Check for updates

# What Really Keeps Coffee Customers Coming Back? The Trust-Mediated Role of Service Quality, Location, and Loyalty

Nindya Saraswati[1*], Hendrati Dwi Mulyaningsih[1]
[1]Universitas Islam Bandung, Indonesia

**Abstract**

The rapidly expanding grab-and-go coffee market has fundamentally transformed consumer expectations. This study explores the mediating role of customer trust in the coffee shop industry, linking service quality and location convenience to customer loyalty. Drawing on data from Indonesian coffee shop patrons and analyzed using SEM, the research identifies trust as the key psychological mechanism driving customer retention. The results reveal a remarkably strong trust–loyalty relationship (t = 97.085, p < 0.000, coefficient = 0.976), with trust explaining 95% of the variance in loyalty. Notably, location convenience emerged as the most influential factor, predicting both trust (t = 6.360) and loyalty (t = 6.075) more strongly than service quality. The findings indicate that service quality indirectly influences loyalty through trust, affirming the role of trust as a full mediator. The model demonstrates high reliability (Cronbach's α > 0.80 for all constructs) and strong explanatory power ($R^2$ = 0.948 for customer loyalty), underscoring the theoretical framework's robustness. This research contributes to relationship marketing theory by positioning customer trust as the central link between service encounters and long-term loyalty. From a managerial perspective, the findings suggest that Point Coffee should focus not only on visible location advantages but also on trust-enhancing attributes such as safety, consistency, and community integration. Moreover, to strengthen customer trust, service quality strategies should emphasize reliability and emotional connection, ultimately fostering sustained loyalty in an increasingly competitive retail environment.

**Keywords:** *Service Quality; Location; Customer Trust; Customer Loyalty, Structural Equation Modelling*

## INTRODUCTION

Indonesia's coffee industry demonstrates remarkable growth potential, driven by escalating domestic consumption and the deep cultural integration of coffee into daily life. Statistics Indonesia (2023) projects that domestic coffee consumption will reach 288,000 tons in 2024–2025, with an average per capita consumption of 1.03 kg. This substantial market presence is further evidenced by Indonesia's ranking as the fifth-largest coffee-consuming country globally during 2020/2021, according to the International Coffee Organization (ICO, 2021).

The robust growth trajectory is supported by impressive production figures, with Statistics Indonesia (2023) reporting that Indonesia's coffee production reached 793.19 thousand tons in 2022, of which 379.66 thousand tons were consumed domestically. Market projections indicate continued expansion, with the Indonesian coffee market expected to reach US$25.9 billion by 2030, reflecting a compound annual growth rate of 6.3% from 2024 to 2030 (Grand View Research, 2025). This sustained growth has intensified competition among coffee retailers, particularly within the convenience store coffee segment, where the "grab and go" culture has gained significant momentum among commuters and busy professionals.

Point Coffee has strategically capitalized on these market dynamics since its establishment in May 2016. Operating as a "Grab n Go" coffee shop targeting teenagers to young executives, the brand has achieved remarkable expansion with over 700 outlets across Indonesia. Point Coffee

positions itself as "the biggest coffee retailer with the fastest growth" and has earned recognition as "one of the best local coffees in Indonesia" (Point Coffee, 2024). This rapid expansion reflects the successful adaptation of the brand to Indonesia's evolving coffee consumption patterns.

Bandung, the capital and fourth-largest city in West Java, serves as a particularly compelling market for coffee retail operations. The city's status as an educational hub with numerous universities creates a dynamic coffee culture that serves students, young professionals, and coffee enthusiasts. Consumer behavior research reveals significant engagement with coffee consumption, with a 2023 Snapcart survey of 4,538 respondents in 2023 revealing that 79% of Indonesians identify as regular coffee drinkers, with most consuming coffee daily (Snapcart, 2023). Notably, gender-based preferences have emerged, with male consumers favoring instant powdered coffee with sugar or sachets containing sugar and creamer, while female consumers prefer sweet ready-to-drink options such as bottled coffee and flavored variations like vanilla latte and frappe. These diverse consumption patterns present strategic opportunities for product innovation and targeted market segmentation.

However, the Indonesian coffee retail sector faces significant challenges in maintaining customer loyalty within an increasingly competitive landscape. Ramadhani and Roostika (2022) demonstrated that experience quality, which encompasses functional attributes such as ambiance, music, and employee interaction, significantly impacts customer loyalty in Yogyakarta's speciality coffee shops beyond service quality alone. Similarly, Tantono and Sudyasjayanti (2022) found that while all SERVQUAL dimensions influence customer satisfaction at Zocco Coffee, atmosphere quality—including environmental cues such as cleanliness, lighting, and music—serves as the strongest predictor of customer satisfaction.

