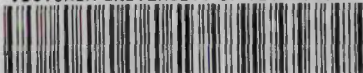# The Role of Perceived Value in a Customer Loyalty Model: An Investigation of the Australian Coffee Outlet Industry

Po-Tsang Chen

Doctor of Philosophy

2008
VU

The Role of Perceived Value in a Customer Loyalty Model:

An Investigation of the Australian Coffee Outlet Industry

Po-Tsang Chen

Thesis Submitted in Fulfillment of
the Requirements for the Degree of
DOCTOR OF PHILOSOPHY

School of Hospitality, Tourism and Marketing
Faculty of Business and Law
Victoria University
Melbourne, Australia

2008

DECLARATION

I, Po-Tsang Chen, declare that the PhD thesis entitled *"The Role of Perceived Value in a Customer Loyalty Model: An Investigation of the Australian Coffee Outlet Industry"* is no more than 100,000 words in length, exclusive of tables, figures, appendices, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Po-Tsang Chen

12/02/2008

Date

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

CHAPTER ONE

CHAPTER TWO

CHAPTER FIVE

CHAPTER SIX

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

Competition in the Australian coffee outlet industry has intensified due to the invasion of international chain coffee outlets in recent years. Retaining and cultivating customer loyalty has become increasingly important for both independent and chain coffee outlet marketers and operators due to the highly competitive environment. Perceived value is emerging as a major theme and receiving growing attention from academics and practitioners in the marketing literature. Its central focus is to gain a competitive advantage among competitors.

The purpose of this thesis was to develop and test a model of customer loyalty through a perceived value focus. The marketing literature has produced two schools of thought on the determinants of customer loyalty in services industries. The transaction perspective puts forward the view that service quality and satisfaction drives customer loyalty in service industries. The relationship marketing perspective puts forward the view that relational benefits to and relationship quality for the service provider, substantially drive customer loyalty in service industries. On the other hand, some researchers advocate value perceptions as superior indicators of customer loyalty. Among these notions, the relationship quality construct of satisfaction and affective commitment has conspicuous impact on customer loyalty. This thesis develops a perceived value-based model which provides an understanding of the role of perceived value in the relationship process of creating customer loyalty and in predicting customers' preference of chain or independent coffee outlets.

This study employed both qualitative and quantitative approaches. For measuring scale development, in-depth interviews with coffee outlet operators were conducted to investigate and ascertain the determinant attributes of service quality. The questionnaire survey was conducted in Melbourne, Australia with 949 customers from chain and independent coffee outlets participated. The data analysis of this study was organized into four stages as follows:

In the first stage, the descriptive analysis presented the samples' characteristics and coffee consumption behaviour, and cross-tabulation analyses explored customer

preference of types of coffee outlets in terms of demographics. In the second stage, this study ranked the important determinant attributes of service quality. This stage also identified the differences between customers of chain and independent coffee outlets in terms of these attributes, relational benefits, perceived value, relationship quality, and customer loyalty.

The third stage of the analysis used regression analysis to investigate the hypotheses relationships of each dimension of research constructs generated by principal components analysis. Six dimensions of the determinant attributes of service quality were identified with the factors of coffee quality, service, food and beverage, general amenities, atmosphere, and extra benefits. Relational benefits have two dimensions with the first dimensions related to social and special treatment benefits and the second related to confidence benefits. Two perceived value dimensions, namely the functional and symbolic value of the coffee consumption experience, were conceptualised and identified. Relationship quality has two dimensions, satisfaction and affective commitment. The customer loyalty was identified as a uni-dimension.

The results of multiple regression analysis indicated that the effects of the determinant attributes of service quality and relational benefits on the functional and symbolic dimensions of perceived value are positively related. In addition, the role played by the perceived value dimensions not only had a pivotal direct effect on relationship quality, but also acted as a mediator between the attributes of service quality and relational benefits, and relationship quality. The findings also suggest that perceived value takes more than just functional value but also symbolic value (included to more fully capture the potential contribution of value perceptions), for customers to become satisfied and strongly committed to maintaining a relationship quality and influence customer loyalty. Meanwhile, satisfaction and affective commitment of relationship quality also significantly influenced customer loyalty. Finally, in the fourth stage significant differences in the perceived value dimensions were identified as the determinant variables in predicting customers' preference of choosing chain or independent coffee outlets via ANOVA. This thesis suggests that perceived value plays a crucial role in the process of building customer loyalty. Results of the present study provide important indicators for the development of a theoretical foundation for the role of perceived value in understanding customer

loyalty, along with managerial and marketing resources. This thesis makes contributions to and has implications for the area of consumer research in the coffee outlet industry from both academic and practical perspectives. For researchers, the present findings are an explored step towards an understanding of the functional and symbolic dimensions of perceived value as a marketing basis on relationship quality building to influence customer loyalty and preference. Perceived value is very important for success in a competitive business. For managers, the findings of this study, through planned data analyses, can help the marketers of coffee outlets to understand their target market, and assist in their operation and strategic plan of marketing based on perceived value as a competitive advantage, irrespective of whether it is chain or independent coffee outlets. On the basis of the results, it is apparent that specific marketing strategies are required for each type of coffee outlet to target their segment. Lastly, limitations of the study were discussed and future research was suggested.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

One of the most important marketing strategies of the 21st century is to provide value to customers (Blackwell, Miniard, & Engel, 2001, p. 36; Kotler, 2000, p. 34). In the context of global competition, offering the customer a product or service that has superior value is believed to be the best way to gain an advantage among competitors (Woodruff, 1997). This strategy is of utmost importance to coffee outlet marketers, as their sector is currently facing a number of significant challenges around the world. In this context, the most significant phenomenon in recent years has been the global development and growth in chain coffee outlets. Starbucks chain coffee outlet epitomizes this expansion, intensifying the competition. The Starbucks revolution has transformed gourmet coffee, from a symbol of yuppie status, to being accessible to the mainstream consumer, essentially creating a worldwide coffee market projected to have a minimum of 10,000 outlets scattered around Europe, the Middle East, Mexico, and the Pacific Rim by 2005 (Daniels, 2003, April). In the USA for example, there were only about 200 coffee outlets in 1990. However, by 2003, this had increased to over 14,000, with Starbucks owning about 30% of the total (Daniels, 2003, April, cited in Thompson & Arsel, 2004). Further to this, in 2005 Kumar (2005, March) reported that chain coffee outlets in the UK had grown 5.6% to 2,428 units, making up 29.1% of its coffee outlet market, while independent coffee outlets were struggling to compete, growing by just 2% to 4,738 outlets during the same period. However, in the global context, much of the research has focused on the USA (e.g. Nelson, 2000; Thompson & Arsel, 2004) and the UK (e.g. Ball, 2005, October 20; Scott, 2006), with little attention being paid to Australia.

As with the above examples of the USA and UK, the coffee outlet industry in Australia has also been affected by global trends towards chain coffee outlets (Riley, 2000). In 1998 Australians drank about 689 million cups of non-instant coffee, and by 2002 this had increased to 800 million cups of coffee (Canaider, 2002, June 4). In this context, a report by Parker (2005) predicted that the coffee demand in Australia will

increase from US$268.57 million in 2006 to US$307.13 million in 2011, ranking it among the world's top 18 countries. The growth of the Australian café and restaurant industry over the past decade has been significant. At the end of June 1999, the total size of the industry was 12,845 operations that include 3,291 coffee outlets which provides 7.174 billion AU$ in total income (ABS, 2000).

In Australia, a café culture has been emerging in which many young residents in inner city areas participate several times a week (Van der Wagen, 1996). Following the introduction of Gloria Jeans in 1996 and Starbucks in July 2000, Roberts, Deery and Hede (2001, p. 5) described the trend towards a "café society" as one in which Australian people were increasingly turning to smaller meals with an emphasis on coffee and snacks. Lethlean and Ambrose (2001, October 6) also commented on:

> The growing ranks of Melbournians who feel the need to start each day with a friends-style cafe latte experience are drifting into places like Starbucks, Gloria Jeans, or Hudson, providing comfort ambience and highly standardized service with which the traditional café cannot compete.

Following this, the introduction of The Coffee Bean in late 2002 and the Starbucks growing chain effect have been the main reason for the dramatic rise in coffee outlets. According to Kazi (2005, April 29), this plethora of coffee outlets – chains and independents – are seen on the corners of many streets and public places including railway stations and department stores.

Attempting to occupy stronger positions in the Australian coffee outlet market, the three US chains, Gloria Jeans, Starbucks and The Coffee Bean, entered a new phase of expansion (Lloyd, 2002, July). In 2002 this resulted in a coffee retailing war in which Gloria Jeans and McDonald Family Restaurants first introduced television advertising to promote coffee outlets. As a result, the market turnover of $1.3 billion in 2001, was expected to grow by 10% a year in 2002 and 2003 (Lloyd, 2002, July). As Schirato, Vittoria coffee chief warned:

> Australia's local cafés are under threat from the likes of large chains like US-based Starbucks and Gloria Jeans moving in with huge growth over a short time. They really need to start doing things differently. (Smedley, 2004, p. 37)

According to Ball (2005, October 20), these outlets were operating in a crucially competitive environment, in which competition was not only coming from an increasing number of independent coffee outlets, but also from increasingly expanding chain coffee outlets. As seen above, the coffee outlet industry has become intensely competitive, with a dramatically increasing number of investors. However, this expansion in the industry for both independent and chain coffee outlets could not have existed without customer demand – the foundation of existence in business. In relation to coffee outlets, customer loyalty is a crucial component for survival, with loyal customers sustaining business operations. Thus, the necessity of increasing this market for the development of the coffee outlet industry has created a need for information on the behaviour of coffee outlet customers in regard to customer loyalty. However, in Australia little research has investigated customer consumption behaviour in order to identify the competitive advantage of independent and chain coffee outlets.

Although researchers have identified the advantages and disadvantages of both chain and independent outlet businesses (Ball, 1999; Powers & Barrows, 2006), their studies have focussed on business behaviour, neglecting the importance of consumer behaviour. Regardless of the industry, however, consumer behaviour is of pervasive concern in terms of shifting needs, demographics and preferences affecting sales. Therefore, understanding customers should be a significant priority for marketing researchers (Mattila, 2004; Oh, Kim, & Shin, 2004). In this context, Mattila (2004) stresses that consumer research can have an important impact in the hospitality industry through contributing to developments of theory from multiple perspectives, applying, testing and extending the theories developed in other disciplines (e.g. psychology, economics, sociology). According to Mattila (2004) and Oh, Kim, and Shin (2004), research topics including perceived value, service quality, satisfaction, long-term relationship marketing, and in particular, affective commitment, are crucial areas for research within the domain of customer loyalty in hospitality.

Previous studies on customer loyalty have focused on service quality as a transactional determinant of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1988; Zeithaml, Berry, & Parasuraman, 1996), and on relational benefits as a relationship marketing approach to the relationship quality construct of customer

satisfaction and commitment (Gwinner, Gremler, & Bitner, 1998; Hennig-Thurau, Gwinner, & Gremler, 2002). However, these studies have neglected to provide insights into the reasons perceived value is so important in marketing research (Parasuraman & Grewal, 2000). Although more recent research recognises the role of perceived value in service quality, satisfaction, and customer loyalty (Cronin, Brady, & Hult, 2000; Lee et al., 2004; Tam, 2004), the concept of perceived value continues to be defined in terms of the economic trade-off (value for money) that is constantly revisited by consumer and marketing researchers. However, the latter identify it with symbolic value dimension from social, emotional, reputational, and aesthetic aspects (Petrick, 2002; Sweeney & Soutar, 2001), and this value type maybe of importance to coffee outlet customers, because coffee consumption is a cultural fixture serving as relaxation and seen as a symbol of success in social relationships (Miltiades, 2004).

Moreover, based on the value for money trade-off, service quality is frequently regarded as the antecedent of perceived value, which in turn influences satisfaction and loyalty. Assessing service quality as a functional value (value for money) without considering psychological aspects such as symbolic value including social or emotional aspects which are important for consumer behaviour in consumer goods (Hall, Roberts, & Shaw, 2001; Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001), or in service industry (e.g. Petrick, 2002) will limit value theory development. In this sense researchers and marketers, for example, may overlook that the effect of service quality may have impact on perceived functional and symbolic values to influence satisfaction and loyalty.

On the other hand, relationship marketing has also been linked with the value concept (Ravald & Grönroos, 1996). However, no studies have been conducted to measure the effect of relational benefits, as a relationship marketing determinant, on perceived value which in turn influences satisfaction and commitment of relationship quality leading to loyalty. Relational benefits may strongly enhance not only customers' functional value perception, but also symbolic value perception such as the social and emotional aspects of the evaluation process, where each party exchanges something of value to form a strong relationship quality, ultimately influencing loyalty. Customer behaviour is an eclectic field involving dynamic interactions and exchanges (Mattila, 2004, p. 449) and is better understood when analysed via perceived value (Heskett,

Sasser, & Schlesinger, 1997; Woodruff & Gardial, 1996). According to this view, perceived value is closely linked to the exchange theory of marketing and is the fundamental basis of all marketing activity (Holbrook, 1994). The role of perceived value, therefore, can provide researchers and marketers with understanding of consumer behaviour for marketing management practices.

Even so, as the current marketplace has become more competitive, customers have become more and more demanding. The hospitality industry including coffee outlets has been forced to find new ways of creating a competitive advantage. In the event of challenges such as intensifying global competition, there is a continuous increase in customers' expectations and subsequent demands for the quality of service to improve (Parasuraman, Zeithaml, & Berry, 1988; Rao & Kelkar, 1997). Service organizations, unable to effectively cater to the needs and wants of customers, risk losing dissatisfied customers to competitors. The increasing sophistication of customers' demands coupled with the increasing market competition has posed a new challenge to the service industry.

With a demanding future ahead, the service industry will need to seek better ways of delivering a sustainable competitive advantage (Woodruff & Gardial, 1996) such as providing service quality, and satisfactory products and services. Recently, a notable stream of research addressing long-term customer loyalty is perceived value (Gould-Williams, 1999; Tsai, 2005) and relationship marketing (Hennig-Thurau, Gwinner, & Gremler, 2002; Too, Souchon, & Thirkell, 2001) which offer sustainable competitive advantages (Morgan & Hunt, 1994; Morgan & Hunt, 1999; Parasuraman, 1997; Slater, 1997; Woodruff, 1997). Customer perceived value is a key concept in marketing strategy and differentiation because it addresses what customers want and believe they get from using a product and service (Woodruff, 1997). Understanding the role of perceived value is important because it represents possible differentiating factors in the highly competitive markets (Rintamaki et al., 2006). On the other hand, relationship marketing is based on the role of relationship building as a means of achieving a competitive advantage, and the process of building a long-term relationship which is difficult for competitors to replicate (Morgan & Hunt, 1999). Therefore, understanding the differences of customers' attitudes between independent and chain coffee outlets may offer insights into their competitive advantages, enable

prediction of marketing trends, and develop products and services to target the market they serve without derailing the applicability and direction of their marketing strategy.

Finally, by considering academic and marketing aspects together, this study seeks to develop and test a more comprehensive research model to cope with research issues and industry trends. This model investigates how perceived value, derived from interactions and exchanges of determinant attributes of service quality and relational benefits can influence satisfaction and affective commitment creating strong relationship quality, which in turn, win customer loyalty, and ultimately determine customers' preference in choice of coffee outlets. Additionally, this study can also contribute to marketing and managerial implications for specific hospitality research, especially in the coffee outlet industry.

1.2. Research Problems

To date there has been a lack of research using perceived value as the fundamental basis for all marketing activity (Holbrook, 1994). This study seeks to understand how value perceptions can be enhanced by service marketing strategies such as determinant attributes of service quality and relational benefits, and how value perceptions influence satisfaction and affective commitment of relationship quality to win customer loyalty. It also investigates how value perceptions predict customers' preference on chain and independent coffee outlets, as well as how a comparison of customers' attitude toward chain and independent coffee outlets in the context of the above research constructs can serve as a basis to develop effective marketing strategies for better competitive advantages.

Building customer loyalty in today's marketplace is becoming increasingly important and, at the same time difficult. Although many factors contribute to the growing attention to customer loyalty, the pervasive pattern of market saturation coupled with the influx of innovative products seems to be one compelling reason (Oh, 2000b). Given the facts that fewer than 40% of "satisfied" customers return for repurchases and that the repurchase rate is decreasing due to the abundance of marketing programs stimulating brand switches (Reichheld, 1993), marketers must be deliberating what is required beyond delivery of high-quality products and services, and satisfactory customer experience. Customer loyalty is also appealing as a marketing strategy

because of its cost effectiveness, as it costs as much as six times more to recruit a new customer than to keep an existing one (Powers, 1997). Consequently, researchers urge firms to set a strategic priority of understanding the decision process of customers and developing effective marketing programs to positively influence customer loyalty (Dick & Basu, 1994; Reichheld, 1993; Singh & Sirdeshmukh, 2000).

Despite the comparatively escalating importance of customer loyalty, much of the past research has been devoted predominantly to understanding how customers choose and process a product. Many marketing models elaborate on the intricate structures of the variables influential on and thus antecedents to transaction-oriented terminal variables such as service quality, customer satisfaction, and value (Iacobucci, Grayson, & Ostrom, 1994; Oh & Parks, 1997). On the other hand, one notable stream of research addressing long-term customer loyalty issues is the recently popular concept of relationship marketing (Grönroos, 1994). Beyond providing high-quality, satisfactory products and services, relationship marketing pursues customers' ongoing involvement in and commitment to the firm's business. Such a marketing concept aims to create a mutually beneficial relationship between the firm and its customers. Although the relationship-marketing framework appeals with its direct applicability to customer markets (Bagozzi, 1995; Berry, 1995; Bitner, 1995; Bowen & Shoemaker, 1998; Grönroos, 1994; Peterson, 1995; Sheth & Parvatiyar, 1995), most previous studies of relationship marketing largely ignored the aspect of customer (Singh & Sirdeshmukh, 2000). Instead, their approach was focused on the buyer-seller relationship in the context of business markets (e.g. Morgan and Hunt, 1994). Alternatively, the relationship-marketing literature provides valuable insights into a number of useful marketing variables and their interrelationships. Relational benefits and relationship quality seem to be two key constructs at the heart of its conceptual models (Gwinner, Gremler, & Bitner, 1998; Hennig-Thurau, Gwinner, & Gremler, 2002). The nature of these two concepts is particularly suitable to customer markets, suggesting a potential integration of relationship concepts to transaction-oriented marketing models.

Although the above concepts/models often involve customer loyalty, the predictive validity of these transaction and relationship-prompted approaches have gone untested in terms of customer perceived value. Given the shortage of reported research

examining the long-term implications of existing transaction and relationship-oriented marketing models, researchers and marketers' lack of knowledge about customers' value perceptions of what lies beyond completion of a consumption experience seems to be a considerable gap in the literature.

In order to compete effectively, should companies focus on transaction and relationship marketing activities only or on the balanced delivery of both? And, what is the impact of these two approaches on perceived value and how does perceived value influence satisfaction and affective commitment of relationship quality, and in turn, retain loyal customers? The literature has treated transaction and relationship marketing in an isolated and non-integrated fashion. In particular, there has been limited consideration of the pertinent issues involved in integrating these two perspectives in practice via perceived value as a marketing-based activity in the customer loyalty model.

1.2.1. Transaction Marketing: Determinant Attributes of Service Quality, Perceived Value, Satisfaction, and Loyalty

The challenges discussed in the previous section are forcing organisations to break free from the traditional customer satisfaction paradigm, and to adopt proactive strategies such as perceived value which will assist firms in building and sustaining a competitive edge (Kandampully, 1998; Woodruff & Gardial, 1996). Marketing scholars and practitioners alike have highlighted the central role of customer perceived value in marketing (Bagozzi, 1975; Holbrook, 1994). Bogozzi (1975) regarded exchange as the essence of marketing activity. Kotler (1972) envisioned that in an exchange, each party offers something of value in return for something of greater value. That is, the comparison between what is to be received and what is to be given out precedes the decision to enter and stay in an exchange relationship. For all marketing enterprises to survive and be successful, they must first create value for customers. Without providing value, marketers cannot attract new customers, nor can they satisfy existing customers and build loyalty among them.

Many marketing models elaborate on the intricate structures of the variables influential on and thus antecedents to transaction-oriented terminal variables such as

8

service quality, customer satisfaction, and value on customer loyalty (Cronin, Brady, & Hult, 2000; Lee et al., 2005; Tam, 2004). Basically, service quality and satisfaction have been globally accepted as determinants of customer loyalty since those concepts arose in the 1980s (Parasuraman, Zeithaml, & Berry, 1985). Providing quality service is considered an essential strategy for survival and success in today's competitive environment (Parasuraman, Zeithaml, & Berry, 1985; Reichheld & Sasser, 1990; Zeithaml, Berry, & Parasuraman, 1996). The primary emphasis of both academic and managerial efforts is focused on determining what service quality means to customers and on developing strategies to meet customer expectations (Parasuraman, Berry, & Zeithaml, 1991). In general, marketing literature focuses on product and service efforts as drivers of total customer value (Bolton & Drew, 1991; Dubé & Renaghan, 2000; Frenzen & Davis, 1990; Gwinner, Gremler, & Bitner, 1998; Henning-Thurau & Klee, 1997). For example, Dubé and Renaghan's (2000) study considers the importance of hotel attributes including value for money that drive customer value in lodging purchases. On the other hand, research models proposed by Tam (2004), Lee et al. (2005), and Cronin, Brady, and Hult (2000) are all based on only traditional trade-off functional value (e.g. value for money approach) to judge service quality and link with satisfaction and customer loyalty. There is symbolic value perception associated with social and emotional aspects which have been identified about consumer consumption behaviour (Holbrook, 1994; Petrick, 2002; Sweeney & Soutar, 2001). For example, customers may value service quality because of its functional and symbolic content. However, no studies have been done to investigate their relationships with service quality and how customers assess those value perceptions of service quality during coffee consumption experiences.

Service quality has been concerned with identifying, for example, key buying criteria or key elements of service which are operationalized as a customer's desired attributes in a product or service (Woodruff, 1997). Widespread application of these multi-attribute consumer choice models probably accounts for this preoccupation with attributes (Day & Wensley, 1988). However, Woodruff (1997) argued that important nuances may be missed if research limits customer learning to this narrow point of view. Customer value research tends to explore the interaction between the product and service, and the use of situation requirements, whilst customer satisfaction research generally focuses on the product or service, i.e. what the organization

provided (Woodruff & Gardial, 1996). Even though service quality and satisfaction are topical, the focus by practitioners tends to be on the attributes needed by customers that lead to customer satisfaction and customer loyalty. Measuring the key determinant attributes of service quality is necessary, but it is often not sufficient for improving customer satisfaction and influencing customer loyalty. Therefore, it is important to identify the impact of these key attributes on symbolic value beyond functional value and how these two value perceptions influence satisfaction and customer loyalty.

1.2.2. Relationship Marketing: Relational Benefits, Relationship Quality, and Loyalty

Recently, attention has been focused on the concept of "relationship marketing" (Barnes, 1997; Gwinner, Gremler, & Bitner, 1998; Reynolds & Arnold, 2000) in addition to service quality (Berry, 1995; Reynolds & Arnold, 2000). Relationship marketing essentially represents a paradigm shift within marketing – away from a transaction focus toward a retention/relationship focus (Grönroos, 1990b). Relationship marketing is a philosophy of doing business; a strategic orientation that focuses on keeping and improving current customers, rather than on acquiring new customers. It is believed that once they are attracted to begin a relationship with the company, customers will be more likely to stay in the relationship when they are consistently provided with quality products and services, and good value over time.

The essence of relationship marketing, as described by Morgan and Hunt (1994), is the cultivation and maintenance of long-term, high quality relationships with customers aimed at building sustained customer loyalty. However, to successfully deploy relationship marketing to enhance performance, service providers first need to create value for their customers. To more thoroughly appreciate the role of relationship marketing, there is a need to thoroughly investigate the casual link between relationship factors such as relational benefits (Gwinner, Gremler, & Bitner, 1998) and customers' value perceptions. Customers are rarely motivated in the first instance by the attributes of a service or product, but rather by the benefits those attributes bring with them (Liang, 2004). It is important to realize that different customers may attach different values to these benefits. However, customers in long-

term relationships want to receive other important benefits beyond core service attributes (Gwinner, Gremler, & Bitner, 1998). The concept of benefits segmentation rests on the idea that customers select products/services on the basis of the benefits they desire and expect to obtain from using that product or receiving that service (Gutman, 1982; Haley, 1968). Thus, customers who maintain salesperson relationships do so to fulfill certain desires or needs by obtaining benefits from these relationships. Gwinner, Gremler, and Bitner (1998) categorized relational benefits into confidence, social and special treatment benefits. They defined the relationship benefits as those benefits customers receive from long-term relationships above and beyond the core service performance. However, the effect of relational benefits on perceived value (functional and symbolic) has not yet been fully investigated.

On the other hand, the importance of developing and maintaining enduring relationships with service business customers is generally accepted in the marketing literature in order to build relationship quality (Gwinner, Gremler, & Bitner, 1998; Hunt & Morgan, 1994; Palmer & Bejou, 1994). Henning-Thurau and Klee (1997, p. 751) defined relationship quality between end customers and firms as the "degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship". Relationship quality can be composed of key components such as satisfaction and affective commitment reflecting the overall nature of relationships between the companies and their customers (Hennig-Thurau, Gwinner, & Gremler, 2002). Woodruff (1997) argued that perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers' overall feeling derived from the perceived value. However, no studies have examined the effects of perceived value on satisfaction and affective commitment of relationship quality in the relationship quality research. Occasionally, researchers have suggested investigating the interaction of value with affective commitment (Eggert & Ulaga, 2002; Spiteri & Dion, 2004). With the enhancement of value perceived by customers, satisfaction and affective commitment of relationship quality may be strengthened between customers and service providers. Therefore, this study aims to fill this gap by investigating the role of perceived value on satisfaction and affective commitment of relationship quality to influence customer loyalty.

A key challenge for researchers is to identify and understand how managerially-controlled antecedent variables influence important relationship marketing outcomes such as customer loyalty. Customer loyalty has long been regarded as an important goal in the consumer marketing sector. Both marketing academics and professionals have attempted to uncover the most prominent antecedents of customer loyalty. Numerous studies have pointed out that two of the more effective means of generating customer loyalty are to delight customers (Oliver, 1999) and to deliver superior value derived from excellent services and quality products (Parasuraman & Grewal, 2000). Some scholars argue that perceived value, as a key mediating variable, can significantly influence customer loyalty through such determinants as service quality and customer satisfaction (Cronin, Brady, & Hult, 2000; McDougall & Levesque, 2000). On the other hand, some scholars found that relational benefits can significantly influence satisfaction and commitment (Hennig-Thurau, Gwinner, & Gremler, 2002). Although some of the interrelationships among the constructs stated above have been examined in previous studies, perceived value has been the subject of little investigation especially within relationship marketing. Further, no empirical study to date has investigated these constructs in a single framework or tested them in the hospitality industry, especially the coffee outlet sector.

The complicated interrelationships among these constructs have not been fully uncovered and understood (Cronin, Brady, & Hult, 2000; Reichheld & Sasser, 1990). Several authors recognized the importance of product and service efforts (Boulding et al., 1993; Parasuraman, Zeithaml, & Berry, 1994b) and relationship marketing efforts (Dwyer, Schurr, & Oh, 1987; Gwinner, Gremler, & Bitner, 1998; Hennig-Thurau, Gwinner, & Gremler, 2002) in building customer loyalty. Also, empirical studies from the marketing and economic disciplines have produced findings regarding the role of perceived value, as the consequence of service quality and as an antecedent of customer satisfaction in determining customer loyalty (Cronin, Brady, & Hult, 2000). McDougall and Levesque (2000) recognised the already extensive research on service quality and its relationship to customer satisfaction and urged development of more comprehensive models to assist researchers and marketers in better understanding the key drivers of satisfaction and loyalty. A specific focus was the concept of perceived value.

Further to this, although the mediating effect of perceived value on the quality-satisfaction relationship has been researched (Brady, Robertson, & Cronin, 2001; Lee et al., 2004), its impact on the relationship between relational benefits and satisfaction and affective commitment dimensions of relationship quality has essentially been ignored. McDougal and Levesque (2000) recommended that it would be appropriate to explore more comprehensive models incorporating other measures of perceived value. Eggert and Ulaga (2002) and Spiteri and Dion (2004) also suggested that future research should be directed toward investigating the interaction of value with other core marketing constructs such as trust (confidence benefits) and affective commitment. Accordingly, through investigating the integrated model of these interrelated constructs, as opposed to testing their effects separately, this thesis will provide a better understanding of the role of perceived value as an important variable in the relationships between determinant attributes of service quality and relational benefits with satisfaction and affective commitment of relationship quality to win customer loyalty and as a determinant variable in identifying customers' preference of types of coffee outlets.

1.3. Justification of the Research Problems

Based on a review of identifying the research problem, specific research issues on practical and theoretical grounds are addressed and justified. The justification of practical grounds relates to the competitive coffee outlet industry and specific competition between chain and independent coffee outlets. The theoretical justification addresses the neglect of the role of perceived value by previous studies in the process of creating customer loyalty within transaction and relationship marketing models. Overall, there are six research issues justified in this study, as listed below.

Research Issue 1: Customer Perceptions between Chain and Independent Coffee Outlet

The justification of this research on practical grounds is the recognised importance of coffee outlet businesses and in particular the competition between chain and independent outlets in Australia (as mentioned in Section 1.1). Although Ball (1996) identified the competitive advantages and disadvantages of small independent and chain businesses, his study, however, did not specify customer perceptions of chain and independent outlets from perspectives of determinant attributes of service quality,

relational benefits, perceived value, and relationship quality to understand customer loyalty. Specifically, it seems there have been no studies comparing the behaviour of customers of chain and independent coffee outlets from the above perspectives. This study therefore attempts to help practitioners to identify the competitive advantages and disadvantages in order to develop marketing strategies in targeting and positioning their market.

The following five research issues are all concerned with understanding the role of perceived value in the customer loyalty model and further in predicting customer preference of the chain and independent coffee outlets on theoretical grounds.

Research Issue 2: Perceived Value

Marketing researchers have recently been interested in understanding customer perceived value and studying this in greater depth. Perceived value is typically a relative judgement – when people evaluate a certain brand as a good buy, it is in comparison with other similar brands that drive customer behaviour and loyalty (Bolton & Drew, 1991). Rust and Oliver (1994) also suggested that it is perceived value that attracts a customer or lures a customer away from a competitor. Perceived value is a predictor of customer choice because the customer will purchase the product or service that he or she perceives to deliver the most value (Neal, 1999). It is then important to examine how customers place value on things, and by extension into how value may be created (Holbrook, 1994). The starting point therefore is the understanding of customer perceived value.

Two major approaches to the conceptualisation of perceived value can be identified. Perceived value is understood as a construct configured by two parts, one of benefits received and another of sacrifices made by the customers (Cronin et al., 1997; Cronin, Brady, & Hult, 2000; Dodds, Monroe, & Grewal, 1991; Grewal, Monroe, & Krishnan, 1998; Oh, 2003; Tam, 2004). Recently the concept of perceived value as a multi-dimensional construct has been gaining ground (de Ruyter et al., 1997; Petrick, 2002; Sinha & DeSarbo, 1998; Sweeney & Soutar, 2001; Tsai, 2005; Woodruff, 1997). These approaches enable researchers to overcome some of the problems of the traditional approach to perceived value, particularly its excessive concentration on economic utility (Zeithaml, 1988). Sánchez et al. (2006) argued that perceived value

echoes the new theoretical development in the area of customer consumption behaviour, referring to the role played by feeling and consumption habits.

In recent years perceived value has been an object of attention by researchers in durable goods (Grewal et al., 1998; Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001; Tsai, 2005), in the internet shopping environment (Mathwick, Malhotra, & Rigdon, 2001, 2002), in the shopping mall setting (Babin, Darden, & Griffin, 1994; Rintamaki et al., 2006), and in location-based mobile services (Pura, 2005). However, there seems to be an absence of a multiple perceived value-dimensioned approach in the hospitality industry. The growing body of conceptual knowledge about perceived value is quite fragmented, and with different points of view being advocated there is no widely accepted way of pulling all these views together. Perceived value is more complex than the simple functional value perception associated with its traditional trade-off definition, but rather is inclusive of symbolic value derivatives such as social, emotional, aesthetical, and reputational aspects which customers may use to attach a summary value judgement to an experience (Bhat & Reddy, 1998; Petrick, 2002; Sweeney & Soutar, 2001). No matter what approaches studies take, there is a need to identify the role of perceived value dimensions in the hospitality industry. This research effort is in response to the need for an expanded definition of perceived value that incorporates functional and symbolic value of the coffee consumption experience.

Research Issue 3: Determinant Attributes of Service Quality and Perceived Value

For marketers to ensure positive customer perceived value, influencing satisfaction requires knowledge of what customers deem as important when evaluating the coffee consumption experience. Holbrook (1994, p. 27) defines customer perceived value as an: "interactive relativistic preference experience". The importance of being able to offer high quality experiences which are meaningful to customers is unquestionable. As an essential part of the hospitality product, the role of service organizations is to understand the motivators and expectations of their target customers. Recognising that consumption experiences have both tangible and intangible attributes, the challenge for service organization is to understand and identify how operators define and create enjoyable experiences or value for their customers. Thus, there is a need to understand what aspects of their determinant attributes of service quality that customers consider

important when evaluating the coffee experience. Despite the enormous volume of literature on service quality in the services marketing area, there is a lack of research on determinant attributes of service quality in the coffee industry. This study, therefore, attempts to identify determinant attributes of service quality for the coffee outlet industry and to determine which attributes customers of coffee outlets perceive as important, that is to determine the importance level of the determinant attributes.

Once these attributes have been identified, it is then another step for researchers and marketers to understand how value perceptions could be enhanced through those attributes of the experience. Despite the increased attention being given to customer perceived value and its relationships with service quality (Lee et al., 2004; Lee et al., 2005), there has not yet been empirical work done to address the effect of determinant attributes of service quality on perceived symbolic value (e.g. social and emotional); an approach which surpasses the strictly perceived functional value such as the value for money, and the simple quality for the price-paid approach (Gallarza & Saura, 2006). Kashyap and Bojanic (2000) noted that customers encode perceptions of value as synopsis of relevant product information, and emphasized the need for firms to focus on value enhancement strategies. Nevertheless, no study has been done to identify the relationship between service quality attributes of coffee outlets with customers' value perceptions.

Research Issue 4: Relational Benefits and Perceived Value
Furthermore, perceived value is the essential result of marketing activities (Lee et al., 2005; Oh, 2003) and is an important element in relationship marketing (Ravald & Grönroos, 1996). Ravald and Grönroos (1996) have argued that value should be examined on a relational level instead of just as a transaction episode (e.g. service quality). This insight sheds light on a better understanding of the linkage between perceived value and relationship marketing. While these authors offer important insights on the composition of perceived value of a relationship, they do not explicitly investigate how a marketing strategy of relational benefits enhances customer perceived value. Therefore, the lack of research mentioned in the 'justification of research issues' three and four, stresses the need for further study in investigating the different strategic effects of determinant attributes of service quality and relational benefits on perceived value.

Research Issue 5: The Role of Perceived Value between Determinant Attributes of Service Quality, Relational Benefits and Relationship Quality

On the other hand, perceived value has also been suggested to link not only with satisfaction but also affective commitment (e.g. Eggert & Ulaga, 2002) both of which share the dimensions of relationship quality (Hennig-Thurau, Gwinner, & Gremler, 2002). According to Roberts, Varki, and Brodie (2003), future research should understand the antecedents of relationship quality along with relational benefits and core service attributes (Gwinner, Gremler, & Bitner, 1998) in order to help managers assess what specific actions can influence relationship quality. Nevertheless, no empirical studies have been conducted on this issue. Moreover, it appears that there have also been no studies investigating the role of perceived value, impacted by determinant attributes of service quality and relational benefits, on the satisfaction and affective commitment of relationship quality. By addressing this research issue, this study therefore focuses on investigating the mediating role of perceived value between different marketing strategies and relationship quality.

Research Issue 6: The Role of Perceived Value in Relation to Relationship Quality and Customer Loyalty

Further to this, researchers have also suggested that satisfaction appears to be a dominant antecedent of customer loyalty in transaction marketing research (Cronin, Brady, & Hult, 2000; Cronin & Taylor, 1994; Lee et al., 2005; Patterson & Spreng, 1997; Tam, 2004; Wang et al., 2004; Yang & Peterson, 2004). Bloemer and de Ruyter (1999) demonstrated that there is a strong relationship between satisfaction and loyalty in restaurant settings. For example, if restaurant patrons are satisfied, they are more likely to translate that satisfaction into a sense of loyalty. In relationship marketing research, both satisfaction along with affective commitment which were the most significant factors influencing loyalty still remain relationship quality construct (Hennig-Thurau, Gwinner, & Gremler, 2002; Shoemaker & Bowen, 2003).

The objective of relationship marketing is to foster loyalty based on the psychological bonding of affective commitment rather than mere economics or service attributes (Bowen & Shoemaker, 1998, 2003). To achieve loyalty, researchers and hospitality operators also need to focus on commitment, one of the main ingredients in successful relationship building (Garbarino & Johnson, 1999; Morgan & Hunt, 1994).

Shoemaker and Bowen (2003) extend their work published in 1998 and highlight the importance of affective commitment as an antecedent to loyalty. Robinson, Abbott, and Shoemaker (2005) noted that if companies want to form social relationships with customers, they will need to form communal relationships with them as well. They also noted that loyal customers are more likely to form a communal relationship via commitment with the company. Nevertheless, customer satisfaction is still a very important factor in obtaining and maintaining customer loyalty and accordingly, hospitality service providers should focus their efforts on increasing customer satisfaction along with affective commitment to create customer loyalty.

Even though satisfaction and affective commitment have been found to be the dominant predictors of customers' loyalty (Hennig-Thurau, Gwinner, & Gremler, 2002), perceived value may play an important role in a building good relationship quality to create customer loyalty. Customer loyalty has also been proposed as a preference indication (Dick & Basu, 1994). Although previous research has found that a number of variables (i.e., determinant attributes of service quality, relational benefits, perceived value, relationship quality)' influence customer loyalty, no further has study identified which key variables influence customers' preference of types of coffee outlets. Therefore, it is necessary to examine the role of perceived value in relation to relationship quality and customer loyalty, and further its role in predicting customer preference on chain and independent coffee outlets.

Accordingly, this study aims to develop a research model focusing on the role of perceived value in the process of creating customer loyalty, particularly addressing the direct impacts of determinant attributes of service quality and relational benefits on perceived value, and how perceived value influences relationship quality to win customer loyalty and predict customer preference. It is hoped that the current research will answer the following questions.

1. Do customers of chain and independent coffee outlets have different perceptions of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty?

18

2. What value dimensions are perceived by customers in the coffee outlet sector?

3. What are the determinant attributes of service quality for the coffee outlet industry?

4. What is the role of perceived value among the interrelationships of determinant attributes of service quality, relational benefits, and relationship quality?

