Product Innovation as a Driver of Customer Loyalty in the Competitive Coffee Shop Industry: A Study in Bandung City

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Received	: 20 Juni 2026	Accepted	: 30 Juni 2026
Revised form	: 25 Juni 2026	Available Online	: 30 November 2026

ABSTRACT

The rapid growth of Indonesia's coffee industry has intensified competition among coffee shop businesses, particularly in urban areas like Bandung. Coffee has evolved into a modern lifestyle staple, especially among younger generations, compelling businesses to build competitive advantages through product innovation, encompassing menu development, flavor variations, quality improvement, and product design adjustments aligned with consumer preferences. This study aims to analyze the influence of product innovation on customer loyalty at Coffee Bawa Anggrek in Bandung City. The research employed a quantitative approach using a survey method. The population consisted of all customers of Coffee Bawa Anggrek, Bandung City, whose exact number was unknown or infinite population. A total of 90 respondents were selected as the research sample using a probability sampling technique with the simple random sampling method. Data were collected through questionnaires developed based on indicators of product innovation and customer loyalty. The data were analyzed using descriptive analysis and simple linear regression analysis with the assistance of SPSS software. The findings indicate that product innovation was categorized as very good, with a percentage score of 84.54%, while customer loyalty was also categorized as very good, with a percentage score of 85.96%. The results of the simple linear regression analysis reveal that product innovation has a positive and significant effect on customer loyalty, with a t-value of 5.377 and a significance value of 0.000 (< 0.05). Furthermore, the coefficient of determination (R^2) value of 0.245 indicates that product innovation explains 24.5% of customer loyalty, while the remaining 75.5% is influenced by other factors outside the scope of this study.

Keywords: Product Innovation, Customer Loyalty, Customer Behavior.

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e-ISSN: 2527-9947/© 2026 The Authors
DOI: 10.30996/jem17.v11i2.133796
Published by Fakultas Ekonomi dan Bisnis, Universitas 17 Agustus 1945 Surabaya.

INTRODUCTION

Over the last ten years, Indonesia's coffee sector has expanded substantially, a trend underscored by a notable surge in domestic production and consumption rates [1]. Coffee is no longer perceived merely as a beverage but has transformed into a cornerstone of contemporary living, particularly among urban communities and younger generations, who view coffee consumption as a form of social interaction and recreation [2]. In line with this trend, the growing consumption of modern coffee beverages among urban populations and youth indicates that consumers increasingly exhibit diverse and dynamic preferences. Consumers are not only seeking coffee as a basic consumption need but also as part of their lifestyle and social identity [3][4]. The swift expansion of this industry has not only increased the number of business actors but has also transformed the competitive landscape into a more dynamic and experience-oriented market. In an industry characterized by relatively low entry barriers, business actors are required to continuously generate differentiated value propositions in order to retain customers amid an expanding array of available alternatives [5][6].

This competitive condition is particularly evident at the local level. Bandung City, as one of the centers of lifestyle and culinary destinations, has also experienced rapid growth in the number of coffee shops. Although fluctuations occur, a significant increase in 2023 indicates that the expansion of coffeehouses within Bandung City is relatively rapid and reflects a high level of competition. As the number of available alternatives proliferates, retaining existing customers becomes structurally more difficult, as consumers encounter progressively wider choice sets and lower switching costs [7]. Within this environment, independent coffee shop operators are compelled to pursue continuous product differentiation as a primary mechanism for maintaining customer engagement and repurchase commitment. Against this competitive backdrop, Coffee Bawa Anggrek, operating as one of the independent coffee shop businesses in Bandung City, has made deliberate efforts to remain competitive through menu differentiation, introducing products such as Black Apple Lemon, Black Elderflower, Vanilla Butterscotch, as well as refresher and mocktail variants, reflecting a sustained commitment to innovation-driven competitiveness.

However, based on internal company data, the number of new menu launches has shown fluctuations over the past three years where 2023 recorded three new product introductions, 2024 saw this figure rise to four, and 2025 yielded no new launches whatsoever. The absence of new product launches in 2025 raises concerns regarding the sustainability of consumer interest, given that continuous innovation is widely recognized as a critical determinant of customer engagement maintenance [8]. More critically, the company's repeat purchase rate has shown a consistent decline, from 62% in 2023 to 58% in 2024, and further to 55% in 2025. This concurrent trajectory of sustained prior innovation activity

alongside a measurable decline in repurchase commitment constitutes the central empirical phenomenon motivating the present investigation.

