

CHAPTER I

INTRODUCTION

1.1 General Overview of Research Object

Coffee shops are famous for functioning as third places (often being mentioned as public places) where people can gather and interact (Oldenburg 2000, Oldenburg 1999 through Sutton, 2024). In its very essence, these third places are where such atmospheres can be cultivated as they exist to serve the community publicly. Intentional third places are those special spots that really contribute to the cultural landscape of a community, acting as accessible gathering places for everyone (Sutton, 2024). On top of that, creating the perfect atmosphere for an independent coffee shop hinges on the essence of what a coffee shop truly represents: it's a cozy spot away from home or the office where people can come together, chat, work, grab a drink or a bite to eat, and feel right at home (Sutton, 2024).

Subsequently, the culture of coffee consumption and its consumers have become inseparable nowadays. It's the "daily caffeine intake" as many would say, to help them stay awake throughout the day. People would take the time to make their coffee or visit a coffee shop daily. In this regard, Naradhipa (2021) argued that coffee shops are divided to two types, which are fast bars and slow bars.

According to Naradhipa (2021), a slow bar is often designed as a compact coffee shop. A slow bar means not just serving excellent or specialty coffee but also educating customers about the coffee they order. In such cafés, customers can teach baristas about the coffee's origin, the type of beans, washing or drying methods, roasting processes, and even current trends in the coffee industry. These shops rarely offer ready-to-drink beverages and instead serve drinks made with more time and care, such as V60, Aeropress, siphon, and similar methods, often with a skilled barista behind the slow bar.

Meanwhile, a coffee shop is usually referred to as a fast bar when its standing counter is packed with customers (Naradhipa, 2021). Typically, this type of shop would sell only quick-serve coffee drinks that are generally based on espresso. In

other words, a fast bar deals primarily in volume. Typical examples are Janji Jiwa, Kopi Kenangan or % Arabica. Another factor that has fueled the rise of these coffee shops is their increasing sales of quick serve coffee (read: iced milk coffee). Hence, they are required to build sizes and modern designs of these spaces to fit as many people as possible in a comfortable manner (Naradhipa, 2021). With both definitions of what a slow bar and a fast bar is, various establishments also serve both simultaneously (Naradhipa, 2021). In this case, Space Roastery 1890 as one of the research objects do apply both fast bar and slow bar concept in their establishment.

This research will delve into the topic of slow bars in the Yogyakarta area, specifically on the topic of store atmosphere and what makes it crucial for businesses to gain customers. Several notable slow bars are highlighted in the discussion that follows, each of which conveys a different facet of Yogyakarta's everlasting cultural identity:

1. In.Migunani

In.Migunani is a slow bar located deep inside the alleys of Purwokinanti, near the city center. The space is small, with direct view of the bar where the coffee is made, but most people would sit outside in the space provided by the shop.

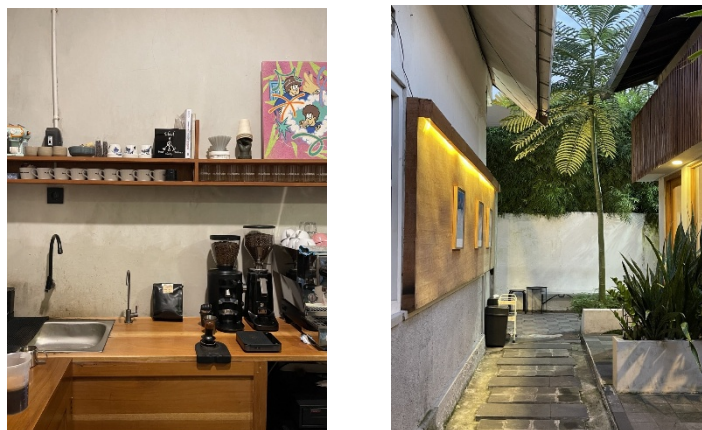


Figure 1.1 In Migunani, Photos Courtesy of Syiva Zahra Arhanni (2025)

2. Lestari

Second on the list is Lestari, a small slow bar which fits only eight to ten people. Although small, the essence of intimacy is found here, so there are no barriers when it comes to conversing in between barista and customers, and customers with other customers.