The prevalence of brand-switching behavior across prominent coffee chains reveals a fundamental lack of customer loyalty within the sector (Silalahi & Novenson, 2024). This concerning trend necessitates a comprehensive investigation of the underlying factors influencing brand loyalty, particularly within Indonesia's coffee shop chain industry. In service industries, trust emerges as a critical component for establishing and maintaining long-term customer relationships, with Saulina and Syah (2018) emphasizing its vital role in customer-company relationships. Furthermore, strategic facility layout planning is essential for service-focused businesses, as well-designed facilities foster engaging and satisfying service environments that ultimately enhance customer loyalty and sustain business success (Chrisdwiandra, 2024; Ardhana et al., 2024).

The unique characteristics of the Indonesian coffee market, where consumers have developed distinct preferences and consumption patterns influenced by local culture, economic factors, and social dynamics, further complicate the research problem. Understanding how service quality and location factors contribute to building customer trust—and how trust subsequently influences loyalty—becomes crucial for Point Coffee's continued success in this competitive environment. Despite Point Coffee's rapid expansion and market growth, the mechanism through which service quality and strategic location influence customer loyalty remains unclear, particularly regarding the role of customer trust as a potential mediating variable. Therefore, this research aims to examine the factors that sustain customer retention through customer trust as a mediating force in the relationship between service quality, location, and customer loyalty within the coffee retail context.

## LITERATURE REVIEW

Service quality has consistently emerged as a fundamental customer loyalty determinant across diverse industries. The SERVQUAL model, which was developed by Parasuraman, remains the most widely used framework for measuring service quality dimensions, encompassing

reliability, assurance, tangibles, empathy, and responsiveness (Effendy, 2019). Contemporary research continues to validate the relevance of this model while adapting its application to modern service contexts.

Fida et al. (2020) conducted comprehensive research in Oman and established a significant positive relationship between service quality and customer loyalty through the SERVQUAL framework. Their findings demonstrated that service quality dimensions collectively explain substantial variance in customer loyalty behaviors, with reliability and responsiveness emerging as the most influential factors. This study reinforces the theoretical foundation linking service quality performance to customer retention outcomes. Multiple empirical studies have confirmed a significant positive relationship between trust and customer loyalty. Enhanced trust with a service provider correlates with reduced loyalty to competitors, indicating the exclusive nature of a trust-based relationship exclusive nature. Sirdeshmukh et al. (2002) consistently demonstrated that trust functions as a mediating mechanism through which service quality influences customer loyalty, establishing trust as a critical intermediate variable in the relationship between service quality and loyalty.

Trust is particularly crucial in service industries where customers make repeat purchases based on confidence in quality and service consistency (Zeithaml et al., 2018). The development of trust requires sustained positive interactions and reliable service delivery, making it both a valuable asset and a significant challenge for service providers operating in competitive markets. According to Tjiptono (2007), several key elements are crucial for improving service quality, particularly in relation to customer satisfaction. These elements—including consistency, reliability, and meeting customer expectations—are fundamental for sustaining competitive advantage and building lasting customer loyalty. Recent studies by Bahari and Taleai (2021), Gillani et al. (2021), and Pratama et al. (2023) demonstrated that convenience significantly mediates relationships between service quality dimensions and customer loyalty, particularly in service-oriented industries where physical location plays a critical role in forming customer experience. The concept of location convenience has evolved with changing consumer lifestyles and urban development patterns, requiring businesses to adapt their spatial strategies accordingly.

The success of coffee shop locations depends on understanding the traffic patterns, demographic characteristics, and lifestyle preferences of target customers. Factors such as motorcycle accessibility, proximity to public transportation, and integration with daily commute patterns become particularly important for operational success in urban Indonesian contexts like Bandung. According to Kotler et al. (2022), customer loyalty represents a deeply held commitment to repurchase and support a preferred product or service in the future, even when situational influences and marketing efforts have the potential to cause customers to switch. This definition highlights the psychological and behavioral complexities that underlie loyalty formation and maintenance in competitive markets. The contemporary service landscape requires businesses to understand that customer loyalty extends beyond mere repeat purchase behavior to encompass emotional attachment, advocacy, and resistance to competitive offerings. In the context of the Indonesian coffee market, where cultural factors significantly influence consumption patterns, developing sustainable loyalty requires a comprehensive understanding of local preferences, social dynamics, and evolving lifestyle trends.

Based on the reviewed theoretical framework and empirical evidence, this study proposes the following hypotheses:

H1: The quality of service provided by Point Coffee in Bandung has a direct positive impact on customer trust.

H2: Point Coffee's location in Bandung has a direct positive impact on customer trust.

H3: The quality of service provided by Point Coffee in Bandung directly affects the level of customer loyalty it generates.