The relationship between product innovation and customer loyalty has attracted considerable scholarly attention across service and food-beverage industries. Empirically, Wicaksana et al. demonstrated that product innovation exerts a positive and significant effect on customer loyalty within the coffee shop context, arguing that novelty in product offerings directly reinforces repeat patronage behavior [9]. Similarly, Sompie et al. found that in highly competitive café environments, product differentiation through innovation constitutes a primary mechanism for sustaining customer retention [7]. At the SME culinary level, study by Hatammimi & Thahara and Hatammimi & Amelya state that creative product development serves as a cornerstone for creating competitive advantage in small-scale culinary businesses, which ultimately contributes to increasing customer loyalty [10][11]. Beyond the coffee shop sector, the broader literature corroborates these findings. Product innovation has been consistently identified as a strategic lever that generates perceived value, strengthens brand–consumer relationships, and elevates switching costs all of which are recognized antecedents of loyalty [12][13]. These contributions collectively affirm that product innovation is not merely an operational activity but a strategic construct with demonstrable implications for customer behavioral outcomes.

Notwithstanding this body of evidence, critical gaps persist in the existing literature that limit its applicability to the present context. First, the preponderance of prior studies was conducted within large-scale or chain coffee shop settings, leaving the loyalty dynamics of independent, single-outlet operators insufficiently theorized. Second, most extant research was situated in major metropolitan markets outside Bandung, restricting the transferability of findings to mid-tier cities with distinct consumer behavior profiles. Third, and most consequentially, the empirical anomaly observed at Coffee Bawa Anggrek where sustained innovation activity has coincided with a measurable decline in repurchase rates challenges the assumption of a uniformly positive innovation–loyalty relationship, a boundary condition that has not been adequately addressed in the literature. These converging gaps collectively establish the theoretical and empirical necessity of a context-specific investigation.

This study addresses these gaps by empirically testing the effect of product innovation on customer loyalty within a specific independent SME coffee shop in Bandung City. Its principal novelty resides in three dimensions. First, it investigates a single-outlet, resource-constrained business context that remains underrepresented in the product innovation–loyalty literature, which has predominantly focused on chain or multi-outlet establishments. Second, it is situated in Bandung City, a mid-tier urban market with a rapidly growing coffee shop density that presents a distinct competitive environment compared to major metropolitan settings. Third, it provides empirical evidence that a positive innovation–loyalty relationship is operative even within an independent SME context characterized by limited

resources and fluctuating innovation activity, extending the generalizability of this relationship beyond large-scale business settings. The study thus contributes to a more contextually grounded understanding of how product innovation drives customer loyalty in resource-constrained, single-outlet coffee businesses.

Therefore, this study aims to empirically examine the effect of product innovation on customer loyalty at Coffee Bawa Anggrek, Bandung City. Specifically, this research seeks to determine whether product innovation, as implemented by the company, exerts a statistically significant positive effect on customer loyalty as measured through repurchase commitment and brand recommendation behavior. From a theoretical standpoint, this study contributes to the product innovation and consumer loyalty literature by providing empirical evidence from an independent SME coffee shop context in Indonesia, a setting that has been underexplored in prior research. From a managerial perspective, the findings are expected to offer actionable guidance for Coffee Bawa Anggrek's management in formulating menu development strategies, scheduling new product launches, and designing more targeted differentiation approaches to sustain and enhance customer loyalty in an increasingly competitive market environment.

LITERATURE REVIEW

Product Innovation

Product innovation is conceptualized as a process of item adaptation aimed at creating or improving products in order to generate added value, which ultimately enhances product value and increases customer loyalty [14]. More fundamentally, product innovation involves introducing new ideas, developing additional and more dynamic product offerings, and improving existing services. In line with this, Dhewanto et al. explain that product evolution does not only refer to introduction of entirely new items, but also includes the enhancement of current selections through better raw ingredients, physical structure, or practical features. In a cutthroat commercial context, continuous product evolution serves as a strategic pillar for creating competitive advantage, particularly in the coffee shop industry, which is characterized by intense competition [15]. In this regard, research conducted by Aprilia & Hatammimi shows that the implementation of innovation in business strategies, including product innovation, can improve the competitiveness of coffee shop businesses by creating differentiated value in the eyes of consumers [16]. Furthermore, continuous product innovation can enhance customers' perceived brand value and strengthen customer loyalty through improved satisfaction and consumption experience [17]. These findings emphasize that product innovation not only attracts customer attention but also builds long-term relationships with consumers. For measurement purposes in this study, Kozludzhova found that product innovation consists of five dimensions: product type renewal, product quality improvement, and development of models, packaging design, and product features [18].

