

## **Service Quality and Dining Atmosphere's Value on Pangasinan's Local Coffee Shop Customers' Service and Retention**

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**Abstract** – *The study have utilized a descriptive quantitative design which used the SERVEQUAL model with the aim to assess the relationship among the three main variables namely: service quality, dining atmosphere and customer retention of selected local coffee shops in Pangasinan. The results revealed that client retention is most significantly influenced by pleasant predicted emotion, with comfort and relaxation ranking highest. To avoid discontent, negative feelings should be watched, especially those related to cost and convenience. Customers' readiness to promote the coffee shop and desire for new experiences indicate that they are usually positive about the brand. Although customers are likely to return, behavioral intention indicates that long-term retention may be impacted by price sensitivity and outside competition. Younger consumers have distinct tastes and expectations for service quality than older age groups, according to the substantial correlation found between age and Gen Y respondents (those between the ages of 26 and 45). This research may provide several theoretical advances to the body of knowledge already written about local coffee shops operations.*

**Keywords** – *Service Quality, Dining Atmosphere, Customer Retention, Brand Satisfaction, Positive Anticipated Emotion, Negative Anticipated Emotion.*

### **INTRODUCTION**

Numerous professionals and companies worldwide agree that customers are crucial. This is the main reason why companies today prioritize providing exceptional customer satisfaction and a delightful experience—to entice customers to make a purchase. Because it raises the number of buy consideration points and fosters stronger customer loyalty, customer happiness is highly valued.

Coffee culture has become a way of life among the population, including young people, in both developed and developing countries in the modern era. Coffee shops are a promising business to consider in today's world, and many entrepreneurs are investing in this field. As a result, the growing number of businesses offering the same items has become a source of concern for all organizations.

### **Local Coffee Shop**

Every local coffee shop has a unique set of strategies and projects for drawing in new clients and retaining current ones. However, there hasn't been a full analysis of how these and other strategies affect customer satisfaction and loyalty to local coffee shops in the Ilocos Region. Like any other business owner, coffee shop operators deal with a number of common problems. Being a coffee shop owner is a very alluring proposition because of people's love of coffee and the vibes and environment of coffee shops. If a corporation wants to survive, it must emphasize the importance of customer happiness and loyalty.

More so, enormous demand for coffee and the abundance of coffee shops in the Philippines, businesses are becoming increasingly identical. Many businesses have lost their existing consumers and are unable to appeal to new ones. Furthermore, consumer

loyalty has emerged as a key indicator in the industry because of its critical significance in the development of businesses [1], [2].

Due to a lack of management attraction with customers, most local businesses do not appropriately care about customers' requests and aspirations, satisfactions and buying decisions [3]. As a result, it is necessary to investigate whether there is such a thing as customer contentment that leads to customer retention when consumers purchase coffee and other coffee shops products, as well as where customer satisfaction and loyalty be found [4].

This study will serve as a prime motivator as to enhance the understanding of the local coffee shop owners, operators, employees, management team, and students with their future endeavors as hospitality professionals that would then equip them with body of knowledge that are essential to the operation and management of a local coffee shop. Moreover, the input of study could help the local owners to improve the coffee shops businesses in Ilocos Region and have a competitive edge in the marketplace. Additionally, the enhanced quality service would create valuable customer experience in local coffee shops in the Region.

**METHODOLOGY**

A quantitative research approach have been utilized in this study with the well-structured survey questionnaire. The quantitative approach was applied to assess the relationship among the three main variables of the study namely: service quality, dining atmosphere and customer retention. Also, the descriptive research design have been utilized to acquire and gain information with regard to the status of service quality, dining atmosphere and customer retention of local coffee shops in Ilocos Region. It was conducted from the standpoint of the participants' satisfaction with the chosen local coffee shops. The sample size of 268 customers was computed based on the projected population using the Rao soft sample size calculator. The SERVQUAL Model questionnaire, a multi-item scale designed was used to gauge the degree of customer satisfaction

in service, that served as a research instrument. The study have used an adapted questionnaire that was modified to fit the objectives of the study.

**RESULTS**

**Profile of Respondents**

The result indicates that the majority of the respondents were female, with 181 frequencies or 67.54 percent of the total respondents. In contrast, the least number of respondents were male, with 87 frequencies or 32.46 percent of the total respondents.