H4: The location of Point Coffee in Bandung directly affects the level of customer loyalty it generates.

H5: The level of trust customers have in Point Coffee in Bandung directly determines their loyalty to the coffee shop.

H6: Service quality at Point Coffee in Bandung indirectly influences customer loyalty by first building customer trust, which leads to increased loyalty.

H7: Point Coffee's Bandung location indirectly affects customer loyalty through its impact on customer trust, with trust serving as the mediating factor between location and loyalty.
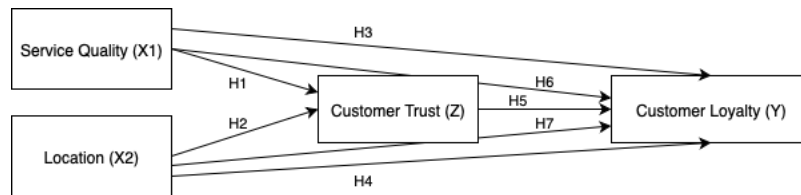


**Figure 1**. Conceptual Framework

## RESEARCH METHOD

This study employed a quantitative survey design to examine the complex relationships among service quality, location, customer trust, and loyalty. Given the absence of comprehensive customer demographics for Point Coffee outlets in Bandung, the sample size determination followed the formula established by Hair et al. for structural equation modelling. With 31 measurement indicators included in the research instrument, the minimum required sample was calculated as 155 participants (31 × 5). Data collection yielded 175 valid responses across various Point Coffee locations in Bandung.

Purposive sampling, a non-probability technique that enables researchers to select participants based on specific criteria relevant to the research objectives, was used in this study. Three inclusion criteria were established to ensure participant relevance and data quality: participants must be aged 15-40 years, maintain residence in Bandung City, and demonstrate purchase behavior with at least two Point Coffee transactions within the preceding two months. These criteria ensured that respondents had sufficient experience with the brand to provide meaningful insights the formation of trust and the development of loyalty.

The analytical framework incorporated descriptive and inferential statistical methods. Descriptive analysis provided comprehensive insights into customer perceptions regarding service quality, location convenience, trust levels, and loyalty behaviors, enabling a thorough understanding of the phenomena under investigation. Hypothesis verification employed SEM-PLS, implemented through SmartPLS 4.0 software. The analytical process followed established protocols, beginning with the evaluation of the measurement model to assess construct validity and reliability before proceeding to structural model analysis and path coefficient examination. This systematic approach ensured robust findings regarding the mediating role of trust in the relationship between service quality and location loyalty.

## Validity Test

The convergent validity assessment presented in Table 2 demonstrates that all measurement constructs meet the established thresholds for reliable measurement model evaluation. The factor loadings for all items across the four constructs range from 0.531 to 0.871, with the majority exceeding 0.700, indicating strong item-to-construct relationships and confirming that individual

indicators adequately represent their respective latent variables. The Average Variance Extracted (AVE) values for all constructs surpass the critical threshold of 0.50, with customer trust (Z) achieving the highest AVE of 0.568, followed by location (X2) at 0.550, customer loyalty (Y) at 0.526, and service quality (X1) at 0.507. These AVE values confirm that each construct explains more than half of the variance in its indicators, thereby establishing adequate convergent validity. The consistent achievement of validity criteria across all measurement items, as indicated by the "Valid" designation for each indicator, provides strong evidence that the measurement model accurately captures the intended theoretical constructs and supports the subsequent analysis of the structural model.

**Table 2**. Convergent Validity

| Variable | Items | Loading Factor | Average Variance Extracted (AVE) | Loading Factor and AVE > 0,5 |
|---|---|---|---|---|
| Service Quality (X1) | X1.1 | 0,713 | | Valid |
| | X1.2 | 0,774 | | Valid |
| | X1.3 | 0,761 | | Valid |
| | X1.4 | 0,531 | 0,507 | Valid |
| | X1.5 | 0,723 | | Valid |
| | X1.6 | 0,739 | | Valid |
| | X1.7 | 0,607 | | Valid |
| | X1.8 | 0,747 | | Valid |
| Location (X2) | X2.1 | 0,767 | | Valid |
| | X2.2 | 0,775 | | Valid |
| | X2.3 | 0,759 | | Valid |
| | X2.4 | 0,732 | | Valid |
| | X2.5 | 0,719 | 0,550 | Valid |
| | X2.6 | 0,756 | | Valid |
| | X2.7 | 0,742 | | Valid |
| | X2.8 | 0,736 | | Valid |
| | X2.9 | 0,715 | | Valid |
| | X2.10 | 0,711 | | Valid |
| Customer Trust (Z) | Z1 | 0,714 | | Valid |
| | Z2 | 0,720 | | Valid |
| | Z3 | 0,749 | 0,568 | Valid |
| | Z4 | 0,702 | | Valid |
| | Z5 | 0,871 | | Valid |
| Customer Loyalty (Y) | Y1 | 0,685 | | Valid |
| | Y2 | 0,719 | | Valid |
| | Y3 | 0,728 | | Valid |
| | Y4 | 0,684 | | Valid |
| | Y5 | 0,842 | | Valid |
| | Y6 | 0,703 | | Valid |
| | Y7 | 0,673 | 0,526 | Valid |
| | Y8 | 0,754 | | Valid |
| | Y4 | 0,684 | | Valid |
| | Y5 | 0,842 | | Valid |
| | Y6 | 0,703 | | Valid |
| | Y7 | 0,673 | | Valid |
| | Y8 | 0,754 | | Valid |