Customer Loyalty

Building customer loyalty is a key factor in organizational success, involving a deep understanding of consumer needs and the creation of added value in products [19]. Customers tend to repurchase, purchase in larger quantities, and recommend products to others when they experience satisfaction with the offerings provided. In line with this, customer allegiance is conceptualized as a dedication toward repurchase and consistently choose a particular brand despite the availability of alternative options [20]. Conversely, previous studies indicate that consumer fidelity encompasses behavioral and attitudinal aspects such as recommendations, cross-purchasing, repeat purchases, and commitment to a company or brand [21]. Furthermore, Candiwan & Wibisono state that loyalty is reflected in customers' positive attitudes toward a brand, their commitment to it, and their intention to repurchase the same brand in the future [22]. To measure this variable, Tjiptono identifies six dimensions of customer loyalty: repeat purchase behavior, habitual consumption of the brand, a pronounced leaning toward the particular label, commitment to the brand, belief that the brand is the best choice, along with a readiness to advocate for the brand among others [23].

The relationship between Product Innovation and Customer Loyalt

Product innovation is an essential strategy for firms to maintain competitiveness in increasingly intense market competition. Theoretically, product innovation is closely related to customer satisfaction, thereby subsequently influences brand loyalty [24]. In addition to its mediated influence via satisfaction, product innovation can also directly influence customer loyalty, as customers tend to maintain relationships with brands that consistently deliver innovative products and relevant new experiences aligned with their needs [25]. This is consistent with the views of previous who emphasize that customer loyalty is not only built through consistent product quality but also through the firm's capacity for delivering valuable as well as sustainable innovation [25][26].

This conceptual relationship is supported by various empirical studies. Most previous research concludes that continuous product improvement exerts a favorable and substantial effect over consumer retention within the competitive coffee industry and the entire broader food coupled with beverage sector. Consistent findings across multiple studies demonstrate that product innovation constitutes a significant factor in building and sustaining customer loyalty [27][28][29][30]. Furthermore, international studies also reinforce the finding that innovation, both in products and customer experience, contributes significantly to the formation of brand retention [32].

RESEARCH METHODS

Research Design

This study employed a quantitative research design with descriptive and causal approaches. The descriptive approach was used to portray the characteristics and distribution of responses toward the research variables, while the causal approach was applied to examine the cause-and-effect relationship between Product Innovation as the independent variable (X) and Customer Loyalty as the dependent variable (Y). In terms of time horizon, a cross-sectional design was adopted, meaning that all data were collected at a single point in time.

Research Limits

This study is delimited to customers of Coffee Bawa Anggrek located in Bandung City. The scope of analysis is restricted to the direct effect of Product Innovation on Customer Loyalty, without considering potential mediating or moderating variables. Additionally, findings are not intended for generalization beyond the specified population and context.

Variable Identification

This study involves two main variables. Product Innovation serves as the independent variable (X), referring to the efforts undertaken by Coffee Bawa Anggrek in developing and introducing new or improved products to meet customer expectations. Customer Loyalty functions as the dependent variable (Y), defined as the behavioral and attitudinal commitment of customers to repeatedly purchase and recommend the brand's products. Each variable was operationalized through observable indicators and measured using a structured survey instrument.

Participants and Setting

The target population consisted of all customers of Coffee Bawa Anggrek in Bandung City. Sampling was conducted using probability sampling with a simple random sampling technique, which ensures that every member of the population has an equal and independent chance of being selected as a respondent [33]. The sample size was determined following the criterion proposed by Hair, et al., which recommends a minimum of 5 to 10 observations per indicator used in the study [34]. Given that the research instrument comprised 9 indicators, the minimum required sample size was 45 respondents (5 × 9). To increase representativeness and statistical robustness, the sample was set at 90 respondents, corresponding to a ratio of 10 observations per indicator.