Figure 1.2 Lestari Yogyakarta, Photos Courtesy of Syiva Zahra Arhanni (2024)

3. Lituhayu

Lituhayu Coffee serves a distinctive approach to slow bars, where the coffee brewing process is conducted like a wayang (Indonesian shadow puppetry) performance. They called themselves a non-theatrical coffee-making performance. Lituhayu's location itself is a bit secluded in an alley, surrounded with rice fields. It is highly recommended to visit Lituhayu coffee at night to fully experience the mystical ambience, all while enjoying coffee.



Figure 1.3 Lituhayu Coffee, Photo Courtesy of Syiva Zahra Arhanni (2024)

4. Space Roastery 1890

The newest branch of Space Roastery, Space Roastery 1890, is set to fill in a hundred-year-old Joglo traditional house, 'Ndalem Pembayun', with a few modifications that resemble some of the internal elements of the palace of Sultan Ngayogyakarta Hadiningrat, according to Luden (2024).



Figure 1.4 Space Roastery 1890, Photos Courtesy of Syiva Zahra Arhanni (2025).

5. Punk Ala Rich

Punk Ala Rich is a slow coffee bar located in Kotagede district of Yogyakarta. The shop focuses on the comedy “horror” side of the historical

district. Punk Ala Rich is situated in an old traditional Joglo house, adding mystery to the establishment.



Figure 1.5 Punk Ala Rich Kotagede, Photos courtesy Syiva Zahra Arhanni (2025)

6. Ber.Interaksi

Ber.Interaksi is a slow coffee bar which showcases various art forms as the decoration for the interior of the shop with wooden furniture adorning the overall space.

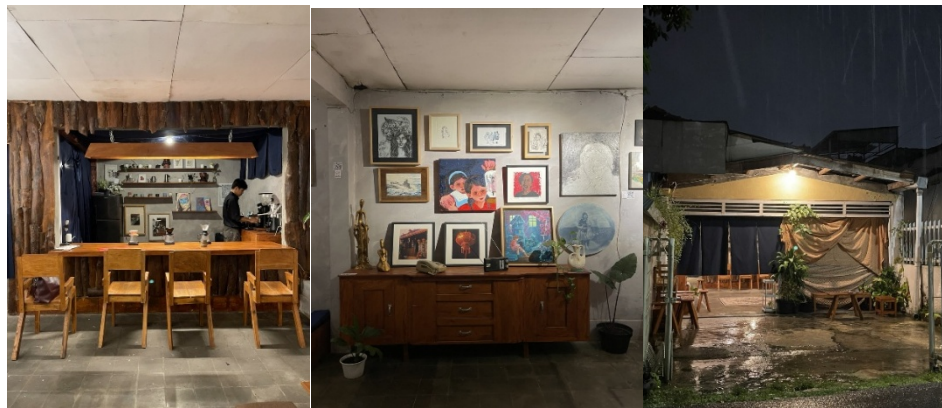


Figure 1.6 Ber.Interaksi, Photos courtesy of Syiva Zahra Arhanni (2025)

From this general overview of the research object, an elaboration of the research background will be explained in the following chapter.

1.2 Research Background

Coffee has been a culture deeply engraved in Indonesians since ancient times. Johari (2020) mentioned that Dutch settlers in India brought coffee to Indonesia for

the first time in 1696 from Malabar. The seeds for this coffee were taken from the old coffee estate remaining after the coffee planters in Sri Lanka were driven away by the Portuguese.