**Table 1: Sex of the Respondents.**

Sex	Frequency	Percentage
Female	181	67.537%
Male	87	32.463%
<b>Total</b>	<b>268</b>	<b>100%</b>

The majority of the respondents were from the "25 years and below (Gen Z)" age group, with 209 frequencies or 77.99 percent of the total respondents. Relatively, the least of the respondents were from the "46-56 years old (Gen X)" age group, with 8 frequencies or 2.99 percent of the total respondents.

**Table 2: Age of the Respondents.**

Age	Frequency	Percentage
25 years and below (Gen Z)	209	77.985%
26-45 years old (Gen Y)	51	19.03%
46-56 years old (Gen X)	8	2.985%
<b>Total</b>	<b>268</b>	<b>100</b>

The result indicates that the majority of the respondents were single, with 203 frequencies or 75.75 percent of the total respondents. Meanwhile, the least number of respondents were married, with 65 frequencies or 24.25 percent of the total respondents.

**Table 3: Marital Status of the Respondents.**

Marital Status	Frequency	Percentage
Married	65	24.254%
Single	203	75.746%
<b>Total</b>	<b>268</b>	<b>100</b>

The majority of the respondents were students, with 184 frequencies or 68.66 percent of the total respondents. In contrast, the least number of respondents were service workers, with 11 frequencies or 4.10 percent of the total respondents.

**Table 4: Occupation of the Respondents.**

Occupation	Frequency	Percentage
Professional	50	18.657%
Student	184	68.657%
Service Worker	11	4.104%
Self-Employed	23	8.582%
<b>Total</b>	<b>268</b>	<b>100</b>

The majority of the respondents reported visiting "at least once in a month," with 102 frequencies or 38.06 percent of the total respondents. Relatively, the least frequent visitors were those who visited every day, with 4 frequencies or 1.49 percent of the total respondents.

**Table 5: Frequency of Visit of the Respondents.**

Frequency of Visit	Frequency	Percentage
At least once in a month	102	38.06%
At least once in a week	64	23.881%
Rarely (longer than a month)	60	22.388%
Several times a week	38	14.179%
Everyday	4	1.493%
<b>Total</b>	<b>268</b>	<b>100</b>

The result indicates that the majority of the respondents visited for "socializing with friends," with 139 frequencies or 51.87 percent of the total respondents. Relatively, the least number of respondents visited for "other"

purposes, with 3 frequencies or 1.12 percent of the total respondents.

**Table 6: Purpose of Visit of the Respondents.**

Purpose of the Visit	Frequency	Percentage
Relaxation	106	39.552%
Socializing with friends	139	51.866%
Studying	11	4.104%
Business meeting	9	3.358%
Other	3	1.119%
<b>Total</b>	<b>268</b>	<b>100</b>

The majority of the respondents were accompanied by friends, with 198 frequencies or 73.88 percent of the total respondents. Meanwhile, the least number of respondents were accompanied by "other" companions, with 3 frequencies or 1.12 percent of the total respondents.

**Table 7: Companion of the Respondents.**

Respondent's Companion	Frequency	Percentage
Friends	198	73.881%
Colleagues	12	4.478%
Alone	25	9.328%
Family	24	8.955%
Significant others	6	2.239%
Other	3	1.119%
<b>Total</b>	<b>268</b>	<b>100</b>

**Purchasing Behavior of Local Coffee shop Customers.**

The highest-ranked statement was "I am willing to spend more on this coffee shop because it offers unique flavors" (WM = 4.15, SD = 0.81), interpreted as "Agree." This implies that the variety of unique flavors provided by a coffee shop is a key factor influencing customers' willingness to spend more. Coffee

shops offering unique products are able to attract and retain more customers by providing a distinct experience. Relatively, the lowest-ranked statement was “I am willing to pay extra on this coffee shop because it provides free Wi-Fi and a conducive workspace” (WM = 3.92, SD = 1.03), also interpreted as “Agree.” This suggests that while free Wi-Fi and work-friendly environments are appreciated, they may not be as strong a motivator for spending as other factors such as ambiance or customer service. The overall mean was 4.02, with a standard deviation of 0.89, which is interpreted as “Agree.”

