

Quality of Service Influencing Customer Loyalty of Coffee Shop

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ABSTRACT

The objectives of this research were 1) to study the level of opinions on service quality of coffee shop and 2) to study quality of service influencing customer loyalty of coffee shop. The questionnaires were used in the data collection from 400 consumers of Beyond Café, Muang District, Udon Thani Province. The statistics used for the data analysis included percentage, mean, relationship, and multiple regression. The research results revealed that the level of opinion on the service quality of coffee shop in the concreteness of service was at a good level with the concreteness of service of 4.55. The service reliability was at a good level with the mean of 4.62. The response to customer demands was at a good level with the mean of 4.47. The service reassurance was at a good level with the mean of 4.50. The service care was at a good level with the mean of 4.57. Regarding the quality of service influencing customer loyalty of coffee shop; the case study of Beyond Café in Muang District, Udon Thani Province, it was found that the service quality including the concreteness of service, reliability, response to customer demands, reassurance, care had the influence on customer loyalty at the statistical significance of 0.05 level. When considering the independent variable having the power to predict changes in customer loyalty, the best ones were the concreteness of service, response to customer demands, reassurance, care, and reliability, respectively.

Keywords

Quality of service, Influence, Customer loyalty

Background and significance of problem

Coffee is a very popular drink in many countries. As people consume coffee in their daily life in the current society, the demands for coffee products continue to increase. According to the report of the Department of Business Development, the coffee business in Thailand is likely to grow higher. There were 57 business establishments in 2018, an increase of 37.71% compared to 2017. Meanwhile, the capital value in 2018 was 89 million baht. The business revenue expands continually at an average of 2.83% per year. In 2017, the total revenue was 28,824 million baht, an increase of 4.85% from 2016. The total net profit was 3,765 million baht. The coffee business is likely to be able to grow even higher. The franchise premium coffee shops penetrate the market and are opened in the department stores or tourist attractions in the provinces such as Starbucks Coffee, Amazon Cafe, Black Canyon, etc. This is in line with the continually increasing consumption of coffee in Thailand. There is the rapid expansion of this business both in the city and in the districts via various channels such as gas stations or various department stores, etc. The new generation entrepreneurs are interested in running a business with trials, production process development innovation, and service quality in order to deliver a unique beverage and service in the area.

According to the economic report of Udon Thani Province for the year 2018 by the Udon Thani Provincial Treasury Office, it was found that the service sector expanded. The service sector productivity index grew by 0.9 percent compared to the previous year. This was followed by an increase of 2.2 percent in the number of tourists due to the tourism promotion measures of the government and private sectors. An increase of tourists and investors affect the changing spending behaviors of local people. The higher living costs and the changing tastes lead the consumers spend more on service-sector businesses. This agrees with the report of Udon Thani Provincial Treasury Office. From the aforementioned factors, many new entrepreneurs see this

opportunity. Therefore, they have operated the service sector business with a number of restaurants and premium coffee shops in the province, especially premium coffee shops that sell drinks and desserts with their own brand. Each coffee shop has their own selling point and uniqueness focusing on different service styles in various fields. This results in fierce competition in the coffee shop business in the area. Therefore, it is important for entrepreneurs to take into account the constant improvement and development of their own business.

From the aforementioned problem condition, the researchers are interested in studying the quality of service influencing customer loyalty of coffee shop in Muang District, Udon Thani Province; case study of Beyond Café. This is the small business operated by local businessmen in Udon Thani province. The growing trend in business can be observed from the continuous expansion of shops and opening of new branches. Currently, Beyond Café has 5 branches; 4 branches in Udon Thani and 1 branch in Nong Khai. The research results can be used as a guideline for development, improvement of marketing plan of local coffee shop operators who can apply the information to develop and respond the needs of consumers as much as possible.

Research objectives

To study the level of opinions on the service quality of coffee shop and to study quality of service influencing customer loyalty of coffee shop.