In the context of coffee consuming culture of Indonesians, most of our people are used to retail coffee shops such as Janji Jiwa, Fore, or Kopi Kenangan, which are designed to be a fast-food concept. Today's coffee-drinking trend is on the rise, driven largely by the popularity of ready-to-drink coffee. These convenient beverages offer an array of flavors and come in eye-catching packaging, making them quick and easy to enjoy. The growth of coffee shops, advancements in coffee quality and technology, and the influence of social media have all contributed to the increasing appeal of ready-to-drink coffee (Muliawan & Shiratina, 2024). As the fourth largest coffee-producing country (Salsabila, 2023), Indonesia's coffee consumers are categorized into a wide spectrum. There are instant coffee drinkers, retail coffee (Janji Jiwa, Kopi Kenangan, Fore, etc.) drinkers, and specialty/slow bar coffee drinkers.

According to Irfan (2023), coffee waves in Indonesia is categorized into four waves. Indonesian coffee waves in the beginning saw the first wave, between the 1980-1990s period. In this wave, traditional coffee houses serve mainly instant coffee of brands like Kapal Api, ABC, etc. Whereas, some modern cafes like Dunkin Donuts, Excelso, etc serve coffee in drinks. The second wave which came after that began in the year 2001. This wave commenced with the entry of Starbucks, the first international franchise coffee shop that in a way marked the presence of the modern coffee shop in the region of Indonesia. The 3rd wave became popularized in the year 2010. In this wave, there begun to be developed coffee enthusiasts who were interested in the entire process of making and drinking coffee rather than the drinking only. That's why these terms came about, single origin and specialty coffee. This wave also sees the emergence of the likes of Tanamera artisanal coffee houses. The fourth wave began in 2016. The beginning of this wave saw the springing of coffee shops operating on a coffee-to-go approach that is, selling only freshly prepared coffee to be taken away immediately.

Jasin (2024) argued that our country used to have Starbucks as the center of coffee shops. With the prices being relatively high (IDR 40.000,00 ~IDR 70.000,00), the coffee consumption culture at that time was very low in contrast with how it is now. Until around 2015 when Toko Kopi Tuku created “*Es Kopi Susu Gula Aren*”, which translates to iced coffee with palm sugar. Famous for their *es kopi susu tetangga*, Tuku has changed the game become the pioneer to all iced coffee with palm sugars in Indonesia. They set a contrastingly low price of around IDR 20.000-25.000, compared to Starbucks and the equivalents at that time. Aside from pricing, there are seven factors that contributed to the purchase intention of behavior in Gen Millenials and Gen Z to coffee shops in Indonesia.

These factors are what changed the behavior of how Gen Millenials and Gen Z Indonesians buy coffee. Kusuma (2020), elaborated on the intriguing discoveries from the study, revealing several compelling factors driving the coffee shop industry's growth in Indonesia. Notably, seven key factors play a role in fostering this expansion. Firstly, the cultural norm of socializing while enjoying coffee serves as the primary catalyst. Secondly, the rising purchasing power of consumers, the burgeoning middle class, and the affordability of Ready to Drink (RTD) Coffee in contemporary establishments contribute significantly. Thirdly, the predominance of Indonesia's young demographic (Generation Y and Z) is reshaping coffee consumption patterns. Fourth, the ubiquitous presence of social media facilitates marketing and promotional endeavors for coffee shop ventures. Fifth, the accessibility of ride-hailing platforms (such as Grabfood and Gofood) streamlines the sales process. Sixth, the coffee business benefits from low entry barriers, thanks to the abundance of raw materials, equipment (e.g., coffee machines), and resources necessary for establishing coffee shops. Lastly, the coffee industry boasts a relatively high profit margin, adding to its allure and sustainability.

Jasin (2024) further highlights that in this modern era, people, specifically in Indonesia are becoming increasingly curious about the traceability of their coffee, such as the origins, the specific taste notes it offers, and the intricate processing

method it involves. This growing curiosity suggest that consumers want to be more knowledgeable about what they are consuming. These coffees are considered as specialty coffees.

