# CHAPTER 1: RESEARCH OVERVIEW

## 1.0 Introduction

An overview of the research project will be presented in this chapter. The aim of this research is to study on the influence of service quality and servicescape on customer satisfaction towards behavioral intentions in International Coffee Chains. This chapter has eight sections that include research background, problem statement, research objectives, research questions, hypotheses of the study, significance of the study, chapter layout and lastly, the conclusion for this chapter. This chapter begins with research background that outlines the broad field of the research, followed by problem statement and research objectives to identify the problems and the purpose of this research. Next section is the research questions which guides this study's arguments and inquiries. Subsequent section will be the hypotheses development where proposed conceptual framework will be formed after reviewing all the relevant literatures. Last but not least, before the chapter layout of the study and the conclusion of the whole chapter, significance of the study will be explained briefly on the importance and contribution of this research.

## 1.1 Research Background

### 1.1.1  Coffee and Coffee Industry

Coffee bean is originated from the seed inside the coffee cherries which grow along the coffee tree's branches and it takes years for a coffee tree to grow mature ("What is coffee," n. d.). There are ten steps in preparing a cup of coffee started from seeds which the steps include planting, harvesting the cherries, processing the cherries, drying the beans, milling the beans, exporting the beans, tasting the coffee, roasting the coffee, grinding coffee and brewing coffee ("What is coffee," n. d.). All the processes have great

impact on the coffee quality if there are any mistakes made during the processes.

Coffee drinkers have now become very particular in choosing or picking the best coffee bean to brew the best coffee. Every process is rather critical in ensuring that the coffee bean is well planted and taken care of. According to Doom (2011), the top two coffee-producing countries are Brazil and Vietnam. However, more countries are now well known in growing and producing coffee such as Hawaii, Mexico, Puerto Rico, Guatemala, Costa Rica, Colombia, Brazil, Ethiopia, Kenya, Ivory Coast, Yemen, Indonesia and Vietnam ("Coffee from around," n. d.). Different countries produce different flavor and quality of coffee due to the weather, variety of the plant, the chemistry of the soil in which it is grown and the precise altitude at which the coffee grows ("Coffee from around," n. d.).

Among the famous coffee bean around the world, the most common coffee bean used in making coffee are Arabica Bean and the Robusta Bean ("Types of coffee," n. d.). The Mild Arabica coffee is divided into Colombian Milds and Other Milds where Colombian Milds are originated from Colombia, Kenya and Tanzania; and Other Milds are from Guatemala, Mexico and India (Ponte, 2002). On the other hand, Robusta bean comes from Vietnam, Cote d'Ivoire, Indonesia and Uganda (Ponte, 2002).

Based on a study by Sathish and Venkatesakumar (2011), the coffee industry comprises of a combination of individual cafes, hotel cafes and retail cafe chains. These three types of coffee shops contribute to the entire coffee industry in a balanced manner. For example, *kopitiam* or known as the local coffee shop was once popular in Malaysia ages ago. However, since the evolution of the individual coffee shops and the International Coffee Chains, the local coffee shop is now on the falling state.

## 1.1.2 Coffee Trend and Culture Worldwide

According to ("Coffee consumption in," 2014), Asian coffee market has the most dynamic growth around the world with the average growth rate of 4% per annum, increasing to 4.9% since the year 2000 and become the attention in the world coffee industry. To further study on the coffee consumption in Asia, the share of East and Southeast Asia has also been increasing, accounting for 13.8% of the world total in 2012 ("Coffee consumption in," 2014).

Although the tea drinking culture is remained as the dominant beverage as compared to coffee in China, but the number of coffee shops are skyrocketing (Kees and Zen, 2014). Not just in China, other Asian countries such as Singapore and Thailand, more individualized coffee shop are increasing drastically as to attract more customers by their unique concept.

Since the revolution of coffee, it has become part of our life as there must be a cup of coffee daily to kick start a brand new day. A cup of coffee must be enjoyed every day no matter in the morning, afternoon or even at night. People drink coffee regardless of what type of coffee they drink, where they are, whom they drink coffee with and when they drink the coffee. Coffee drinkers from all around the world consume coffee in different brewing methods with different kind of coffee beans. Therefore, the taste and preference differ from another as some might prefer sweeter flavor, some might prefer more sour flavor and some might favor bitter flavor.

However, coffee quality or flavors are no longer the most important factor in attracting customers anymore. Many people are now choosing the coffee shop because of the ambience and people are less likely to enjoy a cup of coffee in a crowded local coffee shop. As what Ponte (2002) said, the coffee chains nowadays sell an ambience and a social positioning more than just good coffee. As such, consumers can even choose from hundreds of combinations of coffee variety, origin, brewing and grinding methods,

flavoring, packaging, social 'content,' and ambience, which this phenomenon is known as the 'latte revolution' (Ponte, 2002). Thus, the idea behind of the arising of these coffee shops do not just emphasize on the quality of coffee, but also the ambience that attract people to hang out.

### 1.1.3 Coffee Industry in Malaysia

The coffee category in Malaysia is likely to witness positive growth in 2014 due to changing drinks preferences of Malaysians ("Coffee in Malaysia," 2014). "Coffee shop visitation in Malaysia has increased since 2007," says Adi Fisfaisal, a Starbucks store manager and coffee ambassador (Onag, 2011). The rapid urbanization drives the growth of International Coffee Chains as well as the independent coffee joints in Malaysia (Carolyn, 2014). In the report, Mr. Joachim Leong, a barista claimed that nowadays, people are increasingly looking for a 'third space' which stands between home and office for them to relax. While for the young adult or university students, coffee shops can offer a relatively cheaper choice as compared with restaurants, bars or clubs if they wish to hang out with friends (Carolyn, 2014).

Moreover, according to Fisfaisal (Onag, 2011), Malaysians tend to value the environment and consistency in terms of practices, product quality, product tastes and service in all shops across the nation. While branding is very important for Malaysians, coffee chains with a good brand image will gain trust and confidence among coffee drinkers as they are confident about the product itself.

Nowadays, the coffee shops seem to be expanding and growing in Malaysia, including an International Coffee Chains, local coffee shops or individual coffee shops. These coffee shops seem to be surrounding in the Klang Valley area and now expanding to other states like Penang and Perak. Hence, the coffee industry in Malaysia tends to be very competitive. Five most popular

coffee chains in Malaysia are identified include Starbucks, Coffee Bean and Tea Leaf, Dôme, San Francisco and Espressamente illy ("Coffee places in," 2012). Apart from that, other well-known coffee chains also include Pacific Coffee and Gloria Jeans.

### 1.1.4 Prospective Customers

Based on the Ministry of Education, Malaysia, there are a growing number of students in the enrolment in Higher Education Institution as shown in Table 1.1. Besides, not including the adults, teenagers nowadays seem to drink more coffee instead of carbonated drinks than they had in the past (Quirk, 2014). Worse, most adults began their lifelong coffee drinking habit during their teenage years which started between 13 and 19 years old ("Nation of coffee," 2013).

Table 1.1: Enrolment in Higher Education Institutions

| Year | 2010 | 2011 | 2012 |
|------|------|------|------|
| **Higher Education Institution** | 630,614 | 669,991 | 687,025 |

Source: Ministry of Education, Malaysia.

In conjunction with the higher demand and purchasing power of the society especially the undergraduates nowadays, there is a social change happening (Rahman, 2010). Other than that, she mentioned that the high educational level and contact of western culture are involved too in this social change as well. Therefore, undergraduates tend to do part time job during the semester break in order to earn extra pocket money such as working as a marshal in the exhibition. Some of the undergraduates even come out to work when there is no classes on that particular day because the timetable of the university life is quite flexible. Once their income increases, the purchasing

power will become higher, and the consumption will raise at the same time, for example, the consumption of coffee beverages (Ponte, 2002).

Generally, one of the reasons of undergraduates visit to the International Coffee Chains is coffee keeps them awake. In fact, the students nowadays are always in tired mode. Coffee can make them alert of what they are actually doing for a day long. Other than that, International Coffee Chain is where students like to pay a visit the most nowadays as stated previously because studying and socialization get done over there. Visitation to these International Coffee Chains has become one of their daily schedules. As mentioned previously, it is more likely to become their norm of visiting to the coffee chains even late evening of the day.

Furthermore, as on-campus eateries are increasing among campus area, students are more likely to hang around at those areas to get their caffeine in order to get away from the heavy schedule (Ramirez, 2012). Thus, it becomes a norm to see students still hanging around these campus coffee chains late into the evening (Aubrey, 2013). In Malaysia, numerous International Coffee Chains are opened either within the campus building or nearby the campus area such as Starbucks in Taylor's Lakeside and Starbucks in front of UCSI. These marketers see the undergraduate as the potential customers and believe that there is an opportunity to grow their business, and thus set up the coffee chains nearby the campuses.

## 1.2 Problem Statement

Coffee culture is now in a growing trend where there are more coffee drinkers enjoying having a cup of coffee in the coffee shop. The consumers nowadays contributed more by the younger generations as they perceive coffee not just a beverage, but a self-ego. This is where socialization plays an important role for them. They tend to have gathering or study discussion with their friends in those coffee shops that provide a comfortable environment. Choosing a coffee shop for these coffee drinkers nowadays does not only look into the quality of coffee, but also takes into consideration of other factors such as servicescape and service quality provided by the coffee shop.

Due to the growing demand, International Coffee Chains in Malaysia are on a rise. However, there is insufficient study for Malaysian context particularly in the coffee industry that is related to service quality, servicescape, customer satisfaction and behavioral intentions. As most of the research done in Malaysia are more to fast food industry, but service quality and servicescape are still very important to coffee industry in the service field. There is also an inconsistency in service quality and servicescape provided by these International Coffee Chains. These coffee chains are not delivering each of the dimensions in the service quality and servicescape up to the customers' expectation. Thus, it leads to customer dissatisfaction and eventually affects the behavioral intentions. Therefore, there is a need to study on the service quality and servicescape on customer satisfaction towards behavioral intentions in the International Coffee Chains.

Service quality plays an important role especially in food and beverage industry. Good service quality will give a good impression to customers and lead to repeat visit by customers. However, some coffee shop ignores to perform a well service quality to customers. Few elements will be discussed in this study including tangibles, reliability, responsiveness, assurance and empathy.

Employees represent the company at the front line and will directly affect company reputation. A worker's physical appearance will give customers a deep impression

on service provided by the company. Appearances of workers especially a barista will show how professional are they in serving customers and how they maintain a high standard of food quality in working place in order to keep their company's image positive. This has eventually linked to the tangibility of the service quality. For instance, to reach a hygienic requirement, barista is required to follow some of the instructions such as wearing apron and cap when they are preparing or serving the foods. Customer will lose confidence on the coffee shop if a barista's appearance does not give a neat outlook. Customer will have a bad impression on the quality of the coffee served as customer might feel the surrounding is not hygienic. Hence, tangibles dimension plays an important role in service quality. According to Auka, Bosire and Matern (2013), the professional appearance of employees is an important means of tangibilizing the intangible service products.

Customer will continue to visit particular coffee shop when their order is 100% correct and accurate where there is no mistake made during the ordering process. This is because barista is well trained and they do really pay attention to customers' request. However, nowadays most of the barista are younger and mostly part timers or foreigners where they do not have sufficient training on their work. Some of them have poor English communication and lack of knowledge on their job scope. This leads to barista taking wrong orders as they misunderstand or do not understand what customers want. Customer will get annoyed when the drink served is not what they order and give a negative feedback to the coffee shop. According to Kaur (2013), reliability dimension is the most significant amongst the five dimensions where customers emphasize more on correct orders to be taken in fast food industry.

Most of the coffee shops offer self-service where customers have to approach to counter and place order before they find their seats. Hence, there is no service tax charge on customers. However, it is still responsible for an employee to serve their customers well. Some employees focus more on taking order from customer, but overlook on other job scope. For example, they will be unwilling when customers ask to clean the table. This will make customers feel disappointed on the service provided by the particular coffee shop. Moreover, when customers enter the coffee shop and the tables are left unclean for some times, some of customers will just

leave and go to another coffee shop. Therefore, responsiveness is important in role of service quality. Based on Shaikh and Khan (2011) study towards the restaurant industry, responsiveness is an important dimension in determining service quality.

Trust is important to build relationship over time. With trust, this will build customers' loyalty as they are satisfied on the services and lead to continuous purchase intention. When employees promise to serve the beverage to customer in three minutes, workers should hold their promise and serve it at the right time. Some customers are impatient, if the beverage that they order does not serve on time, customers will just cancel their order and leave the coffee shop. Thus, assurance is important in service quality as according to Tan, Oriade and Fallon (2014), it is one of the most important element in service quality dimension in Chinese fast food sector.

Empathy plays important role especially when customers are facing problems where they need employees' help to solve it. Some customers are picky as they want barista to pay full attention towards them especially when they want to place an order. However, sometimes some baristas do not fully pay attentions to customers and at the same times they are chatting around with their colleagues when customers want to make order. This makes customers angry and dissatisfied. Hence, empathy is also an important element in service quality dimension (Mosahab, Mahamad and Ramayah, 2010).

Therefore, a barista must give full attention when customers are placing their orders and be sympathetic and reassure if something goes wrong so that problems can be solved as quickly as possible without angering the customers.

Generally speaking, service quality is likely to affect the customer satisfaction as well. Customer will continuously visit the particular coffee shop if the service quality that they perceived is above their expectation. According to Srivastava and Rai (2013), customers are very concerned with the quality of services they received nowadays. In fact, they also tend to compare their experience on service quality with their pre-consumption expectation. Such comparison is able to reflect the

reaction of customers towards the satisfaction or dissatisfaction with the products or services whether they will have the intention to repurchase.

Furthermore, servicescape is also important to determine the success of coffee shop. An excellent servicescape provided by coffee shop enable them to stay competitive and gain competitive advantage in the market. If the particular coffee shop does not provide a good environment, customers will be unhappy and tend to switch to other coffee shops that can offer a better environment for customers to socialize or enjoy. Therefore, if the coffee shop provides a good environment that customers feel relaxed and comfortable, customers will be satisfied and will always want to visit the same coffee shop again.

With the growing competition in the coffee industry, there are a growing number of coffee shops all around the world. Therefore, every coffee shop provides different kind of environment to attract customers differently. However, some coffee shops have overlooked certain elements in servicescape which will affect their coffee shops reputation. The elements which will be discussed in this study are the interior design, ambience, lighting and spatial layout.

Different coffee shop has different interior design. An attractive interior design will attract more customers to visit the coffee shop. However, some marketers have ignored and put less effort on decorating their coffee shop, which few of the decoration is not consistent with the theme of overall coffee shop. Furthermore, little decoration on coffee shop without any special display of some coffee merchandise, plants, books or magazines will give a sense for customers that the coffee shop is less attractive and empty. Besides, customers tend to prefer chairs that are specially designed for the shape of backbones. In other words, a curved-inward chair is preferred than a flat surface chair which makes customers more comfortable sitting on it. According to Wakefield and Blodgett (1996), those decorating item may enhance their perceived quality and influence how long they spend the time in the coffee shop and revisit the particular coffee shop.

The elements that can be discussed in ambience are colors, background music, aroma and temperature. Some of the marketers overlook on providing a good ambience to customers in coffee shop. They might apply unsuitable color concept in painting their coffee shop or unmatched background music. Furthermore, in order to cut cost, they may not switch on all the air conditioner and lead to increase temperature in coffee shop. Customers will feel uncomfortable with the surrounding and will just leave the coffee shop. Therefore, all elements that are related to ambience plays important role in satisfying customers (Ryu and Jang, 2007).

Some of the marketers overlook on the lighting in the coffee shop. In order to cut cost, they may not switch on all the light in the coffee shop and cause the whole coffee shop to be very dark where customer is unable to read the menu clearly or differentiate the types of beverages. A dull condition may not give a relaxation for customers, but will make customers feel sleepy. Some customers especially students or workers who bring along their laptop and wish to stay at coffee shop to do their work, they may feel headache and eye ache when facing this kind of condition because the light of laptop is too bright for them. Hence, they will feel disappointed and refuse to visit the coffee shop anymore. Moreover, if the coffee shop's lighting is too bright, customers will feel uncomfortable because this kind of condition will not provide relaxation ambience, but a stressful condition as customer will have an impression that they are in company or school. Therefore, lighting plays important role in servicescape as according to Lin (2004), an individual's perception of light will influence their perceptions towards the surrounding environment.

Marketers realize the importance of socialization for youngster nowadays. In order to attract more customers for the purpose of gaining more profit, they tend to put more tables and chair so that there are more seats to customers. However, problem arose when too many tables and chairs are placed in a typically small coffee shop which will make the customers squeezing in a small place. The shop will become more crowded and customers will have limited movement because the distance between one another is too close. Moreover, unpleasant noise may increase when the coffee shop has too many people and will become a disturbance for some

customers especially for those who are trying to have relaxation by just having a cup of coffee. Customer will feel uncomfortable on it and this will give a bad impression for customers. Customers may refuse to visit the particular coffee shop again as they will switch to other coffee shops that provide a better environment. According to Namkung and Jang (2008), spatial layout especially the seating arrangement is one of the most important attribute in stimulating high satisfaction of customers in a restaurant.

Thus, a good environment will attract more customers visiting their coffee shop and then, creating their purchase intention when they are satisfied. It is very crucial as people nowadays emphasize on servicescape rather than factors like price or food quality offered by the particular coffee shop. Nevertheless, the quality of life has changed where people now choose to hang out in a more comfortable and nicely decorated shop instead of those old traditional coffee shops. Environment provides unforgettable and memorable experience for the customers. An excellent servicescape will attract more customers to visit, in other words, customers will switch their choices if the coffee shop is unable to satisfy their requirement. Thus, servicescape plays an important role in determination of customers' psychology and behavior especially when customers spend a period of time in the atmospheric place (Ryu and Jang, 2007).

Customers are important in the business world in any industries. Customer satisfaction plays a critical role in any markets. The moment when customers are happy and satisfied, most probably they will repeat their purchase or visit the coffee shop again. It is because they do not have to worry that the particular product or service will disappoint them as they have confidence towards it and believe that the coffee shop will still provide the same standard of quality to customers. When customer expectation is met, customer will continue to visit the coffee chain and this will help to increase profitability of company. Thus, customer satisfaction plays an important role in purchase intention as satisfaction affect future purchase probabilities (Oliver, 1980).

In addition, behavioral intentions are often affected by the level of customer satisfaction which often as mediating role (Dedic, Pavlovic and Milosevic, 2011). Generally, when customers are satisfied with the services provided, they will spread positive word of mouth and repeat visit to the particular coffee shop again without thinking of changing to another coffee chain. Customers who repeat visit the coffee chain will tend to be a loyal customer. Meanwhile, if customer has bad experience in the particular coffee shop, they will not visit the coffee shop anymore and possibly they will spread negative word of mouth that will affect the reputation of company. Therefore, in order to avoid damages of reputation, it is important for manager to find out the way on how to increase the level of customer satisfaction that lead to behavioral intentions. Thus, a positive behavioral intention is important as it will lead to increase level of customer loyalty (Kuo and Tang, 2013).

