

THE INFLUENCE OF PRODUCT DIFFERENTIATION, BRAND IMAGE, AND STORE ATMOSPHERE ON CONSUMER SATISFACTION IN THE COFFEE SHOP BUSINESS IN MADIUN CITY (A Case Study Of Sea Coffee)

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Abstract

Competition in the coffee shop business is no longer determined solely by product taste, but also by product uniqueness, brand image, and the comfort of the store atmosphere, as observed at Sea Coffee in Madiun City. This study aims to analyze the influence of Product Differentiation, Brand Image, and Store Atmosphere on Consumer Satisfaction, both partially and simultaneously. A quantitative associative approach was employed using purposive sampling with 385 respondents who were consumers of Sea Coffee in Madiun City. Data were collected through a four-point Likert scale questionnaire and analyzed using IBM SPSS, including validity, reliability, classical assumption tests, multiple linear regression, t-test, F-test, and coefficient of determination. The results show the regression equation $Y = -7.673 + 0.684X_1 + 0.445X_2 + 0.363X_3$, with an F value of 298.014 and an Adjusted R Square of 0.699. All three variables were proven to have a positive and significant effect, both partially and simultaneously, on Consumer Satisfaction, with Product Differentiation as the most dominant variable.

Keywords: Product Differentiation, Brand Image, Store Atmosphere, Consumer Satisfaction.

A. INTRODUCTION

In recent years, the consumption patterns of Indonesian society have shifted from merely fulfilling biological needs toward becoming part of a lifestyle associated with social activity, entertainment, and a place to work or gather. This shift has encouraged rapid growth of the food and beverage (F&B) industry, including the coffee shop industry, which continues to expand in various cities, including Madiun City. The Indonesian Food and Beverage Producers Association (GAPMMI) recorded that the national food and beverage industry grew by approximately 6.49 percent through the third quarter of 2025, while the Central Statistics Agency (BPS) reported that the accommodation and food and beverage sector surged by 13.14

percent year on year in the first quarter of 2026, reflecting the strategic contribution of this sector to national economic growth.

Competition among coffee shops is no longer determined solely by product taste. Consumers simultaneously consider product uniqueness, brand image or reputation, and the comfort of the physical environment in forming their satisfaction and their decision to revisit. A coffee shop that is able to present product differentiation, build a positive brand image, and create a comfortable store atmosphere is believed to generate higher consumer satisfaction compared with a coffee shop that relies solely on product or price. These three factors are interrelated and jointly shape the overall customer experience felt by consumers, from before their visit until after they leave the premises.

Sea Coffee, a local coffee shop operating in Madiun City, faces intense competition from numerous similar outlets that have proliferated in the area. Preliminary observations indicate that consumers frequently compare Sea Coffee with competing brands in terms of menu variety, taste consistency, brand recognizability, and the comfort of its interior and exterior design. This condition requires the management of Sea Coffee to pay serious attention to product differentiation, the strengthening of brand image, and the arrangement of store atmosphere as strategies to survive and grow amid increasingly tight competition. Furthermore, most previous studies on this topic have focused on large cities or national franchise brands, while empirical studies simultaneously examining product differentiation, brand image, and store atmosphere on consumer satisfaction in medium-sized cities such as Madiun remain limited, indicating a literature gap that this study seeks to address.

Product Differentiation

Product differentiation refers to a company's efforts to design a set of meaningful differences that distinguish its products from those of competitors, encompassing aspects such as uniqueness, variety, quality of raw materials, and taste consistency. A well-executed differentiation strategy enables a brand to create a distinct value proposition that is difficult for competitors to imitate, thereby strengthening consumer preference and loyalty (Kotler & Armstrong, 2018).

Brand Image

Brand image represents the overall perceptions and associations formed in consumers' minds regarding a brand, shaped through direct experience, marketing communication, and information obtained from various sources. A positive brand image increases consumer confidence, reduces perceived risk, and strengthens the intention to make repeat purchases (Aaker, 2018; Keller, 2013).