Specialty coffee are coffees that is characterized by its exceptional quality, unique flavor profiles, and traceable origins, which significantly influence consumer preferences and market dynamics. The production and processing methods, geographical origins, and bioactive compounds play crucial roles in determining the quality and sensory attributes of specialty coffee. The origins of coffee beans affect their chemical composition and sensory quality, with different regions producing distinct flavor profiles (Tieghi et al., 2024). In terms of processing methods, post-harvest processing, including de-pulping (removing the pulp from coffee cherries), enhances the chemical composition and sensory scores of coffee, leading to higher quality ratings (Tieghi et al., 2024; Loppies et al., 2024).

A lot of slow coffee bars type of coffee shop sells specialty coffees. Cholid (2024) conveys that as manual brewing has begun to surface again, the term ‘slow bar’ is gradually linking to the practice; but what it means to each individual and to different members of the food and beverage world differs. Sometimes it means an enclosed space at a café’s bar where, like a chef’s table, the visitors can try filter coffee made of specialty beans and communicate with the barista. At other occasions it is used to describe a specific coffee shop idea where the manual brew bar is the core and in fact single specialty of the café.

Cholid (2024) further elaborates on the essence of store atmosphere at Parakarta Coffee Roasters in Jakarta. The establishment emphasizes simplicity, storytelling, and community over the efficiency-driven models of larger coffee chains, such as Kopi Kenangan or Janji Jiwa. Initially designed as a small tasting corner to highlight their locally sourced coffee beans, the manual brew bar soon became a popular destination for coffee enthusiasts. Its compact size encourages interaction among visitors, creating an environment that Setiawan compares to the traditional *warung kopi*—a space where connections are easily formed, and

conversations flow naturally. Parakarta's minimalist approach prioritizes the coffee itself, complemented by narratives about the farmers and regions behind each bean. Setiawan believes that this combination of simplicity and storytelling allows the slow bar to stand out in the crowded specialty coffee market, fostering a unique and personal experience for its patrons.

Spence, et al. (2019) conveys that every cup of coffee is consumed in a particular environment, with a certain level of background noise, ambient lighting, and background smell. In that case, these aspects contributing to store atmosphere does have effect on customer's perception regarding the slow coffee bars. Store atmosphere is crucial in coffee shops as it significantly influences customer behavior, including purchasing interest, loyalty, and overall satisfaction. Research indicates that a positive store atmosphere enhances buying interest, as evidenced by findings from Bregas Coffee, where an improved atmosphere led to increased consumer purchases (Arianto & Soeprapto, 2024).

In a more general context of retailing, research indicates that atmospheric factors such as lighting, layout, and employee interaction are crucial in enhancing the shopping experience, leading to increased customer loyalty and repurchase intentions (Angula & Zulu, 2021). Additionally, simpler store layouts have been shown to improve product recall and reduce cognitive workload, suggesting that complexity in design can detract from the shopping experience (Kalantari et al., 2023). The integration of sensory elements and effective in-store communication is said to also foster a holistic customer experience, which is essential in competitive retail environments (Melia & Caridà, 2020). Overall, strategic store design and layout can effectively enhance the atmosphere, thereby positively influencing consumer perceptions and behaviors (Mantratzis et al., 2023; Salbiah et al., 2024).

Speaking of store atmospheres and how it correlates to experience. Sutton (2024), mentioned that experience gives meaning to object in material culture, and it is how people interact with the store atmosphere around them. As people think about creating a third place – in this context being coffee shops, it's crucial to remember that it's the people — customers and the community — who truly shape a business

into that special spot. While the deliberate manipulation of the vibe of a coffee shop – such as interior design, lighting, and music – is crucial to set the mood, but for it to resonate, these elements must connect with people on a deeper level. Just opening a coffee shop doesn't automatically turn it into a "third place" for anyone. The atmosphere and sensory experiences are key elements that will encourage people to embrace a space as a significant part of their lives. It must touch them through sensory and experiential connection with customers before it can become meaningful to them (Sutton, 2024).

