

ABSTRACT

Indonesia ranks fourth globally in coffee consumption, experiencing a continuous increase in demand. Notably, a significant portion (approximately 25%) of coffee consumption occurs in a social setting, with individuals enjoying coffee primarily while socializing with friends at cafes. However, the coffee shop industry faces intense competition due to market saturation. This fierce competition makes customer retention a challenge, as many patrons exhibit shifting preferences and frequent different cafes, resulting in limited loyalty. This study investigates the mediating roles of customer satisfaction and service quality in the relationship between sensory marketing and customer loyalty in coffee shops. Prior research has established that sensory marketing practices can enhance customer satisfaction and service quality, ultimately leading to increased loyalty. The current research aims to analyze and empirically test these connections within the specific context of Bandung coffee shops. Focusing on fostering customer loyalty, the study targets patrons who have frequented the chosen cafes on multiple occasions. A quantitative approach is employed through the distribution of questionnaires. The collected data will be analyzed using SmartPLS version 3.9, supplemented by descriptive analysis to provide further explanation of the findings. The research findings reveal that sensory marketing has a significant impact on customer loyalty. Moreover, sensory marketing influences both service quality and customer satisfaction. Furthermore, service quality and customer satisfaction independently influence customer loyalty. The study also demonstrates that sensory marketing indirectly affects customer loyalty through both service quality and customer satisfaction. The results of this study can be used to inform strategies for implementing sensory marketing in cafes. This information can help cafe owners understand how sensory elements can influence customer satisfaction and service quality perception, ultimately impacting customer loyalty.

Keywords: Sensory Marketing, Service Quality, Customer Satisfaction, Customer Loyalty