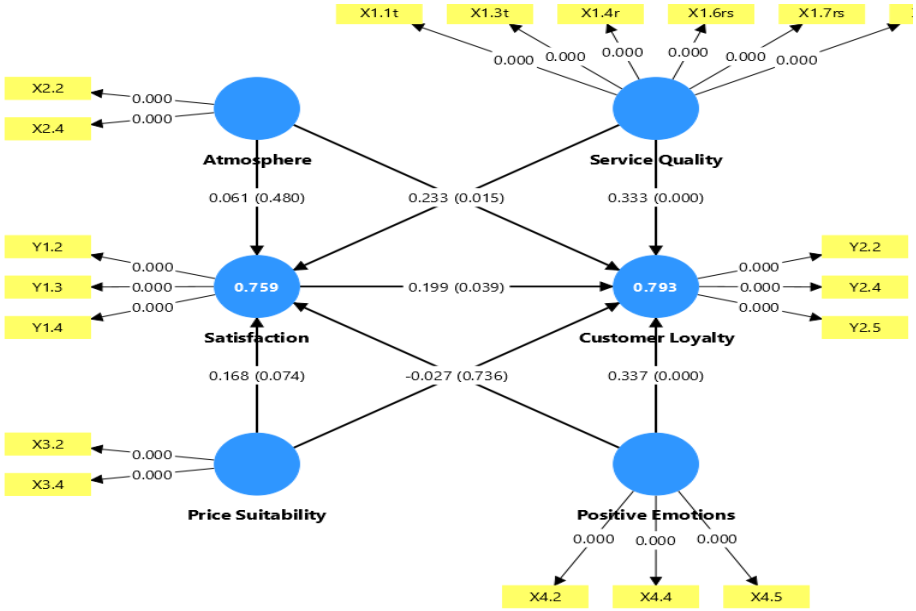
Path	Coefficient (β)	STDEV	T-values	P-values	Decision
Direct Effect					
PE -> SF	0.648	0.094	6.884	0.000	Supported
PE -> CL	0.038	0.189	0.201	0.840	Not Supported
SF -> CL	0.648	0.198	3.276	0.001	Supported
PS -> SF	0.050	0.068	0.745	0.457	Not Supported
PS -> CL	-0.115	0.114	1.010	0.313	Not Supported
SQ -> SF	0.143	0.062	2.308	0.021	Supported
SQ -> CL	0.272	0.129	2.109	0.035	Supported
AT -> SF	0.163	0.069	2.349	0.019	Supported
AT -> CL	-0.031	0.115	0.273	0.785	Not Supported
Mediation Effect of Satisfaction					
AT -> CL	0.106	0.055	1.929	0.054	Not Supported
PE -> CL	0.420	0.161	2.611	0.009	Supported
PS -> CL	0.033	0.046	0.716	0.474	Not Supported
SQ -> CL	0.093	0.046	2.008	0.045	Supported

Source: Data processed, 2025

Note: PE = Positive Emotions, SF = Satisfaction, PS = Price Suitability, SQ = Service Quality, CL = Customer Loyalty, AT = Atmosphere.

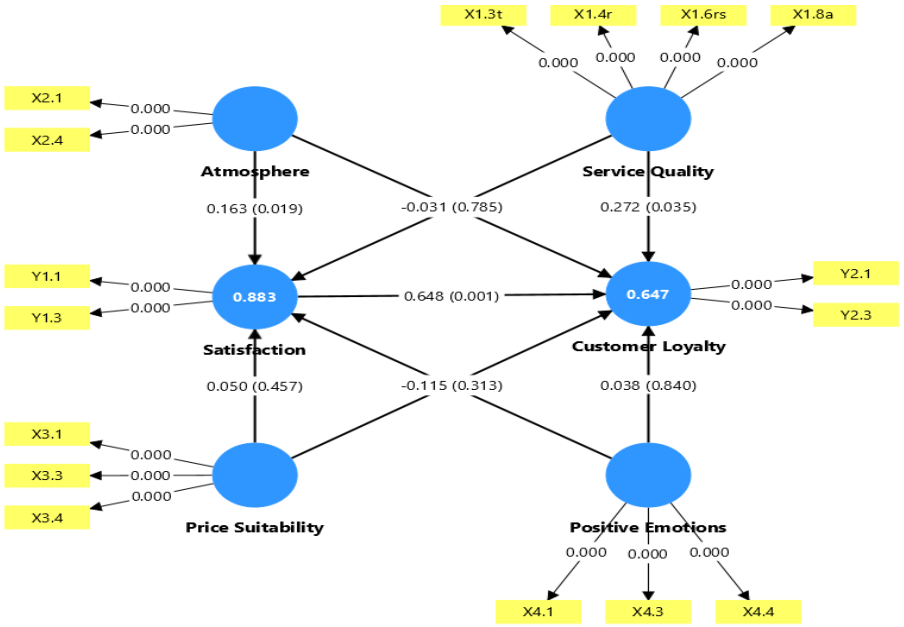
The results of the mediation analysis show that in modern coffee shops (Table 9), customer satisfaction serves as a significant mediator in the relationship between positive emotions and loyalty (β = 0.420; p = 0.009) and between service quality and loyalty (β = 0.093; p = 0.045). However, in the traditional coffee shop model (Table 8), the mediating role of satisfaction was not significant. This indicates that satisfaction plays a central role in strengthening loyalty in modern coffee shops, whereas in traditional shops, loyalty is more directly formed by the influence of positive emotions and service quality. Figure 2 and 3 represents the output of SEM-PLS.