**Table 8: Purchasing behavior of local coffee shop customers in terms of willingness to spend in a coffee shop.**

Willingness to spend in a coffee shop	Mean	SD	R	VI
I am willing to pay a higher price for a pleasant and comfortable ambiance in a coffeeshop	4.093	0.841	2	Agree
I am willing to spend more on this coffee shop because it offers unique flavors	4.149	0.807	1	Agree
I am willing to spend more on this coffee shop because it offers a good loyalty program with rewards and discounts	3.963	0.860	3	Agree
I am willing to pay extra on this coffee shop because the staff is friendly and provides excellent customer service	3.948	0.898	4	Agree
I am willing to pay extra on this coffee shop because it provides free Wi-Fi and conducive workspace	3.922	1.030	5	Agree
<b>Overall Mean</b>	<b>4.015</b>	<b>0.887</b>		<b>Agree</b>

The highest-ranked statement was “I find the atmosphere at my local coffee shop inviting, which encourages me to visit again”

(WM = 4.03, SD = 0.94), interpreted as “Agree.” This implies that a welcoming and pleasant ambiance is a significant factor in customers' frequency of visits to coffee shops. On the other hand, the lowest-ranked statement was “I visit my local coffee shop as a part of my daily routine” (WM = 3.37, SD = 1.14), interpreted as “Moderately Agree.” This suggests that visiting coffee shops daily is not as common among respondents, though many still do so regularly for various reasons. The overall mean was 3.66, with a standard deviation of 1.00, which is interpreted as “Agree.”

**Table 9: Purchasing behavior of local coffee shop customers in terms of frequency of visit to a local coffee shop.**

Frequency of visit to a local coffee shop	Mean	SD	R	VI
I visit my local coffee shop on a regular basis	3.593	0.957	4	Agree
I make a conscious effort to visit a local coffee shop for my caffeine needs	3.660	0.960	2	Agree
I visit my local coffee shop as a part of my daily routine	3.369	1.142	5	Moderately Agree
I visit my local coffee shop for the sole purpose of studying or working	3.623	1.015	3	Agree
I find the atmosphere at my local coffee shop inviting, which encourages me to visit again	4.034	0.942	1	Agree
<b>Overall Mean</b>	<b>3.656</b>	<b>1.003</b>		<b>Agree</b>

The highest-ranked reason was “Socializing with friends or family” (WM = 4.45, SD = 0.78), interpreted as “Strongly Agree.” This indicates that coffee shops are commonly used as social venues where people meet and spend time with friends or family. In contrast, the lowest-ranked reason was “Accessing free Wi-Fi” (WM = 3.79, SD = 1.06), interpreted as “Agree.” This suggests that

while free Wi-Fi is an important factor, it is not the primary reason people visit coffee shops compared to socializing or enjoying a peaceful environment. The overall mean was 4.22, with a standard deviation of 0.83, interpreted as “Strongly Agree.”

**Table 10: Purchasing behavior of local coffee shop customers in terms of reason for visiting the local coffee shop.**

Reason for visiting the local coffee shop	Mean	SD	R	VI
Socializing with friends or family	4.451	0.775	1	Strongly Agree
Seeking a chance of scenery or workspace	4.127	0.802	4	Agree
Accessing free Wi-Fi	3.791	1.061	5	Agree
Enjoying specialty coffee or beverages	4.299	0.755	3	Strongly Agree
Enjoying a peaceful environment	4.410	0.762	2	Strongly Agree
<b>Overall Mean</b>	<b>4.216</b>	<b>0.831</b>		<b>Strongly Agree</b>

The highest-ranked type was “Cozy and intimate coffee shops with a relaxed atmosphere” (WM = 4.41, SD = 0.73), interpreted as “Strongly Agree.” This indicates that most respondents prefer coffee shops that provide a relaxed and cozy ambiance, which can be a draw for customers seeking comfort. The lowest-ranked type was “Rustic and traditional coffee shops with a classic, timeless ambiance” (WM = 4.13, SD = 0.78), interpreted as “Agree.” This suggests that while traditional, rustic designs are still appreciated, they are not as favored as modern or intimate designs. The overall mean was 4.29, with a standard deviation of 0.78, interpreted as “Strongly Agree.”