5. What is the role of perceived value in relation to relationship quality and customer loyalty?

6. Does perceived value determine customers' preference of types of coffee outlet?

1.4. Objectives of the Study

Several researchers (Auty, 1992; Kivela, 1997; Kivela, Inbakaran, & Reece, 1999; Pettijohn, Pettijohn, & Luke, 1997) have studied the effect of determinant attributes of service quality on customer satisfaction and loyalty in the hospitality industry. Some researchers have also begun to study the effect of relational benefits (Gwinner, Gremler, & Bitner, 1998) and relationship quality (Hennig-Thurau, Gwinner, & Gremler, 2002) on consumer loyalty. However, few studies integrate the role of perceived value in relationships to determinant attributes of service quality, relational benefits, relationship quality, and customer loyalty. It is believed that measuring determinant attributes of service quality as well as relational benefits will provide appraisals that are important to perceived value of product and service improvement. As value perceptions accrue, increasing levels of satisfaction and affective commitment of relationship quality facilitate customer loyalty. Therefore, the main aim of this thesis seeks to develop a conceptual framework by investigating the impact of determinant attributes of service quality and relational benefits on perceived value and its effect on relationship quality leading to customer loyalty.

1.4.1. Specific Aims

The thesis attempts to achieve the following specific aims within the research model:

1) to investigate the significant differences in determinant attributes of service quality, relational benefits, perceived value, relationship quality and loyalty that customers perceive between independent and chain coffee outlets;

2) to identify customers' value perceptions toward coffee consumption;

3) to identify determinant attributes of service quality and rank the attributes that the customer considers important when choosing a coffee outlet;

4) to investigate the role of perceived value among the interrelationships of determinant attributes of service quality, relational benefits, and relationship quality;

5) to investigate the relationships between perceived value with relationship quality and customer loyalty; and

6) to investigate the role of perceived value as a determinant in influencing customers' preference of types of coffee outlets.

1.5. Contribution to Knowledge

The contribution of this study to the existing literature will be to provide an insight into the area of social behaviour of customers in the coffee outlet industry. It will also provide different perspectives about how customers form their relationship quality, contributing to customer loyalty, via perceived value with respect to determinant attributes of service quality and relational benefits. For researchers, the primary contributions of the current study are the investigation the role of perceived value in the loyalty building process, as well as conducting an empirical examination of the role of perceived value which is considered a determinant in customers judging their preference of types of coffee outlets.

For marketers, this study makes a specific contribution principally to the field of the coffee outlet industry because this sector is one of the most important industries generating millions of dollars in total income in Australia (ABS, 2000). This study also contributes to the body of knowledge for marketing in the coffee outlet industry across independent and chain types of coffee outlets.

The findings of this study should benefit both practitioners and academics in their understanding, explaining, and possibly predicting of the relationships among the antecedents consequent on the customer loyalty process and preference. In summary, this thesis will significantly contribute to knowledge in the following ways.

1. It will be the first study to develop a conceptual framework by using means-end and exchange theory to specifically investigate the role of perceived value enhanced by determinant attributes of service quality and relational benefits in order to build relationship quality in the process of creating customer loyalty. In addition to their interrelationships, this research contributes to the understanding of perceived value in determining customers' preference of chain and independent coffee outlets. The knowledge built from the research model will provide both theoretical and managerial implications with respect to the role of perceived value identified in this thesis as a competitive strategy for differentiation. The contribution of knowledge may then assist marketers to implement effective marketing strategies which will ensure that the coffee outlet will receive loyalty from both existing and prospective customers.

2. It will be the first exploratory study identifying value dimensions perceived by customers during the coffee consumption experience. The traditional trade-off functional value has been investigated extensively (e.g. value for money). However, functional value itself is unable to differentiate the company and its products from the competitors. Customers seek not only functional value but also symbolic value (e.g. social and emotional). This study contributes to hospitality literature by demonstrating the importance of perceived value in the context of the experiential service industry in general and the coffee outlet industry in particular. In addition, the application of perceived value is expected to clarify the nature of the coffee outlet consumption experience.

3. It will be the first empirical study to investigate the determinant attributes of service quality across chains and independents. This study acknowledges the importance of determinant attributes of service quality for customers in choosing a coffee outlet. This will help a company develop successful marketing strategies in order to meet customer's needs and desires.

4. It will be the first study, collecting two samples of customers from chain and independent coffee outlets, that provides valuable data in identifying the differences of competitive advantages in determinant attributes of service quality, relational benefits, perceived value, relationship quality, and loyalty across the two outlet types. This study provides a platform for a new approach that different types of coffee outlets may induce different customer responses. Therefore, a complete understanding of different customer perceptions between these two types of coffee outlets is of critical importance for the company in market positioning against their competitors.

1.6. Statement of Significance

The increasing sophistication of customer demands coupled with increasing market competition has posed a new challenge to the coffee outlet industry. The significance of this study is in developing a model of perceived value in the process of creating customer loyalty and preference for the hospitality industry, and the coffee outlet industry in particular. This study is expected to bear significant theoretical and practical results. Theoretically, it attempts to identify the role of perceived value as a basis for marketing activity (Holbrook, 1999). Extension of previous quality-value-loyalty models incorporating relational benefits and relationship quality of relationship marketing approaches has not been explored and can be a critical step for the understanding of the role of perceived value. Practically, it is imperative for marketers to gain a thorough understanding of the consumption experience of their customers by seeking the role of perceived value in the relational process of customer loyalty.

The literature has emphasized the importance of service quality and customer satisfaction (Butcher, Sparks, & O'Callaghan, 2003; Parasuraman, Berry, & Zeithaml, 1991), and relational benefits and relationship quality (Hennig-Thurau, Gwinner, &

Gremler, 2002) on customer loyalty. However, there has been no evidence of research efforts toward an interactive perceived value in the process of customer loyalty building. Researchers appear to have ignored the impact of determinant attributes of service quality and relational benefits demonstrated by the service provider on perceived value and the level of satisfaction and affective commitment of relationship quality among customers with the establishment.

The model developed in this study attempts to integrate the dimensions in existing models in order to create an interactive loyalty model. The research model may demonstrate that the customers' perception of determinant attributes and relational benefits provided by the service providers have a significant effect on the enhancement of perceived value that in turn might strengthen the relationship quality with the customer in the service interaction and influence customer loyalty and preference of types of coffee outlets.

The proposed model would be of value to industry and academia by providing clearer insights into understanding customer loyalty and preference. This study will further provide both independent and chain coffee shop outlets with a better understanding of how to achieve and maintain a superior competitive position in the coffee shop industry through the enhanced role of perceived value. This study will also provide a new opportunity for service providers to strengthen customer loyalty by maximizing the impact of key determinant attributes of service quality and relational benefits on perceived value in relation to relationship quality, and to map out their distinctive marketing strategies.

Finally, an outcome of this study will be concerned with its transferability in practice. The study will shed insight into customer behaviour with implications for the coffee outlet industry. Understanding the role of perceived value in the customer consumption experience is of critical importance for a business and for the marketing function. The perceived value-based relational model, developed in this research, could then be extended to other aspects of the hospitality industry particularly where there is competition between independent and chain operations.

1.7. Thesis Structure

The thesis is organized in a seven-chapter format. **Chapter One** gives an overview of the study and provides justification for a study in the coffee outlet industry. In addition, it states the objectives of the study, its potential contribution to knowledge of the study, and a statement of significance.

Chapter Two provides a review of the relevant literature, examining each construct developed in the conceptual framework.

Chapter Three describes the development of the conceptual framework and the hypotheses.

Chapter Four provides a discussion of the research methodology used in the study that includes: justification of qualitative and quantitative approaches, measurement, pre-test results, sample selection, and the data analysis procedure to be used. Reliability and validity is confirmed for each construct included in the conceptual model.

Chapter Five includes an evaluation of the final sample data and descriptive analyses of the samples. Cross-tabulations with a chi-square test are used to measure the relationships among demographics and preference of types of coffee outlets. T-tests are undertaken to test customers' significant differences in the five constructs between chain and independent coffee outlets.

Chapter Six involves the use of principal components analysis (PCA) to identify the dimensions of each construct for subsequent analyses. Multiple regression analysis and ANOVA are used to test the hypotheses developed from the conceptual model and to highlight the role of perceived value in the process of creating customer loyalty and in predicting customer preference of types of coffee outlets.

Chapter Seven summarizes the key findings of the research, highlights the theoretical and managerial implications, acknowledges limitations and future research, and presents the conclusion of the thesis. Figure 1.1 presents an overview of the thesis structure.

Figure 1.1 Thesis Structure

```
┌─────────────────────────┐
│       Chapter 1         │
│      Introduction       │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│       Chapter 2         │
│   Literature Review     │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│       Chapter 3         │
│   Conceptual Model      │
└─────────────────────────┘
            │
            ▼
```

┌──┐
│   **Chapter 4**   │
│   Methodology   │
│   │
│ <u>Qualitative Approach</u>   <u>Quantitative Approach</u> │
│   │
│ ● Identifying measurement   ● Survey instrument   │
│   of the determinant attributes ● Questionnaire design & pre-test │
│   of service quality via   ● Data collection techniques   │
│   convergent interview with   ● Survey method & sampling   │
│   coffee outlet operators   ● Data screening & examination │
│   ● Methods of analysis   │
│   ● Reliability & validity   │
└──┘

```
            │
            ▼
┌──────────────────────────────────────────────┐
│                 Chapter 5                     │
│           Preliminary Analyses                │
│  Descriptive Statistics, Cross-Tabulation & T-Tests │
└──────────────────────────────────────────────┘
            │
            ▼
┌──────────────────────────────────────────────┐
│                 Chapter 6                     │
│           Multivariate Analysis               │
│     Factor, Multiple Regression & ANOVA       │
└──────────────────────────────────────────────┘
            │
            ▼
┌──────────────────────────────────────────────┐
│                 Chapter 7                     │
│  Conclusions & Suggestions for Future Research │
└──────────────────────────────────────────────┘
```

CHAPTER TWO

REVIEW OF THE LITERATURE

2.1. Introduction to Literature Review

To date the study of service quality, perceived value, and satisfaction issues on customer loyalty have dominated the services literature (Andreassen & Lindestad, 1998; Cronin, Brady, & Hult, 2000; Ennew & Binks, 1999; Fornell et al., 1996; Ostrom & Iacobucci, 1995; Wakefield & Barnes, 1996). On the other hand, attention has also been paid to the concept of "relationship marketing," (Barnes, 1997; Gwinner, Gremler, & Bitner, 1998; Reynolds & Arnold, 2000). Zeithaml and Bitner (2002) state that "beyond the specific inherent benefits of receiving service value, customers also benefit in other ways from long-term associations with firms" (p. 159). Research has uncovered specific types of relational benefits that customers experience in long-term service relationships including confidence, social and special treatment benefits. In addition, relationship quality is regarded as a high order construct composed of satisfaction and commitment reflecting the overall nature of relationships between companies and consumers (Garbarino & Johnson, 1999; Hennig-Thurau, Gwinner, & Gremler, 2002).

In recent years perceived value has become the focus of firm strategies (Chan & Marborgue, 1997; Slater, 1997). Marketing researchers suggest that the best performing firms constantly experiment with new ways to improve the perceived value of their offerings (Parasuraman, 1997; Woodruff, 1997). It has been recognized that consumer behaviour is better understood when analysed through perceived value (Heskett, Sasser, & Schlesinger, 1997; Nilson, 1992; Ostrom & Iacobucci, 1995; Woodruff & Gardial, 1996). Indeed, both for marketing practitioners and researchers, the construct of perceived value has been identified as one of the more important measures (e.g. Cronin, Brady, & Hult, 2000) in understanding the process of creating customer loyalty. Despite the increased attention being given to customer value (Band, 1991; Gale, 1994) and its relationships with service quality (Baker et al., 2002; Lee et al., 2004), satisfaction (Caruana, Money, & Berthon, 2002; Lee et al.,2004), and loyalty (Petrick, 2004) in a variety of service industries (Cronin, Brady, & Hult,

2000), there still has been no empirical work to address the effect of determinant attributes of service quality and relational benefits on perceived value and its influence on relationship quality leading to customer loyalty in the decision processes of coffee outlet customers.

The purpose of this chapter is to provide an introduction to the key concepts of this thesis and to discuss previous research related to determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty. The present study investigates the role of perceived value in the process of creating customer loyalty in the context of the coffee outlet industry. In order to provide an understanding of the role of perceived value and its relationships with determinant attributes of service quality, relational benefits, relationship quality, and customer loyalty, the review of literature is organized accordingly. For this purpose, the thesis first discusses exchange theory and means-end theory, which provide a basis for understanding the role of perceived value in building relationships with research variables such as determinant attributes of service quality and relational benefits. Then, the thesis will review the literature on the constructs of perceived value and its relationship with the constructs of determinant attributes of service quality, relational benefits, relationship quality, and finally customer loyalty.

2.2. Review of the Theories

In order to gain a better understanding of perceived value as the fundamental basis for all marketing activity (Holbrook, 1994), this study discusses exchange theory and means-end theory.

2.2.1. Exchange Theory

Exchange has been accepted as a core concept of the marketing discipline (Bagozzi, 1975). In fact, more current definitions of marketing explicitly include exchange in their formulations (Kotler & Armstrong, 2001). The value concept is closely linked to the exchange theory of marketing. According to this view, market exchange is a key constituent of the discipline (Bagozzi, 1975; Houston & Gassenheimer, 1987; Kotler, 1972). Marketing exchanges take place because all parties involved expect to gain value in the exchange. Therefore, value has always been "the fundamental basis for all marketing activity" (Holbrook, 1994, p. 22).

A comprehensive discussion about the criteria that mark and distinguish marketing exchange processes can be traced in the literature in the mid 1970s and 1980s. According to Bagozzi (1975), the conceptual exchange framework facilitates the identification and conceptualisation of marketing behaviour. Bagozzi (1975) differentiates two core dimensions in his exchange framework: 'exchange types' and 'exchange meanings'. Types refer to the number of actors involved and the direction(s) of the exchange. 'Meaning' concerns the reasons for the occurring exchange.

Restricted exchange types refer to exchange dyads, i.e. the structure is restricted to two actors (buyer/seller). Both persons directly give and receive a valued offering and hence the exchange situation reflects the attempt to maintain a quid pro quo (something of value in exchange for something of value) (Jüttner & Wehrli, 1994, p. 58). Within restricted types there three reasons for an exchange's value and meaning, there are: utilitarian, symbolic, and mixed.

In exchange with utilitarian meanings, goods are given in return for money or other goods. The explanation of the occurrence is strongly related to the objects exchanged. The objects are evaluated by actors maximizing self-interest and are purchased on the basis of physical attributes, availability, and price.

Symbolic meanings explain the occurrence of exchanges by transfer of psychological, social or other intangible values. Compared with utilitarian meanings there is a change of focus from the value of the object to the symbolic meaning of the process.

Exchange processes with mixed meanings integrate utilitarian (objected-related) and symbolic (process-related) values. The generated value can therefore reflect tangible or intangible attributes of the product and/or intangible aspects of the process. This perspective leads to a differentiation of three potential value dimensions: an outcome-related (received products/objects), an experienced-related (psychological states associated with the process) and an action-related dimension (actions performed by the actors) (Houston & Gassenheimer, 1987). The complexity of the process is accounted for in Bagozzi's (1979) definition of exchange, "All exchanges involve a

transfer of something tangible or intangible, actual or symbolic, between two or more social actors" (p. 434).

Jüttner and Wehrli (1994) posit the conclusions that have emerged from the debate about relationship marketing, until now, show two interesting focal points regarding restricted exchange types and the focusing of symbolic and intangible, process-related meanings. Compared with the restricted types with mainly utilitarian meanings typical in transaction marketing, now the exchange focuses on relationship marketing. Therefore, based on exchange theory there is a relationship that needs to be considered when investigating its effect on marketing strategy and customers' perceived value via determinant attributes of service quality and relational benefits. In order to further understand the role of perceived value with marketing strategies, means-end theory is now reviewed.

2.2.2. Means-end Theory

The central point of means-end theory is that individuals are goal directed and use product attributes as a means to infer desired consequences or ends (Gardial et al., 1994; Gutman, 1982). This implies that the benefits or value of a product or service for a customer is determined by the extent to which the product or service helps the customer achieve desired ends, as well as the importance of these ends for the customer.

Means-end theory (Gutman, 1982) offers a practical metaphor to assess consumers' product, service or behaviour knowledge and meaning structures. The representation of cognitive structures in memory advocated by the theory is based on the acknowledgement that product, service, or behaviour may be linked to self. The central tenet of the theory is that product or service meaning structures stored in memory consist of a chain of hierarchically-related elements. The chain starts with the product, service or behaviour components (attributes) and establishes a sequence of links with the self concept (personal value) through the perceived consequences or benefits produced by certain attributes of the product or service. This forms a "means-end chain" in that attributes are the means by which the product, service or behaviour provides the desired consequences or values, i.e. the ends. Values are the ultimate

source of choice criteria that drive buying behaviour (Claeys, Swinnen, & Abeele, 1995). This exemplifies a basic assumption of the means-end chain approach (Peter & Olson, 1987) and of the marketing concept in general (Kotler, 1991), that product, services, or behaviour are purchased for what they do for the consumer.

Zeithaml (1988) proposed a means-end model linking the constructs of perceived price, quality, and value. According to her model, people evaluate products on the basis of their perception of price, quality, and value, rather than objective attributes such as actual prices or actual quality. Zeithaml (1988) also proposed that perceived price and perceived quality are lower level constructs while perceived value is a higher level construct that is inferred from perceived price and quality. Woodruff (1997) defined customer value as a customer's perceived preference for and evaluation of those product attributes, attributes performances, and consequences arising from use that facilitate achieving the customer's goal and purposes. This definition adopts customer perspectives on value derived from empirical research into how customers think about value (Gardial et al., 1994; Zeithaml, 1988). This definition is anchored in a conceptual framework provided by a means-end type of model which is elaborated upon Zeithaml's (1988) model by Woodruff (1997).

Woodruff (1997) emphasize that value stems from customer's learned perceptions, preferences, and evaluations. His model demonstrates that moving up and down the customer value hierarchy explains both desired and received value. Moving up the hierarchy suggests that customers think about products as bundles of attributes and attribute performances. They form preferences for certain attributes based on their ability to facilitate desired consequences, reflected in value in use and possession value. Customers also learn to prefer those consequences that help them achieve their goals and purposes. Moving down the hierarchy, customers use goals and purposes to attach importance to consequences (Woodruff, 1997), which, in turn guide customers when forming preferences of attributes and attribute performances. Parasuraman (1997) observes that Woodruff's (1997) discussion captures the dynamic and context-dependent nature of how customers judge value, the criteria they use to do so, and the relative importance they place on such criteria.

Previous means-end studies have sufficiently identified consumer means-end chains and most have been successful in the development of a cognitive hierarchical value map indicating the interrelation of the attributes, consequences (benefits), and personal values for a given product or service in food retailing (Devlin, Birtwistle, & Macedo, 2003), clothing (Botschen, Thelen, & Pieters, 1999), tourism (Klenosky et al., 1998; Klenosky, Gengler, & Mulvey, 1993), and retail stores (Thompson & Chen, 1998). However, such studies appear to have neglected the coffee outlet industry. In particular, there is little evidence that any study has ever been undertaken to use means-end chain theory to identify the effects of determinant products and services attributes and relational benefits that the service provider reinforces to maintain the relationship with customers on perceived value.

The means-end theory is able to explain why customers attach different weights to various benefits in evaluating alternative products/services. Thus, this study seeks to identify the effect of determinant attributes of service quality and relational benefits on perceived value based on exchange and means-end theory. The following section of the thesis will first review the literature on perceived value and then investigate the interactions of value perceptions with other core marketing constructs in the process of creating customer loyalty: determinant attributes of service quality, relational benefits, and relationship quality.

2.3. Perceived Value

Driven by demanding customers and keen competition, many companies have sought to deliver superior customer value (Butz & Goodstein, 1996; Gale, 1994; Naumann, 1995; Woodruff, 1997). Albrecht (1992) stressed the importance of perceived value by indicating that the only thing that matters in the new world of quality is delivering customer perceived value. Delivering customer perceived value is recognised as one of the most important factors for the success of any firm now and in the future because it has an important role in providing managers with insights into how to establish meaningful relationships with customers (Barnes, 2003), and because it has an important role in the process of creating customer loyalty (Cronin, Brady, & Bitner, 2000).

Before discussing the theoretical background of perceived value, this study attempts to differentiate perceived value from the concept of personal values. Sometimes the concepts of perceived value and personal values are confused, perhaps due to the similarity of the terms. In one of the most detailed academic treatments of customer value, Holbrook (1994) suggests the term 'value' is used to refer to the criteria by which such judgements are made. Personal values, for example as described by Rockeach (1973), are the deeply held and enduring beliefs of individuals. Personal values are the central, core, enduring beliefs that guide customer behaviours across situations. They reflect people's desired "ultimate end-states of existence" (Vinson, Scott, & Lamont, 1977). On the other hand, perceived value implies that it is the result of trade-off (e.g. between benefits and sacrifices) and an interaction (e.g. between a customer and the product/service), and can be defined as the customers' perceptions (e.g. functional, social, emotional, etc.) of what they want to happen in a specific use (i.e., consumption) situation, in order to accomplish a desired purpose or goal in one's life (Woodruff & Gardial, 1996). Accordingly, perceived values derived from specific consumption situations differ from personal values (e.g. accomplishment, belongings, enjoyment, security, self-respect, and war relationships) which are desired by individuals in general (Pitts and Woodside, 1984). Thus, understanding of customer perceived value may help define what customers derive from products, services, and providers during consumption (Woodruff & Gardial, 1996).

Research on perceived value in marketing can be traced to work in consumer research by academics such as Gutman (1982), who sought to understand buying behaviour and decision-making of consumers in the purchase situation through a means-end chain. Following this research, other work has evolved using the means-end chain, including that by Zeithaml (1988), who proposes a conceptual model that defines and relates price, perceived quality and perceived value. Customer perceived value can be broadly defined as "the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988, p. 14). This definition is consistent with other researchers who have described perceived value as a cognitive trade-off (Dodds, Monroe, & Grewal, 1991).

2.3.1. Trade-off Definition of Perceived Value

One of the difficulties of researching customer perceived value is the variety of meanings of value that are held by consumers. The following represent some of the definitions among researchers:

> Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. (Zeithaml, 1988. p. 14)

> Customer value is market perceived quality adjusted for the relative price of your product.(Gale, 1994)

> Buyers' perceptions of value represent a trade-off between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price. (Dodds, Monroe, & Grewal, 1991)

Although numerous definitions of perceived value exist, the definition of Zeithaml (quote above) is the most universally accepted trade-off definition of perceived value in the literature. To conceptualize this construct, two common methods are utilised in empirical studies. The first conceptualisation strategy treats perceived value as uni-dimensional and globally measures overall customer value perceptions. The second strategy treats perceived value as multi-dimensional and measures perceived value using various get (benefits) and give (sacrifice) dimensions. Some studies operationalized the perceived value construct according to the "give-versus-get" trade-off concept, and measure it with indicators such as "fair price", "good value" (Baker et al., 2002; Sweeney, Soutar, & Johnson, 1999), "value for money" and "meeting quality and price requirements" (Grewal, Monroe, & Krishnan, 1998). The uni-dimensional conceptualisation strategy is effective and straightforward, but it cannot discern the complex nature of perceived value. As noted by Sweeney and Soutar (2001), "a more sophisticated measure is needed to understand how consumers value products and services" (p. 207). In fact, it is important to understand the value concept in an integrative approach, because one can understand a given type of value only by considering its relationship to other types of value (Holbrook, 1999; Sweeney & Soutar, 2001).

2.3.2. Multi-dimension of Perceived Value

Recently an approach based on the conception of perceived value as a multi-dimensional construct has been gaining ground (de Ruyter et al., 1997; Petrick, 2002; Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001; Sweeney et al., 1999; Woodruff, 1997). For example, Sweeney & Soutar (2001) developed a multiple-dimension measure of perceived value including quality, emotional, price and social aspects of customer perceived value judgements. Their results suggested that multiple-dimension assessment of perceived value is a better tool than a single item value measurement. This approach solves some of the problems of the traditional approach to perceived value, particularly its excessive concentration on value for money and economic utility (Zeithaml, 1988).

However, concerning value typologies, the range and variety found in the literature is very wide. There are two classical approaches that are effective in most cases: the acquisition vs. transaction value difference (Grewal et al., 1998; Grewal, Monroe, & Krishnan, 1998; Monroe & Chapman, 1987) and the hedonic vs. utilitarian value dichotomy (Babin, Darden, & Griffin, 1994; Holbrook & Hirschman, 1982). Parasuraman and Grewal (2000) conceptualise perceived value as a dynamic construct consisting of four value types: acquisition value, transaction value, in-use value, and redemption value. They define acquisition value as the benefits received for the monetary price given, and transaction value as the pleasure the consumer receives for getting a good deal. In-use value is the utility derived from utilization of the product/service, while redemption value is the residual benefit received at the time of trade-in or end of life (product) or termination (for services). Utilizing these definitions, the relevance of each of the four dimensions is different during varying times of the product/services life (i.e., acquisition and transaction value are most salient during purchase, while in-use value and redemption value are more pertinent after purchase). However, their perceived value conceptualisation was a price-based approach without including a behaviour price such as convenience. Sweeney and Soutar (2001) identified four dimensions: emotional value, social value, and two types of functional value (price and quality) of a product based on Sheth, Newman, & Gross's (1991) work. Quality referred to how well the product was made, and emotional response to how a product made the consumer feel. Price was

operationalized as whether or not the money paid for the product was reasonable, and social as the impression that the purchase of the product had on others.

While the aforementioned studies are the measurement of the perceived value of tangible products, Petrick (2002) developed a measuring scale of perceived value for services categories such as restaurant, identifying five dimensions: quality, emotional response, monetary price, behavioural price, and reputation. Past researches (Al-Sabbahy, Ekinci, & Riley, 2004; Jayanti & Ghosh, 1996; Petrick, 2002; Petrick & Backman, 2004) have shown that scales developed for measuring a product's perceived value are difficult to use when measuring perceived value of a service. In addition, Al-Sabbahy et al.'s (2004) study found inconsistent results for the transaction value dimension when adopting Grewal, Monroe, & Krishnan's (1998) acquisition and transaction value scale for hotels and restaurants setting.

Amongst these literature, Holbrook (1994, p. 27) suggested that value can be regarded as an 'interactive relativistic consumption preference experience'. Value involves a preference – a favourable disposition, a liking, a positive affect, or a judgement as being good. It also involves an interaction between the subject (customer) and the object (product or firm). Value is also relativistic in three aspects – it is comparative (involves rating one option against another), personal (differs across individual consumers), and situational (varies widely from situation to situation). The model also considers eight separate categories of customer perceived value (efficiency, excellence, politics, esteem, play, aesthetics, ethics, and spirituality), based on three dimensions: self-oriented versus other-oriented, active versus reactive, and extrinsic versus intrinsic. Holbrook (1994) recognised that consumption experiences most likely involve more than one type of value simultaneously. Holbrook's proposal places a key role on the notion of value as an experiential approach. This is an especially useful exposition of what value entails when defined by the customer. It is not at all limiting and does not focus on price or on tangible objects. Rather, it gives value the scope it deserves and which customers intend.

The dimensions on which they are based define the customer's essential criteria for forming value judgements (Holbrook, 1994). This view, endorsed by a number of researchers, has suggested a way in which perceived value can be defined from the

customer's point of view (Butz & Goodstein, 1996; Ravald & Grönroos, 1996; Woodruff & Gardial, 1996; Zeithaml, 1988). The notion indicated that perceived value is based upon customer perceptions and not managerial judgement; hence, understanding customer perceived value is one area in which marketing can have a distinct influence upon the competitive strategy.

Past research conceptualizing perceived value as simply a trade-off between quality and price (Bolton & Drew, 1991) is not sufficient to gain competitive advantage (Rintamaki et al., 2006). Perceived value is operationalized in some hospitality literature and marketing literature with a single-item scale in measuring customer perceived value in terms of "value for money" or functional value. Al-Sabbahy, Ekinci, & Riley (2004) insisted that the single items cannot address the concept of perceived value. Thus, a number of researchers argued that perceived value is more complex, that a multi-dimensional approach of value perceptions should be considered by scholars and managers, and that customer choice is the result of multiple value perceptions (e.g. Petrick, 2002; Sweeney & Soutar, 2001).

Table 2.1 presents multiple dimensions of perceived value identified by previous studies and shows that customers perceived value in terms of their *functional aspects*: efficiency-convenience and excellence-quality in the typology of Holbrook (1999); functional value in Sheth, Newman, & Gross (1991); utilitarian in Babin, Darden, & Griffin (1994); cognitive in Grönroos (1997); acquisition in Grewal, Monroe, & Krishnan (1998); price and quality in Sweeney & Soutar (2001); quality, monetary and behavioural price in Petrick (2002); service excellence-quality, and efficiency and price in Mathwick, Malhotra, and Rigdon (2001, 2002); utilitarian-quality and price in Tsai (2005); functional value in Sánchez et al. (2006); and utilitarian - monetary saving and convenience in Rintamaki et al. (2006). They also perceived value in terms of *symbolic aspects*: fun-play and aesthetics in Holbrook (1999); social and emotional value in Sheth, Newman, & Gross (1991); hedonic value in Babin, Darden, & Griffin (1994); emotional in Grönroos (1997); social and emotional in Sweeney and Soutar (2001); emotional and reputation in Petrick (2002); aesthetics and playfulness in Mathwick, Malhotra, & Rigdon (2001, 2002); affective and symbolic in Tsai (2005); social and emotional in Sánchez et al. (2006); and social and hedonic in Rintamaki et al. (2006).

Table 2.1 Multi-dimensional Approach to Perceived Value

Author(s)	Conceptualization/Dimensions of Perceived Value	Research Implications
Sheth, Newman, and Gross (1991)	• Functional value • Social value • Emotional value • Epistemic value • Conditional value	In consumer goods (e.g. cigarettes)
Babin, Darden, and Griffin (1994)	• Utilitarian value • Hedonic value	In a shopping setting
Grönroos (1997)	• Cognitive • Emotional	Theoretical
Grewal, Monroe, and Krishnan (1998)	• Acquisition • Transaction	Assesses perceived value of bicycle
Holbrook (1994, 1999)	• Efficiency • Excellence • Status • Esteem • Play • Aesthetics • Ethics • Spirituality	Theoretical
Sweeney and Soutar (2001)	• Functional dimension (price and quality) • Social dimension • Emotional dimension	Assesses perceived value of consumer durable goods
Petrick (2002)	• Quality • Monetary price • Behavioural price • Emotional • Reputation	Assesses perceived value of service
Mathwick, Malhotra, and Rigdon (2001; 2002)	• Aesthetics (visual appeal and entertainment) • Playfulness (escapism and enjoyment) • Service excellence • Customer ROI (efficiency and price)	Assess consumer experiential value in the catalogue and internet shopping setting
Tsai (2005)	• Utilitarian (quality and monetary price) • Affective (emotional and behavioural price) • Symbolic (reputation)	Assesses consumers' perceived value on products (e.g. computers, coffee, denim wear)
Sánchez et al. (2006)	• Functional value (installations, professionalism, quality, and price) • Emotional • Social	Assesses a tourism product
Rintamaki et al. (2006)	• Utilitarian (monetary saving and convenience) • Social (status and self-esteem) • Hedonic (entertainment and exploration)	Assesses the value of department store shopping

On the basis of previous works on the multi-dimensional nature of perceived value, there is no commonly accepted definition and typology for it. Although a number of value perceptions have been identified in the literature (i.e., functional, emotional, social), there appear to be two universal value perceptions more appropriate to consumer behaviour (Sheth, 1983). Sheth (1983) proposed two shopping motives: functional motives related to tangible needs such as convenience, quality, and price, etc. and non-functional motives related to intangible wants concerning reputation, and social and emotional needs for interaction. Further to this, Park, Jaworski, and MacInnis (1986) point out that basic customer needs reflect functional and symbolic value. Their results are supported by Bhat and Reddy (1998) who suggested that functional value satisfies practical needs while symbolic value satisfies customers' self-enhancement and sensory pleasure needs. This typology, however, does not capture the trade-off aspect of perceived value. Sheth, Newman, & Gross (1991) later found five components of perceived value namely, functional, social, emotional, epistemic, and conditional relating to cigarettes as consumer goods. However, de Chernatony (1993) argued that a brand is regularly purchased because of functional, social and emotional customer perceived values (i.e. holding the conditional value constant and where there is no epistemic value). In such a situation the functional value is related to the earlier concept of functional motives while the social and emotional values can be considered as the elements describing the concept of non-functional wants.

Moreover, the view discussed above is also bolstered by Rust, Zeithaml, and Lemon (2000) indicating that customer choice is influenced by the perception of functional value, which are formed primarily by perceptions of quality, price, and convenience. These perceptions tend to be relatively cognitive, objective, and rational (Rust, Zeithaml, & Lemon, 2000, p. 8). They also noted that brand reputation involves the customer's subjective and intangible assessment above and beyond its objective perceived value. This evaluation is influenced by the customer through experiences and associations with the brand. In line with the approach of Rust, Zeithaml, and Lemon (2000), Vázquez, Del Río, and Iglesias (2002) explained that the rational approach or the economic model suggests that the functional value corresponds to a cognitive and rational evaluation, based on the objective characteristics of its attributes. On the other hand, the hedonic school posits that the symbolic value has its

origin in the emotional or experiential appraisal of the brand, which is based on more subjective and expressive aspects. The above discussion possibly indicates that perceived value may well have functional and symbolic dimensions; however, there is little research on this area. Based on the above literature, this study, therefore, posits that perceived value can be better understood in terms of the two key dimensions, functional value and symbolic value, which will be defined and discussed in the next section.

2.3.3. Definition of Perceived Value Dimensions

The growing body of conceptual knowledge about perceived value is quite fragmented, with different points of view advocated, and no widely accepted way of pulling them all together and applying them to service settings (Rintamaki et al., 2006). This study argues that based on the literature customer perceived value has both functional and symbolic dimensions.

2.3.3.1. Functional Value

The functional value perspective is based on the assumption that customers are objective and rational (Rust, Zeithaml, & Lemon, 2000), applying the traditional functional value trade-offs involving quality, and monetary and behaviour price that have been empirically proposed and tested among many researchers (Holbrook, 1994; Mathwick, Malhotra, & Rigdon, 2001; Petrick, 2002; Rintamaki et al., 2006; Sweeney & Soutar, 2001; Tsai, 2005).

Functional value is therefore defined in this study as an overall assessment of value incorporating quality, the traditional value for money, and convenience characteristics. This type of value represents the customer's perception of quality in terms of goods and services received from the coffee outlet, the price paid for those goods and service, and the time saving to receive them. The elements of functional value are described as followed.

Quality – Excellence

Holbrook (1994) noted that "excellence is a type of value associated with a distanced apprehension or receptive admiration – as in the case of quality" (p.45). Similarly,

Zeithaml (1988) suggested that "quality can be broadly understood as superiority or excellence" (p. 3). Thus, quality is defined as the customer judgement about a product or service's overall excellence or superiority (Zeithaml, 1988).

Monetary Price

The definition for monetary price is the price of a service as encoded by the consumer (Jacoby & Olson, 1977). Value for money is defined as a cognitive trade-off between quality and sacrifice, based on the notion of monetary exchange (Dodds, Monroe, & Grewal, 1991; Zeithaml, 1988).

Behavioural Price – Efficiency

"Efficiency is the extrinsic value that results from the active manipulation of some means in pursuit of some self-oriented end(s)" (Holbrook, 1994, p 44). In consumer behaviour where time resources are a key point, for example, "convenience" is one type of value in which a "pivotal concern" is "saving time" or reducing "time, effort, and search costs." (Zeithaml, 1988). Thus, behaviour price is defined as the price (non-monetary) of obtaining a service, which includes the time and effort, used to search for the service (Zeithaml, 1988).

2.3.3.2. Symbolic Value

The symbolic value of consumption is based on subjective and intangible assessment of products and services (Rust, Zeithaml, & Lemon, 2000; Vázquez, Del Río, & Iglesias, 2002). Solomon (1983) suggested that marketers should be made more aware of the significance of products and services such as restaurants or airlines, which are rich in symbolic content, as determinants of customer consumption behaviour. The symbolic meaning can be attached to products and services that may convey the kind of person someone is or wants to be; customers use products or services to express their self-image to others (Solomon, 1983). Rintamaki et al. (2006) verified that the social dimension of consumption can be understood through a symbolic interactionism perspective of customers' social behaviour as noted by Solomon (1983). Along the social dimension of consumption experience, researchers (Sánchez et al., 2006; Sweeney & Soutar, 2001) have identified the emotional dimension ahead of cognition as the primary factor to enjoying the pleasure of an emotional stimuli

from the consumption experience. Hall, Roberts, and Shaw (2001) have found that social and emotional dimensions are intrinsically intertwined in consumption. Moreover, Rintamaki et al. (2006) also noted that hedonic (emotional) value is a reaction to the aesthetic features of a department store creating positive emotions. Their study supports the notion that aesthetics involves "a first person hedonic judgement" (Von Wright, 1963). In addition, in most literature aesthetics is viewed as both a hedonic impression and a result of interpretation and representation (Rintamaki et al., 2006; Schmitt & Simonson, 1997). As for reputation, Crimmins (2000) found that strong well-known brands enhanced value judgement. For example, according to Schmitt and Simonson (1997), the Starbucks style involving a variety of elements to create alluring visual stimuli (aesthetics), also creates brand awareness (reputation), causing emotional associations with pleasure, and facilitating socialization.

Therefore, symbolic value is defined as an overall representation of experiential value perceptions from the social, emotional, the aesthetic, and reputation aspects. This value represents the customers' impression on others, perception of delight or pleasure, enjoyment of the visual appeal, and reputation of outlet, involved with the consumption experience which is described as follows.

Social Aspect

Holbrook (1994) noted that "status entails the active use of one's own products or consumption experiences as a means to the other-oriented end of achieving a favourable response from someone else" (p.47) and "esteem value arises from the reactive contemplation of one's own status or prestige, as reflected in the opinion of others" (p. 48). Social value is defined as the impression that the purchase of the product or service had on others (Rintamaki et al., 2006; Sweeney & Soutar, 2001).

Emotional Aspect: Play

"Play involves an active self-oriented experience enjoyed for its own sake" (Holbrook, 1994, p. 49). When describing the intrinsic, self-oriented, active nature of the value to be found in play, Bond (1983) concluded "the pursuit of pleasure, namely the pursuit of whatever he or she likes for its own sake...is...all the things that...belong to the leisure side of the common distinction between work and leisure"

41

(p. 113). Emotional response is defined as a descriptive judgement regarding the pleasure that a product or service gives the purchaser (Sweeney & Soutar, 2001).

Aesthetics

Reactive sources of value are reflected in a consumer's appreciation of "aesthetic" elements intrinsic to a consumption setting that are manifest in the visual appeal of a retail experience (Deighton & Grayson, 1995; Wagner, 1999). An aesthetic response is a reaction to the symmetry, proportion and unity of a physical object (Veryzer, 1993). Visual appeal is driven by the design, physical attractiveness and beauty inherent in the retail setting (Holbrook, 1994; Mathwick, Malhotra, & Rigdon, 2001, 2002). The aesthetics appeal therefore can create visual appeal for coffee outlet customers.

Reputation

Reputation is defined as the prestige or status of a product or service as perceived by the purchaser, based on the image of the supplier (Dodds, Monroe, & Grewal, 1991; Petrick, 2002; Tsai, 2005).