Measurement

Data were collected using a structured, closed-ended questionnaire consisting of items designed to measure respondents' perceptions of both Product Innovation and Customer Loyalty. All items were scaled using a five-point Likert-type ordinal scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Prior to field administration, the instrument underwent validity testing to confirm that each item accurately measured its intended construct, and reliability testing to verify internal consistency across items within each variable. The validity threshold was assessed using the corrected item-total correlation coefficient ($r > 0.30$), while reliability was evaluated using Cronbach's Alpha, with an acceptable threshold of $\alpha \geq 0.70$.

Data Colletion

Primary data were collected through a self-administered questionnaire distributed directly to respondents at the Coffee Bawa Anggrek outlet in Bandung City. Participation was voluntary, and respondents were given sufficient time to complete the survey. Data collection was conducted at a single point in time, consistent with the cross-sectional design of this study.

Data Analysis

Data analysis was carried out sequentially using IBM SPSS software. The first stage involved instrument testing, comprising validity analysis using corrected item-total correlation and reliability analysis using Cronbach's Alpha, to ensure measurement quality prior to hypothesis testing. The second stage involved descriptive statistical analysis, used to describe respondent demographic profiles and the general tendencies of responses toward each variable. The third stage involved simple linear regression analysis to examine the effect of Product Innovation (X) on Customer Loyalty (Y), formulated as: $\hat{Y}=a+bX$. Hypothesis testing was conducted using the t-test at a significance level of $\alpha = 0.05$, and the coefficient of determination (R^2) was calculated to quantify the proportion of variance in Customer Loyalty explained by Product Innovation.

RESULT

Respondent characteristics in this study were used to provide an overview of Coffee Bawa customers who served as the research sample. A total of 90 Coffee Bawa customers were selected based on predetermined criteria. The respondents' characteristics include gender, age, and purchase frequency. The presentation of respondent characteristics is displayed in the form of frequency and percentage to facilitate understanding of the respondents' profiles. A summary of respondent characteristics is displayed in Table 1 below.

Table 1. Respondent Characteristics

Characteristics	Category	Frequency (n)	Percentage (%)
Sex/Gender	Male	47	52.2
	Female	43	47.8
Age	< 20 years	10	11.1
	21 – 25 years	36	40
	26 – 30 years	40	44.4
	> 30 years	4	4.4
Purchase Frequency	1 – 2 times	13	14.4
	3 – 5 times	65	72.2
	> 6 times	12	13.3
Total		90	100

Source: Primary Data (2026)

Based on Table 1, the data show that male respondents slightly outnumber female respondents, with a difference of 4.4%. The comparatively proportional distribution between male and female participants suggests that the study on Coffee Bawa obtained responses from both gender groups in a fairly even distribution.

In terms of age distribution, the 26–30 years age group represents the largest proportion of respondents, totaling 40 individuals (44.4%). The findings indicate that the majority of Coffee Bawa customers fall within the 21–30 years age range, accounting for 84.4% of all respondents. This suggests that Coffee Bawa customers are predominantly within the productive age group, who generally have high mobility, are active in digital technology usage, and tend to follow modern coffee consumption trends.

Regarding purchase intensity, the majority of participants completed transactions 3 to 5 times, totaling 65 individuals (72.2%). This indicates a comparatively elevated degree of consumer interest and satisfaction regarding the products and services provided by Coffee Bawa. On the whole, the purchase frequency distribution shows that Coffee Bawa has a fairly active customer base, dominated by repeat customers.

Descriptive Analysis

A descriptive statistical evaluation was executed to delineate participants' perceptions regarding the Product Innovation and Customer Loyalty variables at Coffee Bawa. This study involved 90 respondents selected based on predetermined criteria. The research instrument consisted of 24 statement items, including 12 items for the Product Innovation (X) variable and 12 items for the Customer Loyalty (Y) variable. Each item was evaluated via a 5-point Likert scale framework, spanning from strongly disagree to strongly agree.

The Product Innovation variable was measured using 12 statement items covering the dimensions of product type renewal, product quality improvement, and product model, packaging design, and features. Relying on these outcomes, the Product Innovation construct achieved a mean score of 84.54%,

categorized as Very Good. This result indicates that customers have a highly positive perception of Coffee Bawa's product innovation. The highest contributing dimension was product model, packaging design, and features with an average score of 85.44%, followed by product quality improvement at 84.83%, and product type renewal at 83.33%.