**Table 11: Purchasing behavior of local coffee shop customers in terms of preferred type of coffee shop.**

Preferred type of coffee shop	Mean	SD	R	VI
Cozy and intimate coffee shops with a relaxed atmosphere	4.407	0.731	1	Strongly Agree
Trendy and modern coffee shops with a stylish and contemporary design	4.243	0.791	4	Strongly Agree
Rustic and traditional coffee shops with a classic, timeless ambiance	4.131	0.775	5	Agree
Minimalist and clean coffee shops with a simple, uncluttered aesthetics	4.321	0.775	3	Strongly Agree
The eco-conscious coffee shops, emphasizing sustainability and environmentally friendly practices	4.332	0.820	2	Strongly Agree
<b>Overall Mean</b>	<b>4.287</b>	<b>0.778</b>		<b>Strongly Agree</b>

**Level of Customer Satisfaction with Service Quality.**

The highest-ranked statement was “The space of the coffee shop is comfortable” (WM = 4.30, SD = 0.73), interpreted as “Strongly Agree.” This highlights the importance of physical comfort in attracting customers to coffee shops. The lowest-ranked statement was “The capacity of the coffee shop is enough” (WM = 4.04, SD = 0.76), interpreted as “Agree.” While the capacity of the coffee shop is a significant factor, it is not as highly prioritized



as other aspects such as comfort and equipment. The overall mean was 4.15, with a standard deviation of 0.76, interpreted as “Agree.”

**Table 12: Level of customer satisfaction with the service quality in terms of tangible aspects.**

Service Quality (tangible)	Mean	SD	R	VI
The space of the coffee shop is comfortable	4.299	0.730	1	Strongly Agree
The equipment of the coffee shop is modern and updated	4.168	0.743	3	Agree
The equipment of the coffee shop is suitable and comfortable	4.179	0.758	2	Agree
The capacity of the coffee shop is enough	4.037	0.763	5	Agree
Appearance of the employees are suitable	4.086	0.800	4	Agree
<b>Overall Mean</b>	<b>4.154</b>	<b>0.759</b>		<b>Agree</b>

The highest-ranked statement was “I feel safe in the transactions made with the coffee shop’s employees” (WM = 4.22, SD = 0.75), interpreted as “Strongly Agree.” This implies that the sense of safety and security in transactions plays a key role in customer satisfaction. The lowest-ranked statement was “I can trust employees of the coffee shop” (WM = 4.07, SD = 0.80), interpreted as “Agree.” Although trust in employees is crucial, respondents rated this aspect slightly lower than other factors. The overall mean was 4.16, with a standard deviation of 0.76, interpreted as “Agree.”

**Table 13: Level of customer satisfaction with the service quality in terms of assurance.**

Service Quality (assurance)	Mean	SD	R	VI
Courtesy of service staff is felt during the stay	4.175	0.746	3	Agree
I feel safe in the transactions made with the coffee shop’s employees	4.220	0.750	1	Strongly Agree
I can trust employees of the coffee shop	4.071	0.797	4	Agree
Employees of the coffee shop are polite	4.175	0.736	3	Agree
<b>Overall Mean</b>	<b>4.160</b>	<b>0.757</b>		<b>Agree</b>

The highest-ranked statement was “Overall the coffee shop provided superior pricing options compared to other coffee shops” (WM = 4.14, SD = 0.80), interpreted as “Agree.” This suggests that customers perceive the coffee shop as offering good value for the money spent. The lowest-ranked statements were “The service was good for the price I paid” and “The cost of products in this coffee shop seems appropriate to what I get” (WM = 4.07, SD = 0.82), both interpreted as “Agree.” This indicates that while the service and product pricing are generally viewed as reasonable, these aspects could still be areas for improvement. The overall mean was 4.09, with a standard deviation of 0.79, interpreted as “Agree.”