**Table 3.** Heterotrait-Monotrait Ratio (HTMT)

|  | Service Quality | Location | Customer Trust | Customer Loyalty |
|---|---|---|---|---|
| **Service Quality (X1)** |  | 0.274 | 0.320 | 0.296 |
| **Location (X2)** |  |  | 0.544 | 0.512 |
| **Customer Trust (Z)** |  |  |  | 0.149 |
| **Customer Loyalty (Y)** |  |  |  |  |

The discriminant validity assessment through the HTMT in Table 3, coupled with the reliability analysis in Table 4, further reinforces the psychometric properties of the measurement model. The HTMT values all fall below the conservative threshold of 0.85, with the highest correlation observed between Location and Customer Trust (0.544) and Location and Customer Loyalty (0.512), while the lowest correlation exists between Customer Trust and Customer Loyalty (0.149), indicating that each construct is sufficiently distinct from others and measures unique aspects of the theoretical framework.

**Reliability Test**

**Table 4.** Cronbach's alpha and composite reliability

| Variable | Cronbach's Alpha | Composite Reliability |
|---|---|---|
| **Service quality (X1)** | 0,859 | 0,890 |
| **Location (X2)** | 0,909 | 0,924 |
| **Customer trust (Z)** | 0,808 | 0,867 |
| **Customer loyalty (Y)** | 0,870 | 0,898 |

The reliability assessment reveals excellent internal consistency across all constructs, with Cronbach's alpha values ranging from 0.808 to 0.909, all substantially exceeding the minimum threshold of 0.70, and CR scores ranging from 0.867 to 0.924, surpassing the recommended 0.80 threshold for advanced research applications. Notably, location (X2) demonstrates the highest reliability ($\alpha$ = 0.909, CR = 0.924), followed by customer loyalty (Y) with $\alpha$ = 0.870 and CR = 0.898, service quality (X1) with $\alpha$ = 0.859 and CR = 0.890, and customer trust (Z) with $\alpha$ = 0.808 and CR = 0.867, collectively confirming that all measurement scales exhibit strong internal consistency and can reliably measure their respective constructs in subsequent structural equation modeling analysis.

**FINDINGS AND DISCUSSION**

As shown in Table 1, the demographic profile of 175 Point Coffee customers across Bandung City reveals a predominantly female (65.1%), highly educated customer base with 61.7% holding undergraduate degrees and 24.0% holding graduate degrees. The age distribution shows that 56.0% are young adults (15-27 years) and 44.0% are working professionals (28-40 years), with income levels relatively balanced between higher (≥IDR 4,400,000: 54.9%) and lower income segments. Branch distribution indicates that location accessibility has a significant impact on patronage, with Buah Batu (33.8%) and Tamansari (26.2%) branches capturing the majority of customers. This educated, female-dominant demographic typically has sophisticated expectations for service quality (X1), prioritizing personalized interactions, consistency, and relationship-building experiences that can effectively foster customer trust (Z) through reliable service delivery and professional engagement.

**Table 1**. Respondents' demographic profile

| Profile | Classification | Amount | Percentage (%) |
|---|---|---|---|
| Domicile | Bandung City | 175 | 100.0 |
| Gender | Male | 61 | 34.9 |
| | Female | 114 | 65.1 |
| Point Coffee Branch (PCC) | Dipati Ukur | 15 | 8.6 |
| | Tamansari | 46 | 26.2 |
| | Buah Batu | 59 | 33.8 |
| | Sunda | 35 | 20.0 |
| | Hongkong | 20 | 11.4 |
| Education Level | Highschool | 25 | 14.3 |
| | Undergraduate | 108 | 61.7 |
| | Graduate | 42 | 24.0 |
| Age | 15-27 years old | 98 | 56.0 |
| | 28-40 years old | 77 | 44.0 |
| Monthly Income | < IDR 4.400.000 | 79 | 45.1 |
| | ≥ IDR 4.400.000 | 96 | 54.9 |

Demographic composition has strategic implications for building customer loyalty (Y) and optimizing location strategy (X2). The younger segment likely values social experiences, trendy atmospheres, and locations near educational or social hubs, whereas the older working professionals prioritize consistency, convenience near workplaces, and value-driven experiences. Income diversity suggests different loyalty drivers, with higher-income customers emphasizing value-to-price ratios and lower-income segments emphasizing premium service quality experiences. The female-majority customer base indicates that word-of-mouth marketing and emotional connections with the brand are crucial for loyalty development, while the high education levels demand sophisticated service approaches that demonstrate knowledge, efficiency, and attention to detail.