The research takes place in the Special Region of Yogyakarta. According to an article by the New York Times, Yogyakarta is a city where all aspects of it breathe tradition and culture, in addition to still run by the royal family of Sultan Hamengkubuwono, was designated as a city of Cosmological Axis in 2023 as a UNESCO World Heritage Site (Mowbray S., 2025). Yogyakarta features a syncretic blend of animist, Hindu, Buddhist, and Muslim beliefs that positions the city at the center of the universe. The Kraton and its cosmic elements include eight gates rich in symbolism. Furthermore, the axis aligns perfectly north towards the fiery Merapi. Then, to the south lies the vast South Ocean, the realm of a powerful goddess Nyi Roro Kidul who plays a significant role in local legends (Mowbray S., 2025).

Hence why culture, and by extension to values and identity, play a significant role in shaping an entity's internal systems and outward presentation, influencing how it is perceived and how it thrives. Additionally, culture will also show the values, norms, and attitudes within the company. (Anggadwita et al., 2020). This also aligns within the context of local culture, in which the aspect as tourism resource uses native gastronomy, arts, and crafts as tourist attractions (Anggadwita et al., 2021). Furthermore, in the landscape of creative economy, the notion behind it is that it places creativity as the main assets that drives the economy. Strengthening the statement before, entrepreneurship is depicted as the backbone of Indonesia's economy with the creative sector taking part in creating the process (Anggadwita, G., & Palalić, R., 2020).

Furthermore, Riqiansyah et al., (2023) through Rifqiansyah & Wijaya (2025) argues that entrepreneurs in this field of culture often find their inspiration in traditional arts, crafts, culinary practices, storytelling, and the ecological wisdom of indigenous cultures. They create products and services that not only have economic value but also celebrate cultural significance. The idea of entrepreneurship rooted in culture and local wisdom is especially significant in Indonesia, a nation celebrated for its incredible cultural diversity. With more than 1,300 ethnic groups and countless indigenous traditions, Indonesia provides a vibrant landscape for businesses that weave cultural heritage into their operations (Rifqiansyah & Wijaya, 2025). The research also stated that businesses that tap into cultural assets — like traditional crafts, culinary traditions, and indigenous knowledge — demonstrate a unique market positioning and foster strong community ties (Rifqiansyah & Wijaya, 2025).

This phenomenon has been examined in prior research by Spence & Carvalho (2019), where the research explores a broader context of store atmosphere with how product-extrinsic factors (external to the coffee itself) influence people's perception concerning their coffee. The method used is experimental with quantitative research. Furthermore, Spence's & Carvalho's (2019) research objects are generic coffee shop environments.

This study extends the research above, where the objects are specific to the atmospheric designs of slow coffee bar concepts in the Special Region of Yogyakarta, Indonesia — in which this geocultural aspect is not elaborated in Spence's & Carvalho's (2019) research.

Aside from the research gap, a gap in the phenomenon of store atmospheres and slow coffee bars lies in how the atmosphere plays a crucial role in shaping how consumers feel and experience a store, which ultimately fosters loyalty — especially in markets that are saturated and fiercely competitive. It connects elements like store layout, scent, lighting, and social interactions directly to hedonic experiences (Adcock, 2024). In that regard, the gap with this research is that Adcock (2024)'s research focuses on larger and general retail stores, while this research

focuses on smaller coffee shops with a slow bar concept that is tied to local identity, which is Yogyakarta.

From the general research background explained above, the research methodology of this study will use Qualitative IPO (Input-Process-Output) by interviewing the owners or person-in-charge of the slow bars that are mentioned. The reason for choosing this method is to gain in-depth insight into the store atmosphere from the owners, by understanding the background behind how they create the atmosphere in their establishments. Furthermore, this study will discuss the inputs and outputs of store atmosphere in the establishments, also discussing about how the process of creating these atmospheres carried out.

1.3 Research Question

From the research background above, it is concluded that there are inputs, processes, and outputs that make up a store atmosphere in slow coffee bars. The questions below elaborate more on the aspects that needs to be researched:

1. What inputs are required to create the store atmosphere in a slow coffee bar?
2. How is the process of creating the store atmosphere in a slow coffee bar carried out?
3. What are the outputs of the store atmosphere in a slow coffee bar?