**Table 14: Level of customer satisfaction with the service quality in terms of price.**

Service Quality (price)	Mean	SD	R	VI
The coffee shop offered the best	4.116	0.748	2	Agree

possible price plan that meets my needs				
The food price charged by the coffee shop is reasonable	4.071	0.811	3	Agree
The service was good for the price I paid	4.067	0.818	5	Agree
The cost of products in this coffee shop seem appropriate to what I get	4.067	0.776	5	Agree
Overall the coffee shop provided a superior pricing options compared to other coffee shops	4.142	0.804	1	Agree
<b>Overall Mean</b>	<b>4.093</b>	<b>0.791</b>		<b>Agree</b>

**Customer Retention Process Considering Affective Emotions and Brand Satisfaction.**

The highest-ranked statement was “I anticipate feeling a sense of relaxation when I visit the coffee shop” (WM = 4.37, SD = 0.68), interpreted as “Strongly Agree.” This emphasizes the significant role of relaxation in enhancing customer satisfaction and loyalty. The lowest-ranked statement was “I believe the coffee shop visit will bring me a sense of well-being” (WM = 4.10, SD = 0.86), interpreted as “Agree.” While the overall experience brings positive emotions, well-being was perceived slightly less important than relaxation and comfort. The overall mean for positive anticipated emotion was 4.24, with a standard deviation of 0.75, interpreted as “Strongly Agree.”

**Table 15: Customer retention process considering affective emotions and brand satisfaction in terms of positive anticipated emotion.**

Positive Anticipated Emotion	Mean	SD	R	VI
I anticipate feeling a sense of relaxation	4.37	0.68	1	Strongly Agree

when I visit the coffee shop				
I believe I will feel comfortable and at ease in the coffee shop	4.25	0.71	3	Strongly Agree
I am confident that the coffee shop experience will make me feel content	4.13	0.76	4	Agree
I believe the coffee shop visit will bring me a sense of well-being	4.1	0.86	5	Agree
I am looking forward to feeling a sense of comfort in the coffee shop’s ambiance.	4.33	0.74	2	Strongly Agree
<b>Overall Mean</b>	<b>4.235</b>	<b>0.747</b>		<b>Strongly Agree</b>

The highest-ranked concern was “I am worried about feeling inconvenience if the coffee shop doesn’t have the amenities I need” (WM = 3.99, SD = 0.93), interpreted as “Agree.” This suggests that convenience and the availability of amenities are crucial factors in shaping negative customer emotions. The lowest-ranked concern was “I anticipate feeling frustrated by long wait times at the coffee shop” (WM = 3.87, SD = 0.97), interpreted as “Agree.” Though waiting times are still a concern, they appear less critical than other factors such as convenience and pricing. The overall mean for negative anticipated emotion was 3.90, with a standard deviation of 0.95, interpreted as “Agree.”

**Table 16. Customer retention process considering affective emotions and brand satisfaction in terms of negative anticipated emotion.**

Negative Anticipated Emotion	Mean	SD	R	VI
I am concerned about feeling disappointed if the coffee quality is not as expected	3.93	0.96	2	Agree
I am worried that I might be dissatisfied with the service in the coffeeshop	3.83	0.96	5	Agree
I am concerned with the coffee shop’s	3.9	0.93	3	Agree

prices might leave me feeling regretful				
I anticipate feeling frustrated by long wait times at the coffee shop	3.87	0.97	4	Agree
I am worried about feeling inconvenience if the coffee shop doesn't have the amenities I need	3.99	0.93	1	Agree
<b>Overall Mean</b>	<b>3.902</b>	<b>0.949</b>		<b>Agree</b>

The highest-ranked statement was “I find myself yearning for the unique experience this coffee shop offers” (WM = 4.22, SD = 0.72), interpreted as “Strongly Agree.” This highlights that customers place high value on the unique experiences provided by the coffee shop, contributing to their overall desire to return. The lowest-ranked statement was “I always think about this coffee shop whenever I need comfort” (WM = 4.02, SD = 0.84), interpreted as “Agree.” Though desire is generally high, some customers may not view the coffee shop as their primary source of comfort. The overall mean for desire was 4.11, with a standard deviation of 0.81, interpreted as “Agree.”