Studies on customer loyalty have been widely conducted, but most still position satisfaction as the main mediating variable between service quality, brand image, and perceived value and loyalty. This approach often overlooks the possibility of direct influence from other factors that shape loyalty, especially in the restaurant and beverage (F&B) industry, which is highly influenced by customers' social and emotional experiences. This study fills this gap by analyzing customer loyalty in coffee shops through a comparison between modern and traditional coffeehouses models. This approach makes an empirical contribution to understanding how certain factors can directly influence loyalty without the mediation of satisfaction, while also revealing differences in the characteristics of loyalty formation in these two types of coffee shops.



Source: Data processed, 2025

Figure 2. Customer loyalty model for Traditional coffeehouses



Source: Data processed, 2025

Figure 3. Customer loyalty model for Modern coffee shops

Comparative Analysis of Customer Loyalty Models

Structural analysis reveals fundamental differences in customer loyalty formation between modern and traditional coffeehouses. Specifically, loyalty in modern coffee shops is driven indirectly through satisfaction, whereas traditional coffeehouses foster customer loyalty through direct positive emotions. Consequently, this study proposes a Dual-Pathway Loyalty Framework.

In modern coffee shops, loyalty follows a *functional-transactional pathway*, with satisfaction acting as the primary mediator ($R^2 = 0.883$). Service quality has a significant direct influence on loyalty ($\beta = 0.272$), confirming the service profit chain concept (Ennew, 2015), where standard business models rely on linear satisfaction. Mediation analysis confirms that positive emotions do not directly

drive loyalty ($\beta = 0.038$); instead, they require functional satisfaction as a necessary precursor. The measurement model validates this transactional nature, demonstrating that instrumental indicators like 'enjoying the time spent' (Y1.1) and 'quality matching expectations' (Y1.3) predominantly define satisfaction in modern shops. The modern model explains only 64.7% of the variance in customer loyalty ($R^2 = 0.647$). This substantial unexplained variance (35.3%) highlights a major theoretical limitation of satisfaction-based models. In highly competitive markets, standardized functional metrics exhibit a 'ceiling effect'; modern consumers increasingly treat functional satisfaction as a baseline expectation rather than a primary determinant of loyalty (Jones & Sasser, 1995; Oliver, 1999). Consequently, the measurement model excludes indicators for 'frequent visits' and 'price tolerance.' This exclusion demonstrates that modern loyalty manifests primarily as word-of-mouth advocacy (Y2.1, Y2.3) rather than resilient behavioral loyalty. Thus, as argued by Baltezarević, Radoslav, and Baltezarević (2024), transactional loyalty in the experience economy is temporary and highly susceptible to competitor innovation.

In contrast, traditional coffeehouses operate through a *communal-relational pathway*. Positive emotions exhibit a strong direct effect on loyalty ($\beta = 0.337$), bypassing and exceeding the effect of satisfaction ($\beta = 0.199$). Although the R^2 value for satisfaction is lower (0.759), the model explains a higher variance in overall customer loyalty ($R^2 = 0.793$). Theoretically, this strong direct effect of positive emotions serves as a measurable proxy for relational social capital. Social capital in this context is not merely a descriptive cultural phenomenon; it manifests structurally as emotional security and affective commitment. This aligns with Jones and Taylor (2012), who emphasized trust and shared norms in relationship-based services. In our model, positive emotions capture social capital and directly drive loyalty, which analytically proves that social interaction carries more structural weight than economic exchange (Kelly et al., 2015; Ohee, 2025; Yin et al., 2019). This deep emotional bond is explicitly captured by the validated traditional indicators, where positive emotions inherently trigger a commitment to "return despite other alternatives" (X4.5). This directly fuels robust behavioral loyalty, proven by the validation of indicators for "frequent return visits" (Y2.4) and "resilience to price increases" (Y2.5), both of which failed to validate in the modern model.