For the purpose of this study the perceived value of coffee outlet customers is defined as a combination of functional and symbolic dimensions. In order to further support the argument of the conceptualization of perceived value, the following section will discuss the characteristics of customer perceived value.

2.3.4. Characteristics of Customer Perceived Value

Widing et al. (2003) provided a comprehensive view of the role of value perceived by customers. They noted that there are six main characteristics of customer perceived value: instrumental, dynamic, hierarchical, diverse, synergistic, role specific and variable among customers. First, instrumentality of value refers to products and services being instrumental in fulfilling the needs or wants of customers. Being instrumental means they are a means to an end. Thus, it is important for marketers not only to create value perceptions in their offerings but also to link or associate these offering to specific customer needs and wants (Widing et al., 2003). Accordingly, it is important to understand customer's perceptions of the value of their product and

service offering to meet customer's needs and wants with respect to functional and symbolic value perceptions.

Second, value perceptions are dynamic because customers seek change over time. As marketers meet or exceed market expectations, those expectations become a new baseline against which they will be judged (Widing et al., 2003). This notion highlights the fact that if a coffee outlet offers higher levels of service, then the customer comes to expect that level from all coffee outlets. The more the marketer satisfies customer perceived value, the higher the customer's value expectations become. Thus, researchers and marketers should emphasize not only functional value but also symbolic value in order to meet customer's higher expectations.

Third, value perceptions are arranged in a hierarchy with the so-called functional value (e.g. quality and price) at the foundation. This notion demonstrates that functional value must be offered first and foremost. If the functional value is absent, the customer would not even care if the product or service provided symbolic value (e.g. social and emotional value). However, once functional value is met, symbolic value becomes relevant. Fourth, a market for any product or service category will be more homogeneous if it is indicated mainly by functional value and more diverse if it is indicated by symbolic value perception. The characteristics of these two value perceptions is similar to the value concept of this study arguing that functional value is the bedrock on which the wants of symbolic value creates diversity.

Fifth, value synergy means that one value enhances the utilities of another value. The view in synergistic value is that the relationships among the elements of functional and symbolic value are multiplicative instead of additive. The idea is to create a synergistic relationship among the elements of the value perceptions. Based on this notion, this study argues that maximizing functional value by ensuring value for money, an easily accessible location, and good quality will further enhance symbolic value added to this foundation, in a compounding fashion.

Finally, value perceptions are role specific and vary across customers. Consequently, a coffee outlet is more versatile if it is capable of generating more value perceptions to satisfy different customers. This notion also indicates that customers may seek

different value perceptions when they change their role. In this sense, understanding the demographic of customers may provide insight into their likely change in attitude and shift in preference toward different types of coffee outlets. Thus, it is important for researchers and marketers to understand how to target different value perceptions they offer to different customer segments by functional and symbolic value. In other words, these two dimensions of perceived value can be applied to determine customers' preferences when choosing a coffee outlet, especially between chain and independent coffee outlets.

In sum, the characteristics of perceived value support the concept of perceived functional and symbolic value defined in this study. This study further discusses how customers judge their value perceptions of products and services offered by service provider.

Frondizi (1971) argued that value-oriented characteristics may reside not only within people but also within objects. He also argued that all products/services have 'quality' (attributes) but if a quality is not valued, then it remains a quality. If it is valued, then it becomes a value, and helps determine the strength and direction of the relationship that exists between a particular product/service and a specific customer. Customer perceived value explores the interaction between the product and service, while service quality generally focuses on the product or service, i.e. what the organization provided (Woodruff & Gardial, 1996). According to the means-end model proposed by Zeithaml (1988), perceived value is a direct consequence of service quality. Operationally, value frequently is measured as attribute-based desires that influence purchase. For instance, research is widely used to identify customers' attributes drivers or "key buying criteria", such as product and service quality (Kivela, 1997). Similarly, satisfaction research typically asks customers to evaluate the brand or seller or those attributes thought to influence customers' purchase decisions.

The important contribution of the stream of research on service quality measurement is that it led to the explicit measurement of the impact of a company's total offers to their customers. Whilst a consideration of what to measure has been, and will be, an ongoing topic of critical debate, recent advances in measurement have made a significant contribution to understanding how much value customers derive from the

offer (Payne & Holt, 2001). Customer perceived value becomes a customer-directed concept. It is this perception of the customer's view of what is created and delivered that should be determined and taken into account when the organization defines its value offering. Therefore, there is a need not only to investigate value perceptions but also to identify how customers value the offerings provided by coffee outlets. The next section will first review determinant attributes of service quality.

2.4. Service Quality

Providing quality service is considered as an essential strategy for success and survival in today's competitive environment (Dawkins & Reichheld, 1990; Parasuraman, Zeithaml, & Berry, 1985; Reichheld & Sasser, 1990; Zeithaml, Berry, & Parasuraman, 1996). Despite a number of studies on service quality and customer satisfaction in fast-food and restaurant operations (Park, 2004; Pettijohn, Pettijohn, & Luke, 1997; Qu, 1997; Soriano, 2002; Yuksel, 2003), investigations into the coffee outlets sector have remained rather limited. More specifically, the existing hospitality literature rarely investigates the importance of specific attributes and dimensions of service quality of coffee outlets from the customer perspective. In other words, what attributes customers consider important in choosing a coffee outlet remains unknown to outlet operators.

Service quality has been concerned with identifying, for example, key buying criteria or key elements of service which are operationalized as the customer's desired attributes (Woodruff, 1997). Widespread application of these multi-attribute consumer choice models probably accounts for this preoccupation with attributes (Day & Wensley, 1988). Identifying important determinant attributes of service quality helps businesses understand how their marketing strategy can match the competitive environment and what changes should be made. Therefore, the primary emphasis of both academic and managerial efforts has been focused on determining what determinant attributes of service quality mean to customers; and on developing strategies to meet customer expectations (Parasuraman, Berry & Zeithaml, 1991).

Service quality has been the subject of considerable interest by both practitioners and researchers for years, spurred on by the original work by Parasuraman, Zeithaml, and

Berry (1985). An important reason for the interest in service quality by practitioners results from a belief that this has a beneficial effect on bottom-line performance for the firm (Caruana, 2002). Service quality has been defined in several ways. A popular definition of service quality proposed by Berry, Parasuraman, and Zeithaml (1988) is 'conformance to customer specifications' (p. 35), that is, it is the customer's definition of quality that matters, not that of management. Bitner and Hubbert (1994) defined service quality as "the consumer's overall impression of the relative inferiority/superiority of the organization and its services" (p. 77).

As is the case with many hospitality transactions, the coffee outlet business combines intangible service with tangible products and facilities. From a customer's perspective, all transactions comprise varying degrees of product and service components, whether it is the purchase of other products and services or consuming a take-out dinner (Shams & Hales, 1989). In addition, customers form an impression of "service quality", a global evaluation of an entire service encounter, which is based on specific, discrete transactions. These individual transactions then have a cumulative effect on the overall evaluation of service quality. While some aspects of service quality are going to be more salient and important to each individual customer, they must be satisfied if the overall impression is to be positive. For example, in a coffee outlet setting, the selection and weighting of service quality such as coffee quality, friendly staff, cleanliness, and speed of service varies from customer to customer and expectations will differ on various types of properties or price points (Hinkin & Tracey, 2003).

Several studies have attempted to define the possible criteria by which products and services attributes may be evaluated. For example, the widely used SERVQUAL instrument was developed to measure service quality and has been used in several hospitality settings (Parasuraman, Zeithaml, & Berry, 1991). SERVQUAL assesses five dimensions of service quality: tangibility (or the physical appearance of facilities, personnel, and equipment); reliability in performing the service dependably and accurately; responsiveness in providing prompt service; assurance (or the ability to convey trust and confidence); and empathy, the individualized attention provided to customers. The last two dimensions (assurance and empathy) contain items representing seven original dimensions: communication, credibility, security,

competence, courtesy, understanding/knowing customers, and access (Parasuraman, Zeithaml, & Berry, 1985).

The SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1988) has had considerable application in service quality research in recent years. It has to some extent laid the foundations for quality service research. However, a review of related literature indicated that customer service quality investigations involving a high level of tangible products, such as in restaurants and catering, have persistently failed to replicate the original SERVQUAL five-factor structure. When attempting to refine SERVQUAL, Parasuraman, Zeithaml, & Berry, (1991) also failed to replicate their original five-factor structure, as did Knutson et al. (1991) with "LODGSERV", and Stevens, Knutson, and Patton (1995) with "DINESERV". It is also worth noting that these studies have not reported factor structures, hence, it is difficult to evaluate the reliability and utility of these models. The developers of the SERVQUAL instrument themselves have also agreed both the instrument and the conceptualisation of service quality may benefit from further refinement (Parasuraman, Zeithaml, & Berry, 1991, 1994a, 1994b). Criticism has been stated by other scholars who argue that SERVQUAL only focused on the process dimensions (or the functional part) of service quality (Mangold & Babakus, 1991), but not on the outcome dimensions of service quality (Bitner, 1992; Johns & Howard, 1998). According to Grönroos (1984), the outcome quality is concerned with what the customer actually receives from the service transaction, whereas the process quality relates to the service approach and/or the manner in which the customer receives the service from the service provider.

Service quality measurement with the SERVQUAL instrument makes generalisation possible, not only between restaurants, but even between different industries within the service sector. However, this instrument ignores food quality which can encompass the totality of food service attributes, and seems a more appropriate output measure. There has been considerable progress in the literature as to *how* service quality perceptions should be measured (Babakus & Boller, 1992; Brown, Churchill, & Peter, 1993; Cronin & Taylor, 1992; Parasuraman, Zeithaml, & Berry, 1985, 1988; Parasuraman, Zeithaml, Berry, 1991, 1994b), but little advance as to *what* should be measured. Researchers generally have adopted one of two conceptualisations. The first is the "Nordic" perspective (Grönroos, 1984), which defines the dimensions of

47

service quality in global terms as consisting of functional and technical quality. The second, the "American" perspective (Parasuraman, Zeithaml, & Berry, 1988), uses terms that describe service encounter characteristics (i.e., reliability, responsiveness, empathy, assurances, and tangibles). Although the latter conceptualisation dominates the literature, a consensus has not evolved as to which, if either, is the more appropriate approach.

Although it is apparent that perceptions of service quality are based on multiple dimensions, there is no general agreement as to the nature or content of these dimensions. Two (Grönroos, 1984; Lehtinen & Lehtinen, 1991; Mels & Boshoff, 1997), three (Rust & Oliver, 1994), and five (Parasuraman, Zeithaml, & Berry, 1988) dimensions have been proposed. The following sections on the multiple views of service quality may serve as a foundation for this study, identifying the determinant attributes of service quality for the coffee outlet industry.

Two Dimensions of Service Quality: Technical Quality and Functional Quality

The foundation of service quality theory lies in the product quality and customer satisfaction literature. Early conceptualisations (Grönroos, 1983, 1984; Parasuraman, Zeithaml, & Berry, 1985) are based on the disconfirmation paradigm employed in the physical goods literature (Cardozo, 1965; Churchill & Surprenant, 1982; Oliver, 1980; Olshavsky & Miller, 1972). This early research suggests that service quality results from a comparison of perceived with expected performance, as is reflected in Grönroos's (1983; 1984) seminal conceptualisation of service quality that "puts the perceived service against the expected service" (p. 37). In addition to adapting the disconfirmation paradigm to the measurement of service quality, Grönroos (1984) identified two service quality dimensions, as shown in Figure 2.1. Functional quality represents how the service is delivered; that is, it defines customers' perceptions of the interactions that take place during service delivery. Technical quality reflects the outcome of the service act, or what the customer receives in the service encounter.

Figure 2.1 The Nordic Model
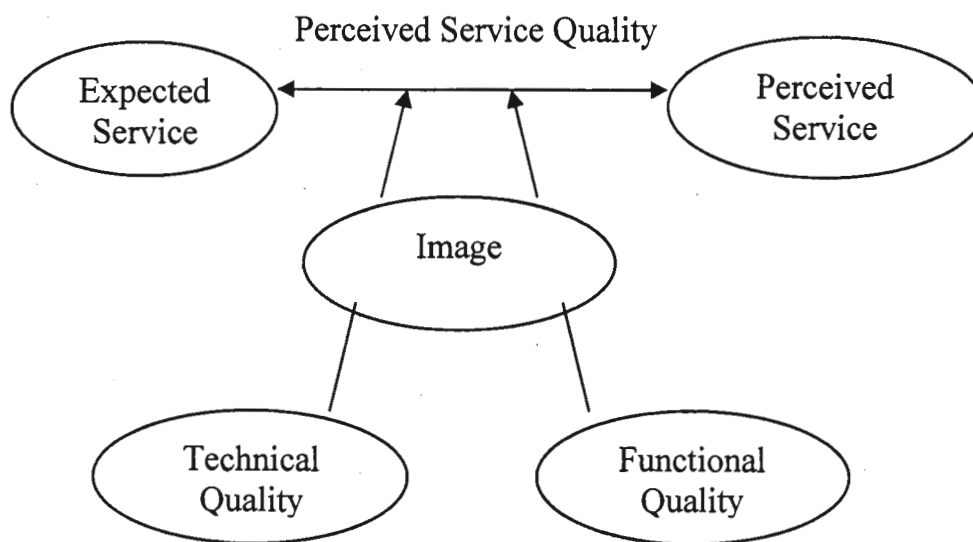
Source: Grönroos (1984).

According to Grönroos (1983; 1984), customers are not only interested in what they receive as an outcome of the production process, but in the process itself. When applying the Nordic model to the present study specifically, the following service characteristics may be considered: a customer's contacts with the employees of the coffee outlet, physical and technical resources, such as coffee, food and other beverage, environment, speed of service, and friendliness of employees. The customer's interactions with such human and non-human resources during the consumption processes will certainly have an effect on his evaluations of the service, and on the service he perceives he has received. The service is basically immaterial and can be characterised as an activity where production and consumption to a considerable extent take place simultaneously. In the buyer-seller interactions the service is rendered to the consumer. Clearly, what happens in these interactions will have an impact on the perceived service quality (Grönroos, 1984). In sum, this model suggested that customers are not only interested in what they receive as an outcome of the production process, but in the process itself.

Alternative Conceptualizations of Service Quality

Three-component model is also evident in more recent work on service quality. Several studies advance modified versions of the SERVQUAL model (Boulding et al., 1993; Cronin & Taylor, 1992; Parasuraman, Zeithaml, Berry, 1991, 1994b; Zeithaml & Bitner, 2002). These modifications put expectations all together (e.g. Cronin &

Taylor, 1992), or add dimensions to the expectations portion of the model (see Boulding et al., 1993) to assess service quality. For example, Rust and Oliver (1994) elaborated on the technical and functional quality model and offered a three-component model: the service product (i.e., technical quality), the service delivery (i.e., functional quality), and the service environment (see Figure 2.2). Although Rust and Oliver (1994) did not test their conceptualisation, support is found for similar models in retail banking (McDougall & Levesque, 1994).

Figure 2.2 The Three-component Model
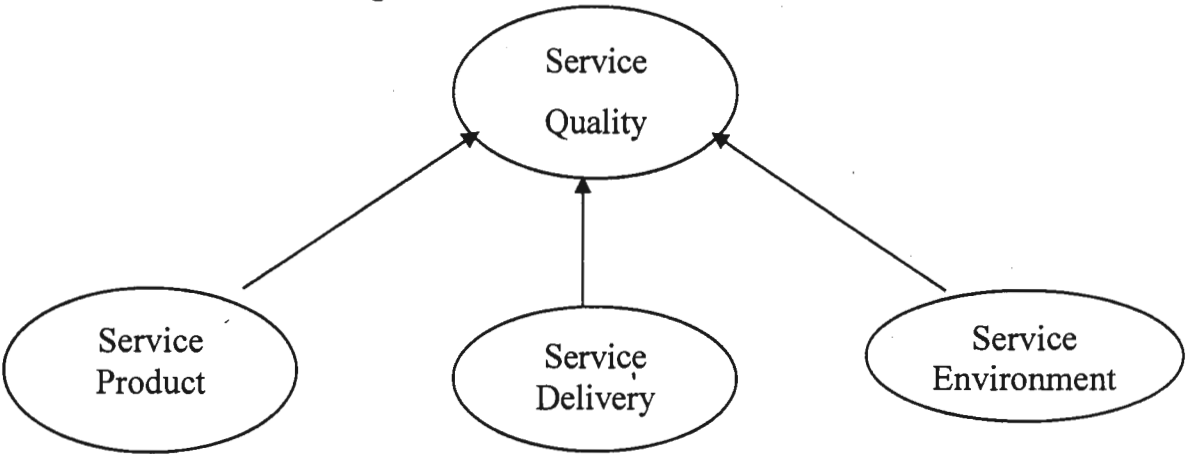
Source: Rust and Oliver (1994).

Further to this, Brady, Robertson, and Cronin (2001) also adopted Rust and Oliver's (1994) view that the overall service perception of service quality is based on the customer's evaluation of three dimensions of the service encounter: (1) the customer-employee interaction (i.e., functional quality; see Grönroos, 1983, 1984), (2) the service environment (Bitner, 1992), and (3) the outcome (i.e., technical quality; see Grönroos, 1983, 1984).

In summary, scholars have advanced modified versions of either Parasuraman, Zeithaml, and Berry's (1988) five-factor, Grönroos's (1984) two-factor, or Rust and Oliver's (1994) three-factor conceptualization. That is, service quality is defined by one or more of a customer's perception regarding: (1) an organization's technical and functional quality; (2) the service product, service delivery, and service environment; or (3) the reliability, responsiveness, empathy, assurances, and tangibles associated with a service experience.

The above discussion confirms that service quality cannot be evaluated using only a single aspect. Clearly, the review of service quality literature demonstrates the diversity of service quality composition. The facets and factors in the evaluation of service quality mentioned above are valuable references. Through these facets and factors, employees of the service industry can better understand the viewpoint customers use to evaluate quality of service and can create a guideline for the examination and improvement of their service. In fact, different service industries have different characteristics and problems, and the measures developed under each facet are also different. Therefore, it is necessary to conduct research for individual service industries on the basis of their unique characteristics and their operational environment. Considering this suggestion, this study takes a single industry, the coffee outlet industry, as the subject of the research to examine its determinant attributes of service quality.

2.4.1 Determinant Attributes of Service Quality

In recent years, the marketing literature has witnessed growing research on the concept of attribute importance in the study of consumer behaviour. A fundamental assumption in using this concept in behaviour research is that consumers differentiate the relative importance of each product or service attribute when they make purchase decisions (Kotler, 1988). Based on this discrimination of relative attribute importance, customers are further presumed to trade off between decision attributes. The eventual outcome of the trade-off is then believed to entail an actual purchase decision or behaviour. Thus, to the extent these assumptions hold, the important determinant attributes of service quality play a critical role in understanding consumer behaviour (Kivela, Inbakaran, & Reece, 1999; Kivela, Reece, & Inbakaran, 1999; Oh & Parks, 1998). Keller (1999) defined attributes as those descriptive features that characterize a product and service. Bearden's (1977) study focused upon the isolation of attributes that actually affect individual decisions with regard to customer patronage. Determinant attributes that isolate critical product and service attributes, can be a useful marketing tool for organizations hoping to penetrate new markets and re-examine their current market needs (Kivela, 1997).

In an earlier study, Myers and Alpert (1968) argued that only a limited set of attributes, the "determinant attributes," play a critical role in determining choice between alternatives. Determinant attributes are those that are important to consumers and are available across alternatives. As an example, if one type of coffee is enough to meet a customer's requirements, then it is not a determinant attribute; if, however, coffee types vary in styling and a customer has styling preferences, then this would be a determinant attribute.

Most of the previous studies cited in the hospitality literature have focused on identifying the sources of attributes, and on discovering effective ways to meet customers' expectation (Bojanic & Rosen, 1994; Coyle & Dale, 1993; Oh & Parks, 1997). Customers are believed to view a service such as a restaurant meal in terms of a set of attributes which include the characteristics that make it desirable, ascribing different levels of importance to each attribute. For example, one market segment may be attracted by friendly employees, another by its food quality and by its environment, and so on. Customers weigh up the service quality of an offering in terms of the degree to which each attribute is present and the importance they see the attribute as having.

Thus, a number of authors have studied restaurant attributes and found that quality of food and drink, service, and atmosphere are the principal choice (Auty, 1992; Gregoire et al., 1995). However, substantial disagreement appears in the level of specificity of the attributes investigated. A review of literature indicated that there were considerable variations among researchers in the number of relevant attributes used in their studies dealing with determinant attributes of service quality or dimensions. For example, Finkelstein (1989) emphasised that the customer's dining needs are often linked with the restaurant's attributes, implying that attributes such as ambience (décor, lighting, physical features), food and service quality, type of cuisine, and service staff attitudes, provide much of the initial setting for the formation of an individual's experience of the dining event. Pettijohn, Pettijohn, and Luke (1997) found quality, cleanliness, and value to be the three most important attributes in fast food restaurants, while atmosphere and menu variety were relatively unimportant. Clark and Wood (1998) commented that available evidence suggests food quality and value to be the most significant restaurant attributes, and question the assumption of

classic texts such as that of Campbell-Smith (1967) that the total package of attributes making up the "meal experience" determines consumer behaviour. Clark and Wood (1998) reported that the order of attribute importance is somewhat different in different styles of restaurant, and Auty (1992) noted that the relative importance of attributes changes with the type of dining occasion. Morgan (1993) examined 13 restaurant attributes while Almanza, Jaffe, and Lin (1994) identified 17 restaurant attributes. Oh and Jeong (1996) have developed a 19-item fast-food restaurant attributes instrument. Qu (1997) has developed a 14-item instrument by which to measure the determinant factors and customers' choice intentions for Chinese restaurants in the USA.

However, only Chow-Chua and Komaran (2002) identified coffee shop attributes. According to their 15-attributes study, freshness of coffee taste is the most important attribute, followed by value for money, coffee flavour, politeness of servers, efficiency of accuracy in fulfilling orders, accessibility of outlets, ambience of outlet, discount to loyal customers, choice of air-conditioning or al-fresco, furnishing in outlet, variety of coffee, variety of food and desserts, availability of browsing material, and variety of beverages other than coffee. These attributes of service quality can fall into service quality dimensions of two, three, or five depending on the school of thought as stated above. Whilst these studies have divergent levels of attribute specification, it appears that most researchers agree with the concept of measuring determinant attributes of service quality based on multi-attribute scales reflecting the multi-functional nature of hospitality services. Overall, Finkelstein (1989) and Wood (1995) have argued that the attributes, collectively, give the restaurant its particular identity and character which directly or indirectly influence the customer in the act of dining behaviour.

Similarly, Richard, Sudharshan, and Allaway (1994) investigated the importance of service quality as a predicator of actual choice behaviour in pizza restaurants. Their results revealed that customers used multiple dimensions rather than one dimension in choice decisions. Thus, no single dimension of service quality captures the complexity of choice while both process and outcome quality were important determinants of choice. The results of this study were later confirmed by Qu (1997) who found four dimensions in customer choice: 'food and environment,' which had the largest impact

on customer choice of restaurant, followed by 'service and courtesy,' 'price and values,' 'location, advertising, and promotion.' These studies indicated that restaurant managers who emphasized only one dimension were not effective in attracting customers, and further recommended that a multi-dimensional strategy should be adopted.

A review of the hospitality literature reveals a variety of determinant product and service attributes and dimensions as presented in Appendix 1. A high quality service performing at a level matching what the customer felt should be provided. Customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judge. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to services marketers. Given that expectations play a major role in service quality perception, it becomes important for the service marketer to understand the nature of customer expectations. This is the first and possibly most critical step in delivering quality service. As competition becomes more intense and environmental factors become more hostile, the concern for service quality grows. If service quality is to become the cornerstone of marketing strategy, the marketer must have the means to measure it.

Given these notions, this thesis considers that using customer expectations regarding various important product and service attributes as a base for service quality is a new alternative to the traditionally used SERVQUAL. This study also considers that different levels of expectations will be related to different consumer behaviours and so companies could increase their profits if they carried out a differentiated marketing strategy for different segments. Furthermore, these determinant attributes influence customer-perceived service quality, which is nowadays considered to be a key factor in obtaining a competitive advantage (Diaz-Martin et al., 2000).

Empirically determinant attributes of restaurants tend to prioritise food quality and variety of food and beverage. Service and atmosphere also frequently appear, though varying in importance between different types of restaurant business. However, despite the many studies defining determinant attributes, most have found very similar attributes to be important (e.g. Knutson, 2000; Park, 2004). Unfortunately, the

existing hospitality literature rarely investigates the importance of specific dimensions and determinant attributes of service quality in the coffee outlet industry, particularly from the perspective of its customers. In other words, what attributes customers consider important in choosing a coffee outlet remains unknown to the industry. Therefore, there is a need to identify the determinant attributes of service quality and the underlying dimension of determinant attributes of service quality for the coffee outlet industry.

On the other hand, a true measure of company success in today's hospitality environment lies in an organization's ability to consistently satisfy customers. In order to ensure market success, hospitality organizations of all types are being forced to stand back and take a long, hard look at the way they are currently doing business. A customer's dining decision whether to return or not to a restaurant is the moment of final truth for the restaurateur, as opposed to simply a customer's decision to go to the restaurant (Kivela, Inbakaran, Reece, 1999). Kivela, Inbakaran, and Reece (2000, p. 28) concluded that service quality is not the key attribute for generating repeat business and suggested that other restaurant attributes, together with relationship marketing strategies have greater impact because relational exchange concerns itself with long-term value exchanges (Dwyer, Schurr, & OH, 1987). Viewed in this manner, value exchange is a means through which the choice of behaviour of buyer and seller is constrained through the trust, satisfaction and commitment that develops between the two (Morgan & Hunt, 1994).

Nevertheless, the majority of research on customer perceived value employs a rather transactional approach. Most studies focus on product related issues neglecting the relational effect on customer perceived value (Cronin, Brady, & Hult, 2000; Parasuraman & Grewal, 2000). As Payne and Holt (1999, p. 47) acknowledge: "The most recent development has been to consider customer perceived value from the view point of relationship marketing". Perceived value is the essential result of marketing activities and is a first-order element in relationship marketing (Dumond, 2000; Oh, 2003; Peterson, 1995; Ravald & Grönroos, 1996). However, no study has attempted to explain how the effect of relational benefits, a relationship marketing strategy, on perceived value influences relationship quality and ultimately customer loyalty. Thus, the following sections of literature review will discuss the importance

of relationship marketing and its constructs such as relational benefits, relationship quality, and customer loyalty.

2.5. Relationship Marketing

A focus on value for customers has emerged as an important marketing concept especially during the 1990s (Grönroos, 1997). Value is considered to be an important constituent of relationship marketing and the ability of a company to provide superior value to its customers is regarded as one of the most successful strategies. This ability has become a means of differentiation and a key to the riddle of how to find a sustainable competitive advantage (Nilson, 1992; Ravald & Grönroos, 1996; Treacy & Wiersema, 1993).

The importance of relationship marketing has emerged as a major focal point for business strategy, and this can be attributed to factors such as the blurring boundaries between markets or industries (Day, 2000), an increasing fragmentation of markets (Buttle, 1999), shorter product life cycles, rapid changing customer buying patterns, and more knowledgeable and sophisticated customers (Buttle, 1999; Grönroos, 1996). In addition, other explanations for the shift towards relationship orientation in marketing include the continuing growth of the service economy as well as the increasing competition in the current marketplace (Christopher, Payne, & Ballantyne, 1991; Lehtinen, 1996).

In the past decade, new thinking about the buyer-seller relationships is so evident that experts suggested that relationship marketing is a new marketing paradigm (Grönroos, 1994; Webster & Frederick, 1992). Relationship marketing, which focuses on approaches to building, developing and maintaining a successful relational exchange (Berry, 1983; Grönroos, 1994; Morgan & Hunt, 1994), is changing marketing orientation from attracting short-term, discrete transactions to retaining long-lasting, intimate customer relationships. The increasing emphasis of relationship marketing is based on the assumptions that building satisfied and committed customers result in loyalty.

Relationship marketing encompasses transaction marketing and aims to build long-term, trusting, mutually beneficial relationships with valued customers. It has been

demonstrated that it is far less expensive to retain a customer than to acquire a new one. As customers' relationships with the company lengthen, companies can increase profits by almost 100% by retaining just 5% more of their customers (Reichheld & Sasser, 1990). That implies that the longer a customer stays in the relationship with a coffee outlet, the more profitable he/she becomes to the outlet. Therefore, when marketing expenses are allocated more on retaining customers under the relationship marketing strategy, this is likely to make marketing more efficient (Sheth & Parvatiyar, 1995).

Relationship marketing has been defined in several ways. Berry (1983) first mentioned it in the service marketing literature and defined it as attracting, maintaining, and enhancing customer relationships in multi-service organizations. The key factor in assessing the potential for relationship retailing was the degree of personal interaction, service, and selling involved in the retailer/customer encounter or moment of truth (Berry & Gresham, 1986). The notion of 'relationship' is based on the concept of reciprocity (Bagozzi, 1995). The definitions of 'relationship marketing' reflect this, for example, Grönroos (1990a) stated that relationship marketing established, maintained and enhanced, and commercialised relationships with customers and other partners, at a profit, so that the objectives of the parties involved were met. This was achieved by a mutual exchange and fulfilment of promises and he argued that all marketing strategies lay on a continuum ranging from transactional to relational marketing.

Recently, Hennig-Thurau, Gwinner, and Gremler (2002, p. 231) have highlighted that the relational benefits approach (Bendapudi & Berry, 1997; Gwinner, Gremler, & Bitner, 1998; Reynolds & Beatty, 1999) predicting the future development of existing relationships, and relationship quality approaches (Crosby, 1991; Crosby, Evans, & Cowles, 1990; Dorsch, Swanson, & Kelly, 1998; Smith, 1998) reflecting the "degree of appropriateness of a relationship (Henning-Thurau & Klee, 1997, p. 751)", are two of the most promising conceptual approaches in the relationship marketing literature.

According to Palmer (1994), relationship marketing strategies focus attention on the value of buyer-seller relationships over time. Morgan and Hunt (1994) offered a broad definition of relationship marketing; stating that it involves marketing activities

directed toward establishing, developing, and maintaining successful relational exchange. Kotler, Bowen, and Makens (1996) defined relationship marketing as creating, maintaining, and enhancing a strong relationship with customers (pp, 350-351). Recently, perceived value is of growing interest to relationship marketing. Ravald and Grönroos (1996) develop a generally applicable framework of customer value perception in exchange relationships. They pointed out that the trade-off between benefits ("what you get") and sacrifices ("what you give") in the long-term oriented exchange process is not restricted to the single episode level. Value assessments should take into account relationship benefits for relationship change.

A customer's decision for entering into and maintaining a long-term relationship with a company is largely driven by their assessment of the core products/services and the relational aspects of the exchange. Past research has been on service quality attributes in the service exchange. It is suggested that for a long-lasting relationship to develop between the customer and the service firm, a shift in emphasis is required from a service quality perspective toward the relational benefits of the exchange (Grönroos, 1990a). From these two aspects, one is able to begin thinking about the value that the interpersonal interaction between customers and providers has versus the value of the core product/service. The major contribution of this study is seeking to "bring into the picture relational benefits (relationship marketing) together with product and service attributes (transactional marketing) as determinants of the overall value perceived by the customer". Thus, the next section will discuss relational benefits.

2.6. Relational Benefits

The concept of benefits segmentation first rests on the idea that consumers select products/services on the basis of the benefits they desire (Gutman, 1982; Haley, 1968). According to Darden and Dorsch (1990), customers can also obtain benefits, such as product or information acquisition or social interaction, from shopping. Further, customer can receive benefits from interpersonal relationships, which serve to fill many important human needs (McAdams, 1988). Indeed, relationships with salespeople or service providers may also provide benefits that fill important needs (Adelman, Ahuvia, & Goodwin, 1994; Beatty et al., 1996; Bitner, 1995; Gwinner, Gremler, & Bitner, 1998). Customers who maintain salesperson relationships do so to fulfil certain desires or needs by obtaining benefits from these relationships.

According to Hunt (1983), the primary focus of marketing is the exchange relationship. Recognition of the importance of relationship building between business and their customers (Berry, 1995; Sheth & Parvatiyar, 1995) has drawn marketers' focus onto exchange relationships rather than the accumulation of transient transactions (Beatty et al., 1996). Building strong customer relationships has been suggested as a means of achieving a competitive advantage (McKenna, 1991; Morgan & Hunt, 1999; Reichheld & Sasser, 1990; Vavra, 1995). Czepiel (1990) has pointed that customer relationship exchanges are particularly important because customers expect to receive additional benefits as a result of engaging in interpersonal focus. These benefits that are interpersonal in nature have been termed "relational benefits" in the literature, and accrue to those customers who are engaged in continuing relationships with the service provider and its personnel (Gutek et al., 1999; Gwinner, Gremler, & Bitner, 1998; Hennig-Thurau, Gwinner, & Gremler, 2002; Reynolds & Beatty, 1999).

The benefits obtained from long-term relationships with service providers have received empirical attention (Beatty et al., 1996; Gwinner, Gremler, & Bitner, 1998). Beatty et al. (1996), in a naturalistic inquiry into customer relationships with salespeople in an upscale department store context, observed that the benefits customers claimed to receive from these types of relationships appeared to fall into two primary categories: functional benefits and social benefits, both of which have been suggested by others (Adelman, Ahuvia, & Goodwin, 1994; Berry, 1995; Bitner, 1995; Dwyer, Schurr, & Oh, 1987; Gwinner, Gremler, & Bitner, 1998). Grounded on previous work on benefits that accrue to customers in long-term relationships with companies (Barnes, 1994; Bendapudi & Berry, 1997; Berry, 1995), Gwinner, Gremler, and Bitner (1998) conducted in-depth interviews and quantitative studies to examine the benefits customers receive from relational exchanges. Their findings from the qualitative study first revealed four relational benefits in terms of the psychological (Berry, 1995; Bitner, 1995; Grönroos, 1990a; Morgan & Hunt, 1994), social (Barlow, 1992; Barnes, 1994; Berry, 1995; Czepiel, 1990; Goodwin, 1994; Jackson, 1993; McCallum and Harrison, 1985; Price & Arnould, 1999; Zeithaml, Berry, & Parasuraman, 1996), economic (Dwyer, Schurr, & Oh, 1987; Klemperer, 1987; Peterson, 1995; Soellner, 1994) and customisation benefits (Barlow, 1992; Berry, 1983; Crosby, 1991; Zeithaml, 1981). Subsequently they empirically identified

a typology of three relational benefits: confidence benefits (psychological), social benefits, and special treatment benefits (economic and customisation).

Confidence benefits (trust) in association with psychological benefits refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter (Gwinner, Gremler, & Bitner, 1998). Confidence benefits are the key outcome of a service provider relationship in reducing customer risk (Berry, 1995). This confidence is similar to customer trust evolving out of past experience which attests to the partner's reliability and dependability; and involving a feeling of confidence (Rempel, Holmes & Zanna, 1985). Similarly, Morgan and Hunt (1994) defined trust as confidence in a partner's reliability and integrity in a relationship exchange. According to Gwinner, Gremler, and Bitner's (1998) argument:

> ...confidence and trust may be inextricably tied to the quality of the core service because it is likely perceived as an independent benefits of long-term relationship — particularly when customers perceived there are comparable quality providers in the market. (p. 102)

This confidence benefit may help a customer reduce the choice of possible service providers by engaging in an ongoing relationship (Sheth & Parvatiyar, 1995).

Social benefits, which pertain to the emotional part of the relationships and focus on personal recognition of customers by employees and the development of friendships between customers and employees (Barnes, 1994; Gwinner, Gremler, & Bitner, 1998), are obtained by customers who have long-term relationships with service firms (Barlow, 1992; Czepiel, 1990). A service relationship involves a series of service encounters developing between the customer and the service provider. Such service encounters have been suggested as first and foremost social encounters (McCallum & Harrison, 1985, p. 25). Bitner (1995) showed that socialization between parties enables strong relationship development. Price and Arnould (1999) discussed commercial friendship that may occur from frequent, intimate, and prolonged personal contact in some service contexts. The above service encounters are the "moment of interaction" between customer and service provider, when the quality of not only the core service, but also the relationship is likely to become evident to the customer (Bitner, Booms, & Tetreault, 1990). With regard to social benefits, customer

familiarity and social rapport are built over a series of encounters. Through personal recognition, the service providers are able to form a friendship and provide a higher level service (Berry, 1995).

Finally, special treatment benefits, which take the form of relational customers receiving price breaks, faster service, or individualized additional services, are recognized as the idea of relationship marketing for customer focus and customer selectivity (Sheth & Parvatiyar, 1995, p. 264). Customers generally regarded this benefit as a special treatment not normally provided to other customers (Bitner, 1995). According to Peterson (1995), the money saved using special treatment enables service providers to make customers feel important and is one of the reasons for customers to stay in the exchange relationship. Therefore, the above literature suggests that relational benefits exist and are derived from relationship exchange. Moreover, exchange relationships are expected to continue over a long period of time between service providers and customers who obtain confidence benefits, social and special treatment benefits. In brief, customers may be motivated to maintain relationships with a service provider because of relational benefits (Gwinner, Gremler, & Bitner, 1998).

Henig-Thurau, Gwinner, and Gremler (2002) defined relational benefits as those benefits customers receive from long-term relationships above and beyond the core service performance to influence relationship quality. However, their research focused only on the benefits of service relationships, but ignored their effect on customer perceived value which may play an important role between relational benefits and relationship quality. Based on exchange theory, this study argues that customers may gain better value, enhanced by relational benefits through relational exchanges, in order to build good quality relationship. Thus, the following section will review the literature of relationship quality.

2.7. Relationship Quality

The growing interest in relationship marketing has led to numerous attempts to measure the quality of a relationship. Relationship quality refers to customer perceptions and evaluations of individual service employees' communication and behaviour. This involves inducing feelings and emotional states through customer-

employee interactions. Henning-Thurau and Klee (1997) defined relationship quality between customer and firm as the "degree of appropriateness of a relationship to fulfil the needs of the customer associated with the relationship" (p. 751).

Relationship quality can be regarded as a meta-construct composed of several key components reflecting the overall nature of relationships between companies and consumers. Although the dimensions of relationship quality vary depending on a study's specific context (Hennig-Thurau, 2000) such as satisfaction (Crosby, Evans, & Cowles, 1990; Storbacka, Strandvik, and Grönroos, 1994), trust (Crosby, Evans, & Cowles, 1990; Morgan & Hunt, 1994), commitment (Hennig-Thurau, Gwinner, & Gremler, 2002; Meyer, Allen, & Smith, 1993; Morgan & Hunt, 1994), conflict (Dwyer, Schurr, & Oh, 1987; Kumar, Scheer, & Steenkamp, 1995), communication (Berry, 1995; Duncan & Moriarty, 1998; Morgan & Hunt, 1994), opportunism (Dorsch, Swanson, & Kelly, 1998; Dwyer & Oh, 1987; Morgan & Hunt, 1994), and selling orientation (Bejou, Wray, & Ingram, 1996; Dorsch, Swanson, & Kelly, 1998; Palmer & Bejou, 1994), there is no consensus on which dimensions make up relationship quality (Dorsch, Swanson, & Kelly, 1998, p. 129).