# 1.3 Research Objectives

The purpose of this research is to identify and search for solutions to solve the problem statement mentioned earlier. The research objectives are divided into general objective and specific objectives.

## 1.3.1 General Objective

The main objective of this research is to study on the influence of service quality and servicescape on customer satisfaction towards behavioral intentions in International Coffee Chains. It is to examine and understand whether service quality and servicescape will influence customer satisfaction which then contribute to the behavioral intentions of the customers who have dine in the coffee chains before.

### 1.3.2 Specific Objectives

1. To examine the relationship between service quality (tangibles, reliability, responsiveness, assurance and empathy) and customer satisfaction.
2. To examine the relationship between servicescape (interior design, ambience, lighting and spatial layout) and customer satisfaction.
3. To examine the relationship between customer satisfaction and behavioral intentions.

## 1.4 Research Questions

Following is the research questions in this study:

1. Is there any significant relationship between service quality (tangibles, reliability, responsiveness, assurance and empathy) and customer satisfaction?
2. Is there any significant relationship between servicescape (interior design, ambience, lighting and spatial layout) and customer satisfaction?
3. Is there any significant relationship between customer satisfaction and behavioral intentions?

## 1.5 Hypotheses of the Study

Based on the research objectives and questions, the hypotheses have been developed as followed:

Hypothesis 1:

There is a significant relationship between service quality and customer satisfaction.

Hypothesis 2:

There is a significant relationship between servicescape and customer satisfaction.

Hypothesis 3:

There is a significant relationship between customer satisfaction and behavioral intentions.

# 1.6 Significance of the Study

This research is conducted to study the influence of service quality and servicescape that will affect customer satisfaction towards behavioral intentions in International Coffee Chains. Nowadays customers visit coffee shop not only for the quality of the beverage, but mainly for self-ego. With the growing competition in coffee industry, product is no longer the only element that plays important role in the industry, meanwhile, other factors such as service quality and servicescape also play important role in affecting customer satisfaction. Therefore, it is important for marketers to understand which factors will have greater impact to attract customers.

Hence, through this study, marketers will understand more the current coffee trend in the market and able to implement appropriate strategies to market their coffee shop. Moreover, this allows the existing coffee shops continuously to improve on their service quality and servicescape in order to attract customers. Meanwhile, for new entrant coffee shop, they can put more effort in their service quality and servicescape, by selling benefits rather than products to customers, in order to compete with existing coffee shops. Once marketers gain all the knowledge in understanding their target market, they can gain competitive advantage and compete in the market.

## 1.7 Chapter Layout

### Chapter 1: Introduction

Chapter one is the introduction of the research. Few elements are discussed in this chapter such as research background, problem statement, research objectives, research questions, hypotheses of study, significance of the study, chapter layout and conclusion of Chapter 1.

### Chapter 2: Literature Review

Chapter two is the review of related literature to build a theoretical foundation for the research. Review of literature, relevant theoretical models, proposed theoretical or conceptual framework and hypotheses development will be discussed in this chapter. A conceptual framework is formed for a clearer picture of the overall research.

### Chapter 3: Methodology

Chapter three discusses the methodology of the research and method on how the research is carried out based on research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data analysis.

### Chapter 4: Data Analysis

Data collected is analyzed by using SPSS version 22.0 and the results are presented in table and figure form which are relevant to research questions and hypotheses in this chapter four.

### Chapter 5: Discussion, Conclusion and Implications

The last chapter of the research involves discussion, conclusion and implication of the research. Statistical analysis is summarized and limitations of this study as well as recommendations for future study have been discussed in this chapter. Lastly, a conclusion is made to end the whole research project.

## 1.8 Conclusion

This chapter summarizes the overview of the research study. It acts as the basis and introduction of the research. Research background, problem statements, research objectives, research questions, hypotheses of the study, significance of the study as well as chapter layout for each chapter are clearly defined in this chapter. Following chapter will be the literature review that is related to the research.

# CHAPTER 2 LITERATURE REVIEW

## 2.0    Introduction

This chapter will discuss on the literature review of behavioral intentions in International Coffee Chains where dependent and independent variables will be defined. The purpose to conduct the literature review is to understand each variable in this research topic in terms of terms, definition, characteristics and relationships. A conceptual framework will be proposed based on the relevant theoretical models that relate to the research topic. The last section is the hypotheses development which the relationship between independent variables and dependent variable will be established.

## 2.1    Review of the Literature

### 2.1.1  Behavioral Intentions

According to Ajzen's study (as cited in Knabe, 2012), behavioral intentions is defined as an indication of a person's readiness to perform a given behavior or action and it is considered to be the immediate antecedent to behavior. It is also whether or not a person to take subsequent action after a consideration on the product or service. While Yu, Zhang, Kim, Chen, Henderson, Min and Huang (2014) stated that behavioral intentions in the fitness center refers to complaint behavior and repurchase intention of the customers. It depends on the attributes that lead to their complaint and the intention of the repeat usage of the service in the fitness centre.

Turhan and Ozbek (2013) explained the three aspects that are being discussed in behavioral intentions are purchase intention, willingness to pay more and brand recommendation. Surprisingly, Zeithaml, Berry, and

Parasuraman, 1996 also agreed on the explanation that behavioral intentions include recommendation intentions by spreading positive word of mouth, repurchase intentions, loyalty, and willingness to pay price premium. The notion of these researchers is somewhat similar in terms of the definition and the elements inside the behavioral intentions. In this study, these three aspects will also be used to identify the behavioral intentions of customers when dealing with coffee drinking.

Purchase intention is the willingness of customers who buy the products, increase and continue the consumption (Irshad, 2012). Likewise, Dodds, Monroe and Grewal (1991) also relate purchase intention to the willingness, likelihood and possibility of customers to buy the products as determined by the perceived value.

Willingness to pay more indicates that customers will not change his or her buying behavior even there is a price increase of a specific product, and this also refers to as price tolerance or premium (Turhan and Ozbek, 2013). In other words, Turhan and Ozbek (2013) also described that the price sensitivity of those customers tend to reduce if they are willing to pay more. However, Wang and Tsai (2014) argued that the probability of customers buying the particular product is higher if they are more willing to spend on it, but is it not necessary that these customers make actual purchase. Instead, it is also possible that the customers make actual purchase even if they are less willing to spend on it.

Brand recommendation is about the willingness of customers to recommend a product or service to someone else particularly their friends, family and colleagues as this can indicate the actual behavior of the customers (Reiccheld, 2003). Moreover, Reiccheld (2013) also associated recommendation intention to loyalty as a loyal customer tend to talk about the company to others that they feel good about and thus bring in more customers to the company.

By spreading positive word of mouth is one of the behavioral intentions to recommend the product or services that have used before and voice is

always encouraged in order to give the company a chance to rectify the problem as well as to keeping the customers with them (Fornell and Wernerfelt, 1987).

Behavioral intentions are often affected by customer satisfaction which is initially influenced by perceived service quality (Dedic et al., 2011; Wen, Qin, Prybutok and Blankson, 2012; Chen, Lee, Chen and Huang, 2011; Dado, Petrovicova, Cuzovic and Rajic, 2012; Yu et al., 2014). In other words, service quality does not affect behavioral intentions directly as customer satisfaction plays a mediating role between service quality and behavioral intentions. Even when a customer views the service quality to be good, if he or she is not satisfied, he or she may not pay the next visit too.

Although both service quality and customer satisfaction are important in determining behavioral intentions, the former is indirectly related to behavioral intentions and satisfaction has a larger impact on the intention than service quality (Dado et al., 2012). If customers do not have any reaction or judgment towards the products or services, it is difficult for them to form behavioral intentions (Wahyuningsih, 2005). Therefore, behavioral intentions have to depend on the customer satisfaction before service quality.

Furthermore, a positive behavioral intention is associated with a higher level of customer loyalty (Kuo and Tang, 2013). Customer loyalty can highly affect the profitability and competitive advantage of the company as measured by the repeat purchase intention (Kuo et al., 2013). If a customer stay loyal to the company, he or she is more likely to have an intention to come back again without much hesitation. On the contrary, a brand switcher might not stay with the company long and certainly do not even have the intention to repurchase.

In the market today, it is important to retain existing customers as well as to attract new customers to stay with the company. Having a loyal customer helps company to reduce cost on raising awareness and these customers tend to spread positive words of mouth to others. According to Fornell (1992),

customer loyalty is measured by repurchase intention and price tolerance
provided the customer is satisfied with the company.

According to Dado et al. (2012) customer loyalty is divided into four stages
which include cognitive sense, affective sense, conative sense and action
loyalty. The study also explained the behavioral intentions stage falls into
the conative stage which relates to the motivation to repurchase the products
or services again (Dado et al., 2012).

As a result, if customers have a more favorable behavioral intention, they
are more likely to say positive things, recommend company, remain loyal to
the company, spend more with the company and pay price premium
(Zeithaml et al., 1996). On the contrary, customers tend to say negative
things, switch to another company, complain to external agencies and do
less business with company (Zeithaml et al., 1996).

## 2.1.2 Service Quality

Apart from the quality of coffee provided by the coffee shops as key
competitive advantage in order to stand out among other competitors,
service quality does play an important role in determining the success of the
coffee shops. Service quality is one of the important elements to be
identified in the service related business and is highly related to service
marketing (Fisk, Brown and Bitner, 1993; Ooi, Lin, Tan and Chong, 2011).

Service quality is defined from the individual-consumer level which is the
views of customers, rather than the company or industry level which is the
internal performance measures (Zeithaml et al., 1996). Service quality is
also the customer's perception of the superiority of the service (Ahmad and
Sungip, 2008). Similarly, Parasuraman, Zeithaml, and Berry (1988)
describe perceived service quality as 'a global judgment, or attitude, relating
to the superiority of the service. Therefore, service quality is measured in
the mind of customers whether the service is good or bad. However,

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different customers might have different perceptions on measuring the degree of a good service quality.

Meanwhile, Wu, Huang, and Chou (2014) mentioned that both perceptions and expectations of service have to be measured in order to identify service quality and the performance improvement needed. By comparing the perceptions of the service received and expectations formed, it is able to determine the service quality provided by the company. The customer is said to be satisfied if the service received is higher than the expectation formed; the customer is dissatisfied if the service received does not meet expectation formed.

One of the popular instruments of measuring service quality that have used by many researchers is the SERVQUAL model developed by Parasuraman et al. (1988). Initially in 1985, the researchers have proposed a ten-dimension to measure service quality, but it has then being modified to a five service quality dimensions measurement tool that contains 22 item statements (Parasuraman et al., 1988). The study was to empirically compare the gap model with the performance-only model in any service sectors (Parasuraman et al., 1988). Hence, the SERVQUAL model five-dimension has been adopted in this research.

Tangible is one of the dimensions in the SERVQUAL model which developed by Parasuraman et al. (1988) and defined as the establishment physical facilities, equipment and appearance of personnel (Parasuraman et al., 1988). The appropriate and attractive physical facilities and the equipments of an organization will attract customers as customers will feel comfortable and willing to spend more on a place that can provide a good ambience. Meanwhile, appearance of personnel is important because employees are the people who represent the whole organization to provide services directly to customers. They are in the front line and thus, professional attire is required to give a good impression to customers.

In service industry perspective, Haksik, Yongki, and Dongkeun (2000) suggested that facility or equipment-based service companies must focus on

the tangible factors by checking and renovating facilities and equipment continuously to improve customers' perceptions on service quality.

Furthermore, according to Bougoure and Neu (2010), in fast food restaurant perspective, tangible service components received a reasonable high mean score, showing that fast food restaurants provide attractive menu and comfortable dining area. Hence, this causes Malaysian consumers are happy with the service quality provided (Bougoure et al., 2010).

As compared to other elements in SERVQUAL dimension, tangible has the lowest dimension in evaluating service quality (Witkowska and Lakstutiene, 2014). Besides, according to Mosahab et al. (2010), tangible has the least relation with satisfaction and loyalty, but it is still important and has positive significant relation with satisfaction and loyalty, hence, it can be considered as health factors. However, tangible has the highest ranking within SERVQUAL dimension in service industry (Haksik et al., 2000).

Thus, in this study, appearance of baristas is highlighted in tangible items because physical facilities and equipment will be discussed in detail in servicescape. Tangible will be measured in the form of the appropriateness attires of baristas to perform services to customers in International Coffee Chain.

Reliability has been identified as one of the dimensions in the SERVQUAL model developed by Parasuraman et al. (1988). It is defined as the organizations' ability to perform the promised service dependably and accurately (Parasuraman et al., 1988). The key concept behind reliability includes dependability and accuracy of the service provided. As what the employees promise to deliver, the service has to be delivered to meet the expectation of customers. It is difficult to determine whether or not the service is reliable, unless the customer relationship extends over some period of time (Ahmad et al., 2008).

According to Huang, Yen, Liu, and Huang (2014), in the convenience store perspective, reliability refers to the correct execution of the promised service content where the store can fulfill commitments to the customers, provide

appropriate services within the promised time and provide reliable service. It is important to give customers the perception of a convenience store as they can provide service when needed by the customers.

On the other hand, the ability to handle complaint is also one of the examples to describe a reliable service (Irshad, 2012). Some employees might get panic when they receive complaint from the customers and employees might get frustrated when their problems are not solved or not taken seriously to the management. Therefore, complaint handling management can be an additional training given to the employees who deal directly to the customers especially the customer service department. Similarly, the additional explanation on reliability dimension of service quality identified by Witkowska et al. (2014) is the ability of employees to solve problems of every customer.

Based on Ahmad et al. (2008), reliability of Insurance Service Counter (ISC) is perceived by customers of fulfilling promise, providing accurate record and providing customers' guarantee. Moreover, in fast food industry, the reliability of service is associated with quick food serving, prompt mistakes correction and consistent and reliable service provided (Bougoure et al., 2010). Generally, the explanation of these studies on reliability is somewhat similar.

As compared to other dimensions in the SERVQUAL model, reliability is regarded as the most critical dimension in evaluating service quality (Parasuraman et al., 1988; Ahmad et al., 2008). Another study was done by Parasuraman, Zeithaml, and Berry (1985) on service quality where it explained reliability dimension as the consistency of performance and dependability where the firm performs the service right the first time and firm honors its promises.

While in the context of auditing industry, reliability is the second most important dimension of the service quality (Turk and Avcilar, 2009). Reliability was ranked the third most important dimension from the point of customers' view using the services of institutions offering social insurance

(Witkowska et al., 2014). However, reliability was ranked as the lowest in determining service quality in the study of Chodzaza and Gombachika (2013).

Thus, in this study, an exact beverage served and accurate billing are important in the International Coffee Chain because it determine the service quality provided by the baristas.

As part of the SERVQUAL model, responsiveness represents one of the dimensions. Responsiveness is defined as the willingness of service providers to help customers and provide prompt service (Parasuraman et al., 1988). In the study, responsiveness was ranked the second least important dimension that determines the degree of service quality. Thus, it simply means that customers do not really concern on whether the employees are being responsive. Similarly, prior study such as Turk and Avcilar (2009) also ranked responsiveness as the second least important dimensions in an audit firm.

In addition, Witkowska et al. (2014) described responsiveness as how the employees respond to the customers' request or their willingness to help and the ability to provide services efficiently and on time. The additional explanations on responsiveness include the employees telling customers exactly when the services will be performed and give customers the shortest waiting time or fastest service turnaround (Ahmad et al., 2008). The promise given to the customers will eventually make them happy and they tend to be more willing to wait. On the other hand, particularly in the Insurance Service Center, responsiveness scores the highest on expectation; it means customers expect on responsiveness the most as compared to other dimensions (Ahmad et al., 2008).

To further explain the dimension, employees should give extra effort in providing quality service to the customers particularly the frontline staff, and management should ensure effective planning of staffing especially during busy times of the working hours (Bougoure et al., 2010; Hwang and Ok, 2013). This is to enable the sufficient employees are standing by to serve

the customers when needed. The importance of responsiveness in solving the customers' problems is to turn angry customers into satisfied ones (Howat, Murray, and Crilley, 1999).

As explained by Haksik et al. (2000), responsiveness is a factor closely related with the behavior of company employees especially in the people-based industry such as investment consulting firm. Likewise, responsiveness reflects immediate response to short-term changes in customer demands and service situations (Rha, 2012).

Therefore, in this study particularly the coffee industry, it is important to measure responsiveness in term of the willingness of the baristas to help customers as per request, ability of baristas to provide prompt service and the patience of baristas when taking the orders.

Next, assurance dimension in the SERVQUAL model refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman et al., 1988). Assurance was ranked as the second most important dimensions in the four cases (bank, credit card company, repair and maintenance company, long-distance telephone company) in the study. However, assurance was the most important dimension in various fields including insurance services (Witkowska et al., 2014) and auditing services (Turk and Avcilar, 2009)

On the other hand, assurance dimension in service quality is also defined as the service personnel with professional knowledge and etiquette to make the customers feel trust and calm (Huang et al., 2014). It is the responsible of the employees to make the customers to trust them and make them calm without giving much trouble or problem to customers. Likewise, assurance is the politeness, respect and friendliness of employees, feeling of delight and satisfaction, ability for action at critical time and trustworthiness and honesty of the service provider (Vijayadurai, 2008). It is important to fulfill the needs of customers and make them to have a sense of belonging having business contact with the service provider.

According to Rha (2012), there are two types of assurance which are intellectual assurance and behavioral assurance. Intellectual assurance refers to the expertise and knowledge of employees to inspire trust and confidence through professionalism, while behavioral assurance relates to the courteousness, kindness and confidence of employees to inspire trust and confidence through action (Rha, 2012).

Thus, as a barista in the International Coffee Chain, ones must possess adequate knowledge especially the knowledge on coffee as well as to understand customers' needs and wants as customers might have different taste and preferences from each other.

The last dimension associated with the SERVQUAL model is empathy which refers to caring, individualized attention the firm provides its customers (Parasuraman et al., 1988). However, the study concluded that empathy appeared to be the least important in determining the service quality in the four cases. Different industry might perceive the importance of dimension differently. As such in the banking industry, empathy has the highest relation towards satisfaction and loyalty (Mosahab et al., 2010).

While in the context of insurance service, empathy regards to attention given by employees to customers and ability of employees to handle and offer services that indicate good quality of service (Ahmad et al., 2008). Based on Irshad (2012) described empathy as employees treating customers individually by stepping into their shoes. The idea behind is to truly understand how customers feel and what they really need.

Employees should be sensitive to customers' needs, make customers feel special, predict customers' needs and wants, sympathetic and have customers' best interests at heart in order to show empathy towards customers (Bougoure et al., 2010; Hwang et al., 2013; Lobo, Maritz, and Mehta, 2007). According Vijayadurai (2008) studies also included approachability and ease of contact, and flexibility in language skill as part of the empathy dimension.

Therefore, a barista must give full attention when customers are placing their orders and be sympathetic and reassure if something goes wrong so that problems can be solved as quickly as possible without angering the customers.

However, the development of the SERVQUAL model has received many critiques by various researchers. For instances, Cronin and Taylor (1992) suggested an alternative that SERVPERF, a performance-based scale is more appropriate and efficient to assess the service quality in comparison to SERVQUAL model as service quality should be measured as an attitude. Moreover, the SERVQUAL model was claimed to be theoretically invalid (Teas, 1994). Moreover, Carman (1990) also figured out that the dimensions in SERVQUAL model are not completely generic although the stability of the SERVQUAL dimensions is impressive.