Store Atmosphere

Store atmosphere refers to the physical environment intentionally designed to evoke specific emotional effects in consumers that enhance their purchase probability, encompassing elements such as interior and exterior design, lighting, music, and spatial layout. A comfortable and well-arranged atmosphere contributes to a pleasant consumption experience and encourages consumers to spend more time in the outlet (Kotler, 1973; Berman & Evans, 2018).

Consumer Satisfaction

Consumer satisfaction is an evaluative response arising from a comparison between expectations and the actual performance perceived after consumption. When perceived performance meets or exceeds expectations, consumers experience satisfaction, which in turn encourages repeat visits and positive word-of-mouth (Oliver, 1997; Churchill & Surprenant, 1982).

Conceptual Framework

<i>Product Differentiation (X1)</i>	→ H1	<i>Consumer Satisfaction (Y)</i>
<i>Brand Image (X2)</i>	→ H2	
<i>Store Atmosphere (X3)</i>	→ H3	

Figure 1. Conceptual Framework

Source: Kotler & Armstrong (2018), Aaker (2018), Kotler (1973), Oliver (1997)

Hypothesis

Based on the research background and the review of previous studies, the hypotheses of this study are formulated as follows:

H1: Product Differentiation is hypothesized to have a positive and significant effect on Consumer Satisfaction at Sea Coffee in Madiun City.

H2: Brand Image is hypothesized to have a positive and significant effect on Consumer Satisfaction at Sea Coffee in Madiun City.

H3: Store Atmosphere is hypothesized to have a positive and significant effect on Consumer Satisfaction at Sea Coffee in Madiun City.

H4: Product Differentiation, Brand Image, and Store Atmosphere are hypothesized to have a positive and significant simultaneous effect on Consumer Satisfaction at Sea Coffee in Madiun City.

B. METHOD

This study employed a quantitative approach using an associative research design to examine the causal relationships between the independent variables — Product Differentiation (X1), Brand Image (X2), and Store Atmosphere (X3) — and the dependent variable, Consumer Satisfaction (Y). The research was conducted in Madiun City, East Java, focusing on consumers of Sea Coffee, over a four-month period from April to July 2026.

The population of this study consisted of all consumers of Sea Coffee in Madiun City, the exact number of which was unknown. Since the population size was unknown, the sample size was determined using the Lemeshow (1997) formula, resulting in 385 respondents. Respondents were selected through purposive sampling based on the following criteria: (1) willing to participate as a respondent; (2) at least 17 years old and able to complete the questionnaire independently; (3) had made at least one purchase at Sea Coffee; and (4) familiar with or had directly observed Sea Coffee's products or atmosphere, either in person or through social media and other digital platforms.

Primary data were collected through a questionnaire employing a four-point Likert scale, ranging from 1 (Strongly Disagree) to 4 (Strongly Agree), while secondary data were obtained from books, scientific journals, and other relevant literature. Product Differentiation was measured through indicators of product uniqueness, menu variety, raw material quality, and taste consistency. Brand Image was assessed based on the strength, favorability, and uniqueness of brand associations. Store Atmosphere was measured through interior and exterior design, lighting, music, and spatial layout, whereas Consumer Satisfaction was evaluated through overall satisfaction, conformity with expectations, and repurchase intention.

The collected data were analyzed using IBM SPSS. Prior to hypothesis testing, the research instrument was assessed through validity and reliability tests, followed by classical assumption tests, including normality, multicollinearity, and heteroscedasticity. The hypotheses were tested using multiple linear regression analysis, supported by partial (t-test), simultaneous (F-test), and the coefficient of determination (R^2) to evaluate the influence of the independent variables on Consumer Satisfaction.

C. RESULTS AND DISCUSSIONS

Respondent Characteristics

The characteristics of the 385 respondents in this study are presented based on age, gender, occupational status, and purchase frequency. The majority of respondents were aged 21–24 years (49.1%), followed by 17–20 years (29.6%), 25–28 years (15.3%), and more than 28 years (6.0%), indicating that most Sea Coffee consumers belong to the young adult segment who are active on social media and open to contemporary coffee shop trends. In terms of gender, female respondents accounted for 53.8% and male respondents for 46.2%, showing a relatively balanced distribution. Based on occupational status, most respondents were students (51.9%), followed by employees (21.0%), other occupations (14.8%), and entrepreneurs (12.2%), reflecting Madiun City's character as a student city with a strong café culture. Regarding purchase frequency in the last three months, 40.3% of respondents had purchased more than five times, 33.0% had purchased 2–3 times, 22.3% had purchased 4–5 times, and 4.4% had purchased only once, indicating a fairly high level of repeat patronage among Sea Coffee consumers.