One explanation for this lack of consensus lies in the variety of different types of relationships which can be observed across a range of different customer and business markets. However, satisfaction, trust, and commitment have been particularly emphasized and suggested more consistently than others in the literature (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1998; Dorsch, Swanson, & Kelly, 1998). Furthermore, there is general agreement that customer satisfaction with the service provider's performance, trust in the service provider, and commitment to the relationship with the service provider, are key components of relationship quality (Baker, Simpson, & Siguaw, 1999; Crosby, Evans, & Cowles, 1990; Dorsch, Swanson, & Kelly, 1998; Garbarino & Johnson, 1999; Hennig-Thurau, Gwinner, & Gremler., 2002; Palmer & Bejou, 1994; Smith, 1998). Additionally, these three dimensions have been empirically tested in a firm-customer based relationship, and are relevant to services (e.g. Crosby, Evans, & Cowles, 1990). Based on the above literature, the use of these dimensions may apply to the coffee outlet industry and appears justified.

2.7.1. Dimensions of Relationship Quality

The general consensus among researchers such as Crosby, Evans, and Cowles (1990), Dwyer and Oh (1987) and Kumar, Scheer, and Steenkamp (1995) is that relationship quality is a higher order construct made of several distinct, though related dimensions. Past research has shown strong empirical support for using satisfaction, trust, and commitment to measure relationship quality. Dwyer and Oh (1987), possibly among the first who described the term relationship quality, indicated that high levels of satisfaction and trust distinguish quality relationships from non-quality relationships.

Past studies have revealed that relationship quality can be viewed as a higher order construct comprising at least two dimensions: trust and satisfaction (Crosby, Evans, & Cowles, 1990; Parsons, 2002; Shamdasani & Balakrishnan, 2000; Wray, Palmer, & Bejou, 1994). Crosby, Evans, and Cowles (1990) argued that a customer is able to rely on a service provider's integrity and has confidence in the service provider's future performance because the level of past performance has been consistently satisfactory. In light of this, they identified that relationship quality is composed of satisfaction and trust. Dorsch, Swanson, and Kelly (1998) conceptualise relationship quality as being indicated by satisfaction, trust, and commitment on the part of the buyers. Therefore, when a customer is involved in a positive relationship quality, the customer is satisfied with past service performance and is able to rely on the service provider and form a commitment.

In relationship quality research, the three core variables of satisfaction, trust, and commitment are treated as interrelated rather than independent. Trust – having confidence in the reliability and integrity of an exchange partner (Morgan & Hunt, 1994) and a willingness to rely on this confidence (Moorman, Deshpandé, & Zaltman, 1993), is thought to be a building block or foundation for satisfactory interactions. Satisfaction, an affective state that occurs in response to an evaluation of interaction experiences in relation to alternatives (Westbrook & Oliver, 1981), serves to strengthen trust. Commitment is an enduring desire to maintain a valued relationship (Moorman, Zaltman, & Deshpandé, 1992). However, confidence benefits appear to overlap with trust (Singh & Sirdeshmukh, 2000), and the definition of trust is aligned with the confidence benefit variable in the work by Gwinner, Gremler, and Bitner

(1998) and Hennig-Thurau, Gwinner, and Gremler (2002). Viewed in this manner, this study treats trust (confidence benefits) – the foundation of relationship marketing (Berry, 1995, p. 242), as one of the relationship marketing strategies and attempts to identify how this benefit enhances customer perceived value to build a good relationship quality. Hence satisfaction and commitment are used as the main constructs for assessing the quality of a relationship in this study.

2.7.1.1. Satisfaction

Although satisfaction applies to both tangible and intangible goods, the emphasis in this study is on the service setting where the concept has been the subject of investigation in many studies (de Ruyter, Bloemer, & Peeters, 1997; Oliver & DeSarbo, 1988; Spreng & Mackoy, 1996). Moreover, many authors highlight that service quality and satisfaction are distinct constructs (Bitner, Booms, & Tetreault, 1990; Bitner & Hubbert, 1994; Boulding et al., 1993; Parasuraman, Zeithaml, & Berry, 1988; Taylor & Baker, 1994). The expectancy/disconfirmation paradigm in process theory provides the grounding for the vast majority of satisfaction studies and encompasses four constructs: expectations, performance, disconfirmation, and satisfaction.

It is generally agreed that post-consumption satisfaction can be defined as the consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some norm of performance) and the actual performance of the product as perceived after its consumption (Day, 1984). This definition is very similar to service quality. However, a number of distinctions are often made between customer satisfaction and service quality. These include that satisfaction is a post-decision customer experience while service quality is not (Bolton & Drew, 1991; Boulding et al., 1993; Cronin & Taylor, 1994; Oliver, 1980, 1993b). A further point concerns expectations that are defined differently in the satisfaction and service quality literature. In the satisfaction literature "expectations reflect anticipated performance" (Churchill & Surprenant, 1982) and are made by the customer about the levels of service quality performance during a transaction. On the other hand, in the service quality literature, expectations are conceptualised as a normative standard of future wants (Boulding et al., 1993, p. 8). These normative standards represent

enduring wants and needs that remain unaffected by the full range of marketing and competitive factors. Normative expectations are therefore more stable and can be thought of as representing the service the market oriented provider must constantly strive to offer (Zeithaml, Berry, & Parasuraman, 1993). Therefore, the above discussion makes a distinction between service quality and satisfaction.

Satisfaction can be assessed as the sum of the satisfactions with various attributes of the product or service (Churchill & Surprenant, 1982). Satisfaction is a post-decision experience construct. Oliver (1993a) defined attribute satisfaction as "the customer's subjective satisfaction judgement resulting from observations of attribute performance" (p. 421). Customer satisfaction often has been operationalized at both the global and attribute level. Overall satisfaction is based on the overall experience, not just individual attributes. Satisfaction with the services offering could derive both from functional and technical dimensions, including tangible and intangible dimensions of the total offering (Grönroos, 1984). Thus, satisfaction is considered at two levels: the transaction or encounter level and overall satisfaction (Bitner & Hubbert, 1994; Jones & Suh, 2000).

Satisfaction has been the focus in marketing literature over the years. One way to achieve strong relationships, and thus long relationships, is to ensure that customers are satisfied. The customer has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing (Grönroos, 1994). In numerous publications, satisfaction has been treated as the necessary premise for the retention of customers, and therefore has moved to the forefront of the relationship marketing approaches (Rust & Zaborik, 1993). Kotler (1994) summed this up when he stated: "The key to customer retention is customer satisfaction" (p. 20). Consequently, customer satisfaction has developed extensively as a basic construct for monitoring and controlling activities in the relationship marketing concept. Previous studies about customer retention have explored satisfaction as a key determinant in customers' decisions to keep or drop a given product or service relationship (Lemon, White, & Winer, 2002). Oliver (1997) defined satisfaction as the consumer's fulfilment response. According to Parsons (2002) and Wilson (1995), satisfaction refers to the degree to which performance meets customer expectation. It

can be based on evaluations of interactions between the buyer and the seller, and the tangible product or non-product attributes.

Crosby, Evans, and Cowles (1990) pointed out that satisfaction is the summary measure that provides an evaluation of the service quality of all interactions with the service provider. Storbacka, Strandvik, and Grönroos (1994) defined satisfaction as the "customers' cognitive and affective evaluation based on their personal experience across all service episodes within the relationship" (p. 25) and thus satisfaction acts as a measure of relationship quality. They argued that a customer who is not satisfied with the service provided by a service provider cannot be expected to have a good relationship with the company, as the satisfaction of customer needs is the basis of an exchange relationship. Dorsch, Swanson, and Kelly (1998) also found that satisfied buyers demonstrated higher quality relationships with their vendors. In practice, relationship marketing has emphasized customer satisfaction as a key measuring stick indicating overall marketing performance. Clearly, satisfaction is one of only a few key building blocks in marketing philosophy, theory, and practice (Babin & Griffin, 1998).

2.7.1.2. Affective Commitment

Commitment has been identified as one of the key mediating constructs in customer loyalty (Garbarino & Johnson, 1999; Morgan & Hunt, 1994). Commitment is not only important to maintain good long-term relationships (Dwyer, Schurr, & Oh, 1987; Henning-Thurau & Klee, 1997; Macintosh & Lockshin, 1997), but is also an expression of willingness that the customer wants to maintain a relationship with the retailer (de Wulf, Odekerken-Schröder, & Iacobucci, 2001; Moorman, Zaltman, & Deshpandé, 1992; Odekerken-Schröder, de Wulf, & Schumacher, 2003). Dwyer, Schurr, and Oh (1987, p. 19) suggested that commitment is "fuelled by the ongoing benefits accruing to each partner". Berry and Parasuraman (1991) viewed commitment as an indicator of service relationships, because relationships are built upon the foundation of mutual commitment. Moorman, Zaltman, and Deshpandé (1992) defined commitment as "an enduring desire to maintain a valued relationship" (p. 316). Morgan and Hunt (1994, p. 23) indicated that commitment is a key construct that builds successful relationships and is necessary for a relationship to endure.

Bennett (1996) also argued that the strength of customers' commitment depends on their perceptions of efforts made by the seller. Furthermore, it is believed that customers could form commitment to their service providers because customers commit to brands and their employers, as previous studies have found (Beatty, Homer, & Kahle, 1988; Beatty & Kahle, 1988). Thus customer commitment to a service provider is an important indicator of the quality of a relationship, and therefore should be included as a dimension of relationship quality.

Commitment and affective commitment are often used interchangeably in the relationship marketing literature. Commitment in studies of marketing relationships is usually operationalized as affective commitment, a well-studied construct in relationship marketing (Fullerton, 2003; Geyskens et al., 1996; Moorman, Zaltman, & Deshpandé, 1992). Fullerton (2005b) also indicated that commitment is operationalized as affective commitment in Morgan and Hunt's research (1994) by using the Allen and Meyer (1990) affective commitment scale. Affective commitment has been a growing interest in the relationship marketing literature (Fullerton, 2003; Meyer, Allen, & Smith, 1993) and has been found to be the key element influencing the degree to which the customer wants to maintain a relationship with the firm. According to Stern (1997), affective commitment develops over time as individuals become accustomed to a positive emotional response, leading them to become more and more secure in the relationship. Fournier's (1998) study of customer brand relationships indicated that affective grounding is at the core of all strong brand relationships. Johnson et al.'s (2001) study found that affective commitment had a greater effect on loyalty in service industries such as airlines, banks, gas service stations, and train transportation.

Affective commitment reflects the customer's sense of belonging and involvement with a service provider and as such is akin to emotional bonding (Fullerton, 2003; Rhoades, Eisenberger, & Armeli, 2001). Shoemaker and Bowen (2003) noted that the consumer's emotional attachment to the hotel or brand is affective commitment. Sui and Baloglu (2003) also found the most influential variable on customer loyalty is affective commitment. Mattila (2001) found that restaurant customers who exhibited high levels of affective commitment had more favourable brand attitudes, were more resistant to switching and exhibited more positive loyalty behaviour. Their findings

demonstrated that restaurants can enhance emotional bonding through enjoyable employee-customer interaction. Sui and Baloglu (2003) also found that frequent customers who lacked affective commitment would be likely to switch. Research conducted by Harrison-Walker (2001) and Barsky and Nash (2002) on service firms outside of the hospitality industry found similar results to Sui and Baloglu's (2003) findings. Their study shows the importance of understanding and measuring customers' affective commitment.

Affective commitment is rooted in identification, and attachment (Fullerton, 2003; Gruen, Summers, & Acito, 2000). In essence, customers enjoy doing business with a partner when they are affectively committed to that partner. The prototypical relationship is built on positive affect (Fullerton, 2005a). In a customer services environment, the friendship-based relationship that exists between a hairstylist and a client is a prototypical example of an affective commitment-based marketing relationship (Price & Arnould, 1999). On the other hand, customers do, in fact, form relationships with the brands they consume (Fournier, 1998). It may well be that affective commitment lies at the heart of these relationships, although there have been few definitive studies on the role that customer commitment plays in the consumer-brand relationship (Coulter, Price, & Feick, 2003). Intuitively, affective commitment lies at the heart of a customer-brand relationship because consumers come to identify with and be involved with many of the brands they regularly consume (Fournier, 1998). Affective commitment is a likely explanation of the process where it is presumed that customers are loyal because they have a favourable attitude toward the brand and are also a loyalty customer of that brand.

The foregoing discussion suggests that the objective of providing value to customers continuously and more effectively than ones competitors is to turn highly satisfied customers and committed customers into loyal customers. This strategy of customer retention makes it in the best interest of customers to stay with the company rather than switch to another firm (Hennig-Thurau, Gwinner, & Gremler, 2002; Schiffman & Kanuk, 2004). The long-term objective of relationship marketing is to build and develop loyalty (Kurtz & Clow, 1998; Too, Souchon, & Thirkell, 2001). As such, an important consequence of providing high levels of relationship quality is loyalty.

2.8. Customer Loyalty

Creating a loyal customer to provide word of mouth recommendation of the service to others is not only about maintaining numbers of satisfied customers, but it is also about building the relationship with a customer via affective commitment. Loyalty has become the key strategic goal for many service organizations, including hospitality firms (Baloglu, 2002; Bowen & Shoemaker, 1998; Mattila, 2001; Oliver, 1999). Restaurant owners and managers are beginning to understand that loyal customers are worth a great deal more than just casual customers – even if those once-in-awhile customers are satisfied. The ultimate goal of any business is to establish a loyal and profitable customer base in order to ensure future profits and longevity of the business.

Customer loyalty, a key variable in explaining customer retention (Pritchard & Howard, 1997), is concerned with the likelihood of a customer returning, making business referrals, providing strong word-of-mouth, as well as providing references and publicity (Bowen & Shoemaker, 1998; Tam, 2004). The terms customer retention and customer loyalty have been used to describe the same phenomenon (Reichheld & Sasser, 1990; Zeithaml, Berry, & Parasuraman, 1996). Loyal customers are less likely to switch to a competitor due to a given price inducement, and these customers make more purchases compared to less loyal customers (Baldinger & Rubinson, 1996). Although most research on loyalty has focused on frequently purchased package goods (brand loyalty), the loyalty concept is also important for industrial goods (vendor loyalty), services (service loyalty), and retail establishments (store loyalty) (Dick & Basu, 1994).

The literature review provides no consensus on what constitutes customer loyalty. Traditionally, Dick and Basu (1994) noted that loyalty research has used various behavioural measures and viewed loyalty as based on purchase. These behavioural measures include repeat purchases, proportion of purchases (Cunningham, 1956), purchase sequence (Kahn, Kalwani, & Morrison, 1986), and probability of purchase (Massey, Montgomery, & Morrison, 1970). In a services context, loyalty is frequently defined as an observed behaviour (Liljander & Strandvik, 1995). Ultimately it is actual behaviour that drives a service provider's performance. However, the behavioural approach to loyalty may not yield a comprehensive insight to the

underlying reasons for loyalty, instead it is a customer's disposition in terms of preferences or intentions that plays an important role in determining loyalty (Bloemer & Kasper, 1995). Furthermore, repeat purchasing behaviour may not even be based on a preferential disposition but on various bonds that act as switching barriers to customers (Liljander & Strandvik, 1995; Storbacka, Strandvik, & Grönroos, 1994).

Grounded on these arguments, researchers (Dick & Basu, 1994; Rundle-Thiele, 2005; Rundle-Thiele & Bennett, 2001) criticized these behavioural measures as lacking a conceptual basis and capturing only the static outcome of a dynamic process. As most of the research originates from the field of packaged consumer goods (Ehrenberg, Goodhardt, & Barwise, 1990; Jacoby & Chestnut, 1978; Kahn, Kalwani, & Morrison, 1986), a strong emphasis has been on attitudinal measures (Assael, 1992). During the past decades, customer loyalty has also been approached as an attitudinal construct (Biong, 1993; Hallowell, 1996). This is reflected, for instance, in the willingness to recommend a service provider to other customers (Selnes, 1993).

The literature review has pointed out that although loyalty has been defined in various ways, there are two main approaches: behavioural and attitudinal (Chaudhuri & Holbrook, 2001; Dick & Basu, 1994; Zeithaml, 2000). The first approach considers loyalty as behavioural (Ehrenberg, Goodhardt, & Barwise, 1990; Kahn, Kalwani, & Morrison, 1986), assuming that repeat purchasing can capture the loyalty of a customer towards the brand of interest. Behavioural loyalty is expressed as repeated transactions. This approach, however, cannot distinguish between true loyalty and spurious loyalty. Researchers who have studied the two-dimensional approach suggest that focusing on behaviour alone (i.e., repeat purchases) cannot capture the reasons behind the purchases. That is, by studying behaviour alone, one does not know whether the repeat purchases stem merely from, say, convenience, monetary incentives, or whether the customer really maintains attitudinal loyalty (Dick & Basu, 1994; Jarvis & Mayo, 1986; Pritchard & Howard, 1997).

The attitudinal approach suggests that attitude should be included along with behaviour to define loyalty. However, Dick and Basu (1994) argued attitudinal scales serve as a more valuable means to recognize the determinants of customer loyalty than behaviour scales and therefore, have a primary advantage of over behaviour

scales. Assael (1992) defined loyalty as a favourable attitude towards a brand, thus resulting in consistent purchases of the brand over time – a view supported by Keller (1993). A range of attitudinal loyalty measures is apparent from previous research. Measures of attitudinal loyalty include preference (Bowen & Chen, 2001; Butcher, Sparks, & O'Callaghan, 2001; Pritchard, Havitz, & Howard, 1999), word-of-mouth (Bloemer, de Ruyter, & Wetzels, 1999; Lee et al., 2005; Macintosh & Lockshin, 1997; Zeithaml, Berry, & Parasuraman, 1996), and re-purchase intention (Lee et al., 2005; Tam, 2004; Zeithaml, Berry, & Parasuraman, 1996). All can be considered as predispositions and all are a function of psychological processes (Rundle-Thiele, 2005).

Attitudinal loyalty is often defined as both positive affect toward the relationship's continuance, and the desire to continue to remain in the relationship. Dick and Basu (1994) introduced the notion of relative attitude as a means to provide better theoretical grounding to the loyalty construct. Relative attitude refers to "a favourable attitude that is high compared to potential alternatives" (Dick and Basu, 1994, p. 100). They suggest that loyalty is evidenced both by a more favourable attitude towards a brand (as compared to other alternatives) and repeat patronage.

Bloemer and Kasper (1995) had similar sentiments suggesting that one should "explicitly take into account the degree of a consumer's psychological attachement to a brand when consumers re-buy a brand" (p. 312). Thus, repeat purchasing behaviour alone does not imply a consumer is loyal to a brand. Bloemer and Kasper (1995) argued that mere re-purchasing may be indicative of inertia and not loyalty. Jacoby and Chestnut (1978) defined attitudinal loyalty as a customer's predisposition towards a brand, which is a function of psychological processes. Czepiel and Gilmore (1987) defined loyalty as a specific attitude to continue in an exchange relationship based on past experience. One definition of loyalty, suggested by Shoemaker and Lewis (1999), is illustrative of the emotional aspects of loyalty, as compared to the frequency of loyalty-related actions. They state that loyalty occurs when the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set; these customers buy almost exclusively from you – referring to you as their restaurant or their hotel (p. 349).

Their definition implies that levels of loyalty can be assessed by attitudinal measure. Thus, true loyalty requires emotional and psychological attachment to the brand. Holding a favourable relative attitude towards a brand is indicative of manifest satisfaction and a commitment towards the brand. Strong attitudinal loyalty makes customers more resistant to attempts by other marketers to steal them away (Gundlach, Achrol, & Mentzer, 1995) and more resistant to counter-persuasion and searching for alternatives (Dick & Basu, 1994). This attitudinal loyalty will translate into a desire to re-buy the brand, recommending the brand to others, and having a relative preference for the service ahead of other competitors (Butcher, Sparks, & O'Callaghan, 2001).

Dick and Basu (1994) propose that customer preference is central to a loyalty conceptualisation. Their view is supported by Butcher, Sparks, and O'Callaghan (2001) indicating that loyalty conceptualisation is customer preference for the service ahead of competition. Although Butcher, Sparks, and O'Callaghan (2001) measured preference as an attitudinal loyalty of café customers, their approach cannot understand customer's preference of types of coffee outlets and cannot identify what variables (determinant attributes of service quality, relational benefits, perceived value, and relationship quality) strongly determine customer's preference in choosing chain or independent coffee outlets. Hence, there is a need to specifically measure customers' preference toward different types of coffee outlets, namely chain and independent outlets.

In sum, loyalty is more dependent on the development of interpersonal relationships as opposed to loyalty to a tangible product (Macintosh & Lockshin, 1997), as person-to-person interactions form an essential element in the marketing of service (Crosby et al., 1990). Several researchers have used attitudinal measures of customer loyalty (Lee et al., 2005; Tam, 2004; Too, Souchon, & Thirkell, 2001). Lee and Cunningham (2001) have argued that attitudinal measures have an advantage over behavioural measures (e.g. repeat patronage) in that they can provide greater understanding of the factors associated with the development of loyalty (Oliva, Oliver, & MacMillan, 1992). Rundle-Thiele and Bennett (2001) also argued that attitudinal loyalty measures would be useful in service markets, since attitudinal measures can identify a customer's favourable attitude towards a company in the service context. Baldinger

and Rubinson (1996) used attitudinal loyalty measure to predict behaviour. Additionally, Bandyopadlhyay and Martell (2007) have found that attitudinal loyalty influences behavioural loyalty. It is assumed that factorable relative attitude and not just a re-purchase is a prerequisite for loyalty. Therefore, the present study follows the view of Jacoby and Chestnut (1978), Czepiel and Gilmore (1987), Assael (1992), Shoemaker and Lewis (1999), and Butcher, Sparks, and O'Callaghan (2001) in defining loyalty as a customer's favourable attitude of enduring psychological attachment, resulting in preference, towards the provider based on past experience. This study then intends to use word of mouth and re-purchase intention as a measure of attitudinal loyalty as well as a preference measurement to understand customers' preference of types of coffee outlets.

2.9. Summary

This chapter has reviewed the literature on perceived value, service quality, relational benefits, relationship quality, and customer loyalty that remain the salient areas of hospitality research. While there are many studies as mentioned above within the academics and industry, a lack of consensus over definition and theoretical approaches for understanding customer behaviour was identified. The literature has indicated the role of perceived value playing an important role in understanding customer consumption behaviour. It has been suggested and argued that to better understand customer perceived value researchers should not only focus on value for money approaches, but also understand that perceived value consists of symbolic value perception derived from elements of social, emotional, aesthetic, and reputational aspects. Both of these two value perceptions need to be considered when conducting research into customer perceived value.

Moreover, the literature also indicated that functional value and symbolic value perceptions support Widing et al.'s (2003) notion of the characteristics of perceived value that are instrumental, dynamic, hierarchical, diverse, synergistic, and role specific and varied across customers. In brief, functional and symbolic value perceptions reflect how customers judge their assessment of product and service features coffee outlets provide and show their preference if some coffee outlets provide better value perceptions than others. Perceived value has been suggested to associate with exchange and means-end theory. No studies have applied these theories

to understand how customers perceive functional and symbolic values by assessing coffee outlets' products and service features such as determinant attributes of service quality and relational benefits. Hence, for a complete understanding of customer perceived value in coffee outlet consumption behaviour, these effects and their relationship are of crucial importance to researchers and marketers.

Service quality has been very focused upon and there is general agreement that service quality is composed of various attributes. It not only consists of tangible but also intangible attributes, which may be grouped into a number of underlying dimensions such as a two-dimension solution of functional and technical; three dimensions of service product, service delivery, and service environment; or five dimensions of SERVQUAL. However, the literature indicates that service quality measurement should be tailored to the context being examined (e.g. Cronin & Taylor, 1992). There is a lack of research in identifying determinant attributes of service quality in the coffee outlet industry. Hence, understanding what attributes customers considered important in choosing coffee outlets is of critical important for marketers to meet customers' needs and wants and to enhance customers' value perceptions.

On the other hand, the relational benefits of relationship aspects appear to be an important factor beyond core service (determinant attributes of service quality) to influence customer satisfaction and affective commitment of relationship quality (e.g. Hennig-Thurau, Gwinner, & Gremler, 2002). Based on exchange theory, the relational benefits including confidence benefits, social and special treatment benefits may have an impact in terms of relation exchange that influence customer perceived value, which in turn affect customer satisfaction during customers-employers interactions. Taken together, these two marketing strategies may be considered as the determinant effects to meet customers' needs and desires and to enhance customer perceived value, namely functional and symbolic value perceptions, to influence satisfaction and affective commitment forming relationship quality.

Satisfaction has been the focus in marketing literature for many years. The literature has found satisfaction one of the most important determinants of the post-consumption experience resulting from the level of encounter and overall performance (Bitner & Hubbert, 1994; Jones & Suh, 2000). The role of satisfaction is

also suggested to be a measure of relationship quality to achieve strong relationships (e.g. Storbacka, Strandvik, & Grönroos, 1994). The literature also indicates that affective commitment is an enduring desire to maintain a relationship (Moorman, Zaltman, & Deshpandé, 1992) and reflects the customers' sense of belonging and involvement with a service provider (Fullerton, 2003). Customer satisfaction is necessary but not sufficient to form a strong relationship with service providers without affective commitment. Hence, the importance of satisfaction along with affective commitment can strengthen the relationship quality between customers and coffee outlets. It has also been suggested that affective commitment with satisfaction as the components of relationship quality will strongly influence customer loyalty (e.g. Hennig-Thurau, Gwinner, & Gremler, 2002). Although customer loyalty has been defined in behaviour and attitudinal approaches, researchers have criticized behaviour loyalty as lacking a conceptual basis and capturing only the static outcome of a dynamic process (Dick & Basu, 1994; Rundle-Thiele & Bennett, 2001). Instead, it is a customer's disposition in terms of preference and/or attitude that plays an important role in determining loyalty (Bloemer & Kasper, 1995). This is reflected in the saying of positive things and the recommending of a service provider to other customers.

The relationships between perceived value, satisfaction, and customer loyalty have been identified (e.g. Cronin, Brady, & Hult, 2000). However, there is still a lack of research concerning the role of perceived value with affective commitment to influence customer loyalty. It is important to understand the role of perceived value in relation to satisfaction and affective commitment of relationship quality and customer loyalty. Once the role of perceived value is identified, the process of winning customer loyalty via relationship quality should be more effective. Furthermore, when researchers and marketers understand how customers value their core and relational aspects of services and the consequence of these valuations on relationship quality and customer loyalty, they can better understand the process of increasing customer loyalty.

In sum, the above review of the literature in this chapter has laid out the foundation for this study by: (1) developing a theoretical framework elaborating the relationships among key antecedents of determinant attributes of service quality and relational

benefits on perceived value leading to relationship quality, which in turn wins customer loyalty, (of which preference is also an indicator); (2) positing hypotheses regarding these relationships; and (3) conducting a test of the model in order to build a more comprehensive understanding of the customer loyalty process in the coffee outlet industry. The following chapter presents the model of the conceptual framework and its attendant hypotheses.

CHAPTER THREE

CONCEPTUAL FRAMEWORK

3.1. Introduction

The ultimate goal of any business is to establish a loyal and profitable customer base to ensure future profits and longevity of the business. Dubé and Shoemaker (2000) pointed out that there is a need to look beyond just transactional-type variables (service quality, perceived value, and satisfaction) and include relationship variables (relational benefits and relationship quality) when attempting to understand customer loyalty. In addition, the role of perceived value as a determinant between these two marketing strategies to influence customer loyalty has not been analysed and understood. This dynamic portrayal of perceived value is an important characteristic of the model proposed in this study. This study therefore attempts to develop a conceptual model by integrating the models developed by Cronin, Brady, and Hult (2000) and Hennig-Thurau, Gwinner, and Gremler (2002) in understanding the role of perceived value in the relationships between determinant attributes of service quality, relational benefits, and relationship quality to influence customer loyalty.

Some empirical studies from the marketing and economic streams have focused on the role of perceived value as a consequence of quality of service and antecedent of customer satisfaction in determining customer loyalty. However, although the effect of perceived value on quality-loyalty relationship has been investigated (e.g. Cronin, Brady, & Hult, 2000), its role on the relationship of determinant attributes of service quality and relationship quality, and between relational benefits and relationship quality in the process of creating customer loyalty has essentially been ignored. This thesis therefore attempts to fill the gap by proposing a conceptual model built on previous attempts to explore the role of perceived value as a determinant in the process of creating customer loyalty as well as in determining customers' preference of types of coffee outlets in the context of the coffee outlet industry. By understanding customer behaviour in terms of perceived value, the competitive advantages to differentiate services and attract customers can be useful and effective.

77

3.2. Conceptual Model Development

The foregoing literature review suggests that previous research which has focussed on examining a limited subset of the direct effects of service quality, relational benefits, perceived value, and relationship quality, or has only considered the variables separately, may confuse our understanding of customer loyalty. To date the study of service quality, perceived value, and satisfaction issues on customer loyalty have dominated the services literature (Andreassen & Lindestad, 1998; Cronin, Brady, & Hult, 2000; Ennew & Binks, 1999; Fornell et al., 1996; Ostrom & Iacobucci, 1995; Wakefield & Barnes, 1996) based on the model of quality-value-satisfaction-loyalty shown in Figure 3.1.

Figure 3.1 Model of Service Quality, Perceived Value, Satisfaction, and Loyalty
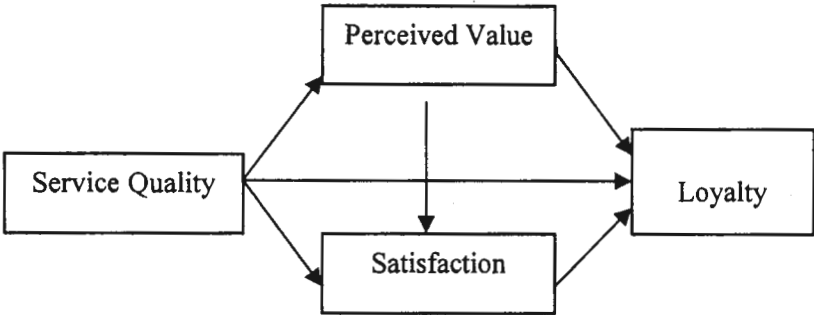
Source: Cronin, Brady, and Hult (2000).

The objective of the model has been to develop an improved understanding of not only the concepts themselves, but also how they relate to each other and subsequently drive loyalty. It is noted above that service quality, perceived value, and satisfaction have taken centre stage in these discussions. However, is patronage encouraged by knowing greater levels of service quality directly or indirectly, when is increasing the value and/or satisfaction associated with an organization's service enough? The majority of research on perceived value employs a rather transactional approach involving service quality, perceived value, and satisfaction, but neglects a relationship marketing aspect with perceived value such as relational benefits and affective commitment together with satisfaction as the components of relationship quality (Parasuraman & Grewal, 2000). Therefore, there is a need to understand the relationship between perceived value and relationship marketing approaches.

In their review of the value literature and its implications for relationship marketing, Payne and Holt (1999, p. 47) acknowledged: "The most recent development has been to consider customer perceived value from the viewpoint of relationship marketing". The purpose of this research is also to examine this aspect of relationship marketing. In general, the marketing literature focuses on product and service efforts as drivers of total customer value (Bolton & Drew, 1991; Henning-Thurau & Klee, 1997). Attention has been paid to the concept of "relationship marketing," (Reynolds & Arnold, 2000; Shamdasani & Balakrishnan, 2000) in addition to service quality (Berry, 1995). Researchers directed their attention towards the concept of customer value as a major block of relationship marketing. However, empirical research focusing on the relationship aspect is limited to a few studies. In the context of the consumer service industries, Gwinner, Gremler, and Bitner (1998) identified relational benefits from the consumer's perspective. Hennig-Thurau, Gwinner, and Gremler (2002) further found empirical support for their overall model of relational benefits, relationship quality, and loyalty between customers and service providers shown in Figure 3.2. However, their research focuses on the benefits of service relationships, ignoring their impact on perceived value. Moreover, the model excludes the value of the core service (i.e., determinant attributes of service quality) from their benefits categorization. Identifying the role of perceived value driven by determinant attributes of service quality and relational benefits will highlight the improvement in forming strong relationship quality to determine customer loyalty.

Figure 3.2 Model of Relational Benefits, Relationship Quality, and Loyalty
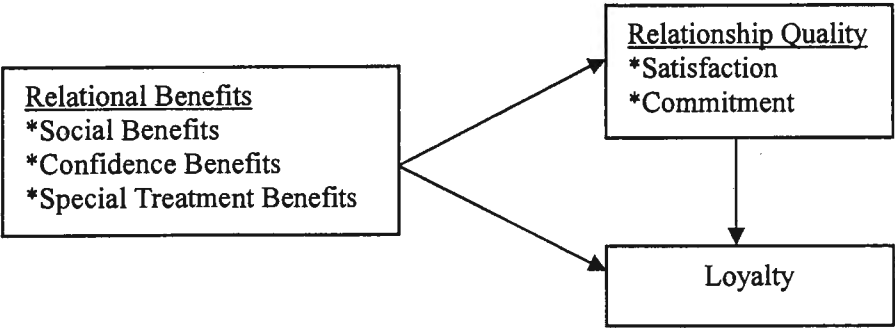
Source: Hennig-Thurau, Gwinner, and Gremler (2002).

Despite the numerous attempts at theorizing the role of perceived value within the context of customer decision making, researchers have shown divergent viewpoints on the value process (e.g. Cronin, Brady, & Hult, 2000) or overlook the role of perceived value in the relationship marketing model (e.g. Hennig-Thurau, Gwinner, Gremler, 2002). The antecedent and consequences of value perceptions often differed across studies (Dodds, Monroe, & Grewal, 1991; Woodruff, 1997). Perceived value was found as a mediating effect between service quality and satisfaction, which in turn influences customer loyalty (e.g. Cronin, Brady, & Hult, 2000; Tam, 2004). On the other hand, service quality and relational benefits have been mediated by relationship quality to influence customer loyalty (Roberts, Varki, & Brodie, 2003; Hennig-Thurau, Gwinner, & Gremler, 2002). Given the imperative role of perceived value in customer behaviour and marketing aspects, integrating perceived value in relevant studies should clarify its potential contribution to researchers and marketers.

Nevertheless, no studies have considered the role of perceived value with variables that have been found to be important in explaining customer loyalty. Specifically, the effect of determinant attributes of service quality and relational benefits on perceived value based on exchange and means-end theory in the role of creating customer loyalty through relationship quality, have been ignored in previous value-based research. It is believed that perceived value should be considered as an imperative variable in forming relationship quality and wining customer loyalty. Therefore, this study is an attempt to fill the gap by taking into account these omitted, but important variables and relationships within a single framework. Of critical concern to the thesis is a preliminary integration of diversified views on the consumer purchase decision-making process that are reflected in the extant models to identify the role of perceived value in the process of creating a customer loyalty model.

A central premise of the reported research is that examining only a limited subset of the direct effects of quality, relational benefits, and relationship quality without considering the role of perceived value, may confound our understanding of consumer loyalty and can lead to strategies that either over-emphasize or under-appreciate the importance of one or more of these variables. Given its pivotal role based on the above discussion, it comes as a surprise that perceived value does not enjoy a

prominent position in the established customer loyalty model integrating determinant attributes of service quality and relational benefits with relationship quality.

Thus, this thesis proposes a model which integrates the Hennig-Thurau, Gwinner, and Gremler (2002) model and the quality-value-satisfaction-loyalty chain (Cronin, Brady, & Hult, 2000). The proposed model is presented in Figure 3.3 showing the role of perceived value between determinant attributes of service quality, relational benefits, relationships quality, and customer loyalty. More specifically, determinant attributes of service quality and relational benefits are proposed to affect customers' perceived value, (based on exchange and means-end theory as discussed in the literature review), that leads to the development of relationship quality, which in turn influences customer loyalty. Furthermore, this study also aims to identify the role of perceived value as a determinant in understanding customers' preference of coffee outlet, as an indicator of loyalty. The following section discusses the link between constructs that helps the development of the hypotheses.

Figure 3.3 Conceptual Model of the Role of Perceived Value in the Process of Creating Customer Loyalty
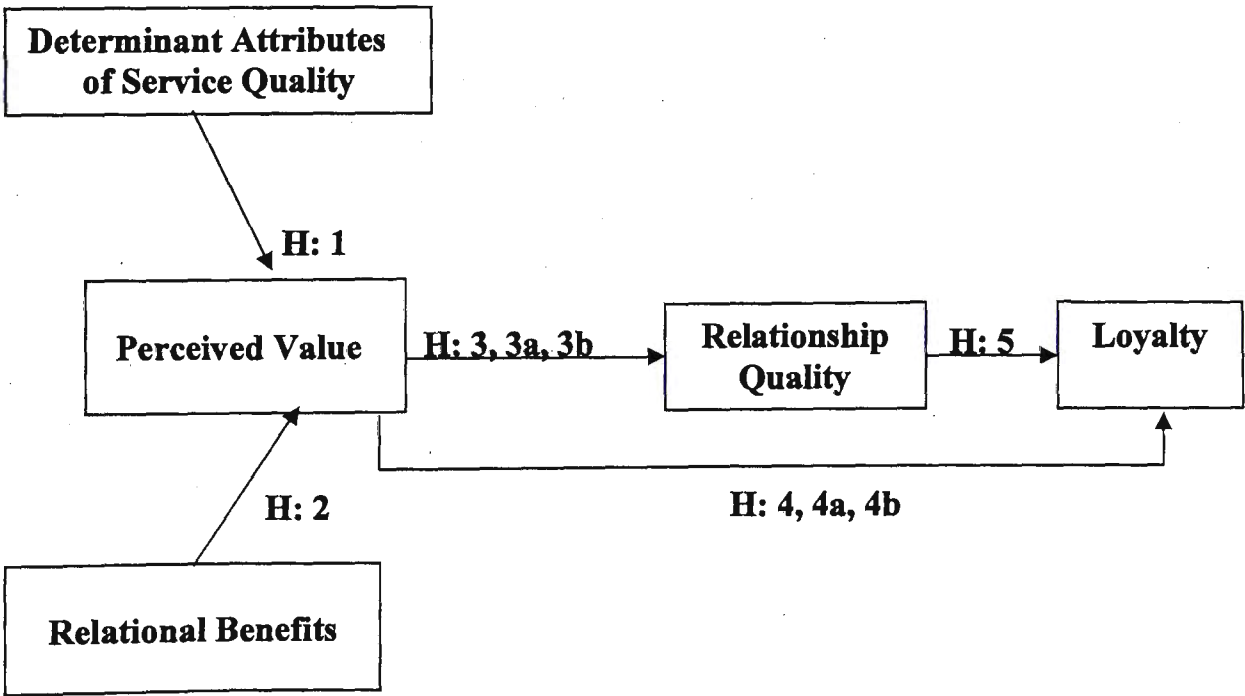
3.3. Hypotheses Development

3.3.1. Determinant Attributes of Service Quality and Perceived Value

Considerable attention has been given to testing models of service quality in the hospitality industry (Bojanic & Rosen, 1994; Coyle & Dale, 1993). Oh and Parks (1997) provide a good review of service quality research within the industry. Recently, the hospitality literature has focused on customer perceived value. However, little has been done to study how customer perception of product and service attributes impacts on customer perceived value of a coffee outlet consumption experience. Therefore, it is important to understand the relationship between service quality and perceived valued.