## 2.1.3 Servicescape

Servicescape is a concept developed by Booms and Bitner (1981) to emphasize the impact of the physical environment in which a service process takes place as cited by Musriha (2012). According to Keillor, Bruce, Hult, Thomas, and Destan (2004), the servicescape is a physical environment where service is rendered. The researcher also mentions that the physical environment can also describe as servicescape. Based on Bitner (1992), sevicescape as an artificial environment (built environment).

Kotler (1973) was the first introduced the concept of atmospherics (also known as physical environment or servicescape) and defined atmospherics as the space design in creating consumers' specific emotional effects and thus increase their purchase possibility as cited in Jang, Liu and Namkung (2011). It is important because it gives the first impression to the customers once they enter into the restaurant or coffee shop. According to Kotler (1973), a positive perception of servicescape can stimulate customers a positive emotions and leading to a positive perception of actual service.

For Kincaid, Baloglu, Mao, and Busser, 2010; Hoare and Butcher, 2008; Namkung and Jang, 2008, they mentioned that one of the crucial part in explaining the service quality is the atmosphere quality, which lead to affect positively on customer satisfaction and repurchase intention. Other than that, Beardsworth and Bryman (1999); Liu and Jang (2009) pointed out that authentic atmospherics refer to the use of "ethnic art, decor, music, external facade, name, and various stereotyped signals to create a distinctive setting which lays claim to being a reflection of some exotic but recognizable culture" (Jang, Liu and Namkung, 2011). In addition, atmosphere delivers the insight of space that can use to convey a message of comfort and care (Marinkovic, Senic, Ivkov, Dimitrovski & Bjelic, 2014).

Based on the several findings, some researchers, Baker, Levy, and Grewal (1992) mentioned that there are some atmospherics scopes such as ambient factors, design factors and social factors. Ambient factors consist of noise, aroma, music and color. Design factors consist of shop layout, tables and barricade arrangement while for the social factors, it consists of types of customers and employee's appearance (Ha and Fang, 2012).

Due to the customers demanding for a better dining environment, restaurants should not only focus on food and beverages' quality but also including other elements such as servicescape and service quality to attract more customers by serving them better thus retain them (Reuland, Choudry and Fagel, 1985; Alias, Roslin & Ali, 2014). They are willing to spend an amount of time if they are satisfied of the physical surroundings as well as it can influence positively in post-purchase intentions. However, Wakefield and Blodgett (1994) mentioned that customers may not come back to the particular restaurant or coffee shop if they are not satisfied with the ambient conditions.

However, servicescape is an important element in managing the restaurants due to the customers' emotional responses to a service environment especially when it is related to their revisit intention. Other than that, there is some studies suggest that the servicescape do plays an significant role in understanding the service quality provided by the restaurant and

organization. Baker et al. (1992) found out that customers use elements of the store environment as an important cue to infer quality and considered quality perception as a mediator in the relationship between store environment and store image; Reimer and Kuehn (2005) also examined the impact of atmospherics on quality perception in two different service settings. All of these studies argued that the servicescape influences customers' quality perceptions regarding products or services in consumption situations (Chen and Hu, 2010).

Interior design of a restaurant or coffee shop plays an important role because most of the consumers are attracted by eye-catching aesthetics in it (Hwang and Ok, 2013). The aspects of interior design is including pictures, wall paintings, plants, ceiling decorations, floor coverings and wall decorations. Based on Kasapila (2006), he claimed that once a patron entered the restaurant, the decoration of the interior of the restaurant is being evaluated. Accordingly, a study by Babin, Hardesty, and Suter (2003), wall colors in a retail establishment will also affect customers' evaluation of the store.

Besides that, a sophisticated designed restaurant environment may attract the customers at a focal point, it will be stimulated a change in emotional state and eventually affect the customers' perception to the restaurant or coffee shop' value. For instance, in a comfortable design and atmosphere, customers tend to trust the services provided by the restaurant and they will truly enjoy during their intake (Lin and Chiang, 2010). Moreover, the design of the restaurant has to contribute to the attractiveness of the servicescape and eventually will increase customers' satisfaction level (Wakefield and Blodgett, 1999).

Other than that, colors can influence how people feel (Boyatzis and Varghese, 1994). The research has shown that different colors able to stimulate different personal moods and emotions. In retail atmospheric studies, it was confirmed that color has the ability to create pleasant feelings among customer (Bellizzi and Hite, 1992). Customer always judge the interior decoration in terms of color schemes, while warm colors give customers the impression of warm, comfortable service environment

(Jordan and Prinsloo, 2001; Kurzt and Clow, 1988) as cited by Kasapila (2006). Colors can also assist in creating the atmosphere for the dining experience which ultimately impacts the customer satisfaction (Fellman 1981) as cited in Buchanan (2011).

Ambient are intangible background characteristics that have subconscious effect on customer perceptions and responses to the environment (Baker, 1987; Han and Ryu, 2009; Nguyen and Leblanc, 2002). Ambient covers elements such as background music, aroma and cleanliness.

According to Ryu (2005) studies, atmospheric music can increase sales (Areni and Kim, 1993; Mattila and Wirtz, 2001; Milliman, 1982, 1986; North and Hargreaves, 1998; Yalch and Spangenberg, 1993); influence purchase intentions (Baker et al., 1992; North and Hargreaves, 1998); produce significantly enhanced affective response such as satisfaction and relaxation (Oakes, 2003); influence dining speed (Roballey et al., 1985; Milliman, 1986).

In addition, music is an effective tool to minimize the negative consequences of waiting in any service operation (Hui, Dube, and Chebat, 1997). The researcher also claimed that playing music in the (service) environment is like adding a favorable feature to a product, and the outcome is a more positive evaluation of the environment. This argument suggests that the presence of music will result in customers having more favorable evaluations of a store's environment compared with a store environment without music.

Based on Ryu and Jang (2007) findings shows that ambience such as aroma and scent had the most important influence on customers' emotional responses, which in turn affect customers dining behavioral intentions. Meanwhile, Han and Ryu (2009) mentioned that pleasing scent in a restaurant may result in customers having more favorable perceptions and evaluating their experiences more positively. The pleasant scents can also as a powerful tool in increasing sales and gained much attention in the retail

businesses (Bone and Ellen, 1999; Hirsch, 1991, 1995; Lin, 2004; Mattila and Wirtz, 2001); affected a customer's mood and emotion (Ellen, 1999).

Other than that, restaurant cleanliness also perceived as a key factor when customer evaluates the quality of dining provided (Barber and Scarcelli, 2009; Liu et al., 2009) as cited by Chow, Dickson, Tham and Wong (2013). Understanding what customers consider when they evaluate a restaurant's cleanliness can improve store quality easier due to obtain the useful information from prospective customers (Seung, 2012).

Lighting is another important factor of retail environment because it will directly affect customers' visual perception, such as how customers see, interpret, comprehend and enjoy the environment. According to Heide and Gronhaug (2006), lighting could influence consumers' mood, emotional states and behaviors. Based on a survey conducted by Waxman (2006), she claimed that the third most desirable factor in the coffee shop is adequate lighting. This is because many people like to read or study in the coffee shop and that is why they preferred lighting which is adequate.

Besides that, different types of restaurant may use different level of lighting, because it may provide different feeling to customers, such as providing a pleasant complexion to customers, creating a comfortable atmosphere, enhancing the feeling of physical warmth, and promoting relaxation. For instance, restaurant owners' use subdued, warm, and comfortable lighting to enhance the image of full-service restaurants while for the quick service restaurants is often used bright lighting (Ryu and Jang, 2007). Based on Donovan, Rossiter, Marcoolyn, and Nesdale (1994) suggested that bright light and upbeat music increased consumer arousal. Another usage of lighting is to attract customer attention toward specific products, capture certain feeling or hide error (Vaccaro, Yucetepe, Baumgarten, and Lee, 2008)

Furthermore, Mehrabian and Russell (1976) argued that lighting will influence individual in store where he found out that bright rooms are more attractive than dim rooms. There are some reasons to prove it, for instance

when the store is brighter, customers are more likely to observe and touch the products (Vaccaro et al., 2008). It also allowed customers to see the merchandises more clearly and livens up the store atmosphere (Ruchi, Zillur, and Ishwar, 2010). Based on Vaccaro et al. (2008), they also claimed that brighter level of lighting is an important issue in retail atmosphere because it enhances positive customer perception and contributes liveliness and sociability to an atmosphere. Besides, developing in-store lighting could use to highlight product, enhance store's image, create excitement, influence consumer's cognition, value and consumption behavior, attracting and retaining consumer patronage (Summers and Hebert 2001).

Spatial layout refers to the ways in which machinery, equipment, and furnishings are arranged, the size and shape of those items, and the spatial relationships among them (Bitner, 1992). A well arrangement of the spatial layout would make the customers feel comfortable (Wakefield and Blodgett, 1996), and customers perceive convenience and safety when they move around in a restaurant (Bitner, 1992). Space and seats must be taking into consideration as an important factor that to reach the customer satisfaction. Seating comfort is the level of physical comfort derived from the seating quality (Lam, Chan, Fong, and Lo, 2011); it can be influenced by both the physical seat itself and the space between the seats (Wakefield and Blodgett, 1996).

Besides, some customers may feel uncomfortable because of the restaurants or coffee shop seats design (e.g. hard benches without back support) or cramped seating lead to insufficient space to move exists. Based on Barker and Pearce (1990), they also mentioned that the customers may physically and psychologically uncomfortable if they sit too close to the customers next to them. In a retailing store, poor layout design is more likely to cut down on spending efficiency, draw anger and impatience in customers, and lower down their repurchasing intention (Baker, Parasuraman, Grewal, and Voss, 2002).

In addition, the restaurant or coffee shop must be ensuring that the seating arrangements offer comfort, ease for entry and exit, as well as safety of

personnel. An open facility with sufficient space to move around would stimulate a more exciting environment to the customers (Wakefield and Blodgett, 1996). For instance, the higher the degree of the seating comfort, the longer the time a customer to stay in a restaurant or coffee shop. Moreover, Heung and Gu (2012) are of the opinion that a restaurant with a good layout helps to avoid overcrowding, which in turn creates a positive impression among restaurant patrons, and is therefore considered a key atmospheric element in enhancing the dining experience (Harris and Goode 2010) as cited by Daniel and Nedia (2014).

### 2.1.4   Customer Satisfaction

Based on the history, customer satisfaction was first introduced by Cardozo (1965) as cited in Bei and Chiao (2006), since then there has been followed by several definitions regarding to the customer satisfaction. He pointed out that the increase of consumer's satisfaction would determine the repurchase behavior and the intent to purchase of other products (Chang, Chou, and Lo, 2014). Besides, Kotler and Armstrong (1996) proposed that customer satisfaction is "a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase".

Other than that, Oliver (1981) defined customer satisfaction as "a total psychological state when there is an existed discrepancy between the emerging emotion and expectation, and such an expectation is a consumer's feeling anticipated and accumulated from his or her previous purchases". Moreover, she clarifies in 1997 that customer satisfaction is the customer's fulfillment response, and it is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment.

According to Zeithaml and Bitner (2003), customer satisfaction is "the customers' evaluation of a product or service in terms of whether that

products or services have met their needs and expectations". After a few years, Torres and Kline (2006) is defined customer satisfaction as "the individual's perception of the performance of the product or service in relation to his or her expectations" as cited in Liang and Zhang (2011).

Initially, Zeithaml et al. (1996) indicated that interaction between customers and service personnel is the key determinant influencing satisfaction. While for Reynolds and Beatty (1999) as cited by Wu and Li (n. d.), they both proposed that only service provider itself is the antecedent of influencing customer satisfaction alone.

Consequently, Chang (2012) claimed that a firm should understand that customer satisfaction is a crucial element in determining the loyalty level exhibited by its customers toward its own employees and firm itself as cited by Reynolds and Arnold (2000). Besides, Ramani and Kumar (2008) pointed out a superior interaction response capacity and consistent customer empowerment practices are likely to result in greater customer satisfaction. In other words, allow customers themselves to gain their own experiences may enrich the satisfaction level (Prahalad and Ramaswamy, 2004; Urban, 2004).

Brown and Lam (2008) proposed that even though the delivery of service comparable quite poor, but with a high quality of interaction between the service provider and customers, it still results in predictable entry level of customer satisfaction. In contrast, they added that low quality of interaction would definitely harm the customers' preference in the entire process.

Zablah, Bellenger and Johnston (2004) pointed out that "interaction management is very significant, in that the concept of consumer relationship stresses value exchange on both sides." Therefore, they added identifying the values of customers and the organization, the achievement and the diffusion of customers' information, are the important factors to uphold or improve relationships with customers. In other words, conscious efforts by a restaurant to develop and enhance an interaction orientation will result in greater customer satisfaction (Liang and Zhang, 2011).

According to Anderson, Fornell and Rust (1997), they emphasized on the leading role of customer satisfaction and productivity for the company's success. Their research probably stresses that "companies need to excel in both customer satisfaction and productivity." In other words, which is in "quality" and "quantity", in order to gain business growth, positive word of mouth about the company, and as an increase in the company's overall profitability and image (Ksenia, 2013). Ultimately, Kornik (2006) mentioned that companies are established to serve customers. Nevertheless, Bakti and Sumaedi (2013); Clemes (2008); Shin and Elliott (2001), five of these researchers agreed that a business must satisfy customers in order to be successful and profitable in the future because this is a general accepted philosophy.

Subsequently, the company might lose its purpose of existence if it neglects its customers (Takalani, 2008). Thus, Richins (1987) as cited in White and Yanamandram (2007), he mentioned that some dissatisfied customers take no action at all but some do take. They will complain directly to the suppliers and manufacturers or switch suppliers straight away after the complaint taken place.

## 2.2 Review of Relevant Theoretical Models

**Figure 2.1 Measuring the Mediating Role of Dining Experience Attributes on Customer Satisfaction and Its Impact on Behavioral Intentions of Casual Dining Restaurant in Jakarta.**

Dining Experience
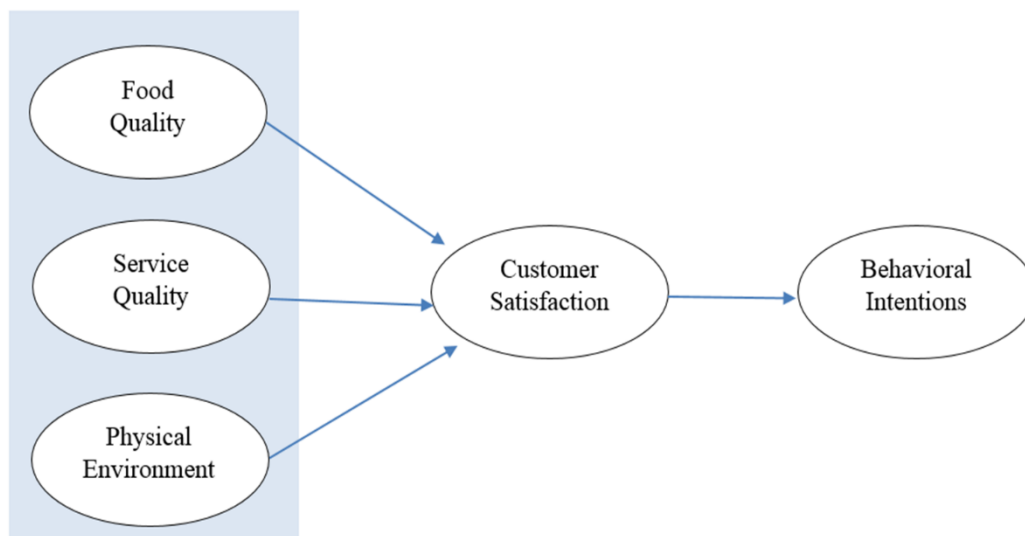


Source: Adopted from Canny, I. U. (2014). Measuring the mediating role of dining experience attributes on customer satisfaction and its impact on behavioral intentions of casual dining restaurant in Jakarta. *International Journal of Innovation, Management and Technology, 5*(1), 25-29.

Figure 2.1 shows the theoretical framework that examine the importance of dining experience attributes which includes food quality, service quality and physical environment that affect customer satisfaction in casual dining restaurant in Jakarta. Besides, this model also aims to determine the impact of customer satisfaction on behavioral intentions. The result of this research shows that all attributes have significant positive relationship towards customer satisfaction and behavioral intentions. The higher the customer satisfaction, the higher the behavioral intentions that customer will come back and visit the restaurant.

This research model is very helpful for marketers as they will improve on the factors that will have the greatest impact towards customer satisfaction in order to compete

in intensive market. The restaurant that can provide the best customer service will attract more potential customers and when customers satisfy, they will continue to visit in future, willing to spend more on particular restaurant and recommend to their friends by spreading positive word of mouth.

## 2.3 Proposed Theoretical/Conceptual Framework

**Figure 2.2 Study on The Influence of Service Quality and Servicescape on Customer Satisfaction towards Behavioral Intentions in International Coffee Chains.**
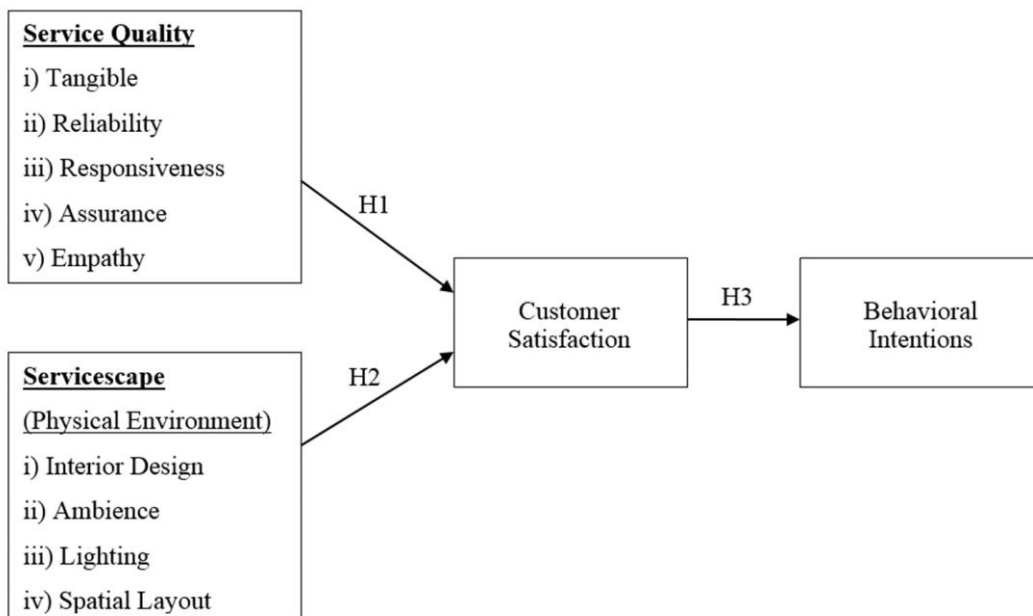


Source: Developed for the research

Based on the study of previous research, the dining experience attributes that influence customer satisfaction towards behavioral intentions are reformulated to suit the study in coffee industry. The proposed framework shows the independent variables which are service quality and servicescape towards customer satisfaction that will influence behavioral intentions. Elements that tested in service quality is SERVQUAL five dimension that includes tangible, reliability, responsiveness, assurance and empathy. Meanwhile, elements that tested in servicescape are interior

design, ambience, lighting and spatial layout. Behavioral intentions is dependent variable and customer satisfaction is the mediator variable.