**Table 17: Customer retention process considering affective emotions and brand satisfaction in terms of desire.**

Desire	Mean	SD	R	VI
I find myself yearning for the unique experience this coffee shop offers	4.22	0.72	1	Strongly Agree
I always think about this coffee shop whenever I need comfort	4.02	0.84	4	Agree
I always want to share my experience in this coffee shop	4.05	0.86	3	Agree

I frequently find myself recommending this coffee shop to friends	4.15	0.83	2	Agree
<b>Overall Mean</b>	<b>4.111</b>	<b>0.813</b>		<b>Agree</b>

The highest-ranked statement was “I will provide positive comments about this coffee shop to others” (WM = 4.15, SD = 0.81), interpreted as “Agree.” This indicates that word of mouth is a strong element in customer loyalty and retention. The lowest-ranked statement was “I will still visit the coffee shop even if their prices increase” (WM = 3.82, SD = 0.87), interpreted as “Agree.” While customers are generally loyal, price sensitivity remains a factor in their decision-making process. The overall mean for behavioral intention was 3.96, with a standard deviation of 0.84, interpreted as “Agree.”

**Table 18: Customer retention process considering affective emotions and brand satisfaction in terms of behavioral intention.**

Behavioral Intention	Mean	SD	R	VI
This coffee shop will be on my priority to go to whenever I would go to a coffee shop	3.96	0.83	2	Agree
I will still visit the coffee shop even if their prices increase	3.82	0.87	4	Agree
I will come to this coffee shop even if there is a new coffee shop nearby	3.91	0.86	3	Agree
I will provide positive comments about this coffee shop to others	4.15	0.81	1	Agree
<b>Overall Mean</b>	<b>3.961</b>	<b>0.841</b>		<b>Agree</b>



**Table 19. Significant relationship between service quality and customer satisfaction in local coffee shops based on demographic profile**

	<b>Unstandardized Coefficients B</b>	<b>Standard Error SE B</b>	<b>t</b>	<b>p</b>	<b>Interpretation</b>
Sex (Male)	0.091	0.034	1.207	0.229	Not Significant
Age (26-45 years old (Gen Y))	0.309	0.14	2.726	0.007	Significant
Age (46-56 years old (Gen X))	0.283	0.075	1.322	0.187	Not Significant
Marital Status (Single)	0.006	0.113	0.055	0.956	Not Significant
Occupation (Student)	0.237	0.214	1.639	0.102	Not Significant
Occupation (Service Worker)	-0.05	0.107	-0.267	0.79	Not Significant
Occupation (Self-Employed)	0.265	0.144	1.718	0.087	Not Significant
Frequency of Visit (At least once in a week)	-0.172	0.189	-1.888	0.06	Not Significant
Frequency of Visit (Rarely (longer than a month))	-0.133	0.154	-1.413	0.159	Not Significant
Frequency of Visit (Several times a week)	0.025	0.091	0.221	0.825	Not Significant
Frequency of Visit (Everyday)	0.386	0.094	1.144	0.254	Not Significant
Purpose of the Visit (Socializing with friends)	-0.061	0.111	-0.786	0.433	Not Significant
Purpose of the Visit (Studying)	-0.278	0.338	-1.389	0.166	Not Significant
Purpose of the Visit (Business meeting)	0.269	0.078	1.214	0.226	Not Significant
Purpose of the Visit (Other (please specify))	0.182	0.2	0.389	0.698	Not Significant
Respondent's Companion (Colleagues)	-0.112	0.222	-0.571	0.569	Not Significant
Respondent's Companion (Alone)	-0.211	0.467	-1.706	0.089	Not Significant
Respondent's Companion (Family)	$6.420 \times 10^{-4}$	0.196	0.005	0.996	Not Significant
Respondent's Companion (Significant others)	-0.13	0.123	-0.535	0.593	Not Significant
Respondent's Companion (Other (please specify))	-0.801	0.129	-1.645	0.101	Not Significant

The analysis shows that sex does not have a significant relationship with customer satisfaction, evidenced by a t-value of  $t=1.207$  and a p-value of  $p=0.229$ . Since the p-value exceeds the 0.05 level of significance, it implies that gender does not play a substantial role in influencing customer satisfaction levels in this context. This finding aligns with some literature suggesting that customer experiences may be more influenced by individual preferences rather than demographic factors such as sex.