Validity and Reliability Test

Validity was tested using Pearson Product Moment correlation between each item score and the total variable score, with a critical value of $r_{table} = 0.100$ ($N = 385$, $df = 383$, $\alpha = 0.05$). As presented in Table 1, all items across the four variables produced r-values above the r_{table} with significance values of 0.000 (< 0.05), indicating that all items were valid and suitable for use as research instruments.

Table 1. Summary of Validity Test Results

Variable	Number of Items	r-value Range	Sig.	Conclusion
Product Differentiation (X1)	8	0.740 – 0.789	0.000	Valid
Brand Image (X2)	6	0.784 – 0.817	0.000	Valid
Store Atmosphere (X3)	8	0.749 – 0.785	0.000	Valid
Consumer Satisfaction (Y)	8	0.739 – 0.801	0.000	Valid

Source: Primary data processed (2026)

Reliability was tested using Cronbach's Alpha, with an instrument considered reliable if the value exceeds 0.70. As shown in Table 2, all variables produced Cronbach's Alpha values above 0.70 — Product Differentiation (0.893), Brand Image (0.891), Store Atmosphere (0.902), and Consumer Satisfaction (0.900) — indicating that all research instruments were reliable and suitable for further data analysis.

Table 2. Reliability Test

Variable	Cronbach's Alpha	Standard	Conclusion
Product Differentiation (X1)	0.893	0.70	Reliable
Brand Image (X2)	0.891	0.70	Reliable
Store Atmosphere (X3)	0.902	0.70	Reliable
Consumer Satisfaction (Y)	0.900	0.70	Reliable

Source: Primary data processed (2026)

Classical Assumption Test

The normality test using One-Sample Kolmogorov-Smirnov produced an Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05, indicating that the regression residuals are normally distributed. This was further supported by the Normal P-P Plot, in which the residual points closely followed the diagonal line without substantial deviation.

Table 3. Normality Test

N	Mean	Std. Deviation	Test Statistic	Asymp. Sig. (2-tailed)
385	0.0000000	2.68185493	0.020	0.200

Source: Output SPSS processed (2026)

The multicollinearity test showed that all independent variables had Tolerance values greater than 0.10 and VIF values below 10 — Product Differentiation (Tolerance = 0.997; VIF

= 1.003), Brand Image (Tolerance = 0.994; VIF = 1.006), and Store Atmosphere (Tolerance = 0.996; VIF = 1.004) — indicating no multicollinearity among the independent variables.

Table 4. Multicollinearity Test

Variable	Tolerance	VIF	Conclusion
Product Differentiation (X1)	0.997	1.003	No multicollinearity
Brand Image (X2)	0.994	1.006	No multicollinearity
Store Atmosphere (X3)	0.996	1.004	No multicollinearity

Source: Output SPSS processed (2026)

The heteroscedasticity test, conducted using the Glejser test, produced significance values of 0.607 for Product Differentiation, 0.612 for Brand Image, and 0.073 for Store Atmosphere, all of which exceeded 0.05. This was reinforced by the scatterplot, in which the residual points were randomly scattered above and below zero on the Y-axis without forming any distinct pattern, confirming that the regression model was free from heteroscedasticity.

Table 5. Heteroscedasticity Test (Glejser)

Variable	t	Sig.	Conclusion
Product Differentiation (X1)	-0.514	0.607	No heteroscedasticity
Brand Image (X2)	-0.508	0.612	No heteroscedasticity
Store Atmosphere (X3)	-1.801	0.073	No heteroscedasticity

Source: Output SPSS processed (2026)

Overall, the regression model satisfied all classical assumptions — normal residual distribution, absence of multicollinearity, and absence of heteroscedasticity — and was therefore appropriate for multiple linear regression analysis and hypothesis testing.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to determine the magnitude of the effects of Product Differentiation (X1), Brand Image (X2), and Store Atmosphere (X3) on Consumer Satisfaction (Y). The results are presented in Table 6.