This study proposed that service quality and servicescape have significant impact towards customer satisfaction, and thereafter customer satisfaction will have positive significant relationship with behavioral intentions.

## 2.4 Hypotheses Development

### 2.4.1 The Relationship between Service Quality and Customer Satisfaction

A good or bad quality of services provided by coffee shop will directly influence on customers, whether customer are satisfied or dissatisfied towards the service perceived. Service quality is an antecedent of customer satisfaction (Chodzaza and Gombachika, 2013; Wu et al., 2014). Service quality has become the key determinant of customer satisfaction and they have positive significant relationship in various industries such as fast food industry (Khan, Hussain and Yaqoob, 2012; Bougoure and Neu, 2010); food and beverage industry (Wu et al., 2014); library services (Bakti et al., 2013); public transport services (Lai and Chen, 2010); hospitality industry (Suneeta and Koranne, 2014); telecommunication industry (Sabir, Irfan, Sarwar, and Akhtar, 2013); life insurance industry (Srivastava and Rai, 2013); banking industry (Mosahab et al., 2010); airline industry (Gour and Theingi, 2009).

In addition, measuring service quality by implementing SERVQUAL five dimensions has also becomes a key determinant of customer satisfaction. According to Ivyanno and Nila (2012), their research showed that there is an influence of five dimension of service quality on tourist satisfaction. This statement is also supported by the research finding on spa industry in Malaysia where SERVQUAL five dimensions have impact on customer satisfaction (Basheer and Ghaleb, 2012).

However, service quality is not the only factor affect customer satisfaction in all industries. According to Mosahab et al. (2010), all the fivefold dimension of service quality for Sepah Bank is higher than average limit, but its service quality does not satisfy customers' expectation. In fact, nearly 43 percent of customer's satisfaction change is explained by service quality (Mosahab et al., 2010). In other words, the other 57 percent is explained by other factors which may include price, physical environment, product quality and etc. Moreover, another supporting point is Bakti et al. (2013) have recommended that, in order to increase satisfaction of the library user, the library management should take into consideration of other factors which can affect customer satisfaction such as perceived price, situational factor and personal factor.

Therefore, this research proposes that:

**H1**: There is a significant relationship between service quality and customer satisfaction.

## 2.4.2 The Relationship between Servicescape and Customer Satisfaction

In order to achieve competitive advantage and make profit, companies are going into exploring the new strategy as to differentiate themselves in the global market. One of it is servicescape of the companies. Servicescape actually contributed in attracting the customers' experience and thus, creating favoritism towards the companies (Pareigis, Edvardsson and Enquist, 2011).

As mentioned earlier, the layout setting, color, interior design, space and lighting are among the elements of servicescape which they definitely can influence on customers' behavior, customer satisfaction level and the level of their spending on services setting and intention to stay in the future (Baker, Grewal and Parasuraman, 1994; Han and Ryu, 2009; Lin and Liang, 2011; Bitner, 1992; Jang, Liu and Namkung , 2011; Martin, O'Neill, Hubbard and

Palmer, 2008; Mehrabian and Russell, 1974; Wakefield and Blodgett, 1996).
However, previous studies have been found out that servicescape affect
customers both cognitively and emotionally (Burns and Niesner, 2006; Kim,
Kim and Lennon, 2009; Bitner, 1992; Ladhari, 2009; Pareigis et al., 2011).

In addition, Wall and Berry (2007) pointed out that the longer the customers
spent time in the servicescape, the more influential the environment would
be. For instance, the time spending of the customers in particular store
would influence their purchasing and satisfaction level with the stores
(Babin and Darden, 1996). This indicates that stores' servicescape really
play a part in influencing customers' emotion and it considerably
influencing customers' behavior responses as well. Based on the facts above,
it shows that the servicescape has actually affected on customer satisfaction
level.

Therefore, this research proposes that:

**H2**: There is a significant relationship between servicescape and customer
satisfaction.

## 2.4.3 The Relationship between Customer Satisfaction and Behavioral Intentions

A satisfactory or dissatisfactory perception perceived by customer in
International Coffee Chain will influence on behavioral intentions directly,
whether customer will revisit again, recommend to family and friends,
willing to spend money on it and willing to stay longer. According to Oliver
(1980), customer satisfaction and behavioral intentions are interrelated
because the outcome of satisfaction may reinforce a customers' decision to
revisit or not revisit to a restaurant. Moreover, studies from Rust and
Williams (1994) found that a high customer satisfaction leads to a high
intent of repurchasing. In another words, dissatisfaction is seen as a primary
reason for customer defection or discontinuation of purchase.

Hence, customer satisfaction has positive and significant relationship towards behavioral intentions. Several prior studies have also proved these two statements in different fields such as fast food industry (Huam, Seng, Thoo, Rasli, and Hamid, 2011); education industry (Dado, Petrovicova, Cuzovic and Rajic, 2012); hotel industry (Clemes, Wu, Hu, and Gan, 2009); tourism industry (Ivyanno and Nila, 2012); dining field (Liang and Zhang, 2011); airline industry (Gour and Theingi, 2009).

However, there are studies that oppose the previous idea where some of the researchers argued that behavioral intentions is indirectly affected by customer satisfaction, but directly affected by other factor such as service quality (Zeithaml et al., 1996; Bitner, 1990). As mentioned by Wu et al. (2014), if the service quality is good, customers tend to have a favorable behavioral intention, and vice versa. Without any intermediaries, the quality of the service can influence the intention of customers coming back.

Therefore, this research proposes that:

**H3**: There is a significant relationship between customer satisfaction and behavioral intentions.

## 2.5 Conclusion

As a result, all the variables have been explained and formed in this Chapter Two that is related to past relevant studies. This chapter covered the review of literature on service quality and servicescape that have impact on customer satisfaction towards behavioral intentions in International Coffee Chains. Besides, proposed conceptual framework and hypotheses of the research are being carried out in this chapter.

# CHAPTER 3: METHODOLOGY

## 3.0 Introduction

This chapter is the research methodology that describes on how the data is collected and analyzed in a systematic way. The aim of the chapter is to ensure that research procedure is conducted in an appropriate way for better understanding and evaluating the results of the research. This chapter has been classified into few sections which include research design, data collection methods, sampling design, research instrument, constructs measurement, data processing, data analysis and conclusion.

## 3.1 Research Design

Quantitative research is 'typically considered to be the more scientific approach in doing social science' (Tewksbury, 2009). It usually indicates that the preferences need to be determined and it involved a large number of respondents. According to Anderson (2006), he stated that the data collected must be unbiased, measurable and statistically valid. By using quantitative research for this research, we can obtain the numerical data for data analysis by implementing mathematical models (Williams, 2007). By running the data analysis, we will then be able to obtain the result for the research.

In general, there are three categories of business research design which are exploratory research, descriptive research and causal research. In our research, we are going to use descriptive research, in which it is used to describe a population with respect to important variables (Zikmund, Babin, Carr and Griffin, 2013). This is to examine the relationship and effect of each variable. It indicates the information gathered for the purpose of description and interpretation. In fact, it is very common to use this design to determine the relationship between the

independent variables and the dependent variable. This does not amount to direct evidence of causality due to the outcomes are based on the significant and proper information which includes proper analyses, interpretation, comparison and relationship (Salaria, 2012).

## 3.2 Data Collection Methods

### 3.2.1 Primary Data

Primary data refers to the first hand data or raw data that are collected by researchers from the representative sample of individuals for the specific research study (Hox and Boeije, 2005; Sekaran and Bougie, 2009). For this research, self-administered method will be chosen to gather the primary data because it is the fastest, effective and reasonable way in obtaining and analyzing the data. However, the information of the responses will be kept private and confidential as stated in the survey questionnaire.

### 3.2.2 Secondary Data

Secondary data refers to those data gathered for different purposes and used in other research projects (Hox and Boeije, 2005). Basically, it can be obtained from libraries, internet, vendors as well as producers, such as books and periodicals, government, media, trade associations and also commercial sources. Basically we will use the data collected to carry out the literature review by extracting the significant points in order to enhance the understanding and discussion of our research objectives. Besides, by using the secondary data, it shows the relationship between independent variables, mediator and dependent variable.

## 3.3 Sampling Design

Sampling is the process of using small number of items or parts of a larger population to make a conclusion about the whole population (Zikmund, 2003). However, it is impractical to study the entire population because it needs to utilize too much time and money (Saunders, Lewis and Thornhill, 2009), therefore it should be using a sample in order to require some part of the population to perform and experiment. The population of this study will be targeted on the full time undergraduates' dine-in experience in the International Coffee Chains in Malaysia which aims to get more accurate and reliable results.

### 3.3.1 Target Population

Target population is defined as a group of people where researcher is interested in analyzing to get relevant information according to the objectives of the research project. The targeted population was the individual groups consisted of male and female undergraduates who are aged between 18 and 26 years old. These individual groups are the undergraduates who are currently studying in higher education institutions Malaysia which include public universities, private universities, and university colleges. The respondents of this research will be full-time undergraduates who had dine-in experience in International Coffee Chains in Malaysia.

### 3.3.2 Sampling Frame and Sampling Location

According to Hair, Bush and Ortinau (2002), sampling frame is defined as the list of all eligible sampling units. The target population consists of 200 male and female undergraduates from different university in Klang Valley, Malaysia such as Universiti Tunku Abdul Rahman (UTAR), Tunku Abdul Rahman University College (TARUC), SEGI University, University

College Sedaya International (UCSI), INTI International College, Taylor's University, Monash University, Universiti Malaya (UM) and Universiti Putra Malaysia (UPM). The questionnaires are randomly distributed and administered in Klang Valley area. In addition, Klang Valley is a main business and transaction attraction as most of the International Coffee Chains are located in these areas where the undergraduates are easy to find an alternative each time if they wish.

### 3.3.3 Sampling Elements

The respondents of this survey were full-time undergraduates aged between 18 and 26 years old especially for those who recently visit and who had dine-in experience in the International Coffee Chains in Malaysia. The elements included are gender, age, race and monthly allowance or pocket money as well.

### 3.3.4 Sampling Technique

The process of sampling involves any procedures by using a small number of items or parts of the whole population to make conclusions regarding the whole population (Zikmund, 2003). This research was conducted on a sample of the people in which to represent the entire population, because it is very costly and time consuming if the research is done on entire population.

Sampling techniques can be divided into two types which are probability sampling and non-probability sampling. The sample was taken by using non-probability sampling in which the units of the sample were being selected on the basis of personal judgment or convenience (Zikmund, 2003). In this research, the sampling technique was used to select a sample as convenience sampling. Convenience sampling refers to the way of obtaining

people who were most conveniently available (Zikmund, 2003). By using this sampling technique, the research could be completed quickly and economically, as the questionnaires are only distributed to the people conveniently.

### 3.3.5 Sampling Size

According to Roscoe (1975), he proposed the rule of thumb in determining the sample size of a quantitative research. He stated that sample size in the range of 30 to 500 is the most appropriate for majority of the research papers. Therefore, in this study, a sample size of 200 respondents was selected to complete the survey. The respondents are from different universities in order to get the result more accurate and reliable. Besides that, the fewer sample size of 200 can lower down the cost and reduce time consuming in data collection.

The research instruments used in this research is self-administered questionnaire. A self-administered is a data collection technique in which the respondent reads the survey questions and records his or her own responses without presence of a trained interviewer (Hair et al., 2002). Respondents were instructed to answer the questions based on their own dine-in experience in the International Coffee Chains in Malaysia.

## 3.4 Research Instrument

The research instrument used in this research is questionnaire, which is defined as technique of data collection in which each person is asked to respond to the same set of questions in a predetermined order (Saunders, Lewis and Thornhill, 2012). The type of questionnaire that is used in this research is the self-administered questionnaire. Self-administered questionnaire is a method to collect data in which questionnaire is distributed to target respondents. Respondents then read and fill up

the questionnaire based on their own experience or opinion. Questionnaire is a common and useful tool for data collection because it is not costly and easy to get a large amount of respondents.

### 3.4.1 Questionnaire Design

The structure of questionnaire is designed in English Language because the target respondents are undergraduates where English is an international language for communication. As for the layout of questionnaire, there are total seven pages together with the cover page as first page and three sections (Section A, Section B and Section C) in the following pages. A brief introduction and purpose of conducting the research are written at the cover page. Section A is about the general information of respondents, Section B is the construct measurement and Section C is the demographic profile of respondents (Refer Appendix 3.1).

In Section A, five general questions are prepared. The general questions include "Which International Coffee Chain do you prefer? Choose ONE only.", "Do you have dine in experience based on your choice in Q1?", "How often do you visit the chosen coffee chain?", "Based on your choice in Q3, what is the purpose of your visit to the coffee chain?" and "On average, how much do you spend on coffee per visit?". Multiple choices are set in this section and respondents are required to choose only one answer from the alternatives given.

Section B of the questionnaire is the construct measurements for five variables that are tested in the research include service quality, servicescape, customer satisfaction and behavioral intentions. In this section, questions are set in the form of rating scale, which is five-point Likert Scale. Respondents are required to rate the statement that represents his or her opinion the most. The information obtained from this section is to examine the relationship among each variable.

In Section C, four questions regarding demographic profile are prepared, such as gender, age, race and allowance or pocket money per month. Multiple choices are also being set in this section and respondents are required to choose only one answer from the alternatives given.

## 3.4.2 Pilot Test

Pilot test is a scaled-down version of the full survey to pretest the survey instruments (Saunders et al., 2012). In other words, this pilot test is conducted to test the reliability and validity of the questions in the questionnaire before a large scale survey is conducted. The purpose of pilot testing is to refine the questionnaire and ensure that respondents do not face any difficulties in answering the questions (Saunders et al., 2012). Cronbach's Alpha was used to examine the internal reliability of the pilot test. Table 3.1 shows the level of acceptance of the Cronbach's Alpha coefficient.

Table 3.1: Rules of Thumb about Cronbach's Alpha Coefficient Size

| Alpha Coefficient Range | Strength of Association |
|---|---|
| Less than 0.6 | Poor |
| 0.6 to 0.7 | Moderate |
| 0.7 to 0.8 | Good |
| 0.8 to 0.9 | Very good |
| 0.9 | Excellent |
| More than 0.95 | Items should be inspected to ensure they measure different aspects of the concept. |

Source: Hair, Babin, Money and Samouel (2003)

Total numbers of 30 questionnaires were distributed for the pilot test. After 30 respondents have submitted the questionnaires, reliability test was carried

out by using Statistical Package for the Social Science (SPSS) version 22.0.
Table 3.2 shows the result of the pilot test. According to Hair et al. (2003),
all the variables are significant and excellent since the Cronbach's Alpha
value is the range of 0.9 respectively.

Table 3.2: Results of Pilot Test

| No | Constructs | Cronbach's Alpha | No. of items |
|----|-----------|------------------|--------------|
| 1 | Service Quality | 0.910 | 11 |
| 2 | Servicescape | 0.864 | 10 |
| 3 | Customer Satisfaction | 0.939 | 3 |
| 4 | Behavioral Intentions | 0.929 | 4 |

# 3.5 Construct Measurement

## 3.5.1 Origin of Constructs

Table 3.3: Origin of Constructs

| Constructs | Sources |
|---|---|
| **Service Quality** | |
| a) Tangible | • Hwang and Ok, 2013 <br> • Bougoure and Neu, 2010 <br> • Stevens et al., 1995 <br> • Parasuraman et al., 1988 <br> • Hwang and Zhao, 2010 |
| b) Reliability | • Hwang and Ok, 2013 <br> • Bougoure and Neu, 2010 <br> • Stevens et al., 1995 <br> • Parasuraman et al., 1988 |
| c) Responsiveness | • Hwang and Ok, 2013 <br> • Bougoure and Neu, 2010 <br> • Stevens et al., 1995; <br> • Parasuraman et al., 1988 <br> • Kaur, 2013 |
| d) Assurance | • Bougoure and Neu, 2010 <br> • Kaur, 2013 <br> • Andaleeb and Conway, 2006 |
| e) Empathy | • Kaur, 2013 <br> • Bougoure and Neu, 2010 <br> • Hwang and Ok, 2013 |

| Servicescape (Physical Environment) | |
|---|---|
| a) Interior Design | • Baker et al., 1994<br>• Turley and Milliman, 2000<br>• Li, 2011<br>• Susana and Maria, 2009 |
| b) Ambience | • Susana and Maria, 2009<br>• Ruchi et al., 2010<br>• Baker et al., 1994 |
| c) Lighting | • Baker et al., 1994<br>• Turley and Milliman, 2000<br>• Susana and Maria, 2009 |
| d) Spatial Layout | • Machleit, Kellaris, and Eroglu, 1994<br>• Baker et al., 1994<br>• Turley and Milliman, 2000 |
| **Customer Satisfaction** | • Canny, 2013<br>• Ryu, Lee and Kim, 2012<br>• Yang and Chang, 2011<br>• Chow, Dickson, Tham and Wong, 2013 |
| **Behavioral Intentions** | • Norizan and Nor, 2010<br>• Mehrabian and Russell (1974)<br>• Zeithaml et al. (1996) |

Source: Developed for the research

Table 3.4 Sample Items of the Constructs

| Constructs | No. of Items | Sample Items |
|---|---|---|
| **Service Quality** | 11 | **Tangibles**<br>• The employees (baristas) are well-dressed and appear neat.<br>• The employees' (baristas') uniform is appropriate (wear cap and apron).<br>**Reliability**<br>• The employees (baristas) serve my beverage exactly as I ordered.<br>• The employees (baristas) provide an accurate billing.<br>**Responsiveness**<br>• The employees (baristas) are willing to help me as per my request.<br>• The employees (baristas) provide prompt service.<br>• The employees (baristas) have patience when taking my order.<br>**Assurance**<br>• The employees (baristas) have adequate knowledge to answer my questions.<br>• The employees (baristas) understand my needs and orders.<br>**Empathy**<br>• The employees (baristas) give full attention to me when I place order.<br>• The employees (baristas) are sympathetic and reassuring if something goes wrong. |

| Servicescape (Physical Environment) | 10 | **Interior Design**<br>• This coffee chain's wall decoration is visually attractive.<br>• This coffee chain's colors give me a warm atmosphere.<br>• This coffee chain's paintings or pictures are attractive.<br>**Ambience**<br>• This coffee chain's background music is pleasing.<br>• This coffee chain's aroma is enticing (desirable).<br>• The environment of this coffee chain's is clean and tidy.<br>**Lighting**<br>• This coffee chain's lighting creates a warm and comfortable atmosphere.<br>• This coffee chain provides sufficient lighting for me.<br>**Spatial Layout**<br>• This coffee chain's seating arrangement gives me enough space.<br>• This coffee chain allows me move easily. |
| **Customer Satisfaction** | 3 | • I am satisfied with this coffee chain.<br>• I am pleased to dine in at this coffee chain again.<br>• I have really enjoyed myself at this coffee chain. |

| Behavioral Intentions | 4 | • I would like to come back to this coffee chain in the future.<br>• I would recommend this coffee chain to my family, friends and others.<br>• I would like to stay longer than I planned at this coffee chain.<br>• I am willing to spend more than I planned at this coffee chain. |
|---|---|---|

Source: Developed for the research

## 3.5.2 Scale of Measurement

Questionnaire survey has been used in the research to collect information and data. Questions are prepared by adopting from different journals and distributed to respondents. The questionnaire consists of three sections: Section A (General Information), Section B (Constructs Measurement) and Section C (Demographic Profile). Furthermore, there are three types of scale measurement are used for the research, which include nominal scale, ordinal scale and interval scale.