There is extensive research discussing the relationship between service quality and perceived value (Baker et al., 2002; Oh, 1999, 2000a; Zeithaml, 1988). This research reveals that service quality is a direct antecedent and is generally the best predictor of perceived value. Bojanic (1996) found a positive relationship between service quality of hotel offering and perceived value in the hotel industry. Oh (1999) also indicated that perceived value was determined not only by the trade-off between price and quality but also as a result of the direct and indirect influence of service quality. Perceived service quality was found to display a positive effect on perceived value in the restaurant industry. Wakefield and Barnes (1996) found that perceived quality of the service influences perceived value of the service. Kashyap and Bojanic (2000) stressed that industry needs to shift from managing quality alone to managing perceived value. Park (2004) further found that the important attributes of fast food restaurants have significant positive correlation with utilitarian (functional) and hedonic (symbolic) value. Based on the above discussion and findings from service quality and perceived value literature, this study proposes the following hypothesis.

Hypothesis 1: Determinant attributes of service quality will have positive effects on perceived value.

3.3.2. Relational Benefits and Perceived Value

Perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. Customers are more likely to

stay in a relationship when the gets (specific benefits) exceed the gives (monetary and non-monetary costs). When firms can consistently deliver value from the customer's point of view, clearly the customer benefits and has an incentive to stay in the relationship. Beyond the specific inherent benefits of receiving service value, customers also benefits in other ways from long-term associations with firms. Lovelock (2001) suggested that perceived value could be enhanced by either adding benefits to the service or by reducing outlays associated with the purchase and use of the service. Liljander (2000, p. 165) noted that perceived relationship benefits add to the perceived value of the product because the relationship is strengthened when customers perceived benefits beyond their satisfaction with the core product (Gwinner, Gremler, & Bitner, 1998). The more benefits the customer received, the greater value customers received. Therefore, this study proposes the following hypothesis.

Hypothesis 2: Relational benefits will have positive effects on perceived value.

3.3.3. Perceived Value and Relationship Quality

Ravald and Grönroos (1996) deepened the understanding of the value concept as well as enlightened the role of value in a relationship marketing setting. Any value-adding strategy should incorporate the objectives of relationship marketing, e.g. "...establishing, maintaining and enhancing relationships with customers...at a profit, so that the objectives of the parties are met..."(Grönroos, 1994, p. 9), into account. In the relationship quality model (Hennig-Thurau et al., 2002), a basic assumption is that the customer's evaluation of the relationship is central to his or her decision to continue or leave the relationship with a service provider. However, the role of perceived value in shaping relationship quality was not considered. On this basis, the proposed model allows for a dynamic representation of customer-provider exchanges as relationship quality influences customer loyalty and is then itself shaped by perceived value in the post-purchase phase.

Most conceptualisations of relationship quality build on Morgan and Hunt's (1994) commitment-trust theory by including customer satisfaction and commitment as key concepts (Hennig-Thurau, Gwinner, & Gremler, 2002). A number of studies have

provided empirical evidence of the causal links between perceived value and satisfaction (Andreassen & Lindestad, 1998; McDougall & Levesque, 2000; Patterson & Spreng, 1997; Wang et al., 2004). Perceived value is found to be a determinant of customer satisfaction (Tam, 2004). Tam (2004, p. 902) noted that the more the customers perceive the quality of service exceeds the costs of obtaining the service, the higher their perception of the value of the service, which in turn results in greater satisfaction.

Commitment is about psychological attachment, identification, and values congruency (Gundlach, Achorl, & Mentzer, 1995). Woodruff (1997) argues that perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers' overall feeling and affective response derived from the perceived value. On the basis of the behavioural model (Fishbein & Ajzen, 1975), affect is significantly influenced by cognition. The direct influence of perceived value dimensions to commitment has not received much attention yet in the literature, but researchers (Eggert & Ulaga, 2002; Spiteri & Dion, 2004) suggested that future research should be directed toward investigating the interaction of value with other core marketing constructs such as commitment. Perceived value is an important concept, as it is believed to have an influence on customer satisfaction (Heskett, Sasser, & Schlesinger, 1997) and commitment (Pura, 2005) as the component of relationship quality. This leads to the following hypothesis.

Hypothesis 3: Perceived value positively influences the relationship quality.

3.3.4. The Mediating Roles of Perceived Value

From a customer point of view, acquiring value is an underlying purchase goal and is pivotal to all successful exchange (Holbrook, 1994). The above hypotheses 1, 2, and 3 provide further evidence combined to form a mediation role of perceived value. This study contended that perceived value mediates relationships between independent variables (determinant attributes of service quality and relational benefits) and dependent variable (relationship quality). This study proposes that determinant attributes of service quality and relational benefits, and relationship quality are directly positive related and indirectly related through perceived value, respectively.

Relationships between Determinant Attributes of Service Quality (DA), Perceived Value (PV) and Relationship Quality (RQ)

The relationship between service quality and relationship quality has been posited by Crosby, Evans, & Cowles (1990, p. 68) who state that service quality is a "necessary, but not sufficient condition for relationship quality". That is, for relationship quality to exist, it is necessary for service quality to exist, though, good service quality does not necessarily guarantee that good relationship quality exists. Accordingly, service quality should influence relationship quality. To illustrate, one may be very satisfied with the service provided by a coffee outlet, but may not feel that one has a personal relationship or stake in the coffee outlet. However, it is impossible for a person to have a relationship with a coffee outlet in the absence of good service, as that is the basic foundation for the relationship to exist.

Studies have suggested that service quality might be an important antecedent of customers' satisfaction (Crosby, Evans, & Cowles, 1990; Henning-Thurau & Klee, 1997; Oliver & DeSarbo, 1988). Shamdasai and Balakrishman (2000) proposed a model that revealed the impacts of customers' interaction with service firms' contact personnel, physical environment and customer environment on the relationship quality. Kim and Cha (2002) found that service providers' attributes resulted in higher relationship quality, and higher relationship quality resulted in a higher share of purchases and a better relationship continuity and share of purchase in the hotel industry. Wong and Sohal (2002) examined the relationship between service quality and overall relationship quality on two levels of relationships in a retail chain department store setting. Findings indicate that there is a positive and direct relationship between service quality and relationship quality. Similarly, Hsieh and Hiang (2004) found that the effects of service quality factors have significant influences on relationship quality.

Previous research suggests that service quality has a direct positive influence on relationship quality. However, the indirect relationship between service quality and relationship quality via perceived value has not been tested before. Although perceived value has been found as a mediating variable in the relationship between service quality and satisfaction (Lee et al., 2004), no studies have been done to explore the role of perceived value between service quality and affective commitment.

Perceived value is a higher level and richer summary judgement than service quality (Bolton & Drew, 1991, p. 383). Furthermore, according to Brady, Robertson, and Cronin (2001, p.133), service quality and perceived value have been identified as the cognitive variables influencing satisfaction representing an affective self-evaluation (Roest & Pieters, 1997). In the light of the above view, perceived value may mediate the relationship between service quality and affective commitment along with satisfaction, as the affective variable.

Relationships between Relational Benefits (RB), Perceived Value (PV), and Relationship Quality (RQ)

Research has uncovered specific types of relational benefits that customers experience in long-term service relationships including confidence, social and special treatment benefits (Gwinner, Gremler, & Bitner, 1998). According to Gwinner, Gremler, and Bitner (1998), customers who have relationships with service providers not only expect to receive satisfactory delivery of core services, but they are likely to receive additional benefits from the relationship. Their findings found that relational benefits have significant correlations between service benefits and satisfaction with the service. In line with these findings, Reynolds and Beatty (1999) found that relationship benefits are positively associated with satisfaction. Hennig-Thurau, Gwinner, and Gremler (2002) also found that relational benefits positively influence the relationship quality constructs of satisfaction and affective commitment. Among them, confidence benefits positively influence satisfaction while social and special treatment benefits influence affective commitment.

The marketing and related literatures have posited that confidence has a positive relationship with satisfaction (Andaleeb & Ingene, 1996; Anderson & Narus, 1990; Dwyer, Schurr, & Oh, 1987). Moreover, confidence (trust) creating benefits for the customers influence their commitment to the relationship (Andaleeb & Ingene, 1996; Garbario & Johnson, 1999; Morgan & Hunt, 1994). Social benefits are also significantly related to satisfaction (Price & Arnould, 1999; Gremler & Gwinner, 2000). Berry (1995) has also claimed that higher levels of commitment are derived from social benefits between customers and employees. Researchers have also suggested social benefits are positively related to the customer's commitment to the relationship (Goodwin, 1996; Goodwin & Gremler, 1996). Recently, the benefits

component of the model proposed by Bowen and Shoemaker (2003) demonstrated that social benefit led to relationship commitment. As for special treatment benefits, de Wulf, Odekerken-Schröder, & Iacobucci (2001) suggested that preferential treatment as a consumer's perception of the extent to which a retailer treats and serves its regular customers better than its non-regular customers leads to a higher level of relationship quality. Sheth and Parvatiyar (1995) recognized that "implicit in the idea of relationship marketing is consumer focus and consumer selectivity – that is, all consumers do not need to be served in the same way" (p. 264). Special treatment benefits used as a part of a relationship marketing program could result in customer commitment (Morgan, Crutchfield, & Lacey, 2000). Odekerken-Schröder, de Wulf, and Schumacher (2003) have also found that preferential treatment positively influences satisfaction and commitment. Based on the above discussion and findings from relationship marketing literature, the relationships between relational benefits to relationship quality have been found to be positive (Hennig-Thurau, Gwinner, & Gremler, 2002). However, the indirect relationship between relational benefits and relationship quality through perceived value has not been tested empirically.

According to Mintzberg (1994), the appropriateness of either transactional (e.g. determinant attributes of service quality) or relational strategies (relational benefits) are related directly to customer perceived value. Additionally, perceived value is regarded as the fundamental basis for all marketing activity (Holbrook, 1994). Perceived value is defined in this study as the assessment of value perceptions in terms of their functional and symbolic aspects. Thus, this study argues that these two marketing strategies represented by determinant attributes of service quality (DA) and relational benefits (RB) are assessed and judged by customer perceived value in order to form good relationship quality derived from satisfaction and affective commitment. It can be therefore expected that DA and RB influencing relationship quality via perceived value is pivotal to establishing longer-term customer relationships exchange, based on the exchange theory perspective. Thus, this study further investigates the following hypotheses.

Hypothesis 3a: Perceived value mediates the relationships between determinant attributes of service quality and relationship quality.

Hypothesis 3b: Perceived value mediates the relationships between relational benefits and relationship quality.

3.3.5. The Role of Perceived Value in Relation to Relationship Quality and Customer Loyalty

Perceived value is an important concept, as it is believed to have an influence on customer loyalty (Chang & Wildt, 1994; Cronin et al., 1997; Jayanti & Ghosh, 1996; Woodruff, 1997). Perceived value has been found to influence purchase intensions (Brady & Robertson, 1999; Cronin et al., 1997; Sweeney, Soutar, & Johnson, 1997). Oh (2000a), in particular, indicates that the concept of customer value is crucial for the restaurant industry. Results of Oh's (2000b) study illustrate the importance of customer value as a powerful predictor of customer loyalty in dining decision processes. Kwun and Oh (2004) found that perceived value had a positive impact on behavioural intentions in the restaurant industry. Tam (2004) also found that perceived value was shown to have a positive effect on customer satisfaction and intended post-purchase behaviour in the restaurant industry. Based on the above discussion, the following hypothesis related to perceived value and customer loyalty can be proposed.

Hypothesis 4: Perceived value positively influences customer loyalty.

While perceived value has strong influence on customer loyalty, research has also found that perceived value on customer loyalty was mediated through customer satisfaction (Eggert & Ulaga, 2002; McDougall & Levesque, 2000; Patterson & Spreng, 1997; Tam, 2004). Cronin, Brady, and Hult (2000) identified that perceived value is indirectly related to customer loyalty via customer satisfaction in the fast food industry. Patterson and Spreng (1997) showed that perceived function value has a significant effect on satisfaction, which in turn affects customer loyalty in the consultancy industry. Tam's (2004) study also supported that perceived value has an indirect positive effect on customer loyalty via customer satisfaction in the restaurant industry. Eggert and Ulaga (2000) indicated that perceived value shows a positive and significant impact on satisfaction, which in turn influences re-purchase and word of mouth recommendation. They noted that affective variables such as satisfaction

continue to be of importance within a relationship marketing setting and suggested that future research should be directed toward investigating the relationship between value and commitment (p. 115). Satisfaction and affective commitment are two components of the relationship quality (Hennig-Thurau, Gwinner, & Gremler, 2002) which are defined as affective variables in this study. Therefore, in accordance with the previous research and research suggestions, it can be expected that perceive value influences customer loyalty indirectly through relationship quality. This study further proposed the following hypothesis.

Hypothesis 4a: Perceived value has an indirect influence on customer loyalty through relationship quality.

Sheth (1983) noted that customers are likely to be functionally driven for value-oriented (e.g. value for money) outlets or non-functionally driven for status-oriented outlets (e.g. social and emotional value) during shopping preferences, including eating out. Sheth's proposition was that the outlets customers consider for shopping will depend on both value perceptions associated with each outlet. Holbrook (1994, p. 27) defined customer perceived value as an: "interactive relativistic preference experience". It is interactive because the customer interacts with the offering in its consumption (subject-object interaction). It is preferential because it embodies a preference judgement. It is relativistic because it requires comparison between this experience and some other one, and it is experiential because the value can only be derived from experiencing the situation from which the value is derived. The increasing awareness of the value creating potential of the consumption experience has led to the development of the following research hypothesis.

Hypothesis 4b: Perceived value will show a significant difference in predicting customers' preference of chain or independent coffee outlets.

3.3.6. Relationship Quality and Customer Loyalty

Empirical evidence has been found for relationships between relationship quality and loyalty (Crosby, Evans, & Cowles, 1990; de Wulf, Odekerken-Schröder, & Iacobucci, 2001; de Wulf & Odekerken-Schröder, 2003; de Wulf, Odekerken-Schröder, & Van

Kenhove, 2003; Garbarino & Johnson, 1999; Hennig-Thurau, 2000; Hennig-Thurau, Gwinner, & Gremler, 2002; Kim & Cha, 2002; Kim, Han, & Lee, 2001; Macintosh & Lockshin, 1997; Odekerken-Schröder et al., 2001; Odekerken-Schröder, de Wulf, & Schumacher, 2003; Roberts, Varki, & Brodie, 2003; Shamdasani & Balakrishnan, 2000). Relationship quality is generally considered to be composed of satisfaction and commitment and it has been found that a high level of satisfaction provides the customer with a repeat positive reinforcement, thus creating a commitment-inducing emotional bond (Hennig-Thurau, Gwinner, & Gremler, 2002).

With respect to satisfaction as a dimension of relationship quality, Bolton (1998) and Macintosh and Lockshin (1997) found positive paths from relationship satisfaction to both relationship duration and purchase intentions, which can be considered the indicators of loyalty. Fornell (1992) argued that high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition. Previous studies have found that satisfaction is a leading factor to influence customer loyalty (Anderson & Fornell, 1994; Anderson & Sullivan, 1993). Anderson and Fornell (1994) pointed out that customer loyalty is determined to a large extent by customer satisfaction.

Moorman, Deshpandé, and Zaltman (1993) suggested that customers who are committed to a relationship might have a greater propensity to act because of their need to remain consistent with their commitment. Youjae and Suna (2004) also found that loyal customers have a higher overall attachment and commitment to a brand and are less willing to switch to competing brands. Shoemaker and Bowen (2003) highlight the importance of affective commitment as an antecedent to loyalty. Sui and Baloglu (2003) empirically found the impact of affective commitment on loyalty in the context of casinos. Several positive outcomes of high affective commitment have been identified, such as higher return intentions (Garbarino & Johnson, 1999) and positive recommendation behaviour (White & Schneider, 2000). Hennig-Thurau, Gwinner, and Gremler (2002) have found that relationship quality constructs of satisfaction and commitment influence customer loyalty. This study therefore hypothesizes the following.

Hypothesis 5: Relationship quality positively influences customer loyalty.

3.4. Summary

The proposed conceptual model builds on the findings of the customer perceived value process in previous research. The proposed model in this study should be regarded as a starting point toward a fuller integration of a perceived value based model involving transaction-oriented and relationship marketing models to customer loyalty. Researchers have shown that service quality, perceived value, and satisfaction are good predictors of customer loyalty (Oh, 2000a; Zeithaml, Berry, & Parasuraman, 1996), but ignores the role of perceived value within relational variables such as relational benefits and relationship quality to customer loyalty. An important feature of this study is that it tests relational benefits within the existing perceived value framework. The proposed model further incorporates relationship quality including another core marketing construct such as commitment suggested by Eggert and Ulaga (2002) and Spiteri and Dion (2004) as a consequence of customer value perceptions to win customer loyalty. The purpose of the present conceptual model in this study is to investigate the strength of the perceived value role between determinant attributes of service quality, relational benefits, relationship quality, and customer loyalty.

This thesis reviewed the literature on these five constructs and outlined the expected relationships in a research model depicted in Figure 3.3. The conceptual model has been proposed for understanding the relationships between these five constructs and sheds insights the role of perceived value in the process of creating customer loyalty and in predicting customers' preference of coffee outlets. In the present study, examining the role of perceived value and explicating the value assessment process in the conceptual model may lead to the development of value theory that not only contributes to our knowledge of perceived value but also provides direction to researchers and marketers in gaining customer satisfaction and affective commitment of relationship quality through perceived value, impacted by determinant attributes of service quality and relational benefits, to influence customer loyalty. The study will provide a theoretical and practical contribution to the understanding of customer behaviour in the service industry in general and in the coffee outlets industry in particular. This study will then enable marketers to better understand how to improve customer loyalty by maximizing the impact of the key determinant attributes of service quality and relational benefits on perceived value in relation to relationship

quality and customer loyalty, as well as enable more specific marketing strategies to be devised.

Chapters one, two, and three have laid out the foundation for the research model to be tested in this study. The methodology for the empirical analysis is presented in the following chapter.

CHAPTER FOUR

METHODOLOGY

4.1. Introduction

This chapter explains the research methodology employed in this study. It includes the approaches undertaken for questionnaire development, the choice of data collection technique, and data analysis methods used to examine the study's research questions as well as to test the research hypotheses. In order to address the research questions, a sequential research methodology involving qualitative and quantitative approaches is justified here. Selecting an appropriate methodology best suited to the purpose of the research is important (Carson et al., 2001). The decision on the use of either qualitative or quantitative methods (or both) depends upon the research question being studied (Creswell, 2003). As discussed in Chapter 2, although determinant attributes of service quality have been identified in the fast food and/or restaurant industry, there is lack of research in identifying those attributes specifically for the coffee outlet industry. A qualitative research method therefore was utilised first in this study. Then, a quantitative approach was used in order to test the proposed hypotheses developed in Chapter 3 based on the conceptual model.

This chapter begins by discussing in Section 4.2 the purpose and justification of the qualitative study involving interviewing coffee outlet operators or staff to ascertain the measurement items for determinant attributes of service quality. For the quantitative study, the contents of the questionnaires including measures and their sources used in this thesis are presented in Section 4.3. Questionnaire design and the pre-test in the present study are reported in Section 4.4. Data collection techniques used to gather information for this study and justification for employing a field survey by using a self-administered questionnaire are described in Section 4.5. Procedures undertaken during the questionnaire administration are reported in Section 4.6. Data screening and examination is reported in Section 4.7. Procedures and techniques of data analysis employed in the study are discussed in Section 4.8. The importance of reliability and validity, emphasising the adequacy of the research design and the

quality of the measurement procedures employed, are discussed in Section 4.9. The chapter ends by providing a chapter summary in Section 4.10.

4.2. Qualitative Approach

The purpose for using a qualitative method is to identify the measurement items of determinant attributes of service quality for the coffee outlet industry. Measures of attribute importance and customer expectations have been diverse and dependent upon the domain of research, in both the number of attributes and level of abstraction. In the hospitality and tourism context, numerous service quality research instruments have been used to measure service quality. However, in the coffee outlet context there is a lack of survey instrument development. Equally, SERVQUAL has not been able to identify the salient attributes that are particular to coffee outlet operations. Due to high levels of fragmentation and diversification in both the range of products and services, it is difficult to generalise a coffee outlet customer. This is because the coffee outlet industry has a distinct product and service structure that is differentiated by providing different product and service attributes, which at the same time demand a wide variety of market segments for the same products. As noted by Babakus and Boller (1992), there is a need to develop industry-specific measures of service quality. Because many of the questions in existing instruments (notably SERVQUAL) are intended to be applied across a variety of situations/services, they just do not apply in a specific context and researchers are forced to drastically alter the items (Babakus & Boller, 1992; Carman, 1990). Thus, instead of taking an existing instrument and trying to fit it to the context, a better approach is to develop an instrument specifically for the focal service. It must also be noted that until this study, similar coffee experience studies have not been undertaken in Australia. There has been a lack of appropriate research instruments used for measuring important determinant attributes of service quality, so there is an urgent need for the development of an appropriate research instrument specifically for the coffee outlet industry.

The qualitative strategy used in this study seeks to identify the determinant attributes of service quality specifically applied to coffee outlets. As the study was concerned with the views of coffee outlet operators and customers, the literature review concentrated upon this area. Research papers examining determinant attributes (factors) related to fast-food, restaurants, and hotel F&B undertaken over the period of

94

1979 to 2004 were reviewed extensively to isolate appropriate service attributes. The summary table of the literature review on determinant attributes of service quality (see Appendix 1) was consulted to provide an initial list of determinant attributes of service quality. Then, the construction of the 22 determinant attributes inventory was carried out after a review of the literature in hospitality studies that examined the attributes of service quality. In addition, this study attempted to gain a number of responses from a sample of coffee outlet operators including independents and chains so as to validate the measurement items that are derived from earlier studies about fast food and restaurant attributes. Since the selection of measurement items should be property as well as marketing-specific, management participation in this process was a critical requirement. Walsh (2003) indicated that through being in the field collecting qualitative data, the researcher can gain close first-hand experience that is critical to developing an understanding of the phenomenon that can contribute to both the academic field and the restaurant industry. In light of this, a qualitative research method was utilised to identify determinant attributes of service quality for coffee outlet industry.

According to de Ruyter and Scholl (1998), qualitative research provides in-depth insights, is flexible, small-scale and exploratory and the results obtained are concrete, true to life and serendipitous. The authors further highlighted that this type of research can prove useful for marketing purposes in practice. They found it is widely used by management consultants and public policy makers, and provides answers to questions in consumer decision making such as why do customers buy this product and not the other and facilitates the development of questionnaires on such topics as which are the important themes in the given market in relation to certain products.

Others such as Pole and Burgess (2000) stressed the need for a literature research in the early stages of the study. At the start of the study it is critical to have an overview of the field under study extracted from the relative literature. This enables the researcher's idea to become more focused, and it is at this stage that the researcher needs specific literature related to the field. Obtaining such literature will provide researcher with possibility of investigating the relevance of his/her substantive concept outside one's own observations, and of solving problems with concept definition. Moreover, literature may suggest concepts, which help to formulate

relevant distinctions found in the data. The background literature based on earlier studies was used to create the initial measurement items of determinant attributes of service quality for this study. The variables used were uncovered from the extensive literature that was analysed as part of the study.

Based on the above discussion, it is appropriate to use in-depth interviews with coffee outlet operators to validate or suggest additional determinant attributes of service quality that are important to customers in determining choice. In summary, the intention of the interviews was to generate more rich findings of determinant attributes of service quality for the coffee outlet industry. To illustrate the use of in-depth interviewing, this study considers how the principles above can be applied in the form of interview called 'convergent interviewing'.

4.2.1. Convergent Interviewing as an Application of the Principles of Interviewing

Convergent interviewing is a series of in-depth interviews with experts that allow the researcher to refine the questions after each interview to converge on the issues in a topic area (Dick, 1990, p. 3). Carson et al. (2001) suggested that this interview technique allowed the coverage of a wide area of interest, allowed the researcher to become familiar with this area as the research progressed, and helped the interviewer identify and explore the key issues as they were related because the open-ended nature of the interview protocol allows this to happen. Furthermore, it aided researchers' understanding of the whole context in which the phenomena takes place, enabling the researcher to see the connections and influences upon the phenomena or topic of interest.

Convergent interviewing is a methodology that allows a relatively structured approach to sorting out what needs to be done in a research project in the early stages. That is, it is a technique for collecting, analysing, and interpreting qualitative information about people's attitudes, beliefs, knowledge and opinions through the use of a limited number of interviews with experts that converge on the most important issues within a topic area (Carson et al., 2001, p. 84). Convergent interviewing can be used in the planning stages of a survey within a well-established area, but is particularly useful in

96

qualitative research about a topic area where the researcher happens to know little and wants to 'get up to speed' (Dick, 1990).

The major attraction of convergent in-depth interviewing for researchers is the rigorous but flexible processes it provides to help refine a research project's focus in its early stages, by talking with knowledgeable people. The processes are reasonably straightforward and crucial in-depth interview skills can be learned and practiced by the researcher over two or three days (Armstrong, 1985). Carson et al. (2001, p. 90) concluded that in-depth convergent interviewing is a powerful research technique and its strength is its ability to gather rich and meaningful data, analysis of which will lead to a significant depth of understanding that would be difficult to achieve by using any other method alone. Therefore, the convergent interview is a qualitative method suited to the purpose of identifying, validating, and refining the determinant attributes of service quality in this study.

The objective of these interviews was to allow operators to describe their views in relation to product and service attributes of their coffee outlets in this study. The processes of convergent interviewing are recommended by Carson et al. (2001) and Dick (1990) and include: planning the interview, conducting the interviews, and analysing the interview data.

Planning for Convergent Interviews

Convergent interviewing attempts to remove the researcher and his or her bias or preconceptions from the information gathering process by allowing the respondent(s) to identify salient points that can be tested in subsequent interviews (Dick, 1990). There are several steps and decisions involved in planning a convergent interview, such as the choice of and size of sample, arranging a time and venue for the interview, determining the opening question, and determining probe questions for the specific information required (Dick, 1990, pp. 12-14). The procedures of these steps will be detailed in Section 4.2.1.1.

Analysis of Interviews

It is recommended that a detailed summary be drawn up of the key issues raised, in order of priority and importance, at the end of each convergent interview. After this

summary is made, the issues can be assessed in terms of the respondent's agreement or disagreement raised during the course of each interview. Carson et al. (2001) suggests that not only the agreement should be included in the probe questions of later interviews, but also the disagreement among interviewees can be as enlightening as agreements, and so this study included all the important issues in all the interviews. Based on Carson et al.'s (2001) suggestion, this study uses the respondents' ratings and the results of critical analysis of the literature (see Chapter 2) to identify the determinant attributes of service quality. Following this the interviewer should develop a matrix containing the salient points of the interview and narrow in on the important issues (determinant attributes of service quality). The analysis of this matrix is presented in sub-section *Data Interpretation* (p. 103).

The Reliability and Validity of the Qualitative Findings

Woodward (1997) suggested that it is difficult to establish the reliability and validity of qualitative research because it is subject to individual perceptions and measures are difficult to calculate statistically. However the convergent interviewing technique has structural and procedural safequards that ensure reliable and valid findings (Dick, 1990). As the researcher conducting the interviews was conversant with coffee outlet operations, the data collected was useful and relevant (Dick, 1990). In addition, strict adherence to an organised and structured approach to recording, transcribing, writing, examining and interpreting interview data, fostered reliability in the research findings (Dick, 1990).

Validity refers to the degree to which the research accurately reflects or assesses the concepts to be measured. However, Healy and Perry (2000, p. 123) noted that not all criteria for ensuring validity apply in qualitative research. Two types of validity are especially important in qualitative analysis, namely, descriptive and interpretive validity (Maxwell, 1996). Descriptive validity refers to the accuracy of the reported descriptive information. While ideally, the presence of the researches at each interview may have been the most appropriate method of obtaining descriptive validity, each interview was recorded and later transcribed verbatim. There was one exception where an interviewee only answered one probe question on the addition or deletion of determinant attributes generated from the literature review. This ensured

that the notes compiled during the interview were an accurate reflection of the information being provided by the interviewee.

Interpretive validity is associated with meaning and how well the interviewee's "viewpoints, thoughts, feelings, intentions and experience" are reflected in the data (Johnson, 1997, p. 285). Tape recordings provided a verbatim record of each interview, and the interviewee's personal interpretations were included within the manual reporting progress during the course of the interview. The strategy employed to maximise interpretive validity was the use of interpretation of interviews' data. In addition, verification of the general determinant attributes was sought from industry practitioners to confirm the appropriateness of determinant attributes of service quality in the coffee outlet industry.

In brief, the reliability and validity of findings will be achieved through research design and operational procedures in the qualitative stage. The larger sample obtained in the quantitative stage of the research further enabled statistically reliable and valid findings. Next, the implementation of interview procedure is discussed.

4.2.1.1. Implementation of Interview Procedure

A series of in-depth interviews was held with a sample of independent and chain coffee outlet operators to assist the researcher in gaining a broader understanding of product and service attributes pertinent to coffee outlets. Although a review of the literature had resulted in the development of the preliminary determinant attributes, further clarification was needed to confirm the appropriate design of the measurement instrument for the construct of service quality that may be peculiar to the Australia coffee outlet setting.

Interviewees were chosen based on their knowledge and experience within the coffee outlet industry. Given the sensitive nature of the information sought by the researcher, care was taken to establish a relationship of trust with interviewees, through establishing rapport and ensuring the confidential nature of the research design (Malhotra, 2003). Consistent with this direct and open qualitative process, interviewees were fully informed as to the nature and importance of the research and

how and why they had been chosen for inclusion. All interviews were conducted 'on site' at the operators' outlets. Procedural issues central to the implementation of the interviewing qualitative methodology are detailed in the remainder of this section.

Samples

Consider the people who will be interviewed. Dick (1990) suggested that a small, heterogeneous selection of people should be interviewed. In marketing research, this means the selection is not a random, representative sample but is a collection of relevant people that are chosen purposively, that is, chosen to provide relevant rather than representative information about the purpose of the research project (Carson et al., 2001, p. 87). Dick (1990, p. 25) indicated that the sample size should be data-driven and that it should contain at least 12 interviewees. Therefore, three issues were central in the sample selection process. Firstly, respondents were chosen 'purposively' (Malhotra, 2003), that is, to provide relevant information about coffee outlet operation. Secondly, sample size was determined by the data being derived from the interviews (Callan, 1994). That is, the researcher continued to interview until samples provided no additional new attributes. Thirdly, in order to achieve heterogeneity and homogeneity in the sample, a range of coffee outlet operators of different types of coffee outlets such as independents and chains including different size and competition in the same area were interviewed. The selection of coffee outlets for interviews was based on a purpose sample located in the city, suburbs, and shopping malls where there is direct competition between the chain and the independent coffee outlets. This procedure led to a total of twelve coffee outlet operations, eight independents and four chains, being selected and interviewed. A detailed profile of respondents is shown in Table 4.1. The operators interviewed from both types of coffee outlets are owners or in management-level positions. The next steps of the planning are addressed in the following sections.

Table 4.1 Profile of Respondents in Interview Stage

Types	No. of Seats	No. of Staff	Position	Gender	Location
Independent	20	3	Owner	F	CBD
Independent	45	4	Owner	F	CBD
Independent	67	5	Owner	F	CBD
Independent	269	50	Supervisor	F	Suburb
Independent	20	2	Owner	M	Suburb
Chain	28	9	Manager	F	CBD
Chain	47	8	Supervisor	F	CBD
Independent	46	5	Owner	F	Suburb
Chain	50	9	Asst. Manager	M	Suburb
Independent	12	2	Manager	M	CBD
Independent	80	15	Owner	M	Shopping Mall
Chain	96	16	Manager	F	Shopping Mall

Source: Data of interviewees profile, 2005.

Interview Process

Several issues had to be finalised before each interview. These included the initial contact with the operators to get permission, interview particulars, opening and probe questions, and finally their suggestions on adding or deleting initial determinant attributes of service quality.

Interview times and venues were arranged once the operators agreed to take part in the study. The interview invitation letter and interview question form were given to operators for further review. Care was taken to inform each interviewee with information about the researcher, the purpose of the interview, the reasons why they had been selected, and the academic nature of the research together with issues of confidentiality. Each interview was scheduled for thirty minutes in duration and all interviews were conducted at the coffee outlets. Interviewees were assured of the anonymity and confidentiality of the process and their permission to tape record the interviews was obtained. A detailed interview invitation letter, consent form, and interview guide are shown in Appendix 2.

The aim of the interview was to understand the determinant attributes of service quality from the viewpoint of the operator. The interview began by asking the interviewee some general information such as gender and position, the type of coffee outlet, number of seats, and number of staff. Interviewees were also asked to briefly describe the products and services of their coffee outlets. These are the type of questions recommended by Minichiello (1995) for opening an interview, as they allow the participant to discuss openly their own experience in a coffee outlet operation.

Following the descriptive and opening question were more probing questions aimed at identifying the determinant attributes of service quality in the coffee outlet industry. The researcher resorted to placing a typed copy of the open-ended questions in front of the interviewees to refocus their answers to the research criteria. They were asked to indicate the strengths, weaknesses, opportunities, and threats in their coffee outlets, their determinant attributes of service quality to compete with other coffee outlets and their opinion of additions and deletions to a list of product and service attributes. Three questions were asked:

1. *What are the strengths/weaknesses/opportunities/threats of your coffee outlet in terms of products and services?*

This question aims to identify the strengths and weakness within the business and opportunities and threats in the external business environment in terms of products and services attributes.

2. *For the independent coffee outlets, why do customers choose this coffee outlet instead of going to chain outlets like Starbucks or Gloria Jeans and vice versa?*

This question aims to identify independent coffee outlets' determinant attributes of service quality in competition with chain coffee outlets and vice versa.

3. *What product/service attributes are important to customers when they choose a coffee outlet? Based on your expertise, please indicate what attributes listed should be deleted or what other attributes should be added.*

This question aims to ask respondents to rate each of the determinant attributes of service quality, generated from literature and subsequent interviews, in terms of their

importance and ask about the deletion of any items and other additions based on their expertise. The aim of this was also to complete the interview in the interviewees' mind so as to focus on the important issues (Carson et al., 2001). Throughout all the interviews, the wording of the questions was read exactly as it appeared on the interview guide.

Data Interpretation

The analysis of interview data for convergent interviews involved a framework concerned with aspects of demonstrating rigour, validity, process, and procedure (Carson et al., 2001, p. 88). First, each taped interview was transcribed in order to clarify and expand summary notes taken during the course of each interview. Second, an interpretation report was compiled. This involved the analysis of the information given by each respondent, with particular emphasis placed upon determinant attributes. This was achieved by comparing the notes made during the interview with the subsequent interview summary allowing confirmation of the appropriate determinant attribute of service quality to be highlighted (Carson et al., 2001). The next section presents the findings of the qualitative interviews as a confirmatory process of identifying additional determinant attributes of service quality.

Analysis of Interview Data

The first question asked of each interviewee was a general question designed to establish initial rapport. Respondents were then asked to describe their experience with the coffee outlet in generating related product and service attributes. All subsequent questions are summarised and categorised in Table 4.2 to identify important determinant attributes of service quality. Table 4.2 also presents patterns arising from the interviews. All interviewees confirmed that there was no need to delete any items of the initial twenty-two determinant attributes of service quality generated from the literature review but another three attributes were suggested throughout the twelve interviews. The s, w, o, d and numeric number in the table denote strength, weakness, opportunities, determinant attributes of each coffee outlet, and level of importance of attributes by a seven-point Likert scale respectively summarized from interviews, and an asterisk (*) denotes addition of an attribute suggested by respondents.

Table 4.2 Results of Interviewing: Determinant Attributes of Service Quality

| | Respondents: Types (I/C) | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
Determinant Attributes	I	I	I	I	I	C	C	I	C	I	I	C
1. Coffee flavour	s, d, 6	s, 7	d, 7	7	s, 6	d, 7	s, d, 7	s, d, 7	s, d, 5	s, d, 7	d, 7	s, d, 7
2. Coffee freshness	s, d, 4	s, 7	d, 7	7	s, 7	d, 6	s, d, 7	s, d, 7	s, d, 5	s, d, 7	d, 7	s, d, 7
3. Coffee smoothness	s, d, 4	s, 7	d, 7	7	s, 6	d, 7	s, d, 7	s, d, 7	s, d, 5	s, d, 7	d, 7	s, d, 7
4. Coffee temperature	s, d, 6	s, 7	d, 7	7	s, 7	d, 4	s, d, 7	s, d, 6	s, d, 4	s, d, 7	d, 7	s, d, 7
5. Coffee aroma	s, d, 5	s, 7	d, 7	4	s, 5	d, 4	s, d, 7	s, d, 7	s, d, 4	s, d, 7	d, 7	s, d, 7
6. Coffee art	4	7	7	4	5	4	6	5	3	4	7	5
7. Wide choice of coffee products	o, 2	7	5	5	5	4	s, d, 6	7	s, 6	7	7	7
8. Variety of beverage types other than coffee	6	7	o, 5	4	6	4	4	7	5	3	7	6
9. Variety of food and dessert	o, 4	7	6	7	s, 6	w, o, 2	4	7	7	3	s, 7	7
10. Food quality	s, d, 6	s, 7	w, 7	7	w, 7	6	7	s, 7	6	5	s, d, 7	7
11. Attractive décor, ambience of outlet	s, 5	s, d, 7	d, 7	7	6	6	d, 7	s, d, 7	6	s, 6	7	7
12. Furnishings in outlet	s, 4	6	7	7	5	5	7	s, 6	6	3	7	6
13. Choice of air-conditioning or al fresco	s, 6	7	7	5	5	4	4	7	5	w, 5	4	6
14. Accuracy in fulfilling orders	7	7	7	7	7	6	7	7	7	6	7	7
15. Attentive employees	s, 7	7	7	7	6	7	7	s, 7	7	6	7	7
16. Availability of browsing materials	4	5	6	5	5	4	6	4	5	5	7	7
17. Friendly employees	s, 6	7	7	7	7	s, 7	s, 7	s, 7	d, 7	s, d, 7	d, 7	s, 7
18. Speed of service	5	7	s, 7	7	7	6	7	w, 5	7	s, 7	7	w, 7
19. Cleanliness of coffee shop	6	7	7	7	7	5	7	7	7	4	7	7
20. Hours of operation	o, 5	6	5	5	6	5	5	5	5	4	7	7
21. Music	s, 4	4	5	5	4	4	5	s, 7	5	4	4	6
22. Noise level	4	5	d, 5	4	d, 6	4	4	5	4	3	4	6
Choice of porcelain cup or paper cup		s, *	6	6	6	4	7	6	5	5	7	4
Loyalty program						*	7	4	5	4	4	7
Appearance of employee						s, *	6	5	4	4	4	7

Notes: I = independents; C = chains; s = strength; w = weakness; o = opportunities; d = determinant attributes; and * = additional attribute. The 4th respondent only ranked the attributes.

Source: Developed from the convergent interviews of coffee outlet operators.

Final Results

The results shown in Table 4.2 provide a comprehensive coffee outlet operators' convergent and divergent views which helped this study to refine its understanding of determinant attributes. The ultimate purpose of the interviews was to provide and validate the information for the design of a quantitative research scale to measure the construct of determinant attributes of service quality. The data from these interviews were used to confirm these attributes by asking coffee outlet operators to describe their business strengths, weaknesses, opportunities, and threats; their determinant attributes of service quality to attract customers; and finally their rating as well as addition/deletion to the initial list of services and products attributes.