**Inner Model**

The coefficient of determination ($R^2$) results presented in Table 5 reveal substantial explanatory power within the structural model, demonstrating the proposed theoretical framework's predictive relevance. Customer loyalty (Y) exhibits exceptionally high explanatory power with an $R^2$ of 0.948 and adjusted $R^2$ of 0.947, indicating that the combination of service quality, location, and customer trust variables within the model explains approximately 94.8% of the variance in customer loyalty. This finding represents a remarkably strong predictive capability that substantially exceeds the conventional benchmarks for behavioral research, where $R^2$ values above 0.75 are considered substantial in social science contexts. In contrast, customer trust (Z) demonstrates moderate explanatory power with an $R^2$ of 0.264 and adjusted $R^2$ of 0.255, suggesting that service quality and location factors account for 26.4% of the variance in customer trust. Although this appears modest in absolute terms, it aligns with established expectations for trust formation research, where trust as a psychological construct typically exhibits more complex antecedent relationships and is influenced by numerous unmeasured factors beyond the scope of the current model.

**Table 5.** R Square

| Variable | R Square | Adjusted R-square |
|---|---|---|
| Customer trust (Z) | 0,264 | 0,255 |

| Variable | R Square | Adjusted R-square |
|---|---|---|
| Customer loyalty (Y) | 0,948 | 0,947 |

The collinearity assessment through variance inflation factor (VIF) values in Table 6 confirms the absence of problematic multicollinearity among the predictor variables, thereby validating the statistical integrity of the structural model. In mediation research, the VIF test is needed to ensure that the independent variables are not closely related to each other, so that the mediation effect can be accurately interpreted. All VIF values fall well below the critical threshold of 5.0, with the highest value observed for customer trust predicting customer loyalty (VIF = 1.358), followed by location predicting customer loyalty (VIF = 1.321), service quality predicting customer loyalty (VIF = 1.096), and both service quality and location predicting customer trust (VIF = 1.054 each). These consistently low VIF values, all approaching the ideal value of 1.0, demonstrate that the predictor variables maintain sufficient independence from one another, ensuring that the regression coefficients remain stable and interpretable. The absence of multicollinearity concerns validates that each predictor variable contributes unique explanatory variance to the dependent variables, supporting the theoretical distinctiveness of service quality, location, and customer trust as separate constructs in the customer loyalty formation process and confirming that shared variance among predictors does not artificially inflate the observed relationships.

**Table 6.** Collinearity Statistic VIF

| | Customer trust (Z) | Customer loyalty (Y) |
|---|---|---|
| Service quality (X1) | 1.054 | 1.096 |
| Location (X2) | 1.054 | 1.321 |
| Customer trust (Z) | | 1.358 |

**Hypothesis Testing**

Table 7 shows the hypothesis testing results, which demonstrate statistical support for all seven proposed relationships in the Point Coffee customer behavior model. All hypotheses achieved statistical significance ($p < 0.05$), with particularly strong effects observed for the customer trust-loyalty relationship (H5: t = 97.085, p < 0.000) and location-related pathways (H2, H4, H7 all with t > 6.0). The mediation analysis reveals significant indirect effects for both service quality and location through customer trust, confirming the pivotal role of trust in driving customer loyalty.

**Table 7.** Hypothesis testing summary

| | Original sample (O) | Sample mean (M) | Standard Deviation | T-statistics (lO/STDEV) | p Values | Result |
|---|---|---|---|---|---|---|
| H1: X1 → Z | 0.177 | 0.189 | 0.061 | 2.887 | 0.004 | Supported |
| H2: X2 → Z | 0.444 | 0.448 | 0.070 | 6.360 | 0.000 | Supported |
| H3: X1 → Y | 0.166 | 0.180 | 0.063 | 2.656 | 0.008 | Supported |
| H4: X2 → Y | 0.433 | 0.437 | 0.071 | 6.075 | 0.000 | Supported |
| H5: Z → Y | 0,975 | 0.976 | 0.010 | 97.085 | 0,000 | Supported |
| H6: X1→ Z → Y | 0.173 | 0.184 | 0.060 | 2.873 | 0.004 | Supported |

| | Original sample (O) | Sample mean (M) | Standard Deviation | T-statistics (lO/STDEV) | p Values | Result |
|---|---|---|---|---|---|---|
| H7: X2 →Z → Y | 0.433 | 0.438 | 0.068 | 6.346 | 0.000 | Supported |