In contrast, there is a significant relationship with age, particularly among respondents aged 26-45 years (Gen Y), with a t-value of  $t=2.726$  and a p-value of  $p=0.007$ . The p-value being less than 0.05 indicates that age influences customer satisfaction levels, suggesting that younger customers may have different expectations and preferences regarding service quality compared to older age groups. Conversely, the analysis indicates no significant relationship between marital status and customer satisfaction, as evidenced by a t-value of  $t=0.055$  and a p-value of  $p=0.956$ . This suggests that whether respondents are single or married does not significantly impact their satisfaction in local coffee shops.

Regarding occupation, there is a near-significant relationship for self-employed respondents, with a t-value of  $t=1.718$  and a p-value of  $p=0.087$ . Although this does not meet the conventional threshold for significance, it indicates a potential trend where self-employed individuals might have different satisfaction levels compared to other occupational groups. This highlights the importance of understanding how professional backgrounds can affect customer experiences in service settings. The frequency of visits shows notable trends, particularly for those visiting at least once a week, with a t-value of  $t=-1.888$  and a p-value of  $p=0.06$ . While this relationship is not statistically significant at the 0.05 level, it suggests that frequent visitors may report lower satisfaction, indicating that regular customers might have heightened expectations.

The purpose of the visit also did not yield significant results, with a t-value of  $t=-0.786$  and a p-value of  $p=0.433$  for socializing with friends, and  $t=1.214$  with a p-

value of  $p=0.226$  for business meetings. This suggests that the intent behind the visit does not significantly influence overall satisfaction in local coffee shops.

Lastly, there is a near-significant relationship for those visiting alone, with a t-value of  $t=-1.706$  and a p-value of  $p=0.089$ . This implies that individuals who dine alone might experience different satisfaction levels compared to those who visit with others, highlighting the impact of social context on customer experiences.

## CONCLUSIONS:

The findings of the study indicate that positive anticipated emotion plays the most significant role in customer retention, with relaxation and comfort being top priorities. Negative emotions, particularly concerns about convenience and pricing, should be monitored to prevent dissatisfaction. Desire for unique experiences and the willingness to recommend the coffee shop show that customers are generally enthusiastic about the brand. However, behavioral intention suggests that while customers are likely to return, price sensitivity and external competition might impact long-term retention. Age, particularly Gen Y respondents (those between the ages of 26 and 45), shows a strong relationship, indicating that younger customers have different preferences and expectations for service quality than older age groups.

## RECOMMENDATIONS:

### 1. Enhance Positive Anticipated Emotions:

*-Focus on Relaxation and Comfort:* Since these are the top priorities for customer retention, ensure that the coffee shop's environment fosters a relaxing and comfortable experience. This can be achieved through cozy seating arrangements, ambient lighting, calming music, and a stress-free atmosphere that encourages customers to unwind.

### 2. Address Negative Emotions:

*-Monitor Concerns About Pricing:* Price sensitivity is a concern that could lead to customer dissatisfaction. Introduce value-driven

offerings, such as combo deals, loyalty discounts, or limited-time promotions that provide more value for money without compromising quality.

### **3. Capitalize on the Desire for Unique Experiences:**

*-Introduce Exclusive Items and Events:* Offer limited-edition drinks, seasonal menus, or exclusive blends to create a sense of novelty and excitement. Hosting special events such as coffee-tasting sessions or barista workshops can also cater to customers seeking unique and memorable experiences.

### **4. Target Price Sensitivity to Retain Customers Long-Term:**

*-Price Segmentation:* Offer a tiered pricing structure to accommodate different customer segments, from budget-conscious to premium consumers. Introduce affordable options alongside more luxurious, high-end beverages.

### **5. Tailor Services to Gen Y (Ages 26-45):**

*-Adapt to Preferences of Younger Customers:* Younger customers tend to have different service expectations, including a preference for faster, more efficient service, technology integration, and unique experiences. Focus on tech-driven solutions such as mobile apps for ordering and paying, loyalty programs, and personalized recommendations based on purchase history.

### **6. Enhance Service Quality Across Age Groups:**

*-Offer Tailored Experiences for Different Age Groups:* While younger customers may prioritize convenience and modern tech features, older customers might value a slower, more traditional café experience. Ensure that your service quality can accommodate these differing expectations by training staff to offer both personalized, attentive service for older customers and quick, tech-assisted service for younger customers.

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