Ultimately, the proposed Dual-Pathway Loyalty Framework explicitly delineates these theoretical contributions. It posits that loyalty in modern coffee shops is instrumental-functional, as it stems from brand performance consistency (Abdullah et al., 2018; Jung, 2018) and relies heavily on tangible satisfaction. Conversely, traditional coffeehouse loyalty is communal-relational, rooted directly in social and emotional values. Lemon and Verhoef (2016) argue that modern loyalty often reflects habitual behavior, whereas traditional loyalty reflects deep cultural commitment. This framework affirms that conventional transactional indicators are structurally insufficient to assess loyalty in a relational cultural context. Field data from Banda Aceh validates this framework, demonstrating that 62% of traditional customers remain loyal despite price increases. The emotional and social bonds captured in our model directly sustain this loyalty (Field Data, 2025).

The Divergent Roles of Satisfaction and Positive Emotions

Satisfaction plays a central role in the modern coffee shop model, bridging positive emotions, service quality, and loyalty. Specifically, it acts as the central mechanism that integrates service quality, price suitability, and positive emotions to shape customer loyalty.

Based on the structural analysis, positive emotions do not directly influence customer loyalty; instead, they are fully mediated by satisfaction ($\beta = 0.420$; $p = 0.009$). This indicates that in modern coffee shops, a customer's positive affective state—such as feeling happy, comfortable, and having a pleasant impression while relaxing or working—is insufficient to build loyalty on its own. These positive emotions must first be translated into tangible satisfaction, which is determined by the alignment of the experience with expectations regarding service consistency and overall value. These

findings support those of Hidayat et al. (2024) and Zhou et al. (2021), who found that tangible satisfaction is the ultimate key to encouraging repeat visits in the urban café industry, validating the transactional nature of modern coffee shop customers.

Conversely, in traditional coffeehouses, positive emotions are the main loyalty determinants. Most customers report feelings of comfort, enthusiasm, and emotional attachment to the café, even choosing to return despite alternative options. This affirms that loyalty to traditional coffeehouses is based not only on functional satisfaction but also on a sense of belonging and emotional security (Pratama et al., 2021; Pratamaningsih et al., 2018). Although satisfaction remains significant, its contribution is smaller than the direct influence of positive emotions, which strengthens the relational and affective roles in retaining customers.

Role of Service Quality

Service quality is the main determinant of loyalty in both types of coffee shops but with different characteristics. In modern coffee shops, customers consider reliability, responsiveness, and assurance as key factors in shaping their premium experience. Most respondents perceived the service as fast, polite, and consistent, supporting the role of service quality as the main customer touchpoint (Dhisasmito & Kumar, 2020; Hidayat et al., 2024).

In traditional coffeehouses, service quality is more evident in relational aspects. Customers find the service comfortable, responsive, and reassuring, indicating the dominance of the assurance and empathy dimensions within the local cultural context (Pratama et al., 2021; Tabrani et al., 2018). These findings reinforce SERVQUAL theory (Parasuraman et al., 1985), which states that service dimensions are not only technical but also emotional. Lee et al. (2021) further emphasized that the quality of interaction and service representation can evoke positive emotions that strengthen loyalty.

This implies that strategies to improve service quality must be tailored to market segments. Modern coffee shops need to emphasize efficiency and consistency, whereas traditional coffee houses should strengthen interpersonal relationships based on the local culture. This approach aligns with the perspective of Carranza et al. (2018) that satisfaction serves as an important mediator between service quality and loyalty, where both rational and emotional interactions contribute equally to positive word-of-mouth (Saulina & Syah, 2018; Skowron & Kristensen, 2012).

The Role of Ambience and Price

The results show that price is not the main factor determining customer loyalty in either type of coffee shop. Although most customers consider the price to be in line with the benefits received, loyalty is influenced more by experience and service quality than by price. This is in line with the findings of Dewi et al. (2022), who stated that premium consumers tend to be less sensitive to price.