*H1: The quality of service provided by Point Coffee in Bandung has a direct positive impact on customer trust.*

The relationship shows moderate but significant support (t = 2.887, p = 0.004), indicating that enhanced service quality moderately increases customer trust. This finding aligns with recent research by Fida et al. (2020), who demonstrated that quality service delivery leads to increased brand satisfaction and trust. The coefficient (0.189) suggests that while service quality contributes to trust formation, its effect is more modest than that of other factors.

*H2: Point Coffee's location in Bandung has a direct positive impact on customer trust.*

Location has the strongest direct effect on customer trust (t = 6.360, p < 0.000, coefficient = 0.448). For Point Coffee, strategic location selection is crucial for establishing initial customer trust, potentially through perceived accessibility, safety, and convenience. Moreover, location factors interact with preferences for service format. Kandampully and Suhartanto's (2005) research in the Indonesian hospitality context revealed that location convenience significantly influences repeat patronage intentions, particularly for quick-service formats. This finding is particularly relevant for Point Coffee's grab-and-go concept, where location convenience may be a key differentiator in competitive markets. The digital age has also transformed the consideration of location. Pantano and Priporas (2016) highlighted the emergence of "hybrid location factors" that combine physical accessibility with digital connectivity and social media shareability.

*H3: The quality of service provided by Point Coffee in Bandung directly affects the level of customer loyalty it generates.*

The direct relationship shows moderate significance (t = 2.656, p = 0.008), suggesting that SQ independently contributes to loyalty formation. This finding is consistent with established service marketing literature and recent studies demonstrating the direct impact of service quality on customer retention patterns (Fida et al., 2020). Previous empirical studies have supported this research's findings (Setiawan & Sayuti, 2017).

*H4: The location of Point Coffee in Bandung directly affects the level of customer loyalty it generates.*

The direct effect of location on loyalty (t = 6.075, p < 0.000, coefficient = 0.437) reinforces the critical importance of convenience in the coffee retail sector. This substantial relationship supports industry insights that retail loyalty can work for standalone brands when they have a high frequency, including gas stations and grocery or coffee retailers, emphasizing the fundamental role of location in building repeat patronage. A customer who is loyal to a product or brand is more likely to buy or recommend the product to others (Abror et al., 2019).

*H5: The level of trust customers have in Point Coffee in Bandung directly determines their loyalty to the coffee shop.*

The customer trust-loyalty relationship represents the study's strongest finding (t = 97.085, p < 0.000, coefficient = 0.976), demonstrating an almost perfect relationship between trust and loyalty. Respondents who are Point Coffee's consumers saying they are likely to trust an organization after their experiences. The near-unity coefficient suggests that loyalty follows almost inevitably once customers develop trust in Point Coffee, highlighting trust as the critical conversion mechanism from satisfaction to retention. Research shows that customers are more likely to trust companies they perceive to be fair in their business practices (Chrisdwiandra, 2024). Customers feel valued and heard by the company, which increases customer loyalty and retention (Omoregie, 2019).

**Table 8.** Confidence interval for indirect effects

| Indirect Effects | 95% confidence interval | |
|---|---|---|
| | Lower Bound | Upper Bound |
| Service quality (X1) $\rightarrow$ Customer Trust (Z) $\rightarrow$ Customer Loyalty (Y) | 0.069 | 0.307 |
| Location (X2) $\rightarrow$ Customer Trust (Z) $\rightarrow$ Customer Loyalty (Y) | 0.302 | 0.567 |

*H6: Service quality at Point Coffee in Bandung indirectly influences customer loyalty by first building customer trust, which leads to increased loyalty.*

The mediation pathway shows significant support (t = 2.873, p = 0.004), with a 95% confidence interval (Table 8) for the indirect effect of [0.069, 0.307]. This indicates that service quality influences loyalty both directly and through the formation of trust, supporting the dual-pathway model common in service marketing research. This finding contributes to the growing body of evidence that trust mediates the effect of service quality on customer satisfaction and loyalty, as demonstrated by Liu et al. (2021). The strength of this mediation effect in our coffee retail context suggests that trust operates as the fundamental psychological bridge between service experiences and customer retention behaviors, providing risk reduction mechanisms that facilitate long-term relationship formation. While service quality significantly influences customer loyalty, our findings reveal that this relationship operates primarily through trust-building mechanisms rather than direct effects. This indirect pathway aligns with recent research on service quality, trust, and commitment relationships, where trust mediation varies across service quality dimensions. The study suggests that service quality components, such as reliability, responsiveness, and empathy, contribute to loyalty formation by first establishing customer trust, which then translates into long-term commitment behaviors. This study provides empirical evidence that service quality positively influences trust, which in turn positively affects loyalty.