Overall, both independent and chain coffee outlet operators mentioned that coffee product attributes (items 1 to 7) are their business strength and the most important determinant attributes of service quality which are ranked within the range of important level 4 to 7, except coffee art rated level 3 by the 9th respondent. However, its average rating is ranked quite high above 5 and no deletion was suggested by any respondents. The item of 'wide choice of coffee products' was generally ranked quite high by most of respondents as well and regarded as a strength and determinant attribute by the 7th and 9th respondents. Although the first respondent (independent type) ranked it at a low level importance of 2, the respondent still regarded it as an opportunity for his/her business to offer a greater range of coffees to attract more customers. The above coffee product related attributes work in a similar fashion as the food perceived important by restaurant customers in the literature (e.g. Auty, 1992; Morgan, 1993). Hence, this attribute was kept for analysis based on the above result and discussion.

As for other product offerings such as 'variety of beverage types other than coffee' (item 8) and 'variety of food and dessert' (item 9), these two attributes are also ranked quite important and considered as a strength. In addition, these attributes are also indicated as an opportunity of business by respondents of 1 and 3, but not so for the 6th respondent who ranked 'variety of food and dessert' low. Nevertheless, the 6th respondent considers 'variety of food and dessert' their weakness and an opportunity to improve. In brief, these attributes (items 8 and 9) were still kept for analysis because they were used in the research of coffee outlet service (Chow-Chua &

Komaran, 2002). On the other hand, 'food quality' (item 10) is definitely important as four respondents (1st, 2nd, 8th, and 11th) indicated it as a strength and determinant attribute for coffee outlets to retain customers for both types of coffee outlets. Respondents of 3 and 5 (independent type) also rated 'food quality' very important because they considered it as a weakness to competes with chain coffee outlet's standard quality. Still, no suggestions were made by any respondents to delete those items. The above mentioned product related non-coffee attributes are therefore retained for this study.

The attributes of 'attractive décor' (item 11), 'furnishings in outlet' (item 12), and 'choice of air-conditioning or al fresco' (item 13) can be regarded as the components of the coffee outlet environment which are overall ranked important for both types of coffee outlets who regarded them as a strength as well as a determinant attributes in coffee outlet markets. Still, these three items are considered important in this study without any suggestion from respondent of deletion. Moreover, the environment attributes have been found important in previous studies (e.g. Clark & Wood, 1998; Keyt, Yavas, & Riecken, 1994; Mersha & Adlakha, 1992).

Additionally, the literature review indicated that attributes such as 'accuracy in fulfilling orders' (item 14), 'attentive employees' (item 15), 'friendly employees' (item 17), 'speed of service' (item 18), and 'cleanliness of coffee outlet' (item 19) have been used for the measurement of service quality in many studies for the restaurant industry (see Appendix 1). The interview results also show that these attributes overall have also been ranked very important by both types of coffee outlets and not only as a strength but also a determinant attribute in this study. Based on the above information and results, these attributes are deemed important for the measurement of service quality in the coffee outlet industry.

Regarding the attributes of 'availability of browsing material' (item 16), 'hours of operation' (item 20), 'music' (item 21) and 'noise level' (item 22), the results showed that importance rating varied but was overall above level 4. Some respondents (1st and 8th) stated that music is a strength because their customers can relax in the coffee outlet, while other respondents (3rd and 5th) considered low noise levels as a determinant attribute to attract customers who seek quiet so as to read or chat in the

coffee outlet. Considering the agreement of no deletion of these attributes by both types of coffee outlet operators, this study will keep the above attributes as important to customers when choosing coffee outlets.

Finally, the three attributes of 'choice of porcelain cup or paper cup', 'loyalty program', and 'appearance of employee' were suggested by the 2nd, 6th, and 7th respondent. Once these new attributes of service quality were suggested by operators, they were incorporated in the list for rating in the following interview. 'Choice of porcelain cup or paper cup' is regarded as a strength of the 2nd independent coffee outlet operator, who stated that paper cups influence coffee taste as well as increasing the problem of paper wasting by most chain coffee outlets. This attribute is furthered ranked above the importance level of 4 by other respondents. 'Loyalty program' was suggested by the 6th chain coffee outlet operator and was regarded as one of the strategies to attract customers for re-patronage. 'Appearance of employee' is also mentioned as a strength of the coffee outlet by the 7th chain operator. The last two attributes are ranked more important by chains than by independents.

Overall, there are disagreements on some attributes from the chain and independent aspects. However, researchers have suggested that not only agreement issues should be included but also disagreements among interviewees can be as enlightening as agreements, as the interviews and analyses proceed (Carson et al., 2001; Dick, 1990). Additionally, no suggestions were made on deleting the initial nor new-added attributes during the process of interviews. It is believed that divergent views on important attributes between chains and independents can be converged as a comprehensive view to highlight the similarities and differences of these two types of coffee outlets in marketing strategies.

In summary, the findings from this qualitative stage of the research assisted in identifying determinant attributes of service quality in coffee outlets. Apart from providing information as to the relevance and importance of the initial 22 determinant attributes of service quality generated from an extensive literature review, interviewees suggested other attributes. In this case, three new items: 'choice of porcelain cup or paper cup', 'appearance of employee', and 'loyalty program' were identified from twelve interviewees including eight independent coffee outlet

operators and four management level operators of international chain coffee outlets. These three items suggested by coffee outlet operators during interviews were then added to the 22 attributes determined in the literature review, providing 25 attributes forming the basis of the measurement of determinant attributes of service quality in the questionnaire. A total of 25 determinant attributes of service quality were finally used to measure this construct of the coffee outlet in this study.

The following sections will then discuss the quantitative method involving: the measurement of variables used in the questionnaire; pre-test and questionnaire design; data collection technique; questionnaire administration; methods of analysis; as well as reliability and validity.

4.3. Quantitative Approach

Creswell (2003) indicated that the quantitative approach is best suited to research problems in identifying factors that influence an outcome, or for understanding the best predictors of an outcome. It is also the best approach to use to test a theory or explanation. Carson et al. (2001) also pointed out that academic research is predominantly quantitative as the results it yields display rigor and validity, and reliably expand knowledge in terms of theory and practice. In light of this, a quantitative method is appropriate, as it follows standard procedures which bring rigor to the instruments used and allow statistical data to test and validate hypotheses. The following sections will then detail data collection procedures for the quantitative method used in the study.

4.3.1. Survey Instrument

All items used within the survey, with the exception of items measuring determinant attributes of service quality described above, were adopted from pre-existing valid and reliable measures within the marketing literature. The questions were asked using a Likert scale because it is very popular in survey research and simple to administer (Zikmund, 2003). Besides structured questions with an absolute answer, a number of items were rated on a five-point Likert scale with (1) assigned to a value rated as lowest (e.g. not important at all, low), and (5) assigned for the highest value (very important, high). Most questions were posed in the form of statements using a five-

point Likert scale to ask the respondents to rate the level of their agreement, with (1) assigned to 'strongly disagree' and (5) assigned to 'strongly agree'. The measurement of scales was adapted from previous studies, thereby assisting with the validation of the results. The measurements used, pertaining to each construct, are discussed accordingly below.

4.3.1.1. Determinant Attributes of Service Quality

In this study, the scales incorporated in the questionnaires for the measurement of determinant attributes of service quality were derived through the scale development procedures suggested by Churchill (1979) and Hinkin, Tracey, and Enz (1997), so as to ensure that the constituents of each of these scales would adequately capture the domain of service quality.

A set of measurement items for determinant attributes was developed through an extensive literature review (Oh & Parks, 1998; Saleh & Ryan, 1991; Sit, Merrilees, & Birch, 2003) and personal interviews with the coffee outlet operators. The focus of item selection was on the item being related to the coffee outlet industry either from the literature or as the reflection of the coffee outlet's strategic intents endorsed by the coffee outlet operators.

Chelladurai and Chang (2000) held that any analysis of quality in a service should first identify: (1) the critical targets of service quality evaluations, i.e., the components of a service; (2) the standards of service quality applicable to a given service, i.e., conformance to specifications, and /or meeting customer's expectations; and (3) the appropriate evaluators of service quality, i.e., customers, services providers and managers of service operations.

A review of the relevant literature and personal interviews with the managers of twelve coffee outlets provided the basis for developing 25 determinant attributes of service quality in relation to customers' selection of a coffee outlet. Accordingly, this study used six items to represent the factor of coffee product attributes and 19 other determinant attributes of service quality. The respondents indicated their level of

importance on a five-point Likert scale with not important at all (1) and very important (5) as the anchors.

4.3.1.2. Relational Benefits

As for the relational benefits, the scale was developed by de Wulf, Odekerken-Schröder, and Van Kenhove (2003), Gwinner, Gremler, and Bitner (1998), and Hennig-Thurau, Gwinner, and Gremler (2002). The relational benefits scale consists of 9 items representing confidence, social and special treatment benefits. All measures employed five-point scales ranging from 1 (strongly disagree) to 5 (strongly agree).

4.3.1.3. Perceived Value

Because of the lack of previous research effort on scaling value typology, a combination of sources from the Holbrook conceptual proposal and a literature review on perceived value was used in the construction of perceived value dimension scales. Perceived value was conceptualised as a multi-dimensional construct, including functional value from monetary price, behavioural price, and quality aspects; and symbolic value from emotional, reputational, social, and aesthetic aspects in this study.

The measures for functional and symbolic dimensions of perceived value were mainly adapted from Petrick (2002) and Sweeney and Soutar (2001) except for an aesthetics element of symbolic value adapted from Mathwick, Malhotra, and Rigdon (2001, 2002). A final total of 14 items was used to measure two dimensions of perceived value. The respondents indicted their level of agreement on a five-point Liker scale with strongly disagree (1) and strongly agree (5) as the anchors.

4.3.1.4. Relationship Quality

As for the relationship quality of affective commitment and satisfaction, the two items measuring affective commitment were stated, 'I feel emotionally attached to this coffee outlet' and 'I continue to deal with this coffee outlet because I genuinely enjoy my relationship with it' (see Roberts, Varki, & Brodie, 2003; Hunning-Thurau,

Gwinner, & Gremler, 2002). Satisfaction is a psychological concept that involves the feeling of well-being that results from obtaining what one hopes for and expects from an appealing product and/or a service (Oliver, 1980) and as an evaluative response (Oliver, 1997). The "evaluative" set of satisfaction measures was used to indicate customer's satisfaction on important components of product and service features and overall customer satisfaction (Bitner & Hubbert, 1994). The measurement of satisfaction was adapted from Grace and O'Cass (2005) following Danaher and Mattsson's (1994) approach. The scale for relationship quality consists of 7 items anchored to a five-point scale strongly disagree (1) and strongly agree (5).

4.3.1.5. Customer Loyalty

The customer loyalty scale consists of five items adapted from Lee et al. (2005) and Tam (2004) which are related to the hospitality industry and are appropriate to apply in the coffee outlet industry. The respondents indicted their level of agreement on a five-point Liker scale with strongly disagree (1) and strongly agree (5) as the anchors. Customers' preference was measured by customers indicating chain coffee outlet, independent coffee outlet, or unsure, in order to identify which variables predict customers' preference between chain and independent coffee outlets.

4.4. Questionnaire Design and Pre-Test

After a review of the most pertinent literature regarding the measurement of these five constructs, a preliminary questionnaire was designed. The conceptual framework described in Chapter Three offers a concise way of organising the questionnaire. An attempt was made to fulfil the requirement of Tull and Hawkins (1990) that the overall questionnaire should reflect the goals of the research and move from one topic to another in a logical manner, with all of the questions focusing on one topic completed prior to moving on to the next. Each question was checked by the researcher to identify whether it was relevant and whether the resulting data could be suitable for purposes of analysis.

The questionnaire basically consisted of two sections, A an B. The first part of Section A was structured with a view to encouraging participation and engaging curiosity about their coffee consumption behaviour. This part of the questionnaire

included questions on frequency, time, reasons, and average duration of coffee outlet visits. The second part of Section A was constructed to identify customers' perception of their experience in the coffee outlet to gather information for the constructs of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty in the conceptual framework model (presented in Chapter Three), and of customer's preference of types of coffee outlets. Section B was about customers' demographic information including gender, age, occupation, education, and country of birth.

Following the questionnaire design, a pre-test was conducted to provide information about important aspects of the full questionnaire. The purpose of the pre-test was to test whether the questions had been properly designed, identify ambiguous questions, check how well the questions were understood, and test the content validity. The questionnaires were firstly checked by giving them to research colleagues and members of Faculty of Business and Law (Victoria University, Melbourne) to assess whether there were misunderstandings or ambiguities of expressions in the questionnaire and to check for content validity. Respondents were asked to provide a critical appraisal and to make comments with a view to amending the questionnaires. The questionnaire was then changed based on their comments and suggestions before running a pilot study with coffee outlet customers – dealing with such matters as instructional clarity, item clarity, relevance, and the time needed to complete the questionnaire – in an attempt to establish the reliability of the measures effectively. As a result of pilot testing, the layout of the instrument was developed in one single page (A4 size paper) back-to-back format.

The brief introduction of the study and its objective was informed in the first page of questionnaire. To establish credentials and legitimacy, the introduction explains that the study was a research project of Victoria University and that all information obtained would be subject to confidentiality and used only for the purpose of the present study. The full questionnaire is included in Appendix 3.

4.5. Data Collection Technique

The information needed for the purpose of this current study was gathered by employing the field survey approach through a self-administered questionnaire with a great number of respondents. This data collection technique, which has also frequently been employed in hospitality research, provides a number of distinct advantages that a telephone or postal survey do not have for both the researchers and their respondents (Neuman, 2003, p. 290).

Firstly, a self-administered questionnaire allows researchers to collect data more effectively and efficiently from a large number of respondents located in geographically widespread locations. It is effective because it contains highly structured questions and participants are asked the same set of questions. It is also efficient because a great deal of information can be collected in a relatively short period of time. Secondly, in relation to the previous advantage, it is therefore relatively inexpensive and time saving. Thirdly, the method is good for obtaining sensitive information such as that related to personal behaviour, perceptions and background of respondents because a certain degree of respondent anonymity can be assured (Parasuraman, 1991). Finally, the field survey has been the dominant study design in hospitality applications (e.g. Almanza, Jaffe, & Lin, 1994; Auty, 1992; Dube, Renaghan, & Miller, 1994; Oh & Jeong, 1996; Pettijohn, Pettijohn, & Luke, 1997; Qu, 1997). The field study method was chosen in order to gain information directly from individuals at the coffee outlet settings. As such, their feelings and perceptions about the setting with respect to determinant attributes of service quality, relational benefits, perceived value, relationship quality, and loyalty are likely to be clearly in mind (Danaher & Mattsson, 1994).

Having considered the data collection requirements of this study such as a need of large sample of customers, a large number of questions, and quantities of coffee outlets, it would be appropriate to employ the field survey with a self-administered questionnaire as the primary data collection technique for this study.

4.6. Survey Method and Sampling

The research methods used in this thesis were based on gathering of primary data via a self-administered questionnaire. The purpose of the field survey research was to

identify and address the deficiencies in the current customers' coffee outlet consumption behaviour in Australia and to collect a high-quality sample in order to test the hypotheses generalized from the research model. A survey was administered to customers of coffee outlets in Melbourne, Australia. Melbourne was chosen to represent the region, as it is ranked as the 67th of the world's top 2000 cities of the coffee market from more than 200 countries in 2006 and is one of leading cities in coffee demand in Australia (Parker, 2005). The sampling technique by collecting data from Melbourne is also in terms of its population and multicultural society. According to ABS (2003), the population of Melbourne accounted for nearly 70% of the population of Victoria in comparison with Sydney representing only 54.7% in New South Wales. Furthermore, three quarters of café and restaurant services were based in metropolitan areas (ABS, 2000). The highest population densities were also in the inner suburbs, particularly in most of popular coffee society suburbs.

Additionally, it is believed that with a large multi-ethnic society and people's general preference for frequenting coffee outlets, Melbourne could be representative of the whole Australia and so the findings can be extrapolated to the whole population. Thus, this thesis involved the administration of the questionnaire (30 August to 30 September 2005) to a convenient selection of customers comprising the population for this study from chain and independent coffee outlets in the Melbourne area.

The type of sample used was a "purposive sample". There was no consensus in the literature on the proper definition of purposive sampling (also referred to as judgement sampling). For instance, Malhotra (1996) defines it as "a form of convenience sampling in which the population elements are purposely selected based on the judgement of the researcher" (p. 366). While others outline that the selection of this kind of sample is based on what the expert thinks are those particular units or elements that contribute to answering the particular research question at hand (Kinnear & Taylor, 1996), even though this selection is not fully representative (Zikmund, 2003). According to Dillon, Madden, and Firtle (1993, p. 229), purposive samples involve "selecting certain respondents for participation in the study presumably because they are representative of the population of interest and/or meet the specific needs of the research study". Convenience samples are the most common form of sampling design in social science research (Mohr, 1990) and popular in

service marketing (Bettencourt, 1997; Widing et al., 2003). Accordingly, a purposive sample was deemed to be appropriate because the sample was drawn from the population of customers in chain and independent coffee outlets and thus those customers meet the purpose of this study.

The sample frame includes subjects who were residents of Melbourne and who were 16 years of age or older; a study conducted by Scott (2006) whose sample also used customers as young as 16 years to understand Scottish café consumption behaviour for de-differentiation in terms of demographical representation. The sample frame of customers from age 16 should provide information for industry concerning customers' demographic change (Oh, Kim, & Shin, 2004). The surveys were conducted onsite, the sampling target being collected during all operating hours. The selection of survey chain and independent coffee outlets was also based on a convenience sample method. The questionnaire forms were distributed by survey administrators to customers at independent and chain coffee outlets in Melbourne, Australia with permission of the coffee outlet operators. The surveys were conducted while the subjects were already in the coffee outlet, that is, subjects had already made their decision to visit the coffee outlet. At the beginning of the survey process all subjects were informed that the survey was voluntary and without obligation, and that all responses and information would be kept confidential by the researcher and used only for academic purposes. Customers who agreed to participate would be provided with a survey to complete, which was collected before they left the coffee outlet. A total of 1,106 completed forms were collected in different independent and chain coffee outlets situated in Melbourne, of which 949 valid responses were used for data analysis.

4.7. Data Screening and Examination

Data should be examined and descriptive statistics for checking the normality of the measurement reported prior to any data analysis in order for the researcher to become familiar with the data set and relationships between variables under investigation (Malhotra, 2003). To this end, each variable within the data file was checked for out-of-range values and, where appropriate, that measures of dispersion were plausible and that values used to code discrete variables were within range (Norusis, 1993). The procedures involve data cleaning, missing data, and normality examination.

4.7.1. Data Cleaning and Treatment of Missing Value

Prior to more complex analysis of data, the data set was screened. The 1106 responses from the self-administered questionnaire were checked for outliers and missing data. Firstly, the data was checked for incorrect data entry. Corrections were made where necessary, and the dataset was again checked for accuracy.

The second step of the data cleaning process is to check for outliers. Outliers are observations with extreme values on single or combined variables that are noticeably different from other observations (Barnett & Lewis, 1984). They are different from the majority of the sample, which means they may be indicative of characteristics of the population that would not be discovered in the normal course of analysis. However, they may unduly influence the outcome of any examination method (Hair et al., 1998). Therefore, it is necessary to examine the data for the presence of outliers to ascertain their influence. By running the explore analysis on each variable, extreme values were identified and examined. Two types of outliers were encountered.

The first type of outlier was due to mistakes in the data entry process. In this case, the data entries were physically checked against the relevant questionnaires and corrected accordingly. The second type of outliers had the outlying values. Tabachnick and Fidell (2001) suggested that it is important to check that the outlier's score is genuine, not just an error. The score was checked back with the questionnaire to see if it was within the range of possible scores for that variable. Fifty-four cases with extreme values were found and therefore removed from the data file with 1,052 cases remaining for further missing data examination.

As in common with many surveys, respondents may fail to respond to individual items on the questionnaire (Burns & Bush, 2002). Failures to respond may be of particular importance if it occurs at a rate in excess of 10% for any single item (Malhotra, 2003). Therefore, an analysis was undertaken to determine the extent to which missing values existed for individual items on completed questionnaires. One hundred and three cases were discarded, as they had missing values in excess of 10% on Likert scale measurement variables. Finally, nine hundred and forty nine respondents (chains=489; independents=460) were retained and analysed.

4.7.2. Normality Examination

Next, the data were checked for normality of the distribution of scores. Tabachnick and Fidell (2001, p. 73) indicated that screening continuous variables for normality is an important early step in multivariate analysis, particularly when inference is a goal. Although normality of the variables is not always required for analysis, the solution is usually quite bite better if the variables are all normality distributed (Tabachnick & Fidell, 2001, p. 73). McDonald and Ho (2002) maintained that much social and behavioural science data are abnormal. Several studies of robustness of the multivariate normality assumption e.g., (Amemiya & Anderson, 1990) found that the parameter estimates remain valid even when the data are nonnormal. In addition, as noted by Norusis (1993, p. 93), 'It is almost impossible to find data that are exactly normally distributed' and 'it is important to remember that whatever the sample size, almost any goodness of fit test will result in rejection of the null hypothesis of normality. For most statistical tests, it is sufficient that the data are approximately normally distributed'.

Skewness and Kurtosis are the two components used to assess normality of variables. According to Hair et al. (1998) and Tabachnick and Fidell (2001), a distribution is considered normal if the values of skewness and Kurtosis are within the range between -1.00 and +1.00. Appendix 4 demonstrates the descriptive statistics of the total sample listing the mean, standard deviation, skewness, and kurtosis values for each of the interval data items. Although the values of skewness and Kurtosis in few items are over the range (see Appendix 4), Tabachnick and Fidell (2001, p. 74) noted that in large samples a variable with significant skewness or kurtosis often does not deviate enough from normality to make a realistic difference to the analysis. In other words, with large sample, the significance level of skewness is not as important as its actual size (worse the farther from zero). In addition, in a large sample the impact of departure from zero kurtosis also diminishes. For example, underestimates of variance associated with positive kurtosis disappear with samples of 100 or more cases while with negative kurtosis, underestimation of variance with negative kurtosis disappears with samples of 200 or more (Tabachnick & Fidell, 2001). Consistent with this, the sample size of the survey of this study (N=949) meets the guideline noted above by

117

Tabachnick and Fidell (2001). Therefore, the variables used in this study were considered as normally distributed.

4.8. Methods of Analysis

The Statistical Package for the Social Science (SPSS) was used for data analysis. The study used methods of analysis such as descriptive analysis of cross-tabulation with Chi-square, t-test, principal components analysis, multiple regression analysis, and ANOVA.

4.8.1. Cross-Tabulation with Chi-Square Test

Cross-tabulation with Chi-square test was used to understand whether customers' preference of types of coffee outlets differed in terms of respondents' demographics. Malhotra (2003, p. 439) noted that cross-tabulation is widely used in commercial marketing research, because: (1) cross-tabulation analysis and results can be easily interpreted and understood; (2) the clarity of interpretation provides a stronger link between research results and managerial action; (3) a series of cross-tabulations may provide greater insights into a complex phenomenon than a single multivariate analysis; (4) cross-tabulation may alleviate the problem of sparse cells, which could be serious in discrete multivariate analysis; and (5) cross-tabulation analysis is simple to conduct (Kamakura & Wedel, 1997; Kivetz & Simonson, 2002).

The multi-dimensional Chi-square test can be thought of in two ways: as a test of association or as a test of differences between independent groups. The Chi-square technique relies upon a comparison of observed frequencies (in each category) to determine if two categorical variables are related. It compares the frequency of cases found in the various categories of one variable across different categories of another variable. Chi-square is a statistic which increases in size as the difference being measured increases and vice versa. It measures the difference between what is observed and what might be expected under the null hypothesis (Malhotra, 2003).

A Chi-square test is applied in each instance to assess the statistical significance of the relevant associations. To be significant the significant value needs to be 0.05 or smaller. If the obtained Chi-square value is below the 95% level of significance, the

118

null hypothesis is considered to be rejected. In rejecting the hypothesis it is then accepted that there is some association between the two variables and that they are not independent. Thus, applying cross-tabulations analysis helps this study to understand how variables such as respondents' demographics affect their preference in choosing coffee outlets.

4.8.2. T-Test

T-test is a statistical tool used to compare the mean score on continuous variables for two different groups (Pallant, 2001). T-test therefore is applied to test whether there are statistically significant differences in variables (determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty) between customers of the chain and independent samples.

To undertake this comparison, a test of the normality of the distribution in means is necessarily undertaken. Since all two samples studied are large in size, it is likely from the outset that the distribution would be normal in shape (Tabachnick & Fidell, 2001). This allows a T-test to be undertaken to test the differences between two samples at a 95% level of significance ($p \leq 0.05$).

To assess the assumption that the variances of the two groups are equal, a Levene test is also undertaken. If this F test is not significant ($p \geq 0.05$), the assumption is not violated, and equal variances between the two groups can be assumed. If Levene's F is statistically significant, then the variances are significantly different and the assumption of equal variances cannot be assumed. For each analysis, the appropriate means test (variances equal or not equal) is used.

4.8.3. Principal Components Analysis

Principal components analysis (PCA) is a technique for maximally summarising the information contained in a number of variables of a dataset into a smaller set of linear combinations (Pallant, 2001). In the present research, PCA was performed to identify the likely number of factors. Multiple regression analyses were then used to test the hypotheses of the conceptual model developed in Chapter 3. This model proposed

antecedent, mediating and outcome constructs that were considered important to understanding the impact of determinant attributes of service quality and relational benefits on perceived value and their relationships with relationship quality and customer loyalty. The PCA and regression techniques used in scale creation and model testing are now discussed with reference to their appropriateness for the present study.

Principal components analysis was used to determine, in a concise and interpretable form, the underlying influences on the set of observed variables (Hair et al., 1995). Information about the nature of these variables was gained and quantified by examining the extent to which each observed variable was associated with an underlying dimension or factor (Tabachnick & Fidell, 2001). The factors thus described the data through a reduced number of concepts that replaced the original set of variables and were used for further statistical analysis (Hair et al., 1995).

The purpose of using PCA in this study was to: (1) identify structure in aspects of the relationship between variables; (2) determine how many factors are needed to represent the data adequately; (3) make the factor structure more interpretable; and (4) determine the extent to which the variables may be explained on the basis of a set of dimensions.

PCA is conducted to underlying key dimensions of determinant attributes of service quality, relational benefits, perceived value, and relationship quality. Multiple regression analysis is then used to test the expected relationships between the factors, and sub-factors and the construct of the model of customer loyalty behaviour. The literature has revealed two essential assumptions underlying factor analysis: the importance of a sufficiently large sample size and the appropriate factorability of the data. Although the solution of factor analysis is enhanced if variables are normally distributed, the assumption of normality is not critical. Normality is only necessary if a statistical test is to be applied to the significance of the factors (Hair et al., 1995). It is essential that the sample should be sufficiently large to enable factor analysis to be undertaken reliably (Kline, 1994). However, there is no consensus on what the sample size should be. Kline (1994) proposes a minimum 2:1 ratio of subjects to variables (items) and total subjects of 100. Tinsley and Tinsley (1987) suggested a ratio of

about 5 to 10 subjects per item, up to about 300 subjects. They suggest that when the sample is as large as 300, the ratio can be related. The sample used for this study, with 489 from chains and 460 from independents, has 949 respondents and 70 items (Likert scale), with a ratio 15.82:1 of subjects per item. Since the ratios are greater than the required thresholds it is legitimate to apply factor analysis to the study.

PCA is based on correlations between variables. If the correlations are small, the data are inappropriate for factor analysis. To test the factorability of variables, three kinds of tests are frequently used (Norusis, 1993) as listed below.

1. Barlett's test of sphericity: testing if the correlation matrix of data is an identity matrix. If Barlett's test rejects the hypothesis that the correlation matrix is an identity matrix, then factorability is assumed, that is, there exist significant correlations among the variables (items) for principal components analysis.

2. The Kaiser-Meyer-Olkin (KMO) measure for sampling adequacy: comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. If the KMO measure is greater than 0.6, then the factorability is assumed.

3. Measures of sampling adequacy (MSA) for each individual variable: the MSA has the same meaning as the KMO but is measured for each individual variable instead of the whole matrix. Variables with a MSA measure below the acceptable level of 0.5 should be excluded from factor analysis.

Principal components analysis (PCA) is conducted in this study with the software SPSS (version 11.0) to extract key dimensions of the constructs. There are as many components as variables but only the largest are extracted. The first principal components account for the most variance and the components are ordered by size as they are extracted. For the initial factor extraction and for determining the number of factors, the study uses the criterion 'eigenvalue greater than 1'. The eigenvalue of each component indicates how much variance is accounted for in the correlation matrix, and is thereby a measure of relative importance for each principal component.

Factors retained that exceed an eigenvalue of one are known to be more readily interpretable than factors with eigenvalues less then or equal to one (Turner, 1991). The rationale for the eigenvalue being greater than 1 is that any individual factor should account for the variance of at least a single variable if it is to be retained for interpretation purposes. It is also a requirement that more than one variable loads significantly on any factors. If this is not the case, it is not possible to define the dimension adequately.

The scree test can also be used after the initial factor extraction to select the correct number of factors for factor rotation (Cattell, 1978). According to Kline (1994), in large matrices, the 'eigenvalue greater than 1' criterion greatly overestimates the number of factors and may split a major factor into several trivial factors. Many authors such as Kline (1994) and Norusis (1993) propose that Cattell's (1978) scree test is a good solution to select the correct number of factors (occurring where the line suddenly changes slope, where a distinct break occurs between the steep slope of the large factors and the gradual trailing off of the rest of the factors). If the slope change begins at the *kth* factor, then *k* is true number of factors. According to Kline (1994), the scree test must be performed on PCA. Therefore this study also uses the scree test to identify an appropriate number of factors to be retained by using the cut-off points (sudden change of the slope). In addition, the cumulative percentages of the variance extracted by factors can also be used to decide the significance of the derived factors. Therefore, multiple decision criteria will be used in this study to determine the number of factors to be retained.

It is usual that an initial solution of factor analysis does not make it clear which variables belong to which factors (Kline, 1994). Factor rotation is used to simplify the factor structures and to make them more interpretable. In an orthogonal rotation, rotated factors are uncorrelated, but in oblique rotation, rotated factors may be correlated to each other. The selection of method depends on which rotation results in a simpler, more interpretable resolution (Gorsuch, 1983).

There is no rule for judging the significance of factor loadings (the correlations of the variables with the factors). If the loadings are 0.5 or greater, they are considered practically significant (Hair et al., 1998). However, the accepted loadings can be

reduced with a large sample size and the number of variables analysed (Hair et al., 1998). In this study, a factor loading of 0.5 as an indication of reliability for basic research as suggested by Nunnally (1978) and as practically significant (Hair et al., 1998) will be applied. A Cronbach's standardized alpha test was conducted to assess reliability of the scale items. After the dimensions of each construct were identified from factor analysis, multivariate analysis of variance could then be used for further analysis. Multiple regression analysis was used to test the hypothesised relationship among dimensions (constructs) and ANOVA was conducted to assess the difference on predictive dimensions (constructs) among customers' preference for types of coffee outlets.

4.8.4. Multiple Regression Analysis

The data were analysed using multiple regression modelling to test a hypothetical path model based on theoretical considerations, where the researcher made clear the predictors of the proposed model with SPSS (version 11.0). Regression and Structural Equation Modelling (SEM) can be used to show that the correlations found in the data are in accordance with the causation predicted by an established theory-base (Bollen, 1989). However, Gefen, Straub, and Boudreau (2000, pp. 40-42) provide guidelines regarding when to use regression in preference to SEM. They indicated that SEM encounters corroborating causation because of the complexity of the structural models it supports and the large number of alternative, but statistically equivalent, models that can be supported by the same data. For example, reversing the direction of any causation path or replacing it with a correlation path will produce an equivalent model with the same fit indices (Stelzl, 1986). Another concern in inferring a cause-effect related issue in SEM is specification errors, i.e., not specifying an important construct in the model (Bagozzi & Baumgartner, 1997) as the main aim of this study is to identify the significant role of perceived value in the research model. This bias of not specifying an important construct in the model can result in an incorrect interpretation of the results (Hair, et al., 1998). Another major concern when using SEM is inherent assumptions, such as the data distribution assumption. SEM has no tools to identify, let alone handle, the violations of the major distribution assumption, unlike regression that can deal with multicollinearity, outliers, and heteroscedasticity (Hair et al., 1998).

On the other hand, the bivariate analysis was an essential starting point to test the statistical significance of the study's hypotheses about the relationship. However, there was definite conceptual and practical merit in improvement toward testing more complex theories. Several variables might show independent significant effects in bivariate analyses, but if all these variates are simultaneously entered in a regression equation, one or more may be so salient as to dominate the others (Hair et al., 1998). Gefen, Straub, and Boudreau (2000) also indicated that SEM techniques are used frequently for supporting confirmatory research while this study is exploratory research in identifying the role of perceived value mainly with variables such determinant attributes of service quality, relational benefit, and relationship quality which have not yet been tested before. From the standpoint of theory and research development, a multivariate model is likely to yield greater payoffs. Taking these into consideration, the study's hypotheses were furthered tested using a multiple regression analysis.

Multiple regression is a technique for finding an adequate and appropriate model consisting of a set or subset of measured independent variables that estimates the true, unknown regression function for the dependent variable (Malhotra, 1996). Hair et al. (1995) defined multiple regression analysis as a statistical technique that is used to analyse the relationship between a single dependent variable and several independent variables. They further suggested that the aim of multiple regression analysis is to use the independent variables whose values are known to predict the value for the single dependent variable. Malhotra (1996), for example, suggested that the multiple regression technique is the most commonly applied statistical technique for relating a set of two or more variables in social science research.

In this study, multiple regression analysis was used to investigate the effect of the significant predictor variables (determinant attributes of service quality and relational benefits) on the perceived value to influence relationship quality, which in turn, leads to customer loyalty. The multiple regression analysis estimates an equation to predict the magnitude of the dependent variable, given the values of the independent variables (Zikmund, 2003). Moreover, Cohen and Cohen (1983, p. 7) suggested that 'the greatest virtue of the MRC [Multiple Regression/Correlation] system is its capacity to mirror, with high fidelity, the complexity of the relationships that characterize the

behavioural sciences'. The complexity of the relationships relates to several issues including the existence of several causal factors, the effect of the relationships among these factors, the incorporation of both quantitative and qualitative information, the shape of the relationship between variables and the conditionality of relationships (Cohen & Cohen, 1983). These issues are of potential importance to this thesis as the existing literature indicates that statistical analysis of relationships with respect to the role of perceived value, impacted by determinant attributes of service quality and relational benefits, affect relationship quality leading to customer loyalty, are relatively unexamined (Cronin, Brady, & Hult, 2000; Eggert & Ulaga, 2002; Hennig-Thurau, Gwinner, & Gremler, 2002; Spiteri & Dion, 2004). Therefore, multiple regression analysis is deemed appropriate in testing the hypotheses in this study.

Baron and Kenney's (1986) three-step procedure of multiple regression analysis is employed to test the hypotheses and also assess the role of perceived value dimensions in the customer loyalty model. The mediation effect also occurs when:

1. The independent variables should be significantly related to the mediating variables (Regression I).

2. The independent variables should be related to the dependent variables (Regression II).

3. The mediating variables should be related to the dependent variables with the independent variables included in the equation (Regression III). When the analysis incorporates the mediating variables as a covariate, the effect of the independent variable on the respective dependent variable should either be reduced to a non-significant level (for complete mediation) or decrease in size (for partial mediation) when the effect of the mediating variable is significant. That is, the variance explained previously by the independent variable should now be explainable by the mediating variable as well, implying that the independent variable exerts influence on the dependent variable indirectly through the mediating variable (Baron & Kenny, 1986; Liden, Wayne, & Sparrowe, 2000).

The predictive power of the regression in explaining the variation of the dependent variables was indicated by the multiple regression coefficient of determination 'R^2' of the estimated regression. The R^2 coefficients range from '0', indicating no relationship between the dependent variable and the considered predictor variables, to '1' suggesting a perfect relationship. The significance of 'R' square can be tested through the 'F' statistics and its associated probability. The 'F' statistics is a test of the null hypothesis that there is no linear relationship between the dependent and independent variables, that is 'R' square equals 0.0 (Norusis, 1993). The null hypothesis can be rejected if the 'F' statistics is high and the level of significance is close to zero. This rejection of the null hypothesis suggests the acceptance of an alternative hypothesis that there is a linear relationship between the dependent variable and the significant predictor variables.

Assessment of Multiple Regression Assumptions

The assessment of the normality of variables was very important in this study as the basis for modelling purposes. This is because the major hypotheses of this study were tested using a multiple regression analysis which requires a normal distribution of variables for a good statistical model specification enabling classical tests of significance. As suggested by Tabachnick and Fidell (2001, pp. 119-121), a prediction equation is enhanced if independent variables are normally distributed, primarily because linearity between the independent variables and the dependent variable is enhanced. In contrast, failure to meet the normality assumption of a regression could lead to invalidity of the results of the regression due to a mis-specified model.

To ensure the fit of the model, the estimated multiple linear regression of the relationship between the dependent variable and the significant predictor variables determines whether it meets the classical multiple regression assumption, as follows below.

1. No explanatory variable exhibits a highly linear relation to one (collinearity) or more (multicollinearity) explanatory variables within an equation. Multicollinearity may have harmful effects on multiple regression in the calculation and interpretation of results through the

incorrect estimation and instability of regression coefficients and coefficients with the incorrect sign (Hair et al., 1998; Tabachnick & Fidell, 2001). The existence of collinearity and multicollinearity was identified using the following two approaches.

A. The pairwise degree of linear association between the predictor variables using a matrix of Pearson product moment correlation technique. As a rule of thumb, a correlation of 0.3 is relatively low and a correlation in excess of 0.7 or more is high and then multicollinearity is considered to be a serious problem (Pallant, 2001).

B. Examining either the tolerance value or the variance inflation factor (Pallant, 2001). The tolerance value is the reciprocal of the variance inflation factor. It presents the amount of variability in one explanatory variable not explained by the other explanatory variables (Hair et al., 1998). The value of tolerance ranges between 0 and 1. A very small tolerance level (close to zero) indicates high multicollinearity, as the variables are almost a linear combination of the other explanatory variables. As suggested by Hair et al., (1998), a common minimum tolerance value threshold is 0.10.

2. The regression residuals are normally distributed, linear and homoscedastic. These assumptions were assessed by examining the shape and concentration of a scatterplot of the residuals on the predicted value of regression (Tabachnick & Fidell, 2001). The guideline used to indicate that the shape and concentration of the residuals meet the degree to which each assumption is satisfied (Hair et al., 1998; Pallant, 2001; Tabachnick & Fidell, 2001) are as follows.

A. The assumption of normality is that the residuals are normally distributed about the predicted dependent variable values. This is indicated by a concentration of residuals in the centre of the plot for each value of the predicted score, with residuals trailing off from the centre symmetrically with decreasing concentration.

127

B. The assumption of linearity is indicated by an overall shape of the scatterplot which is rectangular, rather curved or U-shaped.

C. The assumption of homoscedasticity is that the variance of the residuals is approximately equal for all predicted values of the dependent variables. This is indicated by a band of residual values that is approximately equal in width for all predicted values of the dependent variable as opposed to increasing or decreasing as a function of the dependent variable values (Hair et al., 1998; Pallant, 2001; Tabachnick & Fidell, 2001).