In traditional coffeehouses, price perception is also positive; however, loyalty persists even when prices increase because it is driven by social bonds and trust (Pratamaningsih et al., 2018). Conversely, ambience serves different functions in each model. In modern coffee shops, a comfortable atmosphere and modern amenities are key factors in satisfaction (Dhisasmito & Kumar, 2020), whereas in traditional coffeehouses, the ambience reflects social closeness and cultural values. Customer interactions and a sense of familiarity are loyalty-building elements that cannot be replaced by physical design.

Thus, customer loyalty in both models is formed through different pathways: a rational-affective pathway in modern coffee shops and a social-emotional pathway in traditional coffee houses. These differences underscore the need to redefine the concept of loyalty within a broader cultural and social context, particularly in Indonesia's F&B industry.

Advantages of Traditional vs Modern Coffee Shops Based on Respondent Perceptions

The word cloud visualizations in Figure 4 and 5 reveal a striking difference in consumer perceptions regarding the advantages of traditional and modern coffee shops. In traditional

coffeehouses, the dominant phrases that appear include “Spacious Parking,” “Strategic Location,” “Pleasant Atmosphere,” “Affordable,” “Consistent Taste,” and “Suits Preference.” These findings indicate that consumers perceive the main strengths of traditional coffeehouses to lie in comfort and accessibility, especially regarding the availability of spacious parking and strategic locations. Additionally, terms such as “Consistent Taste” and “Suits Preference” show that customers appreciate the stable flavors and the alignment with local tastes that are characteristic of traditional coffeehouses.

Respondents also highlighted factors such as affordable pricing (“Affordable,” “Reasonable Price,” “Fair Price”) as well as a pleasant and relaxed atmosphere (“Pleasant Atmosphere,” “Relaxing,” “Casual”), reinforcing the perception that traditional coffeehouses remain the top choice for informal social activities with high economic value.

Meanwhile, the word cloud for modern coffee shops showcases dominant phrases like “Varied Menu,” “Comfortable Setting,” “Good Coffee,” “Unique Coffee Flavor,” “Suitable for Working,” and “Close to Home.” This indicates that consumers associate modern coffee shops with product variety and flexible space utilization. The advantages of modern coffee shops are more pronounced in terms of flavor innovation and product differentiation, as reflected in the presence of terms such as “Unique Coffee Flavor” and “Variety of Coffee and Non-coffee Drinks.” Moreover, words such as “Suitable for Working” and “Family-friendly” depict that modern coffee shops are perceived as multifunctional spaces that cater to both professional needs and family recreation. Comfort and attractive interior design also play a significant role (“Comfortable Place,” “Pleasant and Green Space,” “Cool Ambiance”), supporting the perception that modern coffee shops are more oriented toward consumer experience and urban lifestyles.

In conclusion, traditional coffeehouses excel in practicality, pricing, and proximity to local flavors, whereas modern coffee shops stand out in terms of product variety, facility comfort, and flexible space functionality. These differences reflect a clear market segmentation between consumers seeking functional and economic value and those who are more oriented toward experiences and lifestyles.

Source: Data processed, 2025

Figure 4. Perceptions of the advantages of Traditional coffeehouses

Source: Data processed, 2025

Figure 5. Perceptions of the advantages of Traditional coffee shops

CONCLUSIONS

This study shows that customer loyalty in coffee shops is shaped by different mechanisms in traditional and modern models. In traditional coffeehouses, loyalty is mainly driven by emotional and social factors, where interpersonal relationships, a familiar atmosphere, and consistent taste are the key elements that shape customer attachment. The results of the word cloud reveal the dominance of words such as “Pleasant Atmosphere,” “Consistent Taste,” “Affordable,” and “Strategic Location,” which emphasize that traditional coffee houses excel in terms of social closeness, authentic flavors, and economic value. In this context, loyalty is more communal and relational, rooted in cultural bonds and customers’ emotional experiences.

Conversely, modern coffee shops display a pattern of loyalty that is more functional and transactional, where satisfaction is the main link between service quality, comfort, and the decision to return to the coffee shop. Dominant words such as “Varied Menu,” “Comfortable Setting,” “Unique Coffee Flavor,” and “Suitable for Working” indicate that customers assess the strengths of modern coffee shops based on product innovation, facility comfort, and spatial flexibility of the shop. In this model, loyalty is formed through the alignment of experience with expectations and dynamic urban lifestyles. Overall, the findings affirm that the formation of customer loyalty in the coffee industry is not uniform: traditional coffee houses are oriented toward social bonds and etowal value, whereas modern shops focus on efficiency, variety, and functional experiences. These differences reflect clear market segmentation and the need for contextual loyalty strategies suited to the consumer’s character and surrounding cultural values.

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