Table 6. Multiple Linear Regression Analysis

Model	B	Std. Error	Beta	t	Sig.
(Constant)	-7.673	0.964	-	-7.956	0.000
Product Differentiation (X1)	0.684	0.029	0.670	23.904	0.000
Brand Image (X2)	0.445	0.035	0.354	12.593	0.000

Model	B	Std. Error	Beta	t	Sig.
Store Atmosphere (X3)	0.363	0.028	0.363	12.953	0.000

Source: Output SPSS processed (2026)

Based on Table 6, the regression equation is expressed as follows:

$$Y = -7.673 + 0.684X1 + 0.445X2 + 0.363X3$$

The constant value of -7.673 indicates that if Product Differentiation, Brand Image, and Store Atmosphere are held at zero, Consumer Satisfaction would be at its minimum. All three regression coefficients are positive, indicating that improvements in Product Differentiation, Brand Image, and Store Atmosphere are each associated with an increase in Consumer Satisfaction. Product Differentiation has the largest standardized coefficient (Beta = 0.670), indicating that it exerts the strongest influence on Consumer Satisfaction, followed by Store Atmosphere (Beta = 0.363) and Brand Image (Beta = 0.354).

Partial t-Test

The partial t-test was conducted to examine the individual effects of each independent variable on the dependent variable. With a t-table value of 1.966 (df = 381; $\alpha = 0.05$), the hypotheses tested in this study are as follows: H0: Product Differentiation, Brand Image, and Store Atmosphere have no significant effect on Consumer Satisfaction; H1: Product Differentiation has a significant effect on Consumer Satisfaction; H2: Brand Image has a significant effect on Consumer Satisfaction; H3: Store Atmosphere has a significant effect on Consumer Satisfaction.

The partial t-test results indicate that Product Differentiation, Brand Image, and Store Atmosphere obtained t-values of 23.904, 12.593, and 12.953 respectively, all of which exceed the t-table value of 1.966, with significance values of 0.000 (< 0.05). Therefore, H1, H2, and H3 are all accepted, indicating that Product Differentiation, Brand Image, and Store Atmosphere each have a positive and significant effect on Consumer Satisfaction at Sea Coffee.

Simultaneous F-Test

The F-test was conducted to determine whether the independent variables collectively (simultaneously) affect the dependent variable. The decision criterion is that H4 is accepted if the F-value exceeds the F-table value or the significance value is below 0.05.

Table 7. Simultaneous F-Test (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6480.882	3	2160.294	298.014	0.000
Residual	2761.861	381	7.249		
Total	9242.743	384			

Source: Output SPSS processed (2026)

Table 7 shows that the calculated F-value of 298.014 exceeds the F-table value of 2.63, with a significance value of 0.000 (< 0.05). Accordingly, it can be concluded that Product Differentiation, Brand Image, and Store Atmosphere simultaneously have a positive and significant effect on Consumer Satisfaction at Sea Coffee, confirming that the regression model is fit and that H4 is accepted.

Coefficient of Determination (R^2) Test

The coefficient of determination was used to measure the proportion of variance in Consumer Satisfaction that can be explained by Product Differentiation, Brand Image, and Store Atmosphere.

Table 8. Coefficient of Determination (R^2) Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.837	0.701	0.699	2.69239

Source: Output SPSS processed (2026)

Table 8 shows an R-value of 0.837, indicating a very strong relationship between Product Differentiation, Brand Image, and Store Atmosphere with Consumer Satisfaction. The R Square value of 0.701 indicates that 70.1% of the variance in Consumer Satisfaction can be explained by the three independent variables. The Adjusted R Square value of 0.699 indicates that, after adjusting for the number of independent variables, 69.9% of the variance in Consumer Satisfaction is explained by Product Differentiation, Brand Image, and Store Atmosphere, while the remaining 30.1% is explained by other factors outside the model, such as service quality, price, location, promotion, product quality, and customer experience.