These findings indicate that Coffee Bawa is perceived as capable of delivering innovative products through menu development, continuous product quality improvement, and attractive product presentation and packaging. The score, which falls within the "very good" category, shows that product innovation is one of Coffee Bawa's key strengths in meeting customer needs and expectations.

Additionally, the Customer Loyalty metric was evaluated using 12 distinct statement items addressing repeat purchase tendencies, habitual brand consumption, brand partiality, dedication to the brand, conviction in the brand's superiority, and a readiness to advocate for the label to others. According to the empirical data, the Customer Loyalty construct recorded an average score of 85.96%, categorized as Very Good, as it exceeds the minimum threshold of 84%.

This finding is consistent with the results showing that all loyalty dimensions scored above 83%. It indicates that Coffee Bawa customers have a high level of loyalty toward the brand. This loyalty is reflected in customers' tendency to repurchase, consider Coffee Bawa as their primary choice, feel comfortable and satisfied with the products, remain loyal despite the availability of alternative coffee shops, and their willingness to recommend Coffee Bawa to others.

Hypothesis Testing Result

After the instrument was confirmed to be valid and reliable, a simple linear regression analysis, the coefficient of determination (R^2) and the t-test were applied to evaluate the strength and significance of the empirical link between Product Innovation and Customer Loyalty.

A basic linear regression modeling approach was executed to assess the impact of Product Innovation (X) upon Customer Loyalty (Y) within the Coffee Bawa consumer base. This assessment is designed to gauge the directional trajectory of the relationship and establish the degree to which variances in Customer Loyalty are driven by Product Innovation. The empirical findings derived from the simple linear regression computation, executed via IBM SPSS software, are detailed in the subsequent table:

Table 2. Results of Simple Linear Regression Analysis

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	26.052	4.761		5.472	<.001
Product Innovation	0.503	0.094	0.495	5.377	<.001

Source: Primary Data (2026)

Based on the regression analysis results presented in the table above, the following regression equation was obtained: Y = 26,052 + 0,503X

The constant value (a) of 26.052 indicates that if the Product Innovation variable is assumed to be unchanged or equal to zero, the Customer Loyalty value would be 26.052. The regression coefficient for Product Innovation (b = 0.503) suggests that for every one-unit increase in Product Innovation, Customer Loyalty is expected to rise by 0.503 units. Since the coefficient is positive, it indicates a direct relationship between Product Innovation and Customer Loyalty. In other words, as Coffee Bawa continues to improve and introduce innovative products, customers are more likely to remain loyal to the brand.

To examine whether the independent variable has a significant effect on the dependent variable when considered individually, a t-test was performed. The analysis involved comparing the calculated t-value with the critical t-table value at a significance level of 5% (α = 0.05). The results of the t-test are shown in the table below

Table 3. Average Variance Extracted (AVE)

Variable	t-value	Sig.	Conclusion
Product Innovation → Customer Loyalty	5.377	0.000	H_1 Accepted

Source: Primary Data (2026)

The partial test results show that Product Innovation has a t-value of 5.377 with a significance value of 0.000. Since the significance value is lower than 0.05 (0.000 < 0.05), the alternative hypothesis (H_1) is accepted and the null hypothesis (H_0) is rejected. Therefore, it can be concluded that Product Innovation has a positive and significant effect on Customer Loyalty at Coffee Bawa.

The coefficient of determination (R^2) was used to measure the extent to which the independent variable explains the dependent variable. In this study, R^2 was used to determine how much Product Innovation (X) influences Customer Loyalty (Y). The results are presented in the following table:

Tabel 4. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.495	.245	.237	2.753

Source: Primary Data (2026)

Based on the coefficient of determination results, the R value of 0.495 indicates a moderate relationship between Product Innovation and Customer Loyalty. This suggests that improvements in product innovation tend to be followed by an increase in customer loyalty at Coffee Bawa.

The R Square (R^2) value of 0.245 indicates that Product Innovation explains 24.5% of the variation in Customer Loyalty. In other words, customer loyalty is influenced by product innovation by

24.5%, while the remaining 75.5% is explained by other factors not included in this study, such as service quality, price, customer satisfaction, brand image, promotion, customer experience, and other variables outside the model.