Nominal measurement scale merely distinguishes the categories that comprise a given variable (Saunders et al., 2012). In other words, variables that can be classified into categories are measured by nominal scale. Some of the examples that variables are measured by nominal scale in the questionnaire is "Gender: Male or Female" and "Races: Malay, Chinese, Indian or Others", which are from Section C.

Ordinal measurement scales reflects a rank order among the categories comprising a variable (Saunders et al., 2012). This scale is used to measure a variable that can be categorized and ranked simultaneously. The main characteristic of the ordinal scale is the existence of a logical or ordered relationship between each of the categories which it permits the

measurement of degrees of difference, but not the specific amount of difference (Chow et al., 2013). One of the variables measured by using ordinal scale is "Allowance/Pocket money per month: Below RM200, RM201-RM400, RM401-RM500 and above RM600" in Section C.

Interval scale is the measurement where interval data have the power of nominal and ordinal data plus an additional strength which is the concept of equality of interval (Saunders et al., 2012). In other words, interval scale does not only indicate order, but also measure order (or distance) in units of equal distance. One of the interval scales is Likert Scale and in this research, five-point Likert Scales are used in Section B of the questionnaire. All independent variables (service quality and servicescape), mediator (customer satisfaction) and dependent variable (behavioral intentions) are measured by using symmetric agree-disagree scale to measure the degree of agreement and disagreement. Five alternatives are given to respondents which are 1 as "Strongly Disagree", 2 as "Disagree", 3 as "Neutral", 4 as "Agree" and 5 as "Strongly Agree".

# 3.6 Data Processing

Generally, data processing begins with editing and coding the data after the pilot test has been conducted (Zikmund, Babin, Carr, and Griffin, 2009). It has to be done instantaneously in order to make any adjustment if it is required. In fact, data processing consists of five steps which are questionnaire checking, editing, coding, transcribing, data cleaning (Malhotra, 2012).

### 3.6.1 Questionnaire Checking

The questionnaire will be distributed to the first 30 respondents in order to check the appropriateness, completeness and the quality of the questions through the pilot testing. In case, amendment can be done if there is any

mistakes occurred or misunderstood of the questions. Therefore, the mistakes can be discovered immediately in the early stage before distributing the questionnaires to the respondents.

### 3.6.2 Editing

According to Hair et al. (2002), data editing is the process whereby the raw data are checked by researchers or the respondent for mistakes or errors. While Zikmund et al. (2009) stated that editing comprises checking the data collection forms for omissions, legibility, and consistency in classification. The editing process revises problems such as interviewer errors (for example, an answer recorded on the wrong portion of a questionnaire) before the data are transferred to the computer (Zikmund et al., 2009). In short, editing can ensure the questionnaires become more accurate and precise.

### 3.6.3 Coding

Coding refers to the rules for interpreting, categorizing, recording, and transferring the data to the data storage media (Zikmund et al., 2009). This coding process is done generally by using a computer or hand tabulation. Typically, these codes are using numerical because numbers are quick and easy for respondents to choose and researchers to key in the data and computers work better with numbers than alphanumerical values (Hair et al., 2002). For instance, coding will be included in the Section B of the questionnaire such as five-point Likert scale which 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

### 3.6.4 Transcribing

Transcribing refers to the transferring of the data that have been coded in questionnaire into computer (Malhotra, 2012). After all the data have been collected, it will be transcribed to Statistical Package for the Social Sciences (SPSS) 22.0 to do the data analysis accordingly.

### 3.6.5 Data Cleaning

The process of data cleaning needs to be considered carefully as it will affect the overall statistical results (Malhotra, 2012). Besides, Malhotra (2012) also mentioned that data cleaning involves consistent checking and absence of responses handling are basically analyzed by using SPSS version 22.0. The data will be processed and conducted for checking by using computer even though this process has been taken during the editing stage (Malhotra, 2012). He then added that a consistent check serves to identify the data, which are out of range, logically inconsistent or have extreme values.

## 3.7 Data Analysis

Data analysis is the application of reasoning to understand the data that have been gathered. In its simplest form, analysis may involve determining consistent patterns and summarizing the relevant details revealed in the investigation (Zikmund et al, 2009). In this research, 200 copies of questionnaires have been distributed and only complete questionnaires will be analyzed.

After all the data is collected, Statistical Package for the Social Sciences (SPSS) 22.0 is used to analyze the data. There are various features in SPSS that are suitable for statistical data analysis such as reliability test, multiple regression, descriptive statistics and others.

## 3.7.1 Descriptive Analysis

Descriptive analysis is defined as the elementary transformation of data in a way that describes the basic characteristics such as central tendency, distribution and variability (Zikmund et al., 2009). The measure of central tendency refers to the average response (mean); the middle value, when the distribution is sorted from lowest to highest (median); and the most frequently occurring value (mode) (Cooper and Schindler, 2008). Distribution relates to the measures of shape, skewness and kurtosis that describe departures from the symmetry of a distribution and its relative flatness (Cooper and Schindler, 2008). While measures of variability relate to the dispersion or spread which include variance, standard deviation, range, interquartile range and quartile deviation (Cooper and Schindler, 2008).

### 3.7.1.1 Frequency Distribution

Frequency distribution is to summarize the number of times that a particular value of a variable occurs in the study from organizing a set of data (Zikmund et al., 2013). In other words, it is a common mean of summarizing a set of data to make the data more neat and usable. The objective of a frequency distribution is to display the number of responses associated with each value of a variable (Hair et al., 2003). Furthermore, its level of measurement has only one categorical variable which is nominal or ordinal (Saunders et al., 2012).

Based on the research, the frequencies are obtained from nominal variables and ordinal variables. Nominal variables include the preferred International Coffee Chain, dine in experience, purpose of the visit to the coffee chain, age, gender and race. While ordinal variables comprise of frequency to visit the coffee chain, average spending per visit, and allowance per month. Hence, a frequency distribution shows the variable name and description,

the frequency counts for each value of the variable, and the cumulative percentages for each value associated with a variable (Hair et al., 2003). The frequencies are then visually displayed as bar charts, histograms, or pie charts (Sekaran, 2003).

### 3.7.1.2 Descriptive Statistics

Furthermore, descriptive statistics are the statistics that summarize and describe the data in a simple and understandable manner (Zikmund et al., 2013). Thus, in this research, descriptive statistics have been measured on the independent variables (service quality and servicescape), mediator (customer satisfaction) and dependent variable (behavioral intentions). The results are shown in means and ranking between one and five. The highest in mean indicates that the respondents are more likely to agree the importance into particular variables towards the customer satisfaction and behavioral intentions.

### 3.7.2 Scale Measurement

Scale measurement is used to examine the reliability and validity of the data in the research. The example of scale measurement has been used in the research is reliability test.

### 3.7.2.1 Reliability Test

Reliability test is used as an indicator of a measure's internal consistency which internal consistency represents a measure's homogeneity or the extent to which each indicator of a concept converges on some common meaning (Zikmund et al., 2013). In other words, reliability test is to test whether all items in each variable in the questionnaire are reliable or highly related.

Most of the researchers apply coefficient alpha to estimate a multiple item scale's reliability (Zikmund et al., 2013). In this research, Cronbach's Alpha is applied as it is the most common method for reliability test to determine the internal consistency of multi-item scales. According to Hair et al. (2003), the reliability coefficient varies from 0 to 1. If the value of Cronbach's alpha is less than 0.7, internal consistency reliability for the variable is considered poor, whereas if the value of Cronbach's Alpha is more than 0.7 has indicated that the internal consistency reliability for the variable is good.

## 3.7.3 Inferential Analysis

### 3.7.3.1 Pearson Correlation Analysis

According to Zikmund et al. (2013), Pearson Correlation coefficient (r) is a statistical measure of the strength of a linear relationship between two metric variables. It is used to analyze the relationship between variables and meanwhile two-tailed significant level is used to test null hypotheses (Zikmund et al., 2013). Besides, the coefficient (r) indicates that the direction and the magnitude of the linear relationship (Zikmund et al., 2013). According to Hair et al. (2003), correlation coefficient ranges from -1.00 to +1.00, which is negative to positive, with 0 representing absolutely no association between the two metric variables. The larger the correlation coefficient, the stronger the linkage r level of association (Hair et al., 2003). If there is a positive correlation coefficient between X and Y, then increases in the value of X are associated with the increases in the value of Y, and vice versa (Hair et al., 2003).

Table 3.5 Rules of Thumb about Correlation Coefficient Size

| Coefficient Range | Strength of Association |
|---|---|
| 0.91 to 1.00 | Very Strong |
| 0.71 to 0.90 | High |
| 0.41 to 0.70 | Moderate |
| 0.21 to 0.40 | Small but definite relationship |
| 0.00 to 0.20 | Slight, almost negligible |

Source: Hair et al. (2003)

### 3.7.3.2 Multiple Regression Analysis

Multiple regression analysis is an analysis that allows investigation on the effect of two or more independent variables on a single dependent variable simultaneously (Zikmund, 2003). In other words, multiple regressions can analyze the relationship between various independent variables and a dependent variable and identify which independent variable will influence the dependent variable the most. Hence, the following multiple regressions can be formed:

**Customer Satisfaction = a + b1 (Service Quality) + b2 (Servicescape)**
Whereby, a = Constant

       b = Partial Regression Coefficient

### 3.7.3.3 Linear Regression Analysis

Simple linear regression analysis is a statistical technique that examines information about the relationship between one independent (predictor) variable and one dependent (criterion) variable and makes predictions (Hair et al., 2003). The idea behind of the linear regression analysis is to find a fit straight line to the data (Hair et al., 2003). A mediator variable is the variable

being affected by independent variables and then eventually influences the dependent variable. As a result, in this research, linear regression is used to determine the significant relationship between customer satisfaction and behavioral intentions. As such, an equation is formed based on the simple linear regression analysis:

**Behavioral Intentions = a + b (Customer Satisfaction)**

Whereby, a = Constant Value

b = Beta Coefficient Value

## 3.8 Conclusion

This chapter three describes the method used to conduct this research which is known as research methodology that includes collecting, analyzing and interpreting data. Target population is 200 undergraduates that are studying in Klang Valley and questionnaires are distributed to them. SPSS software version 22.0 has been used to analyze and interpret the data collected. Furthermore, this chapter has provided a detailed structure to conduct this research in terms of research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data analysis.

# CHAPTER 4: DATA ANALYSIS

## 4.0 Introduction

In this chapter four, data collected from questionnaires will be analyzed and interpreted. 200 questionnaires are distributed, however, 20 are voided due to the respondents do not have dine in experience in International Coffee Chain. Therefore, the findings is based on 180 respondents only. Statistical Package Society Science (SPSS) version 22.0 will be used to analyze data collected. Few elements will be discussed in this chapter include descriptive analysis, scale measurement, inferential analysis which consists of Pearson Correlation, Multiple Regression and Linear Regression, and last but not least conclusion for this chapter by summarized on hypothesis findings. Results will be visually displayed as charts and tables.

## 4.1 Descriptive Analysis

### 4.1.1 Respondent Demographic Profile

In this research, there are four questions were asked under demographic profile section, which is section C (refer Appendix 3.1) and consists of gender, age, race and allowance (pocket money) per month.

**4.1.1.1 Gender**

Table 4.1: Gender

| Gender | Frequency | Percentage (%) |
|--------|-----------|----------------|
| Male | 70 | 38.9 |
| Female | 110 | 61.1 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.1: Gender
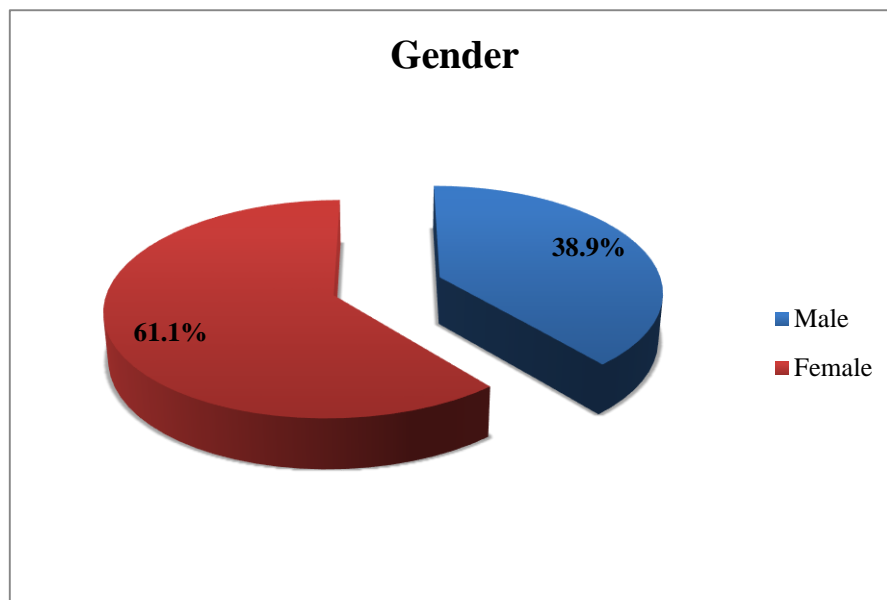


Source: Developed for the research

Table 4.1 and Figure 4.1 show the distribution of gender. In a total of 180 respondents, majority of the respondents are female and minority of respondents are male, which consists of 61.1% or 110 respondents and 38.9% or 70 respondents respectively.

**4.1.1.2 Age Group**

Table 4.2: Age Group

| Age Group | Frequency | Percentage (%) |
|---|---|---|
| 18 – 20 years old | 46 | 25.6 |
| 21 – 23 years old | 109 | 60.6 |
| 24 – 26 years old | 25 | 13.9 |
| Total | 180 | 100.00 |

Source: Developed for the research

Figure 4.2: Age Group
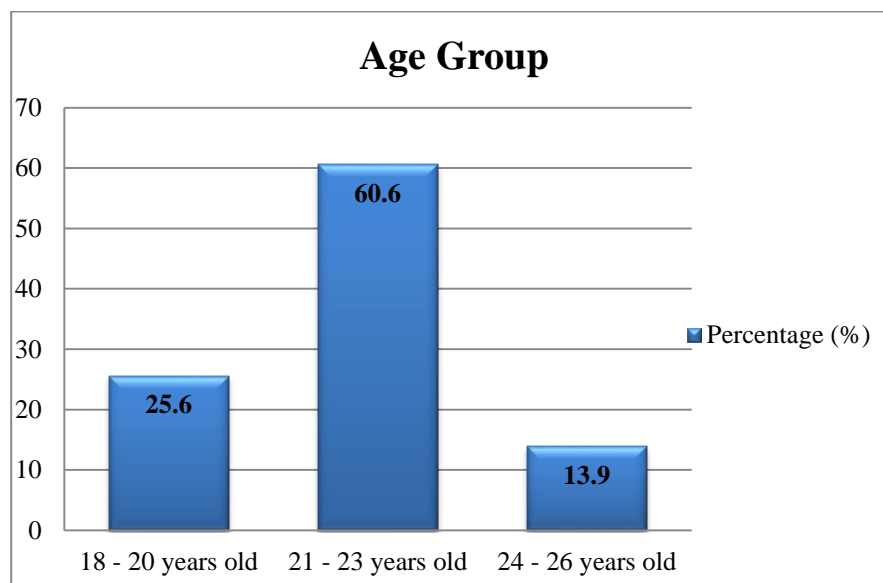


Source: Developed for the research

Table 4.2 and Figure 4.2 show three age groups which are 18-20 years old,
21-23 years old and 24-26 years old. The age group of 21-23 years old has
the majority proportion which consist of 60.6% or 109 respondents.
Meanwhile the minority proportion age group among 180 respondents is 24-
26 years old which is 13.9% or 25 respondents. Next age group which is 18-
20 years old consist 25.6% or 46 respondents.

**4.1.1.3 Race**

Table 4.3: Race

| Race | Frequency | Percentage (%) |
|---|---|---|
| **Malay** | 20 | 11.1 |
| **Chinese** | 145 | 80.6 |
| **Indian** | 15 | 8.3 |
| **Others** | 0 | 0 |
| **Total** | 180 | 100.0 |

Source: Developed for the research

Figure 4.3: Race
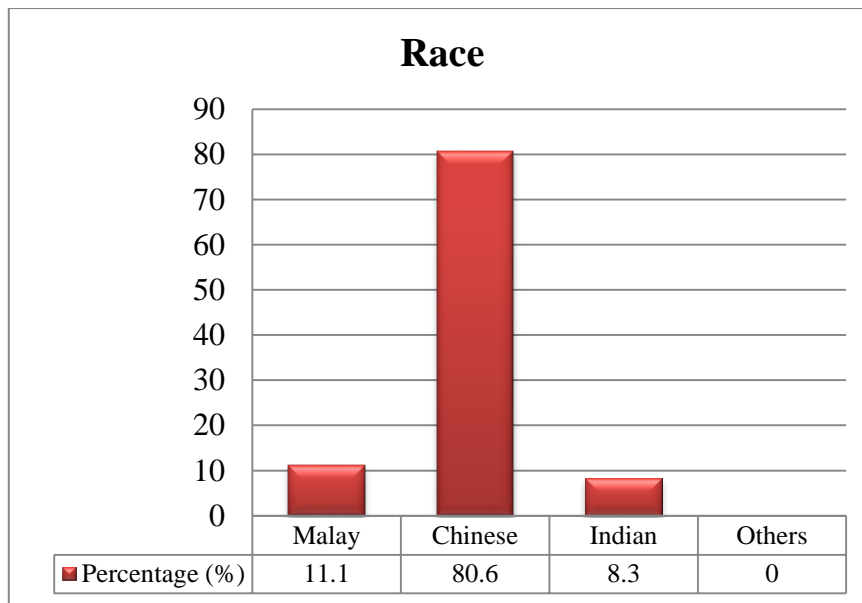


Source: Developed for the research

In the entire 180 respondents, there are 20 Malay respondents, 145 Chinese
respondents and 15 Indian respondents took part in the research. There is no
other races respondent. Majority of the respondents are Chinese, which
accounted for 80.6% of the total respondents. Meanwhile, Malay and Indian
respondents comprised for 11.1% and 8.3% of respondents respectively.