Research conceptual framework

From the study of literature review and related researches or similar researches as a guideline, the research concept framework can be set as shown in Figure 1.

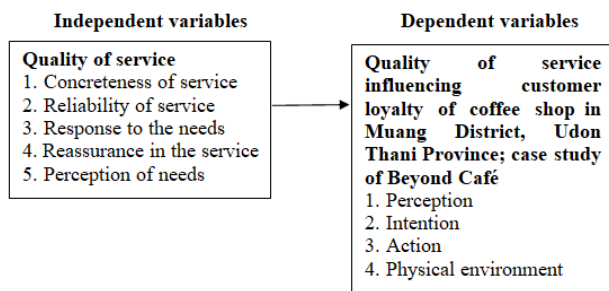


Figure 1: Research conceptual framework

Research methodology

Population and sample group

The population included the customers using the service or having used the service of Beyond Café with randomly unknown population. The confidence level of 95% was used from the calculation on 385 persons of sample group with the increasing number of sample group of 4% equaling to 15 people comprising the total sample size of 400 persons. These were divided into 100 persons for each branch to cover all 4 branches. The Non-Probability Sampling was used by selecting only 4 branches in Udon Thani Province out of 5 branches (Akkawich Chueaarn; 2013: 70); Branch 1 in Nong Prajak Public Park, Udon Thani Province, Branch 2 in Wessuwan Udon Thani Provincial Stadium, Branch 3 in Boonthavorn Department Store, Udon Thani Province, Branch 4 in Udon Thani Vocational College. The Quota Sampling was done from a sample group of 400 persons divided into 100 persons per branch. The questionnaires were distributed to the sample group of customers who used the service or have used the service of Beyond Café in Muang District. Udon Thani Province.

Research tools

The tools used in this research were questionnaires which were divided into 3 parts. Part 1 was about personal characteristics. Part 2 was about the quality of service consisting of concreteness of service, reliability in service, response to the demands, reassurance in service, and perception of needs. Part 3 was about customer loyalty towards the coffee shop business of Beyond Café consisting of the perception, intention, action, and physical environment.

Data analysis

In this research, the researchers applied the obtained data to be analyzed by using Statistical Package for Social Science (SPSS).

Results of data analysis

Table 1: Level of opinions on the service quality of coffee shop

Service quality	\bar{X}	S.D.	Level of opinions
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1. Concreteness of service	4.55	0.54	Good
2. Reliability in service	4.62	1.15	Good
3. Response to the customer's demands	4.47	0.54	Good
4. Reassurance	4.50	0.53	Good
5. Care	4.57	0.90	Good

From Table 1, it was found that the customers had the good level of opinions on the service quality of Beyond Café in terms of concreteness of service, reliability, response to the customer's demands, reassurance, and care in all respects.

Table 2: Test on the quality of service influencing customer loyalty of coffee shop

Variables	B	S.E.	Beta
1. Concreteness of service	0.287	0.060	0.256
2. Reliability in service	-0.082	0.021	-0.161
3. Response to the customer's demands	0.273	0.082	0.249
4. Reassurance	0.187	0.081	0.162
5. Care	0.096	0.029	0.148

$R^2 = 0.427$ SEE = 0.444 F = 60.430*

With the statistical significance at a level of 0.05.

From Table 2, it was found that the variable of concreteness of service influenced the loyalty of the coffee shop's customers in Muang District, Udon Thani Province, case study of Beyond Café at the statistical significance of 0.05 level. The influence value was 0.256. The variable of reliability influenced the loyalty of the coffee shop's customers in Muang District, Udon Thani Province, case study of Beyond Café at the statistical significance of 0.05 level. The influence value was -0.161. The variable of response to customer's needs influenced the loyalty of the coffee shop's customers in Muang District, Udon Thani Province, case study of Beyond Café at the statistical significance of 0.05 level. The influence value was 0.249. The variable of reassurance influenced the loyalty of the coffee shop's customers in Muang District, Udon Thani Province, case study of Beyond Café at the statistical significance of 0.05 level. The influence value was 0.162. The variable of care influenced the loyalty of the coffee shop's customers in Muang District, Udon Thani Province, case study of Beyond Café at the statistical significance of 0.05 level. The influence value was 0.148. When considering the independent variables influencing the power to change customer loyalty the best, they were concreteness of service, response to the customer's demands, reassurance, care, and reliability, respectively.