DISCUSSION

This study aimed to examine the effect of product innovation on customer loyalty at Coffee Bawa Anggrek, Bandung City. The hypothesis posited that product innovation exerts a positive and significant effect on customer loyalty. The findings above confirm this proposition, as the regression analysis yielded a positive coefficient ($\beta = 0.503$) with a significance value of 0.000, thereby providing sufficient grounds to accept H_1. This finding indicates that the higher the quality and intensity of product innovation implemented by Coffee Bawa Anggrek encompassing product type renewal, quality improvement, and the development of distinctive product models, packaging design, and features the stronger the customer loyalty demonstrated by its patrons, as reflected in increased repurchase commitment, brand preference, and willingness to recommend the brand to others.

The confirmation of a positive innovation–loyalty relationship in this study is theoretically grounded in the perceived value framework, which posits that consumers evaluate products based on the perceived benefits derived relative to the costs incurred [35]. Product innovation, by introducing new product types, improving quality, and refining design and packaging, generates incremental functional and experiential value that expands the consumer's perceived benefit set [36]. When customers perceive that a brand consistently delivers enhanced and differentiated value, their motivation to maintain the relationship with that brand strengthens, manifesting behaviorally as repeat purchase commitment and attitudinally as brand preference and recommendation willingness [36][37]. This theoretical mechanism explains why customers of Coffee Bawa Anggrek, who rated product innovation favorably across all measured dimensions, simultaneously reported high loyalty levels. The perceived value generated through innovation reduces the relative attractiveness of competing alternatives, thereby elevating switching costs and reinforcing loyalty, a relationship that Kurtmollaiev et al. identify as central to sustained competitive positioning in experience-oriented markets [39].

Furthermore, this finding aligns with the consumer behavior literature's established proposition that product innovation strengthens brand–consumer relationships through enhanced satisfaction. Farhana & Purwatiningsih argue that product innovation contributes to loyalty not as a direct terminal outcome but through the satisfaction experiences it generates innovative products that meet or exceed consumer expectations produce higher satisfaction, which in turn deepens repurchase commitment and brand affiliation [40]. This sequential mechanism is particularly operative in the coffee shop industry, where the consumption experience extends beyond the functional attributes of the product itself to encompass

sensory, aesthetic, and social dimensions that collectively shape the totality of value perceived by customers. The finding that Coffee Bawa Anggrek's customers assigned the highest score to the product model, packaging design, and features dimension of innovation (85.44%) suggests that the aesthetic and experiential aspects of product innovation are especially salient value drivers for the study's predominantly young adult customer base, consistent with the literature documenting that younger urban consumers assign significant evaluative weight to sensory and visual product attributes as markers of lifestyle identity

The positive effect of product innovation on customer loyalty confirmed in this study is corroborated by a convergent body of empirical evidence across comparable research contexts. Within the Indonesian coffee shop industry, Gani et al. established that product innovation exerts a significant positive effect on customer loyalty, with customer satisfaction serving as a partial mediator of this relationship [5]. Syahroni & Yulianti similarly confirmed this directional relationship in the Indonesian context, with satisfaction functioning as a mediating mechanism [41]. At the SME culinary level, Hatammimi & Thahara demonstrated that product innovation constitutes a primary source of competitive advantage in small-scale food businesses, with downstream implications for customer retention [10], while Hatammimi & Amelya established that an innovation orientation among Bekasi City coffee shops significantly improves business performance outcomes, including loyalty indicators [11]. At the international level, Nuntamanop confirmed that innovativeness in coffee shop brands positively influences brand loyalty through brand satisfaction in a chain coffee context [25], and Manhas et al. established that product innovation enhances the overall customer experience in quick service environments, which functions as a proximate antecedent of sustained loyalty [42]. The consistency of these findings across diverse geographic, institutional, and organizational scales reinforces the internal validity of the present study's conclusions.