### 4.1.1.4 Allowance/Pocket Money per month

Table 4.4: Monthly Allowance Level

| Allowance | Frequency | Percentage (%) |
|-----------|-----------|----------------|
| **Below RM200** | 44 | 24.4 |
| **RM201 – RM400** | 59 | 32.8 |
| **RM401 – RM600** | 38 | 21.1 |
| **Above RM601** | 39 | 21.7 |
| **Total** | 180 | 100.0 |

Source: Developed for the research

Figure 4.4: Monthly Allowance Level
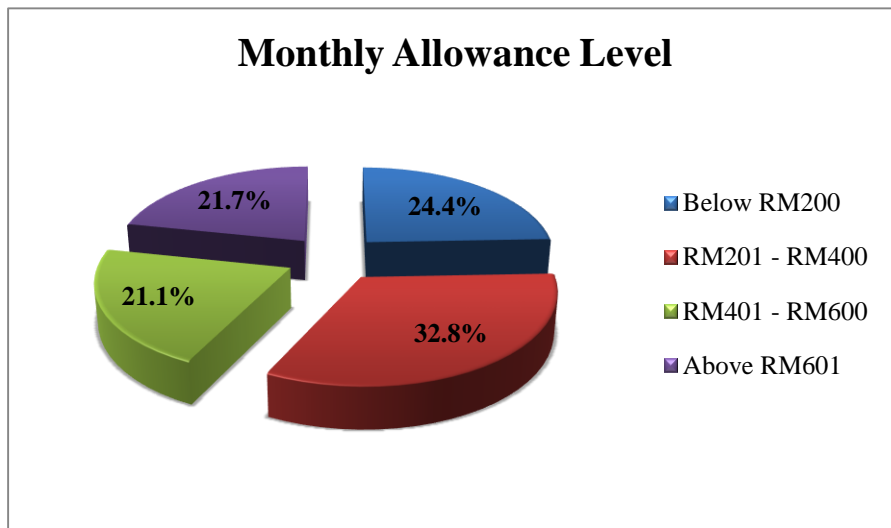


Source: Developed for the research

Based on Table 4.5 and Figure 4.5, analysis shows that majority of respondents fall into the category where monthly allowance is RM201-RM400, comprises 32.8 or 59 respondents. Meanwhile, monthly allowance of RM401-RM600 category has the lowest proportion which is 21.1% or 38 respondents. Subsequently, monthly allowance that below RM200 and above RM600 consist of 24.2% or 44 respondents and 21.7% or 39 respondents respectively.

### 4.1.2 Respondent General Information

In this research, there are five questions were asked under general information section, which is section A (refer to appendix 3.1) and consists of preferred International Coffee Chain, dine in experience, frequency of visiting coffee chain, purpose of visiting coffee chain and money spent in coffee chain per visit.

**4.1.2.1 Which International Coffee Chain do you prefer?**

Table 4.5: Preferred International Coffee Chain

| Preferred International Coffee Chain | Frequency | Percentage (%) |
|---|---|---|
| Starbucks | 126 | 70.0 |
| Coffee Bean & Tea Leaf | 29 | 16.1 |
| Pacific Coffee | 16 | 8.9 |
| Gloria Jeans | 0 | 0.0 |
| San Francisco | 9 | 5.0 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.5: Preferred International Coffee Chain



**Preferred International Coffee Chain**

| | Starbucks | Coffee Bean & Tea Leaf | Pacific Coffee | Gloria Jeans | San Francisco |
|---|---|---|---|---|---|
| Percentage (%) | 70.0 | 16.1 | 8.9 | 0.0 | 5.0 |
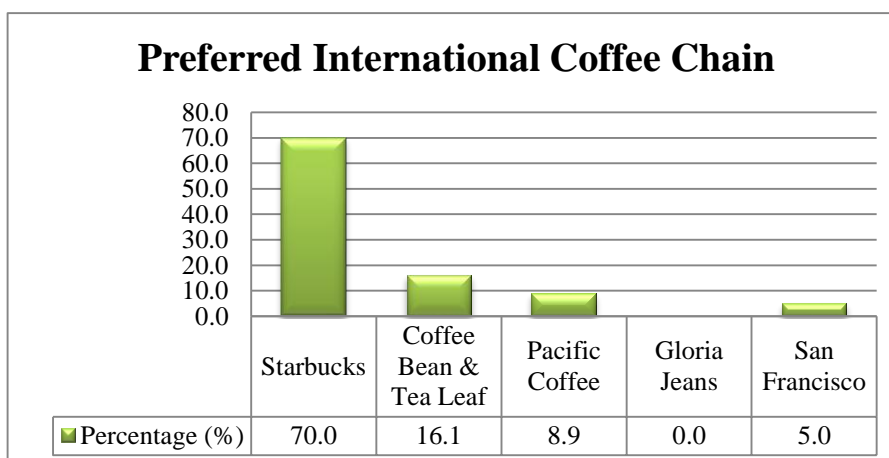
Source: Developed for the research

Based on Table 4.5 and Figure 4.5, the most preferred International Coffee Chain is Starbucks, with the highest percentage of 70% or 126 out of 180 respondents. However, no respondents prefer Gloria Jeans. Minority of respondents prefer San Francisco which is 5% or 9 respondents only. Meanwhile, 16.1% or 29 respondents prefer Coffee Bean & Tea Leaf and 8.9% or 16 respondents prefer Pacific Coffee.

**4.1.2.2 Do you have dine in experience based on your choice in Q1?**

Table 4.6: Dine in Experience

| Dine in Experience | Frequency | Percentage (%) |
|:---:|:---:|:---:|
| Yes | 180 | 100.0 |
| No | 0 | 0 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.6: Dine in Experience
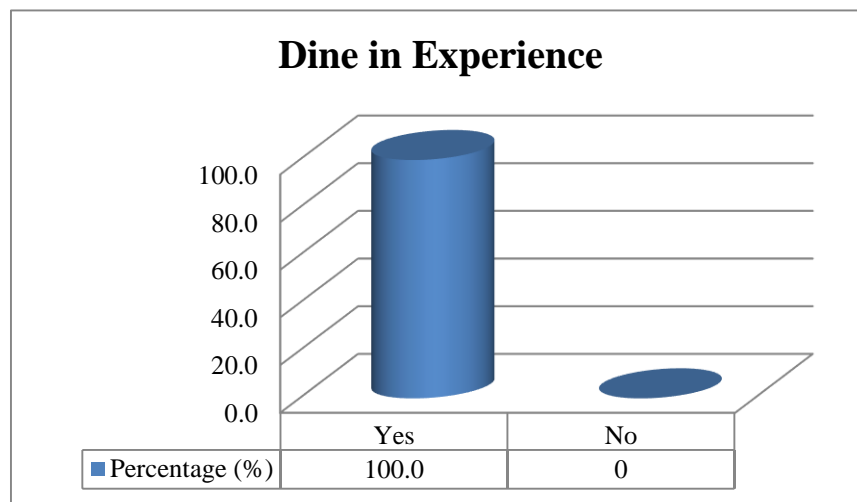


Source: Developed for the research

Table 4.6 and Figure 4.6 show the analysis of dine in experience in chosen
International Coffee Chain. All 180 respondents have dine in experience in
the chosen International Coffee Chain. The percentage is 100%.

**4.1.2.3 How often do you visit the chosen coffee chain?**

Table 4.7: Frequency of Visiting Coffee Chain

| Frequency of Visiting Coffee Chain | Frequency | Percentage (%) |
|---|---|---|
| Every week | 20 | 11.1 |
| 2 – 4 weeks | 34 | 18.9 |
| 4 – 6 weeks | 39 | 21.7 |
| 6 – 8 weeks | 24 | 13.3 |
| More than 8 weeks | 63 | 35.0 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.7: Frequency of Visiting Coffee Chain
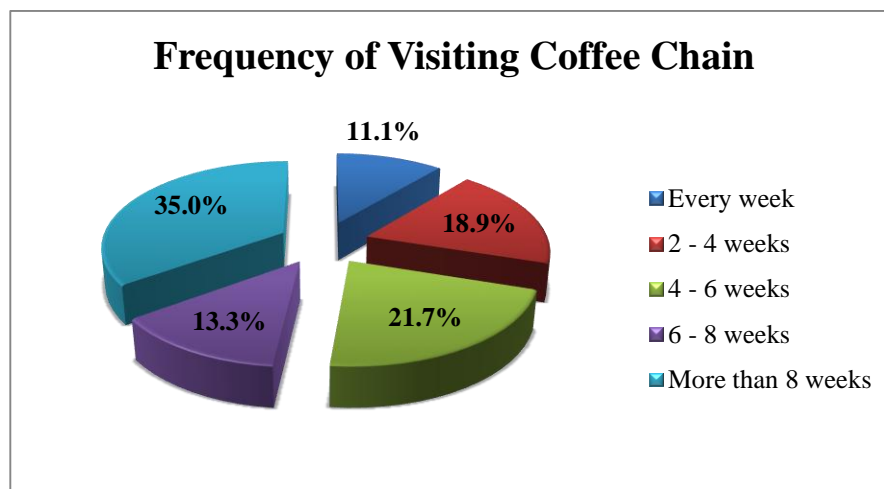


Source: Developed for the research

Table 4.7 and Figure 4.7 show the frequency of visiting the chosen coffee chain. The category that has the highest proportion is more than 8 weeks which consist 35% or 63 respondents. Minority of respondents visit the chosen coffee chain every week, which consist of 11.1% or 20 respondents only. Meanwhile, 18.9% or 34 of respondents visit coffee chain within 2-4 weeks, 21.7% or 39 respondents visit within 4-6 weeks and 13.3% or 24 respondents visit within 6-8 weeks.

**4.1.2.4 Based on your choice in Q3, what is the purpose of your visit to the coffee chain?**

Table 4.8: Purpose of Visiting Coffee Chain

| Purpose of Visiting Coffee Chain | Frequency | Percentage (%) |
|---|---|---|
| Discussion and Revision | 27 | 15.0 |
| Gathering | 44 | 24.4 |
| Meals | 13 | 7.2 |
| Relaxation | 96 | 53.3 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.8: Purpose of Visiting Coffee Chain



**Purpose of Visiting Coffee Chain**

| | Discussion and Revision | Gathering | Meals | Relaxation |
|---|---|---|---|---|
| Percentage (%) | 15.0 | 24.4 | 7.2 | 53.3 |
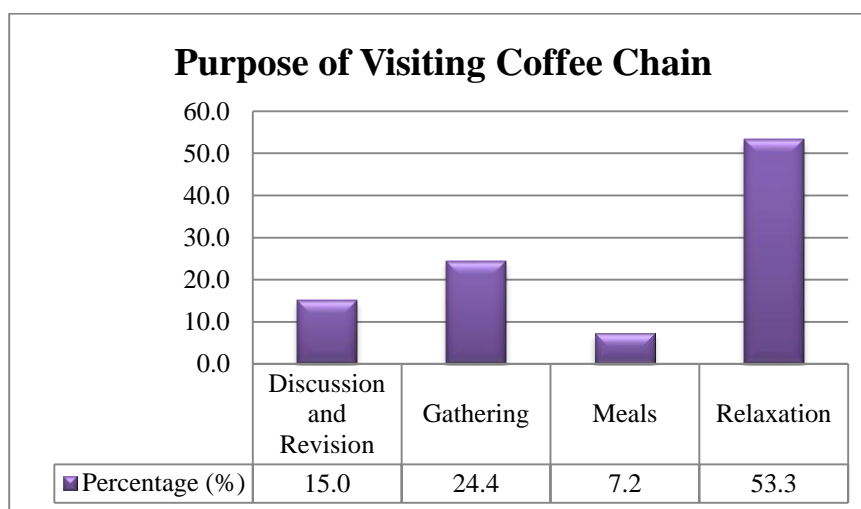
Source: Developed for the research

Table 4.8 and Figure 4.8 show the result the purpose of respondents visiting coffee chain. Majority of respondents visit coffee chain for relaxation which consists of 53.3% or 95 respondents. Meanwhile, 24.4% or 44 respondents gather with friends and family in coffee chain and 15.0% or 27 respondents have discussion and revision in coffee chain. Minority of respondents which is 7.2% or 13 respondents have meals in coffee chain.

**4.1.2.5 On average, how much do you spend on coffee per visit?**

Table 4.9: Money Spent in Coffee Chain per Visit

| Money Spent in Coffee Shop per Visit | Frequency | Percentage (%) |
|---|---|---|
| Less than RM15 | 70 | 38.9 |
| RM16 – RM30 | 100 | 55.6 |
| More than RM30 | 10 | 5.6 |
| Total | 180 | 100.0 |

Source: Developed for the research

Figure 4.9: Money Spent in Coffee Chain per Visit
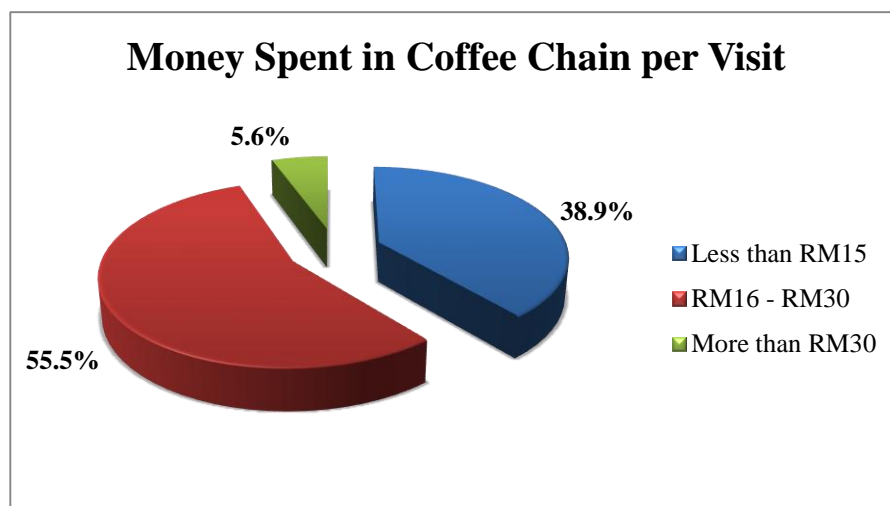


Source: Developed for the research

Table 4.9 and Figure 4.9 show the money spent in coffee chain per visit. There are three categories which is less than RM15, RM16-RM30 and more than RM30. Most of respondents spent RM16-RM30 in coffee chain per visit, which consist of 55.6% or 100 respondents. Meanwhile, 38.9% or 70 respondents spent within RM16-RM30 in coffee chain per visit and only 5.6% or 10 respondents spent more than RM30 per visit.

## 4.1.3 Descriptive Statistics

Table 4.10: Descriptive Statistics on Variables

| No | Variables | N | Mean | Standard Deviation | Ranking |
|---|---|---|---|---|---|
| 1 | Service Quality | 180 | 3.9227 | 0.56291 | 1 |
| 2 | Servicescape | 180 | 3.7933 | 0.57476 | 3 |
| 3 | Customer Satisfaction | 180 | 3.9185 | 0.68015 | 2 |

Source: Developed for the research

Table 4.10 shows the descriptive statistics of service quality, servicescape and customer satisfaction. Service quality has the highest mean of 3.9227. Meanwhile, customer satisfaction has the mean of 3.9185. However, servicescape has the lowest mean which is 3.7933. Hence, Table 4.10 indicates that majority of the respondents agreed that service quality has the highest impact on behavioral intentions whereas servicescape has the lowest impact on behavioral intentions.

Furthermore, standard deviation indicates how close the data is to the mean. In this research, customer satisfaction has the highest value of standard deviation which is 0.68015, followed by servicescape which is 0.57476. Lastly, service quality has the lowest value of standard deviation which is 0.56291.

## 4.2 Scale Measurement

### 4.2.1 Internal Reliability Test

In reliability analysis, Cronbach's Alpha is the most common method to measure the reliability of the variables. In this research, Cronbach's Alpha is used to measure the internal consistency reliability of total 28 items. The Cronbach's Alpha ranges from 0 to 1 and value of 0.7 or less indicates poor internal consistency reliability.

Table 4.11: Reliability Test

| No | Constructs | Cronbach's Aplha | No of Items |
|----|-----------|------------------|-------------|
| 1 | Service Quality | 0.911 | 11 |
| 2 | Servicescape | 0.879 | 10 |
| 3 | Customer Satisfaction | 0.883 | 3 |
| 4 | Behavioral Intentions | 0.875 | 4 |

Source: Developed for the research

Table 4.11 shows the results that all constructs exceeded 0.8. As shown in table above, service quality was measure by 11 items show the highest alpha coefficient of 0.911. Then followed by customer satisfaction which measured by 3 items with alpha coefficient of 0.883. Next is servicescape that measure by 10 items produced alpha coefficient 0.879. Finally, behavioral intentions measured by 4 items show the lowest alpha coefficient of 0.875.

## 4.3 Inferential Analysis

### 4.3.1 Pearson Correlation Analysis

Table 4.12: Pearson Correlation Analysis

| | | Service Quality | Servicescape | Customer Satisfaction | Behavioral Intentions |
|---|---|---|---|---|---|
| Service Quality | Pearson Correlation | 1 | .668** | .677** | .601** |
| | Sig (2-tailed) | | .000 | .000 | .000 |
| | N | 180 | 180 | 180 | 180 |
| Servicescape | Pearson Correlation | .668** | 1 | .673** | .624** |
| | Sig (2-tailed) | .000 | | .000 | .000 |
| | N | 180 | 180 | 180 | 180 |
| Customer Satisfaction | Pearson Correlation | .677** | .673** | 1 | .762** |
| | Sig (2-tailed) | .000 | .000 | | .000 |
| | N | 180 | 180 | 180 | 180 |
| Behavioral Intentions | Pearson Correlation | .601** | .624** | .762** | 1 |
| | Sig (2-tailed) | .000 | .000 | .000 | |
| | N | 180 | 180 | 180 | 180 |

** Correlation is significant at the level 0.01 level (2-tailed)

Source: Developed for the research

Table 4.12 shows the correlation of each independent variable (service quality and servicescape) is significant at 0.01 level, two – tailed toward customer satisfaction. Furthermore, the result also shows that there are positive relationship between all independent variables and customer satisfaction. The value between service quality and customer satisfaction is 0.677, while servicescape is 0.673. As a result, service quality shown a strongest positive relationship with customer satisfaction (r=0.677) and followed by servicescape (r=0.673). Besides, the correlation between mediator (customer satisfaction) and dependent variable (behavioral intentions) is positively related with r=0.762 at 0.01 levels.

## 4.3.2 Multiple Regression Analysis

Table 4.13: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .739[a] | .547 | .541 | .46060 |

a. Predictors: (Constant), Service Quality, Servicescape

Source: Developed for the research

Table 4.13 has shown that R Square is 0.547 for regression of customer satisfaction of 0.739. In another words means 54.7% of variation in the customer satisfaction was influenced by the two independent variables (service quality and servicescape). The other 45.3% remain uninfluenced.

Table 4.14: ANOVA[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| 1 | Regression | 45.254 | 2 | 22.627 | 106.656 | .000[b] |
| | Residual | 37.551 | 177 | .212 | | |
| | Total | 82.805 | 179 | | | |

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Service Quality, Servicescape

Source: Developed for the research

Table 4.14 shows ANOVA where F= 106.656; p = 0.000<0.001, thus, fitness for the model is confirmed. The overall regression model with two predictors of service quality and servicescape has worked well in explaining the variation in customer satisfaction.