The results and also the assessment of the multiple linear regression analysis of the relationship between the independent variable and the dependent variables are presented in Section 6.3 of Chapter Six.

4.8.5. ANOVA

In order to assess whether perceived value shows significant difference in predicting customers' preference of chain or independent coffee outlets, analysis of variance (ANOVA) was utilized. In other words, ANOVA was used to test for differences in perceptions among groups of customers preferring chain coffee outlets as opposed to those preferring independent coffee outlets and those indicating they were unsure. Levene's test for homogeneity of variances tests whether the variance in scores is the same for each of the groups. If the significant value for Levene's test is greater than 0.05, then the assumption of homogeneity of variance is not violated (Pallant, 2001). Significant F-values at 0.5 level of alpha or less are evidence of mean differences among preferences groups for chain outlets, independent outlets, and unsure. An F ratio is calculated which represents the variance between the groups, divided by the variance within the groups. A large F ratio indicates that there is more variability between the groups, than there is within each group. A significant F test indicates that the null hypothesis which states that the population means are equal, can be rejected (Pallant, 2001). After obtaining a significant F test, a post-hoc Turkey test was conducted to identify which of the groups differ. Post-hoc tests are designed to help

128

protect against the likelihood of a Type 1 error. Pallent (2001) noted that this approach is stricter, making it more difficult to obtain statistically significant differences unless the study has clear conceptual grounds for only wishing to compare specific groups, then it may be more appropriate to use post-hoc analysis. The post-hoc analysis was applied to this thesis aiming to identify customers' preference types of coffee outlets based on perceived value.

4.9. Establishing the Reliability and Validity of the Quantitative Study

When undertaking any form of research it is very important to ensure the reliability and validity of research findings. This can be achieved by both emphasising the adequacy of the research design and the quality of the measurement procedures employed (Neuman, 2003).

4.9.1. Reliability

Most measurement procedures are subject to error (John & Benet Martinez, 2000), and one criterion for estimating error is through a measure of reliability. Reliability basically means consistency or stability of a measure or method, so that the numerical results do not change because of characteristics of the measurement process or measurement instrument (Neuman, 2003). Reliability and error are related reciprocally, so that the larger the reliability, the smaller the error (Punch, 2005).

Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made (Malhotra, 1996). More specifically, Churchill (1979) indicates that: "a measure is reliable to the extent that independent but comparable measures of the same traits or construct of a given object agree" (p. 65). The purpose of the reliability assessment is to check the validity and to improve the quality of the measure. Unreliable measures lead to decreased correlation between measures. If no significant relationship exists between constructs, it is impossible to know whether the result is true or due to the unreliability of the measure (Peter, 1979).

Most single-item measures have a uniqueness or specificity that demonstrates a low correlation within a construct, and little relation to other constructs. Many constructs are too complex to be measured effectively with a single-item scale. In the present study, multi-item measures were used to overcome the weakness of single-item

measures, indeed multi-item scales are required to achieve both reliable and valid measures (Peter, 1979). The use of a multi-item measurement scale can average out the specificity during aggregation of the item score. It allows for greater distinctions to be made between groups, compared to a single-item measure used to categorise items into a relatively small number of groups. In comparison with multi-item measurement, single items have high measurement error and lower reliability because the measure is unlikely to be checked in sequential use of the measurement items (Churchill, 1979). Finn and Kayande (1997) also suggest that it is best to use multi-item measures because they exhibit high reliability and validity resulting in a higher standard of research. The multi-item measurement scale for tapping into a construct is one suggested way of improving reliability and decreasing error (Peter, 1979).

One of the most popular forms of measuring internal consistency, and the one used in the present study, is the statistical measure, Cronbach's co-efficient alpha. An α coefficient of 0.5 is considered the minimum value for accepting reliability and internal consistency of a factor (Hair et al., 1995; Nunnally, 1978). This technique requires only one administration of the instrument to provide an estimation of internal consistency and reliability (Pallant, 2001). Coefficient alpha or Cronbach alpha (Cronbach, 1951) is the most common method accepted by researchers in assessing the reliability of multi-item measures (Anderson & Weitz, 1989). It is a measure of the internal consistency of a set of items, and is considered "absolutely the first measure," one should use to assess the reliability of a measure scale (Churchill, 1979). A low coefficient alpha indicates that the sample of items does not capture the construct and is not shared in the common core of the construct. Such items should be eliminated in order to increase the alpha. In the case of the present study, alpha is calculated for the major constructs of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty. All coefficient alphas are at an acceptable level, and range between 0.859 and 0.899. All items were measured on a five-point Likert scale. The results are presented in Table 4.3.

Table 4.3 The Cronbach Alphas of the Constructs

Constructs	Measures	Alphas
Determinant Attributes of Service Quality	Coffee taste – flavour Coffee freshness Coffee smoothness Coffee temperature Coffee aroma Coffee art – visual appearance Wide choice of coffee products Variety of beverage types other than coffee Variety of food and desserts Loyalty program Food quality Attractive décor, ambience of outlet Furnishings in outlet Choice of air-conditioning or al fresco Accuracy in fulfilling orders Attentive employees Availability of browsing materials Friendly employees Speed of service Cleanliness of coffee shop Hours of operation Music Noise level Choice porcelain cup or paper cup Appearance of employee	0.87
Relational Benefits	I have confidence the service will be performed well I know what to expect when I go in I get high level of service from employee(s) I am recognized by employee(s) I am familiar with the employee(s) who perform(s) the service I have developed a good friendship with the employee(s) This coffee outlet offers discount to regular customers This coffee outlet offers better service to regular customers This coffee outlet makes greater efforts for regular customers	0.86
Perceived Value	Makes me feel delighted Gives me pleasure Has a good reputation Is well thought of Helps me make a good impression on other people Improves the way I am perceived Is appealing Is stylish Provides a good quality service at a reasonable price Offers good value for money Is convenient for me Is easy to locate Is outstanding Is consistent	0.90

Source: Author's data analysis 2005.

Table 4.3 The Cronbach Alphas of the Constructs (Continued)

Constructs	Measures	Alphas
Relationship Quality	I feel emotionally attached to this coffee outlet I continue to deal with this coffee outlet because I genuinely enjoy my relationship with it I am satisfied with the coffee I am satisfied with the food I am satisfied with the service I am satisfied with the environment Overall, I am satisfied with this coffee outlet	0.83
Customer Loyalty	I will say positive things about this coffee outlet to other people I will recommend this coffee outlet to someone who seeks my advice I will consider this coffee outlet my first choice to buy coffee service I really care about the success of this coffee outlet I will be a loyal customer of this coffee outlet	0.88

Source: Author's data analysis 2005.

4.9.2. Validity

The validity of a scale is defined as "the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measured, rather than systematic or random error" (Malhotra, 1996). There are three main types of validity: content validity, criterion validity and construct validity. Criterion validity can be classified into predictive and concurrent validity. Construct validity can be further categorised into nomological validity, convergent and discriminate validity. Each of these types is used in assessing the validity of the items in measuring the constructs.

Content Validity. Content validity is a subjective but systematic assessment of the content to which a scale measures a construct (Malhotra, 1996). The scale development should produce a measure, which is content valid and reliable (Churchill, 1979). This will include specifying the domain of the construct, generating items from this domain, and resulting purification of the scale. Due to its subjective nature, content validity is not however a sufficient measure of a scale. Often it is the first check for validity of a measure and a precursor to construct validity. The present study endorses the use of several procedures in ensuring content validity. These include an examination of the extant literature to identify conceptual dimensions, consultation with a panel of experts such as academic faculties and coffee outlet operators to assess and test items for performance, and the pre-testing of survey

instruments (see Section 4.3). Consideration was given to these recommendations during the quantitative stage of this research.

Construct Validity. Measuring validity means the extent to which an instrument measures what it is claimed to measure, and an indicator is valid to the extent that it empirically represents the theoretical concept it is supposed to measure (Punch, 2005). The better the fit between the conceptual and operational definitions, the greater the measurement validity (Neuman, 2003). Construct validity lies at the very heart of construct development and involves consideration of theoretical questions about why the scale works and what deductions can be made on the basis of theory (Malhotra, 2003).

Construct validity is classified into nomological, convergent and discriminant validity. Nomological validity assesses whether the construct correlates in theoretically predicted ways with measures of different but related constructs (Malhotra, 2003). Nomological validity is indicated if items expected to load together in a factor analysis, actually do so (Carman, 1990). In other words, the construct validity assesses whether to confirm or deny the hypotheses predicted from the theory based on the constructs (Churchill, 1999).

The objective of construct validity is to demonstrate the validity of the key constructs of the research. This study uses a technique which correlates individual items within an instrument to the aggregate score of the instrument to assess construct validity of the used instruments (Runkel & McGrath, 1972). This technique assumes that the total score is valid. An item within the instrument is valid to the extent that it measures the same thing as the total score does (Nunnally, 1978). It simply takes each item to be an alternative operational definition of the concept in question and asks about the extent to which they result in concordant measurements. This method of assessing validity is similar to the notion of internal consistency applied in the assessment of reliability. Here internal consistency is being viewed as concordance or convergence of different measures of the 'same thing' (Runkel & McGrath, 1972).

Table 4.4 present a summary of the statistical correlations between the total score of the instruments and each item of the instruments, which were performed by using the

Pearson product moment correlation technique. The results indicated that each item of the respective instruments was highly significantly positively correlated to the total score at a probability level of 0.001, suggesting that each of the items is in concordance with the overall item of its respective instrument. The results suggest that the construct of the five instruments used and developed in this study met the criteria of the measurement validity.

Table 4.4 Pearson Correlations between the Total Score of the Instruments and the Score of Each of the Items within the Instruments

Instrument and Its Items	Correlations between the total score of the instrument and the item score within the instrument	
	Coefficient	Sig.
Determinant Attributes of Service Quality:		
Coffee taste – flavour	.452	.000
Coffee freshness	.516	.000
Coffee smoothness	.546	.000
Coffee temperature	.515	.000
Coffee aroma	.548	.000
Coffee art – visual appearance	.506	.000
Wide choice of coffee products	.482	.000
Variety of beverage types other than coffee	.455	.000
Variety of food and desserts	.531	.000
Loyalty program	.458	.000
Food quality	.569	.000
Attractive décor, ambience of outlet	.534	.000
Furnishings in outlet	.552	.000
Choice of air-conditioning or al fresco	.574	.000
Accuracy in fulfilling orders	.501	.000
Attentive employees	.519	.000
Availability of browsing materials	.486	.000
Friendly employees	.497	.000
Speed of service	.470	.000
Cleanliness of coffee shop	.529	.000
Hours of operation	.504	.000
Music	.443	.000
Noise level	.469	.000
Choice porcelain cup or paper cup	.501	.000
Appearance of employee	.473	.000

Source: Author's data analysis 2005.

Table 4.4 Pearson Correlations between the Total Score of the Instruments and the Score of Each of the Items within the Instruments (Continued)

Instrument and Its Items	Correlations between the total score of the instrument and the item score within the instrument	
	Coefficient	Sig.
Relational Benefits:		
I have confidence the service will be performed well	.437	.000
I know what to expect when I go in	.448	.000
I get high level of service from employee(s)	.558	.000
I am recognized by employee(s)	.800	.000
I am familiar with the employee(s) who perform(s) the service	.825	.000
I have developed a good friendship with the employee(s)	.818	.000
This coffee outlet offers discount to regular customers	.668	.000
This coffee outlet offers better service to regular customers	.753	.000
This coffee outlet makes greater efforts for regular customers	.779	.000
Perceived Value:		
Makes me feel delighted	.688	.000
Gives me pleasure	.724	.000
Has a good reputation	.707	.000
Is well thought of	710	.000
Helps me make a good impression on other people	.628	.000
Improves the way I am perceived	.622	.000
Is appealing	.723	.000
Is stylish	.669	.000
Provides a good quality service at a reasonable price	.653	.000
Offers good value for money	.625	.000
Is convenient for me	.577	.000
Is easy to locate	.567	.000
Is outstanding	.694	.000
Is consistent	.637	.000
Relationship Quality:		
I feel emotionally attached to this coffee outlet	.557	.000
I continue to deal with this coffee outlet because I genuinely enjoy my relationship with it	.628	.000
I am satisfied with the coffee	.695	.000
I am satisfied with the food	.605	.000
I am satisfied with the service	.697	.000
I am satisfied with the environment	.637	.000
Overall, I am satisfied with this coffee outlet	.710	.000
Customer Loyalty:		
I will say positive things about this coffee outlet to other people	.777	.000
I will recommend this coffee outlet to someone who seeks my advice	.845	.000
I will consider this coffee outlet my first choice to buy coffee service	.842	.000
I really care about the success of this coffee outlet	.790	.000
I will be a loyal customer of this coffee outlet	.851	.000

Source: Author's data analysis 2005.

On the other hand, factor and correlation analysis can further examine constructs for convergent and discriminant validity (Cavana, Delahaye & Sekaran, 2001). In this study, the factor scores for the whole sample are considered in the assessment of the convergent and discriminant validity. The results of factor analysis presented in Section 6.2 show that all the constructs demonstrate strong convergent validity as the final measures load strongly on one factor, and strong discriminant validity as they load lower on the others. Using the correlation analysis, convergent validity is also achieved because the correlation coefficients among the dimensions of each construct were significant. Discriminant validity is achieved while the correlation coefficients among the dimensions of each construct were low and not higher than 0.85 (Kline, 1994) (see Table 6.7 of Chapter 6).

4.10. Summary

This chapter justified and discussed the qualitative and quantitative methodology employed in the research of this study in order to achieve research objectives. Following the discussion justifying the qualitative study, details of the purpose of in-depth convergent interviews in identifying determinant attributes of service quality were given. The methods of convergent interview techniques chosen to ensure reliable and valid results were provided and identified. Then, an overview of the quantitative research was presented. The measurement process is described, followed by a pre-test check to assess whether or not there were misunderstandings or ambiguities of expressions. A self-administered data collection technique and a convenience sampling selection procedure were justified to collect data from customers of chain and independent coffee outlets. Following the collection of questionnaire forms, an examination of the data removing outlier and missing values was described. The data of the variables were normally distributed. The selected method of data analysis including descriptive analysis, cross-tabulation, t-test, principal components analysis, multiple regression analysis and ANOVA to achieve research aims was presented. Finally, the assessment of reliability and validity of the scales were discussed.

The next chapter provides the results and discussion of preliminary analysis including descriptive statistics of the two samples in regard to demographics, consumption behaviour, and the relationship between respondents' demographics and their preference of types of coffee outlets. The results of the t-test are presented examining

whether customers in chains and independents differ significantly with respect to their rating on each statement of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and loyalty.

CHAPTER FIVE

PRELIMINARY ANALYSIS

5.1. Introduction

This chapter focuses on the analysis of the responses of customers from chain and independent coffee outlets. Descriptive analysis of the data provided demographic characteristics of the respondents, their coffee consumption behaviours such as frequency of visiting a coffee outlet, time of visiting, companions, reasons for going, and duration of stay, and the influence of demographics on preference of coffee outlets. In addition, determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty were examined to identify the differences between the two samples. The data analysis and the results are organised in the following structure.

The chapter begins with descriptive statistics of the two groups of respondents' demographics and consumption behaviour presented in Section 5.2. The characteristics of coffee outlet customers in terms of the respondents' demographics with their preference of types of coffee outlets by cross-tabulation analysis with Chi-square tests are discussed in Section 5.3. Respondents' perceived importance in relation to coffee shop outlets' determinant attributes of service quality via mean analysis, and significant differences for respondents sampled from chain and independent coffee outlets using independent samples t-test with respect to their perception rating towards determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty are reported in Section 5.4.

5.2. Descriptive Analyses of Survey Respondents

A total of 949 valid questionnaire forms were used for the study that include 489 respondents from chain coffee outlets and 460 from independent coffee outlets. A summary of demographic characteristic and consumption behaviour of the two sample groups are outlined in Table 5.1 and Table 5.2 respectively. In addition, Chi-square tests were used to test for differences in terms of demographic characteristics and consumption behaviour.

5.2.1. Demographic of Respondents

The result found that there were no significant difference on gender [χ^2 (1, N=946) = 0.045, P > .05], age [χ^2 (3, N=946) = 2.470, P > .05], occupation [χ^2 (10, N=936) = 15.741, P > .05], and education [χ^2 (5, N=928) = 4.219, P > .05] between the two samples. However, there was significant difference on country of birth [χ^2 (5, N=947) = 15.706, P < .01] between the two groups (Table 5.1).

The demographic profile of the sample is shown in Table 5.1. The gender of the respondents overall was evenly distributed, with 52.6% female and 47.4% male. The dominant age group of the respondents was 25 to 44 years (47.5%), followed by 16-24 years (36.0%), 45 to 62 years (13.2%), and 63 years and older (3.3%).

Occupation: Students accounted for nearly 40% of the respondents. The other occupation groups of respondents on the white collar level were director/manager and professional/technical personnel representing 27.7% of the respondents and the blue collar level was represented by clerical/administration, service/sales accounts and manual/craft workers accounting for 18.6% of the respondents. Housewives, unemployed, and retired people represented only a small fraction of the respondents.

Education: In terms of level of education, almost 63.4% of the respondents had a university degree or above, followed by TAFE/college (19%), and secondary education (15.1%), whereas primary education (1.3%) made up the smallest group.

Country of Birth (COB): Of the total, 45.6% of the respondents were born in Australia, 35.2% in Asia and 11.6% in Europe. Other categories of country of birth were represented as follows: Arabic (1.8%), African (1.5%), and others (4.3%). In

addition, the significant difference on this category indicated that independent coffee outlets showed more customers born in Australia than chains, while chain coffee outlets have more customers from Asian countries than independents.

Table 5.1 Demographics Data

Demographic Characteristics	Total %	Chain No.	Chain %	Independent No.	Independent %	Sig.
Gender (n= 946)						
Male	47.4	229	47.0	219	47.7	0.832
Female	52.6	258	53.0	240	52.3	
Age (n= 946)						
16-24	36.0	186	38.3	155	33.7	0.481
25-44	47.5	225	46.3	224	48.7	
45-62	13.2	61	12.6	64	13.9	
Over 63	3.3	14	2.9	17	3.7	
Occupation (n= 936)						
Director or Manager	5.8	17	3.5	37	8.1	0.107
Professional	16.3	81	16.8	72	15.8	
Technical professionals	5.6	30	6.2	22	4.8	
Clerical/Administration	6.9	40	8.3	25	5.5	
Service and Sales personnel	9.7	42	8.7	49	10.8	
Manual or Craft worker	2.0	8	1.7	11	2.4	
Housewife	4.4	19	4.0	22	4.8	
Student	39.1	194	40.3	172	37.8	
Unemployed	4.5	20	4.2	22	4.8	
Retired	2.2	11	2.3	10	2.2	
Others	3.4	19	4.0	13	2.9	
Education (n= 928)						
Primary school	1.3	6	1.3	6	1.3	0.518
Secondary school	15.1	64	13.3	76	17.0	
TAFE, College	19.0	91	19.0	85	19.0	
Bachelor degree	39.5	188	39.2	179	40.0	
Post-graduate degree	23.9	124	25.8	98	21.9	
Others	1.2	7	1.5	4	0.9	
Country of Birth (n= 947)						
Australia	45.6	199	40.8	233	50.8	**0.008***
Asia	35.2	181	37.1	152	33.1	
Europe	11.6	61	12.5	49	10.7	
Arabic	1.8	14	2.9	3	0.7	
Africa	1.5	7	1.4	7	1.5	
Others	4.3	26	5.3	15	3.3	
Total N=949		**489**	**51.5**	**460**	**48.5**	

Note:*Significant level at P< 0.01.
Source: Author's data analysis 2005.

Overall, the majority of respondents were between 16 to 24, and 25 to 44 years of age, and were students or in some kind of business/commerce related employment. The respondents' occupation seemed to be consistent with their education background with a Bachelor degree or higher. The results clearly show that the age group of 16 to 44 years is the main customer groups visiting coffee outlets. Most respondents were Australian and Asian. Furthermore, customers born in Australia were more likely to visit independent coffee outlets than chain outlets, while customers born from Asia were more likely visit chain coffee outlets than independents.

In brief, according to ABS (2003), people who are between 15-24 years old represent 14.2% of the population and 54.0% of the Melbourne population were aged between 25 and 54 years. And, people in the labour force with a degree or higher qualification in Melbourne represented 23.6% of the Melbourne labour force. Of those with university qualifications, 74.4% held a Bachelor degree, 13.6% held a higher degree and 12.0% held a postgraduate diploma. Therefore, the sampling of this study reflects the characteristics of the Melbourne population in general (see ABS, 2003).

5.2.2. Respondents' Consumption Behaviour

The respondents' coffee consumption behaviour is shown in Table 5.2. The differences of consumption behaviour via Chi-square tests were conducted. It was found that there were no significant differences on consumption behaviour such as frequency of visiting $[\chi^2 (5, N=948) = 9.623, P > .05]$, time to visit $[\chi^2 (4, N=947) = 7.486, P > .05]$, companion $[\chi^2 (5, N=949) = 3.427, P > .05]$, common reasons $[\chi^2 (5, N=947) = 10.625, P > .05]$, and average duration of stay per visit $[\chi^2 (3, N=948) = 2.166, P > .05]$.

Frequency of Visiting: Of the total, 15.3% of the respondents visited more than once a day. Nearly 42% of the respondents visited coffee outlets twice a week or more. 22.8% of the respondents visited once a week, followed by twice a month (12.3%), once a month (4.4%), and others (3.2%).

Time to Visit: With regard to the time of visiting the coffee outlet, 32.5% of the respondents visited coffee outlets between 11:01am to 3 pm, 24.6% between 7 am to

11 am, and 21.1% between 3:01 pm to 7 pm. The smallest group of the respondents (7.0%) visited between 7:01 pm to 11 pm, whereas 14.8% of the respondents visited on weekends only.

Companion: With regard to companionship at the coffee outlet, customers visiting coffee outlets with friends, family, colleague, and clients represented 77.0% of the respondents, whereas 22.3% of the respondents visited alone.

Common Reasons: 37.1% of the respondents reported that they visited coffee outlets for relaxation, followed by 25.8% of the respondents for socialization, 21.8% for refreshments, 6.8% of for business, 6.4% for breakfast, whereas only 2.2% of the respondents visited for others reasons.

Average Duration of Stay: 35.2% of the respondents stayed for 15 to 30 minutes, followed by 30 minutes to one hour (33.6%), and less than 15 minutes (18.8%). Only 12.3% of the respondents stayed for over an hour.

The coffee drinking habit is important to Australians because it is considered a cultural fixture, serves as a relaxation and is a symbol of success in social relationships (Miltiades, 2004). The findings indicate that the majority of respondents visited coffee outlets twice a week or more (42.0%), with friends (53.5%), for relaxation (37.1%) and socialization (25.8%) at the time between 7am to 3 pm (57.1%). The average duration of stay is between 15 minutes to 1 hour (68.8%). The results imply that coffee outlet operators should focus on maintaining service standards and meeting customers' need perhaps by providing more staff during busy times especially between 7 am to 3 pm. Managers should consider comfortable seating for relaxation and socialization with friends, and further maintain a high quality of service and develop relationships with regular customers to ensure their satisfaction.

Table 5.2 Respondents' Coffee Consumption Behaviour

Demographic Characteristics	Total %	Chain No.	Chain %	Independent No.	Independent %	Sig.
Frequency of Visiting (n= 948)						
More than once a day	15.3	59	12.1	86	18.7	0.087
Twice a week or more	42.0	208	42.6	190	41.3	
Once a week	22.8	116	23.8	100	21.7	
Twice a month	12.3	64	13.1	53	11.5	
Once a month	4.4	26	5.3	16	3.5	
Others	3.2	15	3.1	15	3.3	
Time to Visit (n= 947)						
7 am ~ 11 am	24.6	113	23.2	120	26.1	0.112
11:01 am ~ 3 pm	32.5	163	33.5	145	31.5	
3:01 pm ~ 7 pm	21.1	108	22.2	92	20.0	
7:01 pm ~ 11 pm	7.0	25	5.1	41	8.9	
Weekend only	14.8	78	16.0	62	13.5	
Companion (n= 949)						
Alone	22.3	118	24.1	94	20.4	0.634
With friends	53.5	249	50.9	259	56.3	
With family	12.0	61	12.5	53	11.5	
With colleagues	8.7	44	9.0	39	8.5	
With clients	2.8	15	3.1	12	2.6	
Others	0.5	2	0.4	3	0.7	
Common Reasons (n= 947)						
Socialization	25.8	106	21.7	138	30.1	0.059
Business	6.8	35	7.2	29	6.3	
Relaxation with coffee	37.1	193	39.5	158	34.4	
For refreshments	21.8	115	23.6	91	19.8	
For breakfast	6.4	28	5.7	33	7.2	
Others	2.2	11	2.3	10	2.2	
Average Duration of Stay (n= 948)						
Less than 15 mins	18.8	99	20.3	79	17.2	0.539
15 to 30 mins	35.2	167	34.2	167	36.3	
30 mins to 1 hour	33.6	166	34.0	153	33.3	
Over 1 hour	12.3	56	11.5	61	13.3	
Preference to Chains or Independents (n= 946)						
CHAINS	34.0					
INDEPENDENTS	43.4					
UNSURE	22.6					

Source: Author's data analysis 2005.

The next section seeks to understand the relationships between respondents' demographics and their preferred types of coffee outlets via cross-tabulations analysis measured by the Chi-square test of significance.

5.3. Characteristics of Coffee Outlet Customers and Preference

Cross-tabulations analysis helps this study to understand customers' preferred types of coffee outlets in terms of demographic change for market differentiation. Demographics of the respondents and their preference were cross-tabulated. Table 5.3 indicates that demographic profiles have significant relationships with preferred types of coffee outlets.

Table 5.3 Demographics and Preferred Types of Coffee Outlets

Demographics	Chi-square (χ^2)	df	P value	Significant
Gender (n=944)	0.030	2	0.985	No
Age (n=944)	17.779	6	0.007	**
Occupation (n=934)	37.234	20	0.011	*
Education (n=926)	25.236	10	0.005	**
Country of birth (n=945)	49.443	10	0.000	**

Note: *p < 0.05; **p< 0.01.

Age and Preferred Types of Coffee Outlets

Responses for age and preference of types of coffee outlets were cross-tabulated. The Chi-square value was 17.779. The relationship between age and preference of types of coffee outlets was significant. The results found that age has a significant effect on preference of types of coffee outlets.

The results of Table 5.4 indicate that the distribution of preference on *chains* (38.1%) is slightly more than on independents (37.5%) for the age group 16-24. The findings show that the younger the customers are, the more preference the customer shows for chain coffee outlets. The findings imply that there is plenty of market potential attached to the youth market.

The finding is similar to Jim Donald (CEO)'s survey on loyalty in Starbuck customers in Seattle. According to that study, up to 86% customers planned to go back to Starbucks, with the young age group (28 or younger) showing the highest response reaching to 91% (R&I, 2005, August). The results revealed from their study and a possible explanation for the results of the current study is that customers' buying

behaviours have changed from one generation to the next (Kotler, Bowen, & Makens, 2003).

There is considerable evidence to suggest that there is a significant growth in coffee consumption among the younger age group. Consumers in each age subculture have diverse needs, which for the young include experimentation, belonging, independence, responsibility, and approval from others (Solomon, 2004). Nelson (2000) explained that new drinkers, the 18 to 24 year olds, are becoming more interested in a variety of coffee beverages. This age group shows the most growth in coffee consumption in USA. And the younger consumers prefer going out to consume their coffee, a definite trend which will play a role in coffee consumption behaviour. Similarly, there is a significant growth in younger age groups in England. Ball (2005) warned that their country now famous for its afternoon tea is under threat by the invasion of the US coffee giant Starbucks. The findings of this study reveal that young age customers prefer chain coffee outlets, and this trend is also prevalent in Australia as well as in some other countries such as the USA and the UK.

Table 5.4 Cross-tabulation between Age and Preferred Types of Coffee Outlets

Preference	Age				% within age
	16 - 24	25 - 44	45 - 62	Over 63	
Chain	38.1%	34.2%	20.8%	35.5%	33.9%
Independent	37.5%	43.8%	56.0%	51.6%	43.4%
Unsure	24.3%	21.9%	23.2%	12.9%	22.7%
Total	36.1%	47.4%	13.2%	3.3%	100.0%

Note: N=944.
Source: Author's data analysis 2005.

Gender, Age, and Preferred Types of Coffee Outlets

Although the relationship between gender and preference of types of coffee outlets was not significant, the age and preference of types of coffee outlets relationship differed markedly between each gender. Table 5.5 further shows that females at the age of 16 to 24 (41.9%) preferred chain coffee outlets. According to Widing et al. (2003), each gender may be grouped by age and the resulting groups have their own traits. These traits stay in these groups and influence their food preference, and different food preferences contribute to different customer products and services. Their notion is supported by the findings of this analysis demonstrating that female

145

customers aged 16-24 might prefer chain outlets. Thus, different gender group preferences warrant coffee outlet operators to compare their outlets with these preferences (Solomon, 2004). Independent coffee outlet operators should adjust their marketing strategies to meet female customers aged 16-24. For example, independent coffee outlets can create some coffee beverages, more comfortable seating, and a relaxing environment, provided for this target customer because younger female customers seek a leisurely and relaxed atmosphere for socialising (Scott, 2006).

Table 5.5 Cross-tabulation between Gender, Age, and Preferred Types of Coffee outlets

	Gender									
	Male				Total	Female				Total
	Age					Age				
Preference	**16 - 24**	**25 - 44**	**45 - 62**	**Over 63**		**16 - 24**	**25 - 44**	**45 - 62**	**Over 63**	
Chain	33.6%	35.0%	29.6%	42.1%	34.2%	**41.9%**	33.5%	14.3%	25.0%	33.8%
Independent	39.6%	43.4%	55.6%	42.1%	43.5%	**36.1%**	44.3%	55.7%	66.7%	43.3%
Unsure	26.8%	21.7%	14.8%	15.8%	22.3%	22.0%	22.2%	30.0%	8.3%	22.9%
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: N=946.
Source: Author's Data analysis 2005.

Occupation and Preferred Types of Coffee Outlets

Responses for occupations and preference of types of coffee outlets were cross-tabulated. The Chi-square value was 37.234. Cross-tabulation analysis revealed that the relationship between occupation and preference of types of coffee outlets was significant. Overall, most occupation groups preferred independents. Table 5.6 indicated that technical professions (44.1%) and clerical/administration (40.0%) showed a slight preference for chains. Students showed quite even preference of both types of coffee outlets, with chains (37.2%) and independents (38.5%). Overall, respondents who were in other groups preferred independents more than chains.

This analysis provides general information of customers' occupational background with their preference of types of coffee outlets. The results indicated that customers are diverse and varied. The results also showed a similar notion of an emergent coffee culture in Australia which has successfully become a leveller of social groupings as Scott's (2006, p. 64) study about Scottish café society within chain coffee outlets in the UK. The findings of this analysis clearly demonstrate that there is a fierce

competition between chain and independent coffee outlets among varied customers' occupation background, suggesting that marketers should seek to distinguish themselves by designing a marketing strategy which recognizes their strength and weakness, and enhances value perceptions in the market place.

Table 5.6 Cross-tabulation between Occupation and Preferred Types of Coffee Outlets

Preference	Occupation											% within occup.
	Dir. or Mgr.	Pro.	Tech. Pro.	Clerical /Adm.	Service and sales	Manual or craft worker	House wife	Student	Unemp.	Retired	Others	
Chain	29.6%	31.4%	44.2%	40.0%	37.4%	10.5%	17.5%	37.2%	22.0%	23.8%	28.1%	33.7%
Independent	61.1%	45.8%	40.4%	38.5%	38.5%	52.6%	45.0%	38.5%	61.0%	57.1%	50.5%	43.5%
Unsure	9.3%	22.9%	15.4%	21.5%	24.2%	36.8%	37.5%	24.3%	17.1%	19.0%	21.9%	22.8%
Total	5.8%	16.4%	5.6%	7.0%	9.7%	2.0%	4.3%	39.2%	4.4%	2.2%	3.4%	100.0%

Note: N=934.
Source: Author's Data analysis 2005.

Education and Preferred Types of Coffee Outlets

According to Nelson's (2000) coffee consumer survey conducted in the USA, the findings indicated that 64% of coffee consumers have some college education. The results of this study demonstrated that there are 82.4% of coffee consumers at college education level in Australian coffee outlets. When analysing education (Table 5.7) with preference of types of coffee outlets, the results further revealed that customers with higher education degrees showed a trend for preference of chains. This may imply that the higher qualification level the customers have, the more preference for chain they indicated.

When cross-referring the findings of age, occupation, and education groups' preference, the results of data (see tables 5.4, 5.6, and 5.7) proved the validity of the underlying demographics, given that the occupations of clerical/administration, service and sales personnel, or students with higher education are mostly taken by the young age group who prefer chains more than independents, while other categories of occupation or education background are suited to other age groups and are more in favor of independents than chains. The result may suggest overall that customers at different ages with diverse occupation and education backgrounds may expect value to be perceived from visiting chain coffee outlets that provided a laid-back ambience

with comfy lounges and armchairs for customers to perceive not only convenience but also emotional and social acceptability, and the reputation of the chain brand (Scott, 2006). The information derived from the analysis will be explained by further analysis to test the differences between chain and independent coffee outlets in terms of value perceptions and other research constructs in Section 5.4 of this study.

Table 5.7 Cross-tabulation between Education and Preferred Types of Coffee Outlets

Preference	Education						% within education
	Primary school	Secondary school	TAFE, college	Bachelor degree	Post-graduate	Others	
Chain	33.3%	23.6%	30.3%	35.0%	**41.9%**	**45.5%**	34.1%
Independent	**66.7%**	**44.3%**	**45.7%**	**44.3%**	38.7%	18.2%	43.2%
Unsure	.0%	32.1%	24.0%	20.8%	19.4%	36.4%	22.7%
Total	1.3%	15.1%	18.9%	39.5%	24.0%	1.2%	100.0%

Note: N=926.
Source: Author's Data analysis 2005.

COB and Preferred Types of Coffee Outlets

A statistically significant relationship between country of birth (COB) and preference of types of coffee outlets was found. The Chi-square value was 49.443. The results shown on Table 5.8 demonstrated that the country of birth has a significant affect on customers' preference of types of coffee outlets. Interestingly, the result revealed that respondents who were born in Asian (44.1%), Arabic (58.8%), and African (50%) countries showed a higher preference to chains, while more than 50% of the respondents born in Australia and nearly half of the respondents born in Europe preferred independents (see Table 5.8).

Australia is a multi-cultural country (ABS, 2003). It is acknowledged that Australians and Europeans prefer independents, given that these countries have a strong coffee culture (Riley, 2000, May 13). The findings revealed that other ethic groups indicate their preference for chains (see Table 5.10). As Madden and Wentz (2005) stated, chains like Starbucks have expanded quickly in Asia as well as 20 other countries including the middle east and Africa.. The trend of Asian ethnic groups in consuming gourmet coffee identified in this study is consistent with Nelson's (2000) survey revealing that there is a high penetration of consumption within ethnic groups, and with Whitehouse et al.'s (2001) report finding significant coffee consumption growth

in the Asian ethnic group. According to Nelson (2000), the highest penetration of gourmet consumption is occurring among the Asian-American ethnic groups.

Nelson (2000, p. 44) defined "gourmet coffee" as: espresso-based beverages, including cappuccino, espresso, and latte; iced-blended coffee including blended and frozen coffee drinks; and gourmet coffee; or premium whole bean or ground varieties mostly provided by chain coffee outlets. The results of the interview data (the 7th and 9th of respondents) also demonstrated that chain coffee outlets regarded 'wide choice of coffee product' (item 7) as the strength and the determinant product to attract customers (refer to Table 4.2). This may imply that Asian ethnic groups might be attracted to chain coffee outlets for the gourmet coffee. The industry must recognize that ethnic groups pose great potential for growing their business, especially in Melbourne with its many ethnic groups. The results may imply that ethnic groups (such as Asian, Arabian, and African) present opportunities for coffee outlet operators to target in Australia.

Table 5.8 Cross-tabulation between COB and Preferred Types of Coffee Outlets

Preference	Country of Birth (COB)						% within COB
	Australia	Asia	Europe	Arabic	Africa	Others	
Chain	26.0%	**44.1%**	29.4%	**58.8%**	**50.0%**	34.1%	34.0%
Independent	**52.9%**	31.8%	**47.7%**	29.4%	35.7%	31.7%	43.4%
Unsure	21.1%	24.0%	22.9%	11.8%	14.3%	34.1%	22.6%
Total	45.6%	35.2%	11.5%	1.8%	1.5%	4.3%	100.0%

Note: N=945.
Source: Author's Data analysis 2005.

In sum, customers' preferences are associated with demographic, socioeconomic, and ethic group factors. The above findings suggest that marketers should seek to distinguish themselves from others by designing a marketing strategy which recognizes their advantages/disadvantages, and by targeting customers in this market place.

The further analyses via t-test in the next section aim to identify customers' perception between two samples (chains versus independents). It is believed that understanding customers' perception from their experience in different types of coffee

outlets will provide both types of coffee outlet operators a more comprehensive view of their competitive edge in the coffee outlet industry.

5.4. Comparisons of the Five Constructs between Two Samples (Chains and Independents)

Independent samples t-tests were conducted to determine whether respondents' perception differed between the two samples of chain and independent coffee outlets with respect to the five constructs: determinant attributes of service quality, relational benefits, perceived value, relationship quality and customer loyalty.

As discussed in Section 4.7.2, the normality examination is checked and demonstrated so as to allow a t-test to be undertaken for the comparison. The next step requires assessing the assumption of the variance before conducting the t-test. To assess the assumption that the variances of the two groups are equal, a Levene test is undertaken. The F test is not significant ($p \geq 0.05$), the assumption is not violated, and equal variances between the two groups can be assumed. According to the t-test results, there were statistically significant differences between respondents from chain and independent coffee outlets on the five constructs. The following sub-section discussed details of differences of each item among the five constructs.

5.4.1. Differences in Determinant Attributes of Service Quality

Respondents' Perceived Importance in Relation To Coffee Outlets' Determinant Attributes of Service Quality

The respondents' perceptions in relation to coffee outlets' determinant attributes were measured by asking the respondents to rate the 25 determinant attributes on a five-point scale: 1= "not important at all" to 5="very important". Table 5.9 highlights the mean scores and the ranking of customers' perceived importance of these determinant attributes.

The ranking indicated the important determinant attributes to customers when choosing a coffee outlet: cleanliness of coffee shop; coffee flavour; friendly employees; speed of service; coffee freshness; coffee temperature; attentive employees; accuracy in fulfilling orders; coffee aroma; coffee smoothness; food

quality; hours of operation; attractive décor; and furnishings in the outlet as the top 14 important attributes. The means for these attributes ranged from 4.36 (cleanliness of coffee shop) to 3.11 (loyalty program), with 5 being the maximum possible score. The results found that customers considered coffee, service, and environmental related attributes provided by service provider far more important than attributes such as food and product among others. At the most fundamental level it is the core product coffee from which the customer seeks satisfaction. This is particularly evident in the consumption of coffee where the customer is not simply buying a coffee beverage, with it characteristics of taste, freshness, temperature, aroma, and smoothness, but is obtaining benefits that relate to customer service combined with the environment. The findings revealed that the order of importance of determinant attributes of service quality in choice of coffee outlet is somewhat similar with previous findings in customers' choice of fast-food or restaurant industry (see Appendix 1) and with the results generated from an in-depth interview (see Table 4.2). The results may imply that customers, in choosing a coffee outlet had higher expectations about the core product (coffee quality), service, and environment related attributes. Therefore, management and marketers should emphasize these important attributes be carried out to a high standard.