Notwithstanding this convergence, it is important to critically note that the coefficient of determination obtained in this study ($R^2 = 0.245$) indicates that product innovation explains only 24.5% of the variance in customer loyalty, with the remaining 75.5% attributable to factors outside the present model. This magnitude warrants theoretical attention. It suggests that while product innovation is a significant and meaningful driver of loyalty, it operates as one component within a broader multi-determinant loyalty formation process rather than as a sufficient condition in isolation. This is consistent with Oliver's four-stage loyalty model, which distinguishes cognitive, affective, conative, and action loyalty as sequentially constructed stages which each requiring distinct antecedents beyond product novelty alone, including service quality, brand trust, price fairness, and customer experience [19][20]. The moderate R^2 value thus does not diminish the substantive importance of product innovation; rather, it accurately reflects the theoretical complexity of loyalty as a construct and underscores the need for an

integrative retention strategy at Coffee Bawa Anggrek that combines product innovation with complementary loyalty-building mechanisms. Prior studies in comparable contexts have identified service quality, brand image, customer satisfaction, price perception, and digital marketing engagement as established additional antecedents that jointly determine loyalty outcomes in the food and beverage sector [5][6][16][26].

A critical counterpoint in the literature also merits acknowledgment. Several studies have found that the product innovation–loyalty relationship is not uniformly direct and may be contingent upon mediating or moderating conditions. Kusuma et al. found that brand image partially mediates the effect of product innovation on customer loyalty in a restaurant context, implying that innovation strengthens loyalty more effectively when it simultaneously reinforces the brand's perceived identity [16]. Aryoni et al. similarly noted that consumer loyalty responses to innovation vary depending on the degree to which the innovation is perceived as relevant to the consumer's existing needs and expectations [23]. Collectively, these findings suggest that product innovation does not unconditionally generate customer loyalty. Its effectiveness depends on the extent to which the innovation is perceived by consumers as genuinely relevant to their needs and consistent with the brand identity they have come to associate with the company. In the context of Coffee Bawa Anggrek, this implies that the effectiveness of future innovation efforts will depend not only on the frequency of new product launches but on the degree to which those launches are perceived by customers as meaningfully improving their consumption experience and reinforcing their relationship with the brand.

CONCLUSION

Based on the empirical insights concerning the impact of product innovation on consumer devotion at Coffee Bawa Anggrek, Bandung, the degree of product innovation observed by patrons is classified as very good. This evaluation is substantiated by a mean score of 84.54%. Correspondingly, customer retention is also rated as very good, recording a mean score of 85.96%. Empirically, product refinement yields a favorable and substantial influence over consumer commitment, as demonstrated by the basic linear regression outcomes featuring a coefficient value of 0.503, a t-value of 5.377, and a significance metric of 0.000 (< 0.05). Furthermore, the coefficient of determination (R^2) at 24.5% establishes that brand loyalty is driven by product updates at a rate of 24.5%, whereas the remaining 75.5% is shaped by external elements excluded from this model. These results clearly demonstrate that the better the product innovation implemented by Coffee Bawa, the stronger the degree of consumer devotion formed.

SUGGESTION

Based on the findings, Coffee Bawa is recommended to continuously develop more diverse and innovative menu variations in line with current trends and consumer preferences, considering that the

indicator “Coffee Bawa offers a variety of attractive menu options” recorded the lowest score of 79.33%. In addition, to improve repeat purchase frequency, which also represents the lowest indicator of customer loyalty (80.22%) Coffee Bawa is encouraged to implement customer loyalty programs such as reward point systems, special discounts for regular customers, purchase vouchers, and membership programs. Continuous innovation efforts will create added utility for consumers, thereby enhancing satisfaction and sustained consumer loyalty. From a theoretical perspective, future researchers are encouraged to include additional variables that may influence customer loyalty, encompassing service quality, consumer satisfaction, pricing, brand identity, customer experience, as well as digital marketing promotion.

CREDIT AUTHORSHIP CONTRIBUTION STATEMENT

M. Zaki Naufal: Conceptualization, Data Curation, Formal Analysis, Investigation, Methodology, Project Administration, Software, Validation, Visualization, Writing Original Draft. **Eka Yuliana**: Conceptualization, Supervision, Validation, Review and Editing.

DECLARATION OF COMPETING INTEREST

The authors declare no competing financial interests or personal relationships that could have influenced the work reported in this paper.

ACKNOWLEDGMENTS

The authors would like to express sincere gratitude to all respondents who participated in this study and to Telkom University for the institutional support provided throughout the research process.

DATA AVAILABILITY

Data will be made available in request.

FUNDING

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ETHICAL APPROVAL

This study did not involve patient data or identifiable personal information. Therefore, no ethical approval was required.

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