Table 4.15: Coefficients[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|---|---|---|---|---|---|
| | B | Std Error | Beta | | |
| 1  (Constant) | .182 | .258 | | .705 | .482 |
| Service Quality | .496 | .082 | .411 | 6.038 | .000 |
| Servicescape | .472 | .081 | .399 | 5.856 | .000 |

a. Dependent Variable: Customer Satisfaction

Source: Developed for the research

Based on the Table 4.15, the following linear equation is formed:

**Customer Satisfaction = 0.182 + 0.496 (Service Quality) + 0.472 (Servicescape)**

There is significant relationship between service quality, servicescape and customer satisfaction. Based on the equation formed, regression coefficient of service quality is 0.496. It means the level of customer satisfaction will increase 0.496 units when service quality increased one unit while others remain constant. Furthermore, the regression coefficient of servicescape is 0.472 which means the level of customer satisfaction will increase 0.472 units when servicescape increased one unit while others remain unchanged.

In addition, among all the two independent variables, service quality is the strongest influence on customer satisfaction where standardized beta is equal to 0.411. Thus, service quality is an important predictor of customer satisfaction and followed by servicescape (0.399).

### 4.3.3 Hypotheses Testing

**Hypothesis 1**

$H_0$: There is no relationship between service quality and customer satisfaction.

$H_1$: There is a positive relationship service quality and customer satisfaction.

Reject $H_0$, if $p < 0.05$

Based on Table 4.15, the significant value of service quality is 0.000, which is below p-value of 0.05. Hence, $H_0$ is rejected and $H_1$ is accepted, which indicates that there is positive relationship between service quality and customer satisfaction.

**Hypothesis 2**

$H_0$: There is no relationship between servicescape and customer satisfaction.

$H_2$: There is a positive relationship servicescape and customer satisfaction.

Reject $H_0$, if $p < 0.05$

Based on Table 4.15, the significant value of servicescape is 0.000, which is below p-value of 0.05. Hence, $H_0$ is rejected and $H_2$ is accepted, which indicates that there is positive relationship between servicescape and customer satisfaction.

## 4.3.4 Linear Regression Analysis

Table 4.16: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .762[a] | .581 | .579 | .44988 |

a. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

Table 4.16 has shown that R Square is 0.581 for regression of behavioral intentions of 0.762. This indicates that 58.1% of variation in the behavioral intentions was influenced by the mediator (customer satisfaction). The other 41.9% remain uninfluenced.

Table 4.17: ANOVA[a]

| | Model | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| 1 | Regression | 50.020 | 1 | 50.020 | 247.142 | .000[b] |
| | Residual | 36.026 | 178 | .202 | | |
| | Total | 86.045 | 179 | | | |

a. Dependent Variable: Behavioral Intentions

b. Predictors: (Constant), Customer Satisfaction

Source: Developed for the research

Table 4.17 shows ANOVA where F= 247.142; p = 0.000<0.001, thus, fitness for the model is confirmed. The overall regression model with one predictor of customer satisfaction has worked well in explaining the variation in behavioral intentions.

Table 4.18: Coefficients[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|---|---|---|---|---|---|
| | B | Std Error | Beta | | |
| 1 (Constant) | .695 | .197 | | 3.534 | .001 |
| Customer Satisfaction | .777 | .049 | .762 | 15.721 | .000 |

a. Dependent Variable: Behavioral Intentions

Source: Developed for the research

Based on the Table 4.18, the following linear equation is formed:

**Behavioral Intentions = 0.695 + 0.777 (Customer Satisfaction)**

There is significant relationship between customer satisfaction and behavioral intentions. Based on the equation formed, regression coefficient of customer satisfaction is 0.777 and this indicates that the level of behavioral intentions will increase 0.777 units when customer satisfaction increased one unit while others remain constant. Meanwhile, the standardized beta coefficient is equal to 0.762.

### 4.3.5 Hypotheses Testing

**Hypothesis 3**

$H_0$: There is no relationship between customer satisfaction and behavioral intentions.

$H_3$: There is a positive relationship between customer satisfaction and behavioral intentions.

Reject $H_0$, if $p < 0.05$

Based on Table 4.18, the significant value of customer satisfaction is 0.000, which is below p-value of 0.05. Hence, $H_o$ is rejected and $H_3$ is accepted, which indicates that there is positive relationship between customer satisfaction and behavioral intentions.

## 4.4 Conclusion

In this chapter, descriptive analysis has been used to analyze and summarize respondents' general information and demographic profiles. Besides, the reliability of all the variables (independents and dependent variables) has been tested by using internal reliability test. Furthermore, inferential analysis has been measured by using multiple regression analysis and linear regression to test the independent variables and mediator has significant impact to dependent variable or not. Last but not least, pearson correlation analysis is used to examine the association among those variables.

# CHAPTER 5 DISCUSSION, CONCLUSION AND IMPLICATION

## 5.0 Introduction

An overall conclusion of the research project will be discussed in this chapter five. The first part of this chapter will be the summary of statistical analysis which consist descriptive analysis, scale of measurement and inferential analysis that are analyzed and interpreted in previous chapter which is chapter four. The next part of this chapter is discussion of major findings to validate the research objectives and hypotheses, including a summary of the results of hypotheses testing. Furthermore, limitation of the study during the progress of research will be discussed and recommendations will be provided in this chapter to provide platforms for future research. Last but not least is the conclusion of the entire research project.

## 5.1 Summary of Statistical Analysis

### 5.1.1 Descriptive Analysis

In the part of demographic profiles of respondents, few elements have been discussed which include gender, age, race and allowance per month. Based on the results, majority of the respondents are females which consists 61.1% of sample size and aged between 21-23 years old represent the largest age group with 60.6%. Besides, most of the respondents are Chinese that consists of 80.6%. Lastly, majority of undergraduates (32.8%) monthly allowances are in between RM201 – RM400.

For the general information of respondents, the most preferred International Coffee Chain is Starbucks which consists of 70% and all the respondents have dine in experience. Most of the undergraduates visit their chosen coffee

chain more than 8 weeks (35%) and purpose of visit coffee chain is to have gathering (53.3%). Lastly, almost half of the undergraduates spend RM16-RM30 (55.6%) in coffee chain per visit.

## 5.1.2 Scale Measurement

Scale measure is referred to reliability test and Cronbach's Alpha is used to test the internal consistency reliability and measure the four constructs in the research. Among the four variables measured, Cronbach's Alpha of service quality is 0.911 which is the highest score among others, followed by customer satisfaction with score of 0.883. Servicescape has the reliability score of 0.879 and last, behavioral intentions have the reliability score of 0.875. Hence, the reliability results have satisfactory measurement qualities as all reliable value is greater than 0.7.

## 5.1.3 Inferential Analysis

### 5.1.3.1 Pearson Correlation Analysis

Pearson correlation analysis is used in the research to measure the relationship between independent variables (service quality and servicescape), mediator (customer satisfaction) and dependent variable (behavioral intentions). Results show that all the independent variables include service quality and servicescape have positive and significant relationship with customer satisfaction (mediator) at significant level of 0.01. Based on the results, service quality has the highest and strongest significant relationship with customer satisfaction (r= 0.677) compare to servicescape with customer satisfaction (r= 0.673). Moreover, the correlation between customer satisfaction and behavioral intentions has also the positive relationship which is 0.762 at the significant level of 0.01.

Therefore, as a conclusion, there are significant positive relationships among all the variables.

### 5.1.3.2 Multiple Regression Analysis

Multiple regression analysis is applied to test the association among independent variables (service quality and servicescape) against mediator (customer satisfaction). Table 4.13 shows the result of regression, where R square is 0.547 for regression of customer satisfaction of 0.739. This indicates that 54.7% of variation in the customer satisfaction was influenced by service quality and servicescape. Based on Table 4.15, the following linear equation is formed:

**Customer Satisfaction = 0.182 + 0.496 (Service Quality) + 0.472 (Servicescape)**

Table 4.15 also shows that service quality and servicescape have a significant influence on customer satisfaction. Based on the equation formed, regression coefficient of service quality is 0.496 and regression coefficient of servicescape is 0.472. Moreover, among all the two independent variables, service quality has the strongest impact on customer satisfaction where standardized beta is equal to 0.411. Thus, service quality is an important predictor of customer satisfaction followed by servicescape (0.399). In a conclusion, two hypotheses ($H_1$ and $H_2$) have tested and accepted at the significant level less than 0.05.

### 5.1.3.3 Linear Regression Analysis

Linear regression analysis has been measured to determine the significant relationship between customer satisfaction and behavioral intentions. Based on Table 4.16, R square is 0.581 for regression of behavioral intentions of 0.762. This means that 58.1% of variation in the behavioral intentions was

influenced by customer satisfaction. Hence, following linear equation is formed:

**Behavioral Intentions = 0.695 + 0.777 (Customer Satisfaction)**

Based on the equation formed, regression coefficient of customer satisfaction is 0.777 and with the standardized beta coefficient of 0.762. Therefore, hypothesis ($H_3$) was tested and accepted with the significant level less than 0.05.

## 5.2 Discussion of Major Findings

Table 5.1 Summary of Research Objectives, Hypotheses and Results

| Research Objectives | Hypotheses | Results | Achieved |
|---|---|---|---|
| To examine the relationship between service quality and customer satisfaction. | There is a significant relationship service quality and customer satisfaction. | r = 0.677 (p < 0.05) p = 0.000 | Yes |
| To examine the relationship between servicescape and customer satisfaction. | There is a significant relationship servicescape and customer satisfaction. | r = 0.673 (p < 0.05) p = 0.000 | Yes |
| To examine the relationship between customer satisfaction and behavioral intentions. | There is a significant relationship between customer satisfaction and behavioral intentions. | r = 0.762 (p < 0.05) p = 0.000 | Yes |

Source: Developed for the research

## 5.2.1 Service Quality

Research Objective 1: To examine the relationship between service quality (tangibles, reliability, responsiveness, assurance and empathy) and customer satisfaction.

Research Question 1: Is there any significant relationship between service quality (tangibles, reliability, responsiveness, assurance and empathy) and customer satisfaction?

$H_1$: There is a significant relationship between service quality and customer satisfaction.

Based on pearson correlation analysis, service quality is the strongest significantly correlated with customer satisfaction (r=0.677). Furthermore, multiple regression analysis indicates that service quality is affecting customer satisfaction positively (p=0.000). Thus, the hypothesis ($H_1$) is accepted as there is a significant positive relationship between service quality and customer satisfaction in International Coffee Chains. Meanwhile, for the internal reliability test, the Cronbach's Alpha value for service quality is 0.911, which is also the highest value compare to other variables.

The result is supported by Canny (2014) study that service quality is the most important attributes in dining experience that influence customer satisfaction towards behavioral intentions. According to Fisk et al. (1993), service quality is one of the important elements to be identified in the service related business and is highly related to service marketing. In coffee industry, which also said to be service industry, service quality is seen to be one of the key determinants of customer satisfaction and behavioral intentions.

The result is supported by study of Canny (2014) that service quality is the most important attribute in dining experience that influences customer satisfaction towards behavioral intentions. According to Fisk et al. (1993), service quality is one of the important elements to be identified in the service related business and is highly related to service marketing. In the coffee industry, which is also the service industry, service quality is seen as one of the key determinants of customer satisfaction and behavioral intentions.

According to Wu et al. (2014), their findings also showed that there is a positive and significant relationship between service quality and customer satisfaction. Their study is based on food and beverage industry and service quality is the main driver of customer satisfaction. Based on their study, the better the service quality provided, the customers will satisfy and will visit the restaurant again in future.

Service quality is the strongest variable as compared to other variables such as food quality and physical environment in affecting customer satisfaction in casual dining restaurant (Canny, 2014). His findings have the same results with this research where service quality has the strongest relationship towards customer satisfaction among undergraduates in coffee industry. Due to the changes in lifestyle and intense competition in coffee industry, students do not only emphasize on food quality nowadays, but also the service quality provided by coffee chain. Therefore, students will prefer the coffee chains that can provide prompt and reliable services to them. Hence, students will be satisfied if the coffee chain provides prompt service to them.

Therefore, the objective to examine the relationship between service quality and customer satisfaction is achieved. Customers will revisit to the particular coffee chain if the service provided is best quality and meet expectation of customers' needs. Besides, the research question of "Is there any significant relationship between service quality and customer satisfaction?" is also answered in the research.

## 5.2.2 Servicescape

Research Objective 2: To examine the relationship between servicescape (interior design, ambience, lighting and spatial layout) and customer satisfaction.

Research Question 2: Is there any significant relationship between servicescape (interior design, ambience, lighting and spatial layout) and customer satisfaction?

H2: There is a significant relationship between servicescape and customer satisfaction.

The result of pearson correlation analysis, servicescape is significantly correlated with customer satisfaction (r=0.673). In addition, results of multiple regression analysis indicates that servicescape is affecting customer satisfaction positively (p=0.000). In other words, if the coffee chain environment is good, customers will satisfy, happy and enjoy of having coffee there. Meanwhile, for the internal reliability test of servicescape, the value of Cronbach's Alpha is 0.879. Thus, the hypothesis (H2) is supported.

The result is supported by the study of Namkung and Jang (2008) that servicescape has a positive and significant relationship with customer satisfaction in food industry. They claimed that physical environment of restaurant is significantly important to high level of satisfaction and leads to behavioral intentions. Furthermore, Bitner (1992) also mentioned that servicescape will significantly affect customer satisfaction. Similarly, Han and Ryu (2009) study also showed that physical environment of restaurant has contributed significantly to the level of customer satisfaction.

Hence, servicescape is one of the important factors that will contribute on the satisfaction level. Customer may decide which coffee chain to visit

based on the servicescape of coffee chain rather than the quality of the beverage itself. Therefore, managers should also emphasize on servicescape to match customers' expectation to gain competitive advantage as well as to retain customers.

Therefore, the objective to examine the relationship between servicescape and customer satisfaction has been achieved. Furthermore, the research question of "is there any significant relationship between physical environment and customer satisfaction?" is also answered in the research.

### 5.2.3 Customer Satisfaction

Research Objective 3: To examine the relationship between customer satisfaction and behavioral intentions.

Research Question 3: Is there any significant relationship between customer satisfaction and behavioral intentions?

$H_3$: There is a significant relationship between customer satisfaction and behavioral intentions.

Based on the pearson correlation analysis result, customer satisfaction is significantly correlated with behavioral intentions (r=0.762). In addition, linear regression analysis result indicates that customer satisfaction is positively affecting behavioral intentions in International Coffee Chains (p=0.000). Thus, the hypothesis ($H_3$) is accepted as there is positive and significant positive relationship between customer satisfaction and behavioral intentions. Moreover, internal reliability test shows that Cronbach's Alpha value of customer satisfaction and behavioral intentions is 0.883 and 0.875 respectively.

The result is supported by the findings from Liang and Zhang (2011), where it showed that customer satisfaction (mediating role) has positive and significant relationship towards behavioral intentions in restaurant. They claimed that as long as customers are highly satisfied, this will increase their behavioral intentions towards the restaurant. Besides, Canny (2014) also claimed that customer satisfaction is a great predictor as mediating role on affecting future behavioral intentions.

Hence, in coffee industry, marketers should identify and fulfill the needs and wants of customers to satisfy them in order to increase revisit intention to coffee chain. Marketers should take into consideration of all possible factors that contribute to customer satisfaction.

Therefore, the objective to examine the relationship between customer satisfaction and behavioral intentions has been met. Undergraduates will have behavioral intentions towards International Coffee Chains if they are satisfied with it. Moreover, the research question of "Is there any significant relationship between customer satisfaction and behavioral intentions?" is answered in the research.

# 5.3 Implication of the Study

## 5.3.1 Managerial Implications

### 5.3.1.1 Service Quality

Based on this research, service quality has a more significant effect that contributes to customer satisfaction as compared to servicescape. In all the service industries, employees at frontline play a very important role of representing the company that might affect the company's reputation. These employees are the one who deliver the promised services to customers directly and have a closer contact with customers. It is crucial for company

to give training to employees so that they are able to deliver the service effectively and efficiently.

Furthermore, rewards can be given to employees to motivate them and to retain them in the company. When employees are satisfied and happy with the job, they tend to be motivated and initiated to carry out their work more effectively and efficiently. Hence, employees will provide good services to customers.

On the other hand, supervisor should be appointed to closely monitor the performance and behavior of the frontline employees. This is to ensure the consistency of the service quality. As time goes by, employees are able to build and maintain close relationship with customers as well as to understand their needs better. When the service provided is good, customers will feel pleasant when making purchase or having any business transactions with the company and will increase behavioral intentions towards the company in the future.

### 5.3.1.2 Servicescape

The research findings indicate that servicescape has a less impact on the customer satisfaction. However, servicescape does play an important role in determining customer satisfaction and behavioral intentions in food and beverage industry too (Namkung and Jang, 2008). Servicescape tends to affect the mood or feeling of customers and makes customers to feel comfortable at the coffee chains. In this competitive market in coffee industry, every coffee chain provides almost similar physical environment.

In order to compete, marketers have to be creative and innovative on designing their coffee chain to attract customers. Hence, it is important for managers to better understand the customers' needs. They should take into consideration on the feelings or opinions of customers towards the

surrounding of coffee chain so that improvement can be made to satisfy the needs of customers. Therefore, managers should do more research on the outlet design of the coffee chains in term of which color to be used, what background music to be used or what types or design of tables or chairs to be placed. All the elements that make up servicescape have an equivalent effect on the surroundings and thus, affect satisfaction of customers.

### 5.3.1.3 Customer Satisfaction

Nowadays, customer satisfaction has become a key determinant in determining the success of a company in any industries including coffee industry. Satisfied customer will continue to visit coffee chain and less likely to switch to other coffee chains to meet their expectation. Meanwhile, dissatisfied customers will spread negative word-of-mouth and this will affect the reputation and image of coffee chain.

Therefore, the management needs to identify and determine all the factors or attributes that contribute on satisfying customers. Manager have to take action and emphasize more on the attributes that contribute the most on customer satisfaction to meet customer's expectations. Besides, it is also important to provide an opportunity or a platform for customers to give feedback on overall satisfaction level on the coffee chain. Once they received feedbacks or complaints, the management need to handle them properly to avoid losing loyal customers. It is suggested that the management can form a customer service department specifically handle feedbacks and complaints by providing toll free careline for customers' convenience to make complaints through phone calling.

### 5.3.1.4 Behavioral Intentions

In order to compete in the coffee industry market, it is important for the company to retain existing customers as well as to attract new potential customers to stay with company. The return of the customers determines the success of the company. Therefore, in order to retain existing customers, the management can offer membership card to their loyal customers and also provide series of benefits such as free a cup of coffee after purchased ten cups of coffee in a period of time. Meanwhile, to attract potential customers, management can have promotion such as buy one free one coffee or buy one coffee and get second coffee at 50% during specific festival such as Hari Raya, Chinese New Year, Deepavali and etc.

Furthermore, since customer satisfaction can influence behavioural intentions, managers have to take into considerations of the two significant factors such as service quality and servicescape that have significant towards the level of satisfaction. Manager need to be aware and emphasize more on how to satisfy customer to meet their needs and wants. Besides, managers are advised to determine and measure customer expectation and satisfaction from time to time in an effective and efficient way.