1.4 Research Objectives

From the research questions above, it is concluded that three objectives will be the outcome of this research. The elaboration of the objectives could be seen below:

1. Inputs required to create the store atmosphere in a slow coffee bar includes the interior design, lighting, furniture, background music, aroma, and human variables (Spence & Carvalho, 2019).
2. Process of creating the store atmosphere in a slow coffee bar includes moderating customer's perception and experience (Handayani et al., 2022; Binaeresia et al., 2021)
3. Outputs of the slow coffee bars includes customer satisfaction and loyalty (Handayani et al., 2022; Monferran, 2022).

1.5 Research Benefits

The benefits of this research include providing insights for slow bar owners and operators in Yogyakarta to optimize their store atmosphere for better customer experiences.

1. Theoretical aspect: The research contributes to the body of knowledge on store atmosphere, particularly in the context of slow bars, and serves as a reference for future research.
2. Practical aspect: The research offers recommendations on how store atmospherics elements can enhance customer engagement.

1.6 Systematics of Final Undergraduate Thesis Writing

CHAPTER I INTRODUCTION

The introduction explores the growing significance of coffee culture in modern society, focusing on the distinction between fast bars and slow bars. Slow bars, characterized by their emphasis on coffee quality, education, and intimate customer experiences, are contrasted with fast bars, which prioritize speed and volume. The research delves into the historical evolution of coffee culture in Indonesia, from traditional coffee houses to the emergence of specialty coffee and its waves of popularity. Specialty coffee, known for its exceptional quality and traceability, not only caters to consumer curiosity but also drives economic benefits for smallholder farmers and the coffee industry. This study focuses on slow bars in Yogyakarta, examining their store atmosphere.

CHAPTER II LITERATURE REVIEW

The literature review establishes a strong theoretical foundation by exploring key concepts relevant to the study, including service marketing, sensory marketing, consumer behavior, and store atmospherics. According to Kotler et al. (2024), the marketing of service requires considerations that exists beyond marketing for tangible products. Research indicates that sensory stimuli can significantly affect consumer behavior, as they evoke emotional responses and shape perceptions of

product quality (Patnaik et al., 2024). According to Solomon & Russel (2024), how individuals or groups select, purchase, use, or dispose products, services, ideas, or experiences to satisfy needs and desires, also to define and express their identities is defined as consumer behavior. Lastly, the discussion on place sets the stage for analyzing store atmosphere, which is pivotal to the research focus on slow bars in Yogyakarta.

CHAPTER III RESEARCH METHODOLOGY

This study employs a qualitative approach using the Input-Process-Output (IPO) method to analyze the store atmosphere of slow bars in Yogyakarta. In-depth interviews with owners or persons-in-charge will be conducted to explore how specific inputs, such as design, layout, and ambiance, influence customer perceptions and contribute to the overall atmosphere and business performance.

CHAPTER IV RESULTS & DISCUSSION

For the Results and Discussion chapter, the findings from the qualitative analysis using the Input-Process-Output method will be presented and interpreted. This includes examining how the inputs, such as interior design, lighting, music, and other atmospheric elements, are implemented by slow bars in Yogyakarta. The discussion will highlight how these factors impact customer perceptions and experiences, emphasizing their role in creating a memorable store atmosphere. Insights from the in-depth interviews will be analyzed to identify patterns, themes, and their implications for enhancing the ambiance and aligning it with consumer expectations.

CHAPTER V CONCLUSION & SUGGESTION

The conclusion will summarize the key findings of the study, emphasizing the role of store atmosphere elements such as design, lighting, and music in shaping customer experiences at slow bars in Yogyakarta. It will highlight how these atmospheric components influence consumer perceptions and contribute to the establishment's overall appeal. Recommendations for optimizing the store atmosphere to better meet customer expectations and enhance satisfaction will also

be provided. The conclusion will also address the study's limitations and suggest directions for future research in this area.