Discussion

The results show that Product Differentiation has a positive and significant effect on Consumer Satisfaction, with the largest influence among the three variables (Beta = 0.670).

This finding indicates that the consistency of taste maintained at every visit is the primary strength of Sea Coffee in sustaining consumer satisfaction, whereas menu variety remains an aspect with relatively lower consumer ratings. This finding is consistent with previous studies confirming the positive role of product differentiation in shaping consumer satisfaction in local coffee shop and F&B businesses (Lestari & Bernika, 2022; Hidayat et al., 2023).

Brand Image was also found to have a positive and significant effect on Consumer Satisfaction. This finding suggests that the distinctive advantages perceived by consumers regarding Sea Coffee compared with its competitors are already fairly favorable, although the ease of recognizing Sea Coffee compared with other coffee shops remains an aspect requiring improvement. This result aligns with prior research emphasizing those brand image strengthens the consumer evaluation process and subsequent satisfaction (Kalif et al., 2025; Dam & Dam, 2021).

Store Atmosphere was likewise found to have a positive and significant effect on Consumer Satisfaction. This finding demonstrates that the appropriateness of the music played at Sea Coffee has been reasonably successful in supporting consumer comfort, although the attractiveness of the exterior design and the adequacy of seating capacity remain aspects with the lowest ratings, particularly during peak hours. This result is consistent with previous findings that a well-managed store atmosphere directly contributes to consumer comfort and satisfaction (Setiawan & Sidharta, 2026; Alifia & Nirawati, 2025).

Simultaneously, Product Differentiation, Brand Image, and Store Atmosphere were proven to jointly explain 69.9% of the variance in Consumer Satisfaction at Sea Coffee. This finding confirms that an effective marketing strategy for a local coffee shop must integrate product uniqueness, brand strengthening, and physical environment management as a unified approach, rather than relying on a single factor alone, to build sustainable consumer satisfaction amid intensifying competition in Madiun City's coffee shop industry.

D. CONCLUSIONS

Based on the findings of this study examining the effects of Product Differentiation, Brand Image, and Store Atmosphere on Consumer Satisfaction at Sea Coffee in Madiun City, several conclusions can be drawn. First, Product Differentiation has a positive and significant

effect on Consumer Satisfaction and is identified as the most dominant factor, primarily through the consistency of product taste maintained at every visit. Second, Brand Image has a positive and significant effect on Consumer Satisfaction, indicating that a more favorable perception of Sea Coffee's image relative to its competitors increases the satisfaction consumers feel. Third, Store Atmosphere has a positive and significant effect on Consumer Satisfaction, particularly through the suitability of the music played, although the exterior design and seating capacity still require improvement. Furthermore, the simultaneous analysis demonstrates that Product Differentiation, Brand Image, and Store Atmosphere collectively explain 69.9% of the variance in Consumer Satisfaction, while the remaining 30.1% is explained by factors outside the model, such as price, service quality, location, and promotion. This study is subject to certain limitations, including its geographical focus on a single coffee shop in Madiun City and the exclusion of external variables such as price and service quality, which may limit the generalizability of the findings.

E. SUGGESTIONS

Based on the findings of this study, several recommendations are proposed. For the management of Sea Coffee, it is recommended to continue maintaining the standard quality of raw materials and taste consistency at every serving, while gradually enriching menu variety, for example through seasonal or limited-edition menus, without compromising the distinctive taste that has become Sea Coffee's product identity. In terms of brand image, management is advised to strengthen visual identity and distinctive brand associations, such as consistent use of logo, color, and the vintage-rustic concept across all consumer touchpoints, both at the outlet and on social media, to make Sea Coffee more easily recognizable and distinguishable from local competitors and national franchise chains. Regarding store atmosphere, management is advised to consider redesigning the exterior to be more attractive and consistent with the vintage-rustic concept, as well as optimizing indoor and outdoor spatial arrangement to increase seating capacity without reducing the comfort and distinctiveness of the existing atmosphere. For future researchers, it is recommended to incorporate additional variables that may influence Consumer Satisfaction, such as Price, Service Quality, Location, and Promotion, as well as to

expand the geographical scope and increase the sample size to improve the generalizability and external validity of the research findings.

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