Once the company is successful on retaining the customers and customers start to pay frequent visit to coffee chain, these customers are more likely to be the loyal customer. This will benefit company as according to Kuo and Tang (2013), customer loyalty can highly affect the profitability and competitive advantage of the company as measured by the repeat purchase intentions. Having a loyal customer helps company to reduce cost on raising brand awareness as these customers tend to spread positive words of mouth.

## 5.4 Limitation of the Study

There are several limitations that have encountered during the progress of the research. This study was primarily limited by its small sample size. The total number of respondents in this study is 200 which are considered a relatively small sample size to represent all the undergraduates in Klang Valley. Only 200 questionnaires are distributed to selected universities but not all universities in Klang Valley due to time and resources constraints. Therefore, this research is unable to represent all the undergraduates' population in Klang Valley.

Another limitation is race of the respondents are not equally distributed in the research. The result shows that the majority respondents are Chinese respondents as compared to other races. Generally, different races might have different points of view as well as taste and preferences towards the coffee chain. The result where service quality has the highest impact towards customer satisfaction may only represent Chinese undergraduates' viewpoints. Hence, the research will be lack of consistency and accuracy to represent all the races of undergraduates in Klang Valley.

In addition, there are quite a number of target respondents refused to answer the questionnaire. The possible reasons behind are some of them are not interested to the survey topic and they feel that it is a waste of time to complete the survey, thus they reject to participate in this questionnaire. Besides, some of them are unwilling to answer the questions because they might not wish to reveal the information and think that it will not benefit them from answering the questionnaire. Thus, this leads to the delay on completion of research.

Last but not least, another limitation of the study is the limited independent variables that are being tested. This research does not take into the account of the other variables that might affect the level of satisfaction and behavioral intentions in International Coffee Chains. There are only two variables are being tested which are service quality and servicescape. This shows that the research is not conduct in a comprehensive and thorough manner since it only focuses on two variables. Thus,

behavioral intentions towards International Coffee Chains are not investigated in detailed.

## 5.5 Recommendations for Future Research

First and foremost, in order to improve the quality of the research paper, it is recommended to increase sample size to ensure the accurateness of the research paper. It is due to the data collected from the respondents in Klang Valley might not totally reflect the local constituencies' understandings at all. Besides, the researchers should also cover wider range in order to obtain more data and greater responses. It is advisable to the researchers that the research paper should include undergraduates from whole Peninsular Malaysia instead of just Klang Valley in collecting and analysing data for future research.

As mentioned above, different races might have different point of view. It is recommended that questionnaires should be equally distributed to the different races which consists of Malay, Chinese, Indian and others. This will help to increase the consistency and accuracy of data collection. Moreover, this move will let researchers have an in-depth understanding on how influential of service quality and servicescape to different races of the university students regarding to the behavioral intentions to the particular International Coffee Chain. Therefore, future researchers need to take races into considerations to obtain more accurate results.

Furthermore, to avoid difficulty in collecting data within a time constraint situation, researchers are recommended to share a token of appreciation to the respondents as to show appreciations for answering those questions in a short period of time. A little reward given to respondents will make them more willing to answer the questionnaire as well as to show sincerity in asking them to conduct the survey. This will also help to increase the possibility in getting respondents to participate. Hence, future researchers can prepare some rewards as a token of appreciation to encourage participation.

Lastly, it is recommended that more independent variables should be included in future research. Some of the common variables can be included such as beverage quality, price, promotion, brand image and company reputation to have a better understanding on which variable has the highest impact and how these variables will influence customer satisfaction towards behavioral intentions in International Coffee Chains. This will allow researcher to identify the needs and wants of customers in coffee industry. Therefore, future researchers that conduct the similar research should take into account of all the possible factors to obtain more accurate and reliable results.

# 5.6 Conclusion

The research is conducted to understand the influence of service quality and servicescape towards customer satisfaction on behavioral intentions in International Coffee Chains. The results meet the objectives of the research which is to identify the relationship of the two variables towards customer satisfaction and lead to behavioral intentions.

After the analysis of pearson correlation analysis, multiple regression analysis and reliability test, results have shown that all of the two independent variables include service quality and servicescape have positive significant relationship with customer satisfaction. In addition, linear regression analysis had shown that the relationship between customer satisfaction and behavioral intentions is positive significant relationship. Furthermore, few necessary improvements actions to be taken by coffee chains have been suggested in this chapter.

As a result, service quality is the most important factor that influence customer satisfaction of undergraduates towards behavioral intentions in International Coffee Chains in this research. Besides, this research has provided some limitations of the study and recommendations for future research. Thus, this research provides information for future researchers who may want to investigate on factors affecting customer satisfaction towards behavioral intentions in International Coffee Chain.

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**Appendix 3.1: Questionnaire**



**UNIVERSITI TUNKU ABDUL RAHMAN (UTAR)**

**FACULTY OF ACCOUNTANCY AND MANAGEMENT (FAM)**

Dear respondent,

We are undergraduate students pursuing Bachelor of International Business (Hons) in the Faculty of Accountancy & Management at Universiti Tunku Abdul Rahman (UTAR). The purpose of this survey is to study on **the influence of Service Quality and Servicescape on Customer Satisfaction towards Behavioral Intentions in International Coffee Chains**. This questionnaire consists of three parts. Please answer ALL questions in every sections. Completion of this form will take you approximately 10 to 15 minutes. We will assure that all information you provide to us will be kept private and confidential and used solely for academic purpose.

We highly appreciate your participation and cooperation in helping us to complete this survey.

**Group members:**

| Name | ID number |
|---|---|
| BEH WEI WEN | 1200815 |
| LEONG YING YEE | 1200670 |
| WONG SEK YAU | 1200427 |
| YAP CHIN YEE | 1200872 |

**INSTRUCTION**: Please read each question carefully. Answer the question by filling the appropriate box that represents your response with √ in the ☐ box. Each question should apply only **ONE** answer.

### Section A: GENERAL INFORMATION

Q1     Which International Coffee Chain do you prefer? Choose **ONE** only.

☐     Starbucks

☐     Coffee Bean & Tea Leaf

☐     Pacific Coffee

☐     Gloria Jeans

☐     San Francisco

Q2     Do you have dine in experience based on your choice in Q1?

☐     Yes     (Kindly proceed to answer following questions.)

☐     No     (Thanks for your participation.)

Q3     How often do you visit the chosen coffee chain?

☐     Every week

☐     2 - 4 weeks

☐     4 - 6 weeks

☐     6 - 8 weeks

☐     More than 8 weeks

Q4     Based on your choice in Q3, what is the purpose of your visit to the coffee chain?

☐     Discussion & revision

☐     Gathering

☐     Meals

☐     Relaxation

Q5    On average, how much do you spend on coffee per visit?

☐    Less than RM15

☐    RM16 - RM30

☐    More than RM30

## SECTION B: CONSTRUCT MEASUREMENT

*The lists below are the measurement items about the rating of the attributes. For each of the following statements, kindly circle the number that represents your opinion the most.*

<u>**Service Quality**</u>

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| **Tangibles (professional appearance)** | | | | | |
| 1. The employees (baristas) are well-dressed and appear neat. | 1 | 2 | 3 | 4 | 5 |
| 2. The employees' (baristas') uniform is appropriate (wear cap and apron). | 1 | 2 | 3 | 4 | 5 |
| **Reliability (accuracy)** | | | | | |
| 3. The employees (baristas) serve my beverage exactly as I ordered. | 1 | 2 | 3 | 4 | 5 |
| 4. The employees (baristas) provide an accurate billing. | 1 | 2 | 3 | 4 | 5 |

| **Responsiveness** | | | | | |
|---|---|---|---|---|---|
| 5. The employees (baristas) are willing to help me as per my request. | 1 | 2 | 3 | 4 | 5 |
| 6. The employees (baristas) provide prompt service. | 1 | 2 | 3 | 4 | 5 |
| 7. The employees (baristas) have patience when taking my order. | 1 | 2 | 3 | 4 | 5 |
| **Assurance** | | | | | |
| 8. The employees (baristas) have adequate knowledge to answer my questions. | 1 | 2 | 3 | 4 | 5 |
| 9. The employees (baristas) understand my needs and orders. | 1 | 2 | 3 | 4 | 5 |
| **Empathy** | | | | | |
| 10. The employees (baristas) give full attention to me when I place order. | 1 | 2 | 3 | 4 | 5 |
| 11. The employees (baristas) are sympathetic and reassuring if something goes wrong. | 1 | 2 | 3 | 4 | 5 |

## Servicescape (Physical Environment)

| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| **Interior Design** | | | | | |
| 1. This coffee chain's wall decoration is visually attractive. | 1 | 2 | 3 | 4 | 5 |
| 2. This coffee chain's colors give me a warm atmosphere. | 1 | 2 | 3 | 4 | 5 |
| 3. This coffee chain's paintings or pictures are attractive. | 1 | 2 | 3 | 4 | 5 |
| **Ambience** | | | | | |
| 4. This coffee chain's background music is pleasing. | 1 | 2 | 3 | 4 | 5 |
| 5. This coffee chain's aroma is enticing (desirable). | 1 | 2 | 3 | 4 | 5 |
| 6. The environment of this coffee chain's is clean and tidy. | 1 | 2 | 3 | 4 | 5 |
| **Lighting** | | | | | |
| 7. This coffee chain's lighting creates a warm and comfortable atmosphere. | 1 | 2 | 3 | 4 | 5 |

| 8. This coffee chain provides sufficient lighting for me. | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| **Spatial Layout** | | | | | |
| 9. This coffee chain's seating arrangement gives me enough space. | 1 | 2 | 3 | 4 | 5 |
| 10. This coffee chain allows me move easily. | 1 | 2 | 3 | 4 | 5 |

## Customer Satisfaction

| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 1. I am satisfied with this coffee chain. | 1 | 2 | 3 | 4 | 5 |
| 2. I am pleased to dine in at this coffee chain again. | 1 | 2 | 3 | 4 | 5 |
| 3. I have really enjoyed myself at this coffee chain. | 1 | 2 | 3 | 4 | 5 |

**<u>Behavioral Intentions</u>**

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 1. I would like to come back to this coffee chain in the future. | 1 | 2 | 3 | 4 | 5 |
| 2. I would recommend this coffee chain to my family, friends and others. | 1 | 2 | 3 | 4 | 5 |
| 3. I would like to stay longer than I planned at this coffee chain. | 1 | 2 | 3 | 4 | 5 |
| 4. I am willing to spend more than I planned at this coffee chain. | 1 | 2 | 3 | 4 | 5 |

**Section C: DEMOGRAPHIC PROFILE**

*Please tick (√) the appropriate box or fill in the blank for each of the questions given below.*

Q1    Gender:

☐    Male

☐    Female

Q2    Age

☐    18 - 20 years old

☐    21 - 23 years old

☐    24 - 26 years old

Q3    Race

☐    Malay

☐    Chinese

☐    Indian

☐    Others (please specify: _____)

Q4    Allowance / Pocket money per month:

☐    Below RM200

☐    RM201 – RM400

☐    RM401– RM600

☐    Above RM601

**Thank you for your participation.**

**All responses are kept private and confidential.**

**Appendix 3.2 SPSS Output: Pilot Test**

**SERVICE QUALITY**

**Reliability**

**Scale: ALL VARIABLE**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables
in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .910 | 11 |

**SERVICESCAPE**

**Reliability**

**Scale: ALL VARIABLES**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .864 | 10 |

## CUSTOMER SATISFACTION

**Reliability**

**Scale: ALL VARIABLES**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .939 | 3 |

## BEHAVIORAL INTENTIONS

**Reliability**

**Scale: ALL VARIABLES**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .929 | 4 |

## Appendix 4.1 SPSS Output: Respondent Demographic Profile

**Frequencies**

| | | Gender | Age | Race | Allowance/pocket money per month |
|---|---|---|---|---|---|
| N | Valid | 180 | 180 | 180 | 180 |
| | Missing | 0 | 0 | 0 | 0 |

*Statistics*

**Frequency Table**

**Gender**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 70 | 38.9 | 38.9 | 38.9 |
| | Female | 110 | 61.1 | 61.1 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

**Age**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 18-20 years old | 46 | 25.6 | 25.6 | 25.6 |
| | 21-23 years old | 109 | 60.6 | 60.6 | 86.1 |
| | 24-26 years old | 25 | 13.9 | 13.9 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

**Race**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Malay | 20 | 11.1 | 11.1 | 11.1 |
| | Chinese | 145 | 80.6 | 80.6 | 91.7 |
| | Indian | 15 | 8.3 | 8.3 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

| Allowance/pocket money per month | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Below RM200 | 44 | 24.4 | 24.4 | 24.4 |
| | RM201-RM400 | 59 | 32.8 | 32.8 | 57.2 |
| | RM401-RM600 | 38 | 21.1 | 21.1 | 78.3 |
| | Above RM601 | 39 | 21.7 | 21.7 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

## Appendix 4.2: SPSS Output: Respondent General Information

## Frequencies

### Statistics

| | | Preferred Coffee Chain | Dine In Experience | Visit Frequency | Purpose to visit | Spend on coffee per visit |
|---|---|---|---|---|---|---|
| N | Valid | 180 | 180 | 180 | 180 | 180 |
| | Missing | 0 | 0 | 0 | 0 | 0 |

## Frequency Table

### Coffee Chain

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Starbucks | 126 | 70.0 | 70.0 | 70.0 |
| | Coffee Bean & Tea Leaf | 29 | 16.1 | 16.1 | 86.1 |
| | Pacific Coffee | 16 | 8.9 | 8.9 | 95.0 |
| | San Francisco | 9 | 5.0 | 5.0 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

### Dine In Experience

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 180 | 100.0 | 100.0 | 100.0 |

| Visit Frequency | | | | | |
| --- | --- | --- | --- | --- | --- |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | everyweek | 20 | 11.1 | 11.1 | 11.1 |
| | 2-4 weeks | 34 | 18.9 | 18.9 | 30.0 |
| | 4-6 weeks | 39 | 21.7 | 21.7 | 51.7 |
| | 6-8 weeks | 24 | 13.3 | 13.3 | 65.0 |
| | more than 8 weeks | 63 | 35.0 | 35.0 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

| Purpose to visit | | | | | |
| --- | --- | --- | --- | --- | --- |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | discussion & revision | 27 | 15.0 | 15.0 | 15.0 |
| | gathering | 44 | 24.4 | 24.4 | 39.4 |
| | meals | 13 | 7.2 | 7.2 | 46.7 |
| | relaxation | 96 | 53.3 | 53.3 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

| Spend on coffee per visit | | | | | |
| --- | --- | --- | --- | --- | --- |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | less than RM15 | 70 | 38.9 | 38.9 | 38.9 |
| | RM16-RM30 | 100 | 55.6 | 55.6 | 94.4 |
| | More than RM30 | 10 | 5.6 | 5.6 | 100.0 |
| | Total | 180 | 100.0 | 100.0 | |

**Appendix 4.3: SPSS Output: Descriptive Statistics**

| Descriptive Statistics | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Service Quality | 180 | 1.73 | 5.00 | 3.9227 | .56291 |
| Servicescape | 180 | 1.70 | 5.10 | 3.7933 | .57476 |
| Customer Satisfaction | 180 | 1.00 | 5.00 | 3.9185 | .68015 |
| Valid N (listwise) | 180 | | | | |

**Appendix 4.4: SPSS Output: Reliability Test**

## SERVICE QUALITY

**Reliability**

**Scale: ALL VARIABLE**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 180 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 180 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .911 | 11 |

## SERVICESCAPE

**Reliability**

**Scale: ALL VARIABLES**

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 180 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 180 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .879 | 10 |

## CUSTOMER SATISFACTION

### Reliability

### Scale: ALL VARIABLES

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 180 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 180 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .883 | 3 |

## BEHAVIORAL INTENTIONS

### Reliability

### Scale: ALL VARIABLES

| Case Processing Summary | | N | % |
|---|---|---|---|
| Cases | Valid | 180 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 180 | 100.0 |

a. Listwise deletion based on all
variables in the procedure.

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .875 | 4 |

## Appendix 4.5: SPSS Output: Pearson Correlation Analysis

**Correlation**

| Correlations | | Service Quality | Servicescape | Customer Satisfaction | Behavioral Intentions |
|---|---|---|---|---|---|
| Service Quality | Pearson Correlation | 1 | .668** | .677** | .601** |
| | Sig. (2-tailed) | | .000 | .000 | .000 |
| | N | 180 | 180 | 180 | 180 |
| Servicescape | Pearson Correlation | .668** | 1 | .673** | .624** |
| | Sig. (2-tailed) | .000 | | .000 | .000 |
| | N | 180 | 180 | 180 | 180 |
| Customer Satisfaction | Pearson Correlation | .677** | .673** | 1 | .762** |
| | Sig. (2-tailed) | .000 | .000 | | .000 |
| | N | 180 | 180 | 180 | 180 |
| Behavioral Intentions | Pearson Correlation | .601** | .624** | .762** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | |
| | N | 180 | 180 | 180 | 180 |

**. Correlation is significant at the 0.01 level (2-tailed).

**Appendix 4.6: SPSS Output: Multiple Regression Analysis**

**Regression**

| Variables Entered/Removed[a] | | | |
|---|---|---|---|
| Model | Variables Entered | Variables Removed | Method |
| 1 | Servicescape, Service Quality[b] | . | Enter |

a. Dependent Variable: CSAVE

b. All requested variables entered.

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .739[a] | .547 | .541 | .46060 |

a. Predictors: (Constant), PEAVE, SQAVE

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 45.254 | 2 | 22.627 | 106.656 | .000[b] |
| | Residual | 37.551 | 177 | .212 | | |
| | Total | 82.805 | 179 | | | |

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Servicescape, Service Quality

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .182 | .258 | | .705 | .482 |
| | Service Quality | .496 | .082 | .411 | 6.038 | .000 |
| | Servicescape | .472 | .081 | .399 | 5.856 | .000 |

a. Dependent Variable: Customer Satisfaction

## Appendix 4.7: SPSS Output: Linear Regression Analysis

**Regressions**

| | Variables Entered/Removed[a] | | |
|---|---|---|---|
| Model | Variables Entered | Variables Removed | Method |
| 1 | Customer Satisfaction[b] | . | Enter |

a. Dependent Variable: Behavioral Intentions

b. All requested variables entered.

| | Model Summary | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .762[a] | .581 | .579 | .44988 |

a. Predictors: (Constant), Customer Satisfaction

| | ANOVA[a] | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 50.020 | 1 | 50.020 | 247.142 | .000[b] |
| | Residual | 36.026 | 178 | .202 | | |
| | Total | 86.045 | 179 | | | |

a. Dependent Variable: Behavioral Intentions

b. Predictors: (Constant), Customer Satisfaction

| | Coefficients[a] | | | | | |
|---|---|---|---|---|---|---|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| Model | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .695 | .197 | | 3.534 | .001 |
| | Customer Satisfaction | .777 | .049 | .762 | 15.721 | .000 |

a. Dependent Variable: Behavioral Intentions