Research's result conclusion

From the data collection of 400 respondents, the data on the sample group could be analyzed as follows. It was found that most questionnaire respondent were female accounted for 61.00%. The average age was 21-30 years calculated as 38% followed by the age of 31-40 years for 28.50%, age over 41 years or more for 23.50%, and age under 20 years old for 10.00%. Most of them had a bachelor's degree accounted for 66.50%, followed by the level of higher than bachelor's degree for 11.50%, the level of high school education / vocational certificate for 9.00%, and lower secondary education level accounted for 4.00%. For the information on occupation, most of them were self-employed accounted for 32.50%, company's employees for 25.50%, students / university students for 21.00%, government officials / state enterprises for 20.50%, and farmers accounted for 0.50%. In terms of monthly income, most of them earned 10,001 - 20,000 baht or 36.50%, followed by the income of 30,001 baht or more for 23.00%, income of 20,001- 30,000 baht for 20.50%, and income less than 10,000 baht for 20.00%. For the marital status, the single status was accounted for 57.50%, married for 37.50%, and divorced for 5%.

In studying the quality of service influencing the customer loyalty of Beyond Café, it was found that the level of opinions on the quality of service for the concreteness of service was at a good level of 4.55. In terms of reliability in service, the mean was at a good level of 4.62. The mean of response to customer's demands was at a good level of 4.47. The mean of reassurance in service was at a good level of 4.50. The mean of service care was at a good level of 4.57. The results of hypothesis testing revealed that the quality of service influencing the customer loyalty in the coffee shop business in Muang District, Udon Thani Province, case study of Beyond Café had the statistical significance at 0.05 level.

Discussion of results

1. Results of study on the level of opinions on the quality of service of the coffee shop

From the research, it was found that the concreteness of service made the employees be ready and willing to serve. For the reliability in service, the customers give importance to the employees who have knowledge on products and services. For the response to customer's demands, the customers give importance to the employees who are eager to serve. For the reassurance in service, the customers give importance to the employees who serve politely. The customers expected and had opinions to receive a good quality of services. This is correspondent with the research of Phawat Wannapin (2012) studying the assessment of service quality of True Coffee, branches in the universities. It was found that the university students who come to use the service at True Coffee had the expectations for the service in each aspect mostly at the highest level.

2. The results of the study on the service quality influencing the customer loyalty of coffee shop in Muang District, Udon Thani Province, case study of Beyond Café. From the research, it was found that the quality of service influencing the customer loyalty included the concreteness of service, reliability, response to customer's needs, reassurance, and care at the statistical significance of 0.05. When considering

the independent variables with the power to change customer loyalty, the best ones were concreteness of service, response to customer's needs, reassurance, care, and reliability, respectively. It can be said that when the customers receive the services according to their needs, the customers will be satisfied and come back to use the service again in the future. This is correspondent with Nattaporn Disniwet (2016) studying the factors affecting customer loyalty with brands, cafes, and desserts in department stores. It was found that the quality of service in all five factors influenced the customer loyalty with brands, cafes, and desserts in department stores with the statistical significance at 0.05 level. This indicates that the service meets the needs and the desired pattern resulting in customer satisfaction with the intention of returning to use the service repeatedly until it becomes brand loyalty eventually (Jermsittiparsert, 2019; Lekhawichit, Chavaha, Chienwattanasook, & Jermsittiparsert, 2020; Saengchai & Jermsittiparsert, 2020).

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