*H7: Point Coffee's Bandung location indirectly affects customer loyalty through its impact on customer trust, with trust serving as the mediating factor between location and loyalty.*

The location mediation pathway demonstrates strong significance (t = 6.346, p < 0.000), with a robust confidence interval (CI) of 0.302–0.567. This substantial indirect effect suggests that location's impact on loyalty operates significantly through trust-building mechanisms, implying that customer confidence is first established in convenient, well-positioned locations before converting to loyalty. Customer loyalty involves consumers' strong commitment to consistently choose their preferred service or product in the future, despite facing various situational constraints and marketing efforts that can potentially influence changes in consumer behavior

(Dawi et al., 2020). Service quality positively influences brand image, customer satisfaction, and customer loyalty (Dam & Dam, 2021).

**CONCLUSIONS**

The results of the hypothesis testing provide compelling evidence for a trust-mediated model of customer loyalty in the coffee retail sector. The exceptional strength of the trust-loyalty relationship (t = 97.085) positions trust as the critical conversion mechanism, and the model's outstanding explanatory power ($R^2$ = 0.948) establishes trust as the fundamental psychological bridge in customer retention strategies, while the dual direct and indirect effects of location highlight the strategic importance of site selection in trust and loyalty development. Their SEM approach revealed that trust serves as a partial mediator, suggesting that while service quality can directly influence loyalty, its effect is significantly enhanced when mediated through trust. These findings suggest that the success of Point Coffee depends primarily on building customer trust through strategic location positioning and consistent service delivery, with trust serving as the essential bridge to sustainable customer loyalty.

**LIMITATION AND FURTHER RESEARCH**

This study concentrated on the coffee shop market in Indonesia, which may limit its applicability to other cultural environments or types of coffee retail. Moreover, because the research was conducted within a single coffee chain in Bandung, its generalizability to other service industries or regions may be restricted. Future studies are encouraged to explore whether the observed trust-mediation patterns are consistent across diverse cultural backgrounds and coffee retail models. The study's cross-sectional nature only captures relationships at a specific moment, offering limited understanding of how trust and loyalty evolve . Longitudinal research would help reveal the development of trust and its long-term influence on customer loyalty. Additionally, future studies should consider examining how demographic factors, digital technology adoption, and sustainability initiatives may moderate the relationship between trust and loyalty. Longitudinal approaches are also recommended to investigate how trust evolves and to identify other potential mediating variables that link service quality and customer loyalty.

**REFERENCES**

Abror, A., Patrisia, D., Engriani, Y., Evanita, S., Yasri, Y., & Dastgir, S. (2019). Service quality, religiosity, customer satisfaction, customer engagement, and Islamic bank customer loyalty. *Journal of Islamic Marketing, 11*(6), 1691–1705. https://doi.org/10.1108/JIMA-03-2019-0044

Ardhana, N. A., Mariam, S., & Ramli, A. H. (2024). The role of corporate image, quality service, and customer satisfaction in intentional behavior and customer loyalty. *Jurnal Ilmiah Manajemen Kesatuan, 12*(5), 1715–1730. https://doi.org/10.37641/jimkes.v12i5.2825

Bahari, S. Z., & Taleai, M. (2021). A POI group recommendation method based on user influence in location-based social networks. *Expert Systems with Applications, 171*, 114593. https://doi.org/10.1016/j.eswa.2021.114593

Chrisdwiandra, I. (2024). Effect of service recovery on customer satisfaction with customer trust as an intervening variable. *Research Horizon, 4*(4), 239–250.

Dam, S. M., & Dam, T. C. (2021). Relationships between service quality, brand image, customer satisfaction, and customer loyalty. *Journal of Asian Finance, Economics and Business, 8*(3), 585–593. https://doi.org/10.13106/jafeb.2021.vol8.no3.0585

Dawi, N. M., Jusoh, A., Streimikis, J., & Mardani, A. (2018). The influence of service quality on customer satisfaction and behavioral intentions by the moderating role of switching barriers

in the pay TV satellite market. *Economics and Sociology, 11*(4), 198–218. https://doi.org/10.14254/2071-789X.2018/11-4/13

Effendy, F. H. (2019). Effect of quality service, price, and store atmosphere on customer satisfaction (Cangkir Coffee Shop in Surabaya). *Ekspektra: Jurnal Bisnis dan Manajemen, 3*, 123–148. https://doi.org/10.25139/ekt.v3i2.2033

Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020). Impact of service quality on customer loyalty and customer satisfaction in Islamic banks in the Sultanate of Oman. *SAGE Open, 10*(2), 1–10. https://doi.org/10.1177/2158244020919517

Gillani, A., Kutaula, S., Leonidou, L. C., & Christodoulides, P. (2021). The impact of proximity on consumer fair trade engagement and purchasing behavior: Empathic concern and hypocrisy's moderating role. *Journal of Business Ethics, 169*(3), 557–577. https://doi.org/10.1007/s10551-019-04278-6

Grand View Research. (2025). *Indonesia coffee market size, share & trends analysis report by type, by distribution channel, by region, and segment forecasts, 2024–2030*. https://www.grandviewresearch.com/industry-analysis/coffee-market

International Coffee Organization. (2021). *Coffee consumption by country 2020/2021*. https://www.ico.org/documents/cy2024-25/cmr-0625-e.pdf

Kandampully, J., & Suhartanto, D. (2000). Customer loyalty in the hotel industry: The role of customer satisfaction and image. *International Journal of Contemporary Hospitality Management, 12*, 346–351. https://doi.org/10.1108/09596110010342559

Kotler, P., & Armstrong, G. M. (2022). *Marketing principles*. Pearson, Prentice Hall.

Liu, S., Li, G., Liu, N., & Hongwei, W. (2021). The impact of patient satisfaction on patient loyalty with patient trust as the mediating effect. *Inquiry, 58*, 1–10. https://doi.org/10.1177/00469580211007221

Omoregie, O. K., Addae, J. A., Coffie, S., Ampong, G. O., & Ofori, K. S. (2019). Factors influencing consumer loyalty: Evidence from the Ghanaian retail banking industry. *International Journal of Bank Marketing, 37*(3), 798–820. https://doi.org/10.1108/IJBM-04-2018-0099

Pantano, E., & Priporas, C. V. (2016). Effect of mobile retailing on consumers' purchasing experiences: A dynamic perspective. *Computers in Human Behavior, 61*, 548–555. https://doi.org/10.1016/j.chb.2016.03.071

Point Coffee. (2024). *About Point Coffee: Company profile and achievements*. https://pointcoffee.id

Pratama, A. Y., Putra, S. S., & Digdowiseiso, K. (2023). Influence of service quality, product variation, and location on customer satisfaction at Bapade's Coffee Kemanggisan West Jakarta, Indonesia. *Economic Journal, 12*(4), 2187–2200. https://doi.org/10.55927/ijba.v3i3.4530

Ramadhani, F. A., & Roostika, R. (2022). The influence of service quality and experience quality on perceived value and their impact on coffee shop visitors' attitudes and loyalty in Yogyakarta, Indonesia. *The International Journal of Business & Management, 10*(8). https://doi.org/10.24940/theijbm/2022/v10/i8/BM2208-033

Saulina, A. R., & Syah, T. (2018). How service quality influence of satisfaction and trust toward consumer loyalty in Starbucks Coffee Indonesia. *International Advanced Research Journal in Science, Engineering and Technology (IARJSET), 5*(10), 11–19. https://doi.org/10.17148/iarjset.2018.5102

Setiawan, H., & Sayuti, A. J. (2017). Effects of service quality, customer trust and corporate image on customer satisfaction and loyalty: An assessment of travel agencies customer in South Sumatra Indonesia. *IOSR Journal of Business and Management, 19*(5), 31–40. https://doi.org/10.9790/487x-1905033140

Silalahi, R. V., & Novenson, N. (2024). Unlocking customer loyalty in local Indonesian coffee shops: An in-depth analysis of influential factors. *Jurnal Manajemen Bisnis, 15*(2), 419–446. https://doi.org/10.18196/mb.v15i2.22441

Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing, 66*(1), 15–37. https://doi.org/10.1509/jmkg.66.1.15.18449

Snapcart. (2023). *Indonesian coffee consumption survey 2023: Consumer preferences and behavior patterns.* https://snapcart.global/indonesias-coffee-consumption-trends-in-2023/

Statistics Indonesia. (2023). *Indonesia coffee statistics 2022* (Vol. 7). BPS. ISSN 2714-8505.

Tantono, H., & Sudyasjayanti, C. (2022). Effects of SERVQUAL dimensions and atmosphere quality on customer satisfaction: A case study of Zocco Coffee. *International Journal of Service Quality Management, 12*(1), 45–62. https://doi.org/10.37715/jp.v6i6.2121

Tjiptono, F. (2007). *Service, quality satisfaction.* Pekanbaru: Universitas Islam Negeri Sultan Syarif Kasim Riau.

Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm* (7th ed.). New York: McGraw-Hill.