This study in identifying determinant attributes (DA) of service quality that customers consider important when choosing a coffee outlet is achieved via mean rating. The results indicated that identifying the importance of DA is crucial for coffee outlet operators to meet customers' needs in visiting coffee outlets. It is also interesting that if the difference of determinant attributes and such other variables as relational benefits, perceived value, relationship quality and customer loyalty could be identified between customers of chains and independents, then the information could provide more insights into understanding customers' consumption behaviour toward the two types of coffee outlets, in order to adopt an effective marketing strategy to target existing and potential customers.

Differences in Determinant Attributes of Service Quality

In order to analyse differences in the importance of determinant attributes of service quality between samples of chain and independent coffee outlets, firstly, ranking tables were produced showing the mean scores for determinant attributes of service

quality for both samples. Then, the t-test was applied to examine whether customers of chains and independents differ significantly with respect to their importance rating of these attributes.

It is worth noting that overall respondents of chains and independents rank the most determinant attributes of service quality in a relatively similar way when the ranking order of importance is listed separately (Table 5.9). And it is also interesting that the two groups rank the top 16 determinant attributes of service quality in a quite similar order. However, differences occurred to the less important components. A degree of similarity was evident in the ranked importance of determinant attributes. Indeed, customers' evaluations of the most determinant attributes were alike for both types of coffee outlets. Nevertheless, this study has identified a difference in the emphasis that chain and independent outlet customers put on the attributes so as to provide market trends for all practitioners in offering different products and services attributes for differentiation in this market.

The statistical analysis of the data revealed significant differences in the importance of individual items for both types of coffee outlets in Table 5.9. The means of 'wide choice of coffee product' (sig. ≤ 0.001), 'variety of food and dessert' (sig. ≤ 0.008), 'loyalty program' (sig. ≤ 0.03), and 'choice of porcelain cup or paper cup' (sig. $\leq$ 0.001) appear to be different. Compared to customers in independents, customers in chains place higher importance on the following attributes: wide choice of coffee products and loyalty program. Customers in independents rate more highly than customers in *chains* especially for the attributes: variety of food and dessert, and choice of porcelain cup or paper cup.

Table 5.9 Statistical Differences in Customers' Perceived Importance of Determinant Attributes of Service Quality between Customers of Chain and Independent Outlets

Overall Ranking	Determinant Attributes of Service Quality	Total Sample Mean	Rank	Chain or Independent	Mean	Mean Diff.	Sig. (2-tailed)
1	Cleanliness of coffee shop	4.3614	2	Chain	4.3354	-.0538	.321
			1	Independent	4.3891		
2	Coffee taste – flavour	4.3372	1	Chain	4.3661	.0595	.313
			2	Independent	4.3065		
3	Friendly employees	4.2824	3	Chain	4.2924	.0207	.696
			3	Independent	4.2717		
4	Speed of service	4.2518	4	Chain	4.2413	-.0217	.694
			4	Independent	4.2630		
5	Coffee freshness	4.2202	5	Chain	4.2413	.0435	.457
			5	Independent	4.1978		
6	Coffee temperature	4.0948	6	Chain	4.1145	.0406	.507
			7	Independent	4.0739		
7	Attentive employees	4.0664	8	Chain	4.0593	-.0146	.806
			6	Independent	4.0739		
8	Accuracy in fulfilling orders	4.0611	7	Chain	4.0654	.0089	.879
			8	Independent	4.0565		
9	Coffee aroma	4.0316	10	Chain	4.0429	.0234	.704
			9	Independent	4.0196		
10	Coffee smoothness	4.0295	9	Chain	4.0593	.0615	.310
			10	Independent	3.9978		
11	Food quality	3.8736	11	Chain	3.8180	-.1146	.112
			11	Independent	3.9326		
12	Hours of operation	3.8051	13	Chain	3.7526	-.1083	.096
			12	Independent	3.8609		
13	Attractive decor, ambience of outlet	3.7956	12	Chain	3.7546	-.0845	.183
			13	Independent	3.8391		
14	Furnishings in outlet	3.7482	14	Chain	3.7239	-.0500	.440
			14	Independent	3.7739		
15	Noise level	3.7123	15	Chain	3.7076	-.0098	.887
			15	Independent	3.7174		
16	Coffee art	3.5975	17	Chain	3.6421	.0921	.198
			17	Independent	3.5500		
17	**Wide choice of coffee products**	3.5585	16	**Chain**	**3.6748**	**.2401**	**.001****
			22	Independent	3.4348		
18	Choice of air-conditioning or al fresco	3.5437	18	Chain	3.5644	.0427	.518
			18	Independent	3.5217		
19	Appearance of employee	3.5269	19	Chain	3.4601	-.1377	.053
			16	Independent	3.5978		
20	Music	3.4489	21	Chain	3.4172	-.0654	.369
			20	Independent	3.4826		
21	Availability of browsing materials	3.4247	20	Chain	3.4581	.0689	.343
			23	Independent	3.3891		
22	**Variety of food and desserts**	3.3983	23	Chain	3.3027	**-.1973**	**.008****
			19	**Independent**	**3.5000**		
23	**Choice of porcelain cup or paper cup**	3.3656	24	Chain	3.2802	**-.1764**	**.030***
			21	**Independent**	**3.4565**		
24	Variety of beverage types other than coffee	3.3656	22	Chain	3.3763	.0219	.774
			24	Independent	3.3543		
25	**Loyalty program**	3.1117	25	**Chain**	**3.2434**	**.2716**	**.001****
			25	Independent	2.9717		

Note: Valid N=949; C=489; I=460.

Discussion and Implication of the Findings

The determinant attributes of service quality, as presented in Table 5.9, are sequenced according to the degree of importance in influencing choice of coffee outlet. Choice criteria, which is relatively important in prompting choice and exhibit a significant difference between chain and independent coffee outlets, is worthy of great note and discussion. These determinant attributes of service quality are highlighted and discussed prior to considering the less influential criteria.

The findings show that 'wide choice of coffee products', 'availability of browsing materials', and 'variety of beverage types other than coffee' were ranked higher by customers of chains, while 'appearance of employees', 'variety of food and desserts', and 'choice of porcelain cup or paper cup' were ranked more importantly by customers of independents.

'Wide choice of coffee products' is influential in the selection decision of both chain and independent coffee outlets. However, it is more important for prompting choice in chain coffee outlet customers. This illustrates that, when a customer is choosing a coffee outlet, the wide choice of coffee products provide by a chain outlet are sought to a greater extent. It is important to note that customers are more likely to be influenced by an image of offering a variety of coffee products when choosing a coffee outlet. It is likely that customers choosing a chain coffee outlet on the basis of coffee products, benefit from taking account of a professional coffee retailer. The result may imply that chains create customers' perception of specializing in coffee products. This finding further supports the interview result that 'wide choice of coffee products' is regarded as a strength and a determinant by chain coffee outlet operators as well as an opportunity to broaden ranges of coffee product to attract customers by independent coffee outlets (see Table 4.2).

'Variety of food and desserts' is reasonably important in prompting choice of independent coffee outlet, but is significantly less so in choice of chain coffee outlet. The result shows that choosing a coffee outlet on the expectation of provision of a variety of food and desserts is more important for the independent coffee outlet than for the chain coffee outlet. Obviously, such a finding could be construed as appearing contrary with previous findings, which highlighted the importance of wide choice of

coffee products in chain outlet choice. The result may imply that customers have a perception of chain coffee outlets as lacking food variety. According to Roberts, Deery, and Hede (2001), there is a trend towards a "café society" where customers want smaller meals with an increasing emphasis on coffee and snacks. Thus, the finding may suggest chain coffee outlet operators should attempt to provide more food or snacks for customers.

It is also interesting to note that the choice of porcelain cup or paper cup is somewhat important in prompting choice of independent coffee outlet, rather than chain coffee outlets. It is probable that customers may have a perception of wasting paper by using a paper cup in relation to environmental issues in a chain coffee outlet; or the coffee could be less tasty if using paper cup. This finding is also supported by interview data of an independent coffee outlet operator who suggests this attribute is important and criticizes the heavy use of paper cups by chains (see result discussion in Section 4.2.1.1).

Finally, the largest difference in importance is seen with 'loyalty program' although it was rated the least important for both chain and independent coffee outlets. The findings may indicated that a customer in the process of choosing a chain coffee outlet appears to be far more strongly influenced by the offer of a loyalty program. It is apparent that customers are far more likely to visit a chain coffee outlet for socialization, as one of the main reasons, and can probably win recognition from obtaining such benefit.

With regard to the 'variety of food and desserts' and 'choice of porcelain cup or paper cup', independent coffee outlets are considered slightly higher than chain coffee outlets. Chain coffee outlets are considered higher than independent coffee outlets in terms of 'wide choice of coffee products' and 'loyalty program'. Independents tend to obtain their competitive advantages through offering a combination of both coffee and other products while chains may concentrate on providing a wide range of coffee and incentives. This suggests that, not only are attributes ranked differently between customers for the two types of coffee outlets, but also coffee outlets with similar market positioning have customer groups with different criteria influencing where they choose to visit. Hence, coffee outlet operators should understand their target

customers seeking different attributes and provide these along with the basic but important attributes to serve their needs and wants.

Still, with the remaining choice criteria no significant differences exist between chains and independents. Although other determinant attributes of service quality have no statistically significant difference between chains and independents, respondents from chains place a higher value on most of the determinant attributes than respondents from independents, especially on all coffee quality attributes; whereas respondents consider the independents offer a better attractive ambience than the chains. One possible explanation would be that independents feature their own unique local colours in terms of environment. Customers may have a different experience as they go to different independent coffee outlets. While chains provide customers with exactly the same and standard environment, which sometimes may make them feel a little bored and dull. Additionally, it is easier for independents to alter and improve the decoration since they are running on a small scale while chains find it harder to do so because it may cost more and take longer time to complete and manage. For example, according to Thompson and Arsel's study (2004), a group of preferred independent coffee outlets believe that the local coffee shops present a more distinctive ambience and hence provide a more engaging and stimulating buzz.

Again, as this study identified, ranking for both types of coffee outlets were dominated by coffee quality, service, and environment related attributes. With those criteria having the greatest influence on customers, it is apparent that customers are making relatively simplistic decisions about which coffee outlet they visit. Coffee outlet operators face an uphill task in convincing customers that selecting a coffee outlet requires an active decision process, necessitating customer involvement and active evaluation of competing alternatives. Arguably, the findings from this study provide further evidence that coffee outlets are perceived to be similar in response concerning the top sixteen determinant attributes of service quality. With this information, operators of coffee outlet can tailor appropriate marketing strategies to cater for their customers.

In sum, the findings of perceived attribute importance do not differ much for both types of coffee outlets. This may imply that the product and service differences

between chain and independent coffee outlets are perceived homogeneously across various service domains. Alpert (1971) suggested that the importance of an attribute may not be a good predictor of restaurant choice because there may be several competing restaurants that offer equally attractive "bundles" of attributes that are regarded as equally important. It was believed that coffee outlet operators could not simply attract and maintain their customers by focusing their existing product and service attributes. This prompts the following question: will a service quality perspective better explain customer behaviour? It is then plausible to suggest that coffee outlet operators should prioritise the most important attributes, as perceived by the customers, try to increase satisfaction in these areas, and seek to differentiate their operations not only by emphasizing product and service attributes but also incorporating relationship marketing strategies to enhance customers' value perceptions. In light of the above findings and discussion, a strategic emphasis on determinant attributes of service quality alone is insufficient, and only integration of a full range of marketing activities, in the coffee outlet industry makes possible the outlets targeting market expectations.

5.4.2. Differences in Relational Benefits

In the analysis of two samples of customers from chain and independent outlets presented in Table 5.10, significant differences were revealed for five items of relational benefits: 'know what to expect when I go in' (sig. ≤ 0.011), 'recognized by employee(s)' (sig. ≤ 0.000), 'being familiar with employee(s)' (sig. ≤ 0.000), 'have developed a good friendship with employee(s)' (Sig. ≤ 0.001), and 'make great efforts for regular customers' (sig. ≤ 0.024) with an exception in response to the statements, 'have confidence the service will be performed well', 'get high level of service', 'offer discounts to regular customer', and 'offer better service to regular customers'. Customers of chain coffee outlets had a strong confidence benefit of knowing what to expect. In contrast, customers of independent coffee outlets experienced higher social and special treatment benefits. Therefore, it is concluded that the two groups differ in their attitude toward relational benefits to a statistically significant degree.

Table 5.10 Statistical Differences in Relational Benefits between Customers of Chain and Independent Outlets

	Chain or Independent	Mean	Mean Diff.	Sig. (2-tailed)
Confidence Benefit - Have Confidence the service will be performed well	Chain	3.7771	.0314	.560
	Independent	3.7457		
Confidence Benefit - Know what to expect when I go in	**Chain**	**3.8793**	**.1467**	**.011***
	Independent	3.7326		
Confidence Benefit - Get high level of service from employee(s)	Chain	3.6033	-.1163	.054
	Independent	3.7196		
Social Benefit - Recognized by employee(s)	Chain	2.9018	**-.2960**	**.000****
	Independent	**3.1978**		
Social Benefit - Being familiar with employee(s)	Chain	2.7198	**-.3976**	**.000****
	Independent	**3.1174**		
Social Benefit - Have developed a good friendship with employee(s)	Chain	2.6748	**-.2665**	**.001****
	Independent	**2.9413**		
Special Treatment Benefit - Offer discounts to regular customers	Chain	2.9468	.1229	.137
	Independent	2.8239		
Special Treatment Benefit - Offer better service to regular customers	Chain	2.9264	-.1301	.087
	Independent	3.0565		
Special Treatment Benefit - Make great efforts for regular customers	Chain	3.0000	**-.1696**	**.024***
	Independent	**3.1696**		

Notes: * indicates statistically significant at the $p \leq 0.05$ level.
　　　 ** indicates statistically significant at the $p \leq 0.01$ level.

Discussion and Implication of the Findings

According to Gwinner, Gremler, and Bitner (1998), customers with service firms experience confidence, social and special treatment benefits. These benefits are experienced above and beyond core service benefits. With respect to the classification of coffee outlets in this study, the customers of chain and independent coffee outlets differed in their relational benefits regarding five of nine benefits. The most significant differences between the two groups are evident in response to social benefits 'being familiar with employee(s)', followed by 'recognised by employee(s)', 'have developed a good relationship with employee(s)' and special treatment benefits 'make great effort for regular customers'.

Customers visiting independents rate more highly than customers visiting chains in most cases. However, customers in chains place higher value on 'know what to expect when I go in', the reasons might be that products and services provided by chains are more consistent and standardized compared to independents. By contrast, customers of independent coffee outlets showed stronger perception of social and special treatment benefits than customers of chain coffee outlets did. It should be acknowledged that the findings generally agree with Ball's (1999) findings suggesting

that independents are 'close to customer'. The findings of this study explain more details of this 'close to customer' factor in terms of social and special treatment benefits.

In addition, Schiffman et al. (2001, p. 168) noted that since the actual quality of the service can vary from day to day, from service employee to service employee, and from customer to customer, marketers try to standardise their services in order to provide consistency of service quality. The downside of service standardisation, unfortunately, may be the loss of customised services which many customers value. They further noted that in fact some Australian consumers react unfavourably to standardisation, rejecting the "Would you like fries with that?' approach to service. The notion can be applied that chain coffee outlets lack a personal touch toward customers.

Relational benefits are by and large related to an attitude. If the customers visit the coffee outlet so frequently that the employees really do know their names, the customers will feel good about the fact that the service provider recognised their names. The same is true of regular customers who have developed a good relationship with the employees. Being familiar with and recognised by name by the service providers you know is a nice touch. And, social service is more often accorded to those with recognized 'regular' status rather than used as a tactic with which to consolidate new repeat business. The results further explored the nature of these potential associations that as employees and customers become better acquainted (social benefits), the customers' receiving of special treatment benefits is increased.

The results of this study also agree with Gwinner, Gremler, and Bitner's (1998) suggestion that a service organization may be able to focus on one or more of these benefits as a means of differentiating itself from the competition. Social and special treatment benefits such as learning customer names and developing personal friendships is easily done by small, local firms such as independent coffee outlets in this case. Based on the above discussion, the findings suggest that independent coffee outlets should consider the creation of confident benefits as an important tactic in maintaining and enhancing relationships with customers. As for chain coffee outlets, they should place more stress on social and special treatment benefits through the

investment in customer database technology, as suggested by Pine (1993), for establishing, maintaining, and enhancing relationships with customers.

5.4.3. Differences in Perceived Value

The results shown in Table 5.11 revealed that there are statistically significant differences in perceived value between customers from chains and independents in the following cases: 'has a good reputation' (sig. ≤ 0.019), 'is stylish' (sig. ≤ 0.01), 'provides good service at a reasonable price' (sig. ≤ 0.000), 'offer good value for money' (sig. ≤ 0.000), and 'is convenient to me' (sig. ≤ 0.029).

Customers of chains gave a higher score than those of the independents in response to the statements, 'has a good reputation' and 'is stylish', whereas customers of independent coffee outlets rate higher value on 'provides good service at a reasonable price', 'offer good value for money', and 'is convenient to me'. The fundamental differences between the two groups can be seen from some aspects of perceived value. The values rated higher for chains are in reputational and aesthetic aspects of symbolic value. By contrast, the values scoring highly for independents are in monetary price and behavioural price aspects of functional value. However, there were no significant mean differences between the two groups in other aspects of perceived value, such as emotional, social, and quality elements.

Table 5.11 Statistical Differences in Perceived Value between Customers of Chain and Independent Outlets

	Chain or Independent	Mean	Mean Diff.	Sig. (2-tailed)
Makes me feel delighted	Chain	3.4519	.0737	.234
	Independent	3.3783		
Gives me pleasure	Chain	3.5419	.0050	.933
	Independent	3.5370		
Has a good reputation	**Chain**	**3.7996**	**.1365**	**.019***
	Independent	3.6630		
Is well thought of	Chain	3.6462	.0310	.575
	Independent	3.6152		
Helps me make a good impression on people	Chain	3.2025	-.0323	.643
	Independent	3.2348		
Improves the way I am perceived	Chain	3.0859	.0294	.683
	Independent	3.0565		
Is appealing	Chain	3.4826	.0000	1.000
	Independent	3.4826		
Is stylish	**Chain**	**3.5378**	**.1683**	**.010***
	Independent	3.3696		
Provides good service at a reasonable price	Chain	3.6094	**-.2145**	**.000****
	Independent	**3.8239**		
Offer good value for money	Chain	3.5910	**-.2481**	**.000****
	Independent	**3.8391**		
Is convenient for me	Chain	3.8978	**-.1218**	**.029***
	Independent	**4.0196**		
Is easy to locate	Chain	4.0245	-.0015	.978
	Independent	4.0261		
Is outstanding	Chain	3.7014	.0166	.758
	Independent	3.6848		
Is consistent	Chain	3.7832	-.0168	.751
	Independent	3.8000		

Notes: * indicates statistically significant at the $p \leq 0.05$ level.
** indicates statistically significant at the $p \leq 0.01$ level.

Discussion and Implication of the Findings

To create and deliver customer perceived value coffee outlet operators are adopting differentiation strategies, adding more value in an effort to increase customer patronage. It is acknowledged that customers do not always buy products to consume for their functional value but also for symbolic value perception (e.g. Mathwick, Malhotra, & Rigdon, 2001, 2002; Petrick, 2002; Rintamaki et al., 2006). Similarly, the results demonstrated that customers visit coffee outlets, not just for the traditional view of so called trade-off value/functional value (quality and monetary price) (Tsai, 2005), or utilitarian value (monetary price and behavioural price) (Rintamaki et al., 2006), but also in terms of symbolic value in association with emotional, social, reputational, and aesthetic elements of the consumption experience (Mathwick, Malhotra, & Rigdon, 2002; Petrick, 2002; Sweeney & Soutar, 2001).

The findings have enabled this study to expand existing knowledge of the value perceived by the customer visiting coffee outlets in particular, by comparing the different value perceptions of customers' consumption experience between chain and independent coffee outlets. It is important to highlight that the study has adopted the multidimensional approach beyond the value for money to perceived value. The findings demonstrated that the customers of chains and independents perceive equal social, emotional, and quality value through coffee consumption, however, reputation and aesthetic value, among other value perceptions, are the most significant value perceived by chain-visiting customers, whereas monetary price and behavioural price of economic functional value are perceived significantly by customers of independents.

The implication in this study for chain coffee outlets is that operators should provide more good service beyond core products and service attributes, specifically focused on relational benefits, based on the traditional view of perceived value, as being a comparison between "getting" and "giving" (through the price). Careful real estate planning should be well executed by chains to obtain the most convenient locations and to establish more stores accessible and convenient to customers. As for independents, marketers and operators should design café interiors and exteriors to deliver a cheerful atmosphere as well as adopting specific symbols reflected in a customers' appreciation of "aesthetic" elements intrinsic to a consumption setting that are manifest in the visual appeal of a coffee outlet experience. The results also suggest that independent coffee outlets should significantly consider brand awareness when attempting to establish a reputation from the customers' viewpoint. Additionally, increasing brand reputation through various promotional and communication strategies may be integral. Heavy and successive promotional activities through the mass media seem to vastly prevail in the competitive markets of hospitality firms. Besides TV commercials or magazine advertising, support activities, and charity involvement in social, cultural, sports, or other kinds of public events can improve a coffee outlet's reputation as suggested by Kim and Kim (2005).

In brief, in a market where it is necessary to compete by offering more value perceptions than competitors, it is important to work on the intangibles. In this sense

differentiation through value enhancement, is a line of work that both types of coffee outlet operators must undertake.

5.4.4. Differences in Relationship Quality

The results of the differences in relationship quality are reported in Table 5.12. In response to relationship quality, it was found that there are statistically significant differences between the customers of chain and independent outlets in 'satisfaction with food' (sig. ≤ 0.002), 'service' (sig. ≤ 0.001), 'environment' (sig. ≤ 0.029), and 'continued to deal with coffee outlet' (sig. ≤ 0.001). It was worth noting that customers in independents rate most variables more highly than customers in chains (Table 5.12). The results show that the customers from independents place a higher value than those from chains on the relationship quality aspect: 'satisfied with food, service and environment', and 'continue to deal with this coffee outlet because I genuinely enjoy my relationship with it'.

For three of the five variables measuring customers' satisfaction, in which the customers from independents rate higher than the customers from chains, the greater difference is reported in the case of customers' attitude toward satisfaction of independents: 'satisfied with food', followed by 'satisfied with service', and 'satisfied with environment. There is one instance of the differences between the groups, which is evident in the response to customers' affective commitment toward independents: "I continue to deal with this coffee outlet because I genuinely enjoy my relationship with it".

Table 5.12 Statistical Differences in Relationship Quality between Customers of Chains and Independents

	Chain or Independent	Mean	Mean Diff.	Sig. (2-tailed)
Satisfied with coffee	Chain	3.7239	-.1087	.055
	Independent	3.8326		
Satisfied with food	Chain	3.4315	**-.1924**	**.002****
	Independent	**3.6239**		
Satisfied with service	Chain	3.6299	**-.1875**	**.001****
	Independent	**3.8174**		
Satisfied with environment	Chain	3.6748	**-.1230**	**.029***
	Independent	**3.7978**		
Overall satisfaction	Chain	3.7832	-.0798	.145
	Independent	3.8630		
Feel emotionally attached to this coffee outlet	Chain	2.9243	-.1387	.060
	Independent	3.0630		
Continue to deal with this coffee outlet	Chain	3.1329	**-.2366**	**.001****
because I genuinely enjoy my relationship with it	**Independent**	**3.3696**		

Notes: * indicates statistically significant at the $p \leq 0.05$ level.

      ** indicates statistically significant at the $p \leq 0.01$ level.

Discussion and Implication of the Findings

Coffee quality is a major element that attracts customers to visit coffee outlets (refer to Table 5.9). Nevertheless, no significant difference in terms of satisfaction with coffee between customers of chains and independents was found. The findings may imply that customers perceived no difference of coffee quality provided by both types of coffee outlets. Thus, those independent coffee outlet operators from the interviewed sample regarding their coffee quality as a major determinant attribute attracting customers away from chains should rethink their approach to compete with chain coffee outlets (see Table 4.2).

For example, atmospherics research has produced a significant body of research describing various consumer reactions brought about by manipulating specific ambient cues. Spangenberg, Crowley, and Henderson (1996) found that manipulating the odors in a shopping environment can influence customers' purchase intentions and time spent shopping. The findings provide guidelines for managers of coffee outlets concerning the benefits of scenting the store environment with coffee aroma. The implication is that the coffee outlet operators may consider coffee aroma as a mechanism for differentiating their outlet environment and creating a more positive environment in order to increase customer's level of satisfaction in coffee drinking quality as a whole.

Customer satisfaction is defined as a summary psychological state arising from a consumption experience (Oliver, 1981, 1997). The customer's beliefs affect satisfaction which may vary from the actual attributes because of the customer's individual experiences (Kim & Kim, 2004). The findings from this analysis highlight that independent-outlet visiting customers demonstrate higher levels of satisfaction in terms of food, service, and environment than chain-outlet visiting customers. The reason could be observed and explained in that chain coffee outlets are short of providing variety of food and personal touch service for customers, based on the above results shown in Table 5.9 and 5.10. Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. It is thus vital to maintain consistency in the service standard in all coffee outlets. Hence, the obvious requirements to satisfy customers of chain coffee outlets are to enhance its individuality through personalised service, put greater emphasis on its food offering through health and freshness, and create a relaxing environment through decreasing noise level. In addition, Kazi (2005, April 29) suggested that understanding where the coffee market is going next means serving more food to complement the beverages. The above discussion, therefore, suggests that coffee outlet operators should not only emphasise coffee quality improvement but also focus on ensuring customer satisfaction with other elements such as food, service, and environment.

Clearly, affective commitment, along with satisfaction, are the core elements constituting relationship quality (Henning-Thurau, Gwinner, & Germler, 2002). Affective commitment has been defined as liking the partner, enjoying the partnership, and having a sense of belonging (Geyskens et al., 1996). In a customer context, this affective force binds the customer to the service provider out of desire (Bansal, Irving, & Taylor, 2004). In this study, another difference to be highlighted is that customers of independents show more affective commitment in continuing to deal with independent coffee outlets because they genuinely enjoy the relationship with them. The finding may suggest that customers enjoy a relationship with a service provider because of all of the positive experiences they had with him/her. Thus, chain coffee outlet operators should be aware of the threat that this affective commitment attaches customers to independents and may become the driving force behind the continuity of the relationship with independent coffee outlets.

5.4.5. Differences in Customer Loyalty

In response to the items that measure customer loyalty, there are statistically significant differences in attitudes between the two groups in: 'say positive things' (sig. ≤ 0.006); 'recommend to someone' (sig. ≤ 0.010); 'care about the success' (sig. ≤ 0.000); and 'being a loyal customer' (sig. ≤ 0.000), with an exception in response to 'being my first choice' (Table 5.13). Therefore, it is concluded that the customers in chains and independents differ in their attitudes influencing their loyalty to a statistically significant degree. Customers in independent outlets showed significantly higher means scores on four of the five items of customer loyalty than customers in chain outlets.

Table 5.13 Statistical Differences in Customer Loyalty between Customers of Chain and Independent Outlets

	Chain or Independent	Mean	Mean Diff.	Sig. (2-tailed)
Say positive things	Chain	3.6053	-.1664	.006**
	Independent	**3.7717**		
Recommend to someone	Chain	3.5706	-.1555	.010*
	Independent	**3.7261**		
Being my first choice	Chain	3.3415	-.1150	.094
	Independent	3.4565		
Care about the success	Chain	2.9611	-.3171	.000**
	Independent	**3.2783**		
Being a loyal customer	Chain	3.1186	-.3010	.000**
	Independent	**3.4196**		

Notes: * indicates statistically significant at the $p \leq 0.05$ level.
       ** indicates statistically significant at the $p \leq 0.01$ level.

Discussion and Implication of the Findings

The customers from independents rate attitude toward loyalty higher than those from chains. The highest differences in means between the groups are evident in response to the statements: 'care about the success', followed by 'being a loyal customer', 'say positive things', and 'recommend to someone'. It is worth noting that the direction of these differences is consistent with the understanding in the above comparison analyses. It goes without saying that the more positive attitude customers of independents show on social and special treatment benefits, value perceptions, satisfaction and affective commitment of relationship quality, the more positive attitude customers of independents show on loyalty, compared to customers of chains.

In summary, such customer loyalty may require the perception of a high quality service with special emphasis on the social and special treatment benefits, and on the obtaining of value throughout the relationship built on satisfaction and affective commitment.

In sum, the above findings of t-tests in comparing customers' consumption experience of chain and independent coffee outlets delineates the similarities and differences which may serve as the foundation for coffee outlet operators to improve their marketing strategies to gain competitive advantages.

5.5. Summary

This chapter first presented the data analysis involving descriptive analysis of sampling characteristic and consumption behaviour. The background study of customer characteristics helps the coffee outlet operator to understand the market they serve. Secondly, the results of cross-tabulation analyses showed that there are relationships between customer demographics and their preference of types of coffee outlets. The findings summarized in Table 5.14 show different customer profiles between chain and independent coffee outlets, which provides greater insights into a complex customer coffee consumption phenomenon in terms of customers' demographics and their preference of coffee outlets. The cross-tabulation in analyzing the effect of demographics on preference of types of coffee outlets provides more insights for coffee outlet operators in adopting proactive strategies based on demographics. The challenge for the coffee outlet operators is to get to know both current customers and potential customers to design products and services and service marketing strategies that will meet their needs and attract them to patronage frequently. The findings are considered useful to coffee outlet marketers as they provide a clear indication on how to improve marketers' service provisions in order to target customers.

Table 5.14 Summary of Cross-tabulations Analyses

| Demographics | Preference of Types of Coffee Outlets | |
	Chains	Independents
Age	16-24 (female)	45-62, 63>
Occupation	* Technical professions (technicians, nursing) *Clerical/Administration	Director or manager Professional (doctor, lawyer, teacher, etc.) Manual or craft worker Housewife Unemployed Retired *Service & sales personnel *Students
Education	Post graduate degree	Other degrees
Country of Birth	Asia, Arabic, Africa	Australia, Europe

Note: * Indicates nearly equal preference level on the other type of coffee outlet.
Source: Author's Data analysis 2005.

Thirdly, this study has identified twenty-five determinant attributes of service quality, which are deemed important to customers, through an intensive literature research and interviews with coffee outlet operators. The ranking of the importance of determinant attributes of service quality is identified by mean analysis in achieving the research aim of this study. The results suggested that customers, in choosing a coffee outlet, had higher expectations about the core product (coffee quality), service, and environment, providing marketing implications for coffee outlet operators to pay more attention to those attributes in order to meet the standards and satisfy customers' needs.

Finally, this study has also clearly investigated via the above t-tests results and identified the different perceptions of customers between chain and independent coffee outlets in perspectives of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and loyalty. These variables reflect customers' perceptions and consumption experiences of two types of coffee outlet patronage. The summary of a series of findings via t-tests presented in Table 5.15 indicated that there were noticeable differences in attributes importance, relational benefits, perceived value, relational benefits, and customer loyalty of customers'

perceptions toward the coffee outlets they visited. The results provide a comprehensive view for operators of both types of coffee outlets to review their competitive advantages and disadvantages in relation to how the customers responded to their consumption experience, helping operators to maintain quality and value in their products and service offering, and further refine and adjust their marketing strategies to meet customers' desires and needs effectively.

Table 5.15 Summary of the Independent T-tests on Five Constructs

Constructs	Chains	Independents
Determinant Attributes of Service Quality	• Wide choice of coffee products • Loyalty program	• Variety of food and desserts • Choice of porcelain cup or paper cup
Relational Benefits	**Confidence benefits** • Know what to expect when I go in	**Social benefits** • Recognized by employee(s) • Being familiar with employee(s) • Have developed a good friendship with employee(s) **Special treatment benefits** • Make great efforts for regular customers
Perceived Value	• Has a good reputation • Is stylish	• Provides good service at a reasonable price • Offer good value for money • Is convenient for me
Relationship Quality		• Satisfied with food • Satisfied with service • Satisfied with environment • Continue to deal with this coffee outlet because I genuinely enjoy my relationship with it
Customer Loyalty		• Say positive things • Recommend to someone • Care about the success • Being a loyal customer

Source: Author's Data analysis 2005.

The preliminary analysis of this chapter laid the foundation for the consequent marketing implications that a marketer's knowledge of the customer can be greatly expanded through understanding the relationships among determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty. Obtaining further information about the relationship of those five constructs could lead researchers and marketers to better understand customers' behaviour and

win their loyalty. Thus, it could be reasonably argued that it is imperative to identify the role of perceived value from the effect of determinant attributes of service quality and relational benefits to influence relationship quality, which in turn influence customer loyalty in this study. These concepts are then related to customer loyalty for coffee outlet operators to implement strategies which will ensure that the coffee outlet will receive loyalty from both existing and prospective customers. In this study, the focus of investigation is not only on the role of perceived value in the process of creating customer loyalty, but also on the recognition of the role of perceived value in predicting customers' preference of chain or independent coffee outlets. Measuring long-term relationships and customer loyalty may be a more reliable way to summarize coffee outlets' performance and predict customer preferences.

Following this chapter, the factor analysis and inferential statistical tests such as multiple regression and ANOVA will be applied to test the hypothesised relationships presented in the conceptual model (Chapter 3).

CHAPTER SIX

MULTIVARIATE ANALYSIS

FACTOR, MULTIPLE REGRESSION AND ANOVA

6.1. Introduction

The purpose of this chapter is to examine the role of perceived value in relationships with determinant attributes of service quality, relational benefits, and relationship quality; and its impact on relationship quality and customer loyalty, as well as on customers' preference of types of coffee outlets. This chapter is divided into five sections. Section 6.2 identifies the factors of research constructs such as determinant attributes of service quality, relational benefits, perceived value, and relationship quality. The factors thus described the data through a reduced number of concepts that replaced the original set of variables and were used for further statistical analysis (Hair et al., 1995). Section 6.3 assesses the results of the multiple linear regression assumptions and tests the hypothesised relationships as well as further identifies the role of perceived value in the customer loyalty model, using multiple regression analysis. Section 6.4 identifies if perceived value shows a significant difference in determining customers' preference of coffee outlet types using ANOVA. Section 6.5 concludes the chapter.

6.2. Principal Components Analysis and the Results

The Principal Components and orthogonal (Varimax) methods are used to undertake factor extraction of determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty; as well as apply the categorized factors to the subsequent multiple regression analysis.

The results of the factor analysis for each construct are all shown with: (1) factor names; (2) the retained items; (3) the factor loading; (4) the communalities; (5) the eigenvalues; (6) the variance explained by the factor solution; and (7) the Cronbach's α.

171

6.2.1. Determinant Attributes of Service Quality

The perceived importance of the 25 determinant attributes of service quality was factor-analyzed, using principal components analysis with orthogonal Varimax rotation, to identify the underlying dimensions.

The overall significance of the correlation matrix was 0.0000 with a Bartlett Test of Sphericity value of 7771.67 (df = 300), indicating that the data matrix had sufficient correlation to the factor analysis. The Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) was 0.876, which according to Hair et al. (1995) was meritorious.

From the orthogonal (Varimax) rotated factor matrix, 6 factors with 23 variables were defined that loaded strongly on them with the loading > 0.50. Table 6.1 highlights that the factor analysis produced a clean factor structure with relatively higher loadings on the appropriate factors, accounting for nearly 60% of the variance. Variables loaded heavily on one factor, but did not load heavily on others. The analysis reflected that there was minimal overlap among these factors and that all factors were independently structured. The higher loadings signalled the correlation of the variables with the factors on which they loaded. The communality of each variable was relatively high, ranging from 0.41 to 0.75, indicating that the variance of the original values was captured fairly well by the six factors. The six-factors structure resulted in a relatively more workable and meaningful number of composite dimensions, which could be more easily interpreted and used for multiple regression analysis.

A composite reliability of a construct was further calculated to measure the internal consistency of each of the six factor indicators. Table 6.1 describes the statistical results of the attributes associated with their own factors, and details their respective statistical significance. From the statistical point of view, the six factors are considered reliable and internally consistent as the α coefficients had values of between 0.50 and 0.84. The six determinant attributes of service quality factors identified by Varimax method as reliable and consistent with an eigenvalue greater than one are as follows in Table 6.1.

Table 6.1 Factor Analysis Results of Determinant Attributes of Service Quality

Determinant Attributes	Factor Loading						
	F1	F2	F3	F4	F5	F6	Com.
Factor 1: Coffee Quality							
Importance of coffee smoothness	0.80						0.69
Importance of coffee freshness	0.80						0.70
Importance of coffee taste - flavour	0.77						0.66
Importance of coffee temperature	0.71						0.55
Importance of coffee aroma	0.68						0.56
Factor 2: Service							
Friendly employees		0.75					0.60
Speed of service	ʹ	0.74					0.60
Attentive employees		0.70					0.59
Cleanliness of coffee shop		0.69					0.59
Accuracy in fulfilling orders		0.56					0.48
Factor 3: Food and Beverage							
Variety of beverage types other than coffee			0.80				0.68
Variety of food and desserts			0.79				0.69
Wide choice of coffee products			0.63				0.54
Food quality			0.59				0.57
Factor 4: General Amenities							
Noise level				0.71			0.56
Choice of porcelain cup or paper cup				0.70			0.55
Music				0.58			0.41
Appearance of employee				0.50			0.41
Factor 5: Atmosphere							
Attractive decor, ambience of outlet					0.82		0.74
Furnishings in outlet					0.81		0.75
Choice of air-conditioning or al fresco					0.60		0.57
Factor 6: Extra Benefits							
Availability of browsing materials						0.73	0.64
Loyalty program						0.66	0.60
Total Scale Reliability	0.87						
Eigenvalue	6.48	2.45	1.97	1.37	1.21	1.03	
% of variance explained	25.90	9.81	7.87	5.48	4.84	4.11	
Cronbach's α	0.84	0.80	0.75	0.78	0.64	0.50	

Source: Author's Data analysis 2005.

The first factor, "Coffee Quality", explained 25.90% of the variance. This factor of coffee quality highlights the importance of five coffee product variables that loaded most heavily on that dimension: importance of coffee freshness, smoothness, coffee taste, coffee temperature, and coffee aroma. The factor addressed issues of coffee product through the lense of customer needs.

The second factor, "Service", explained 9.81% of the variance. It was composed of original variables with the highest factor loading on that dimension: speed of service,

friendly employees, cleanliness of coffee shop, attentive employees, and accuracy in fulfilling orders. This factor was associated with the process of service delivery, addressing the issues of service approach and the aptitude of staff towards service and customer needs. Consistent with Martin (2003), this study identified what he refers to as convivial and procedural dimensions of service. This refers to service personality and service performance. Service personality captures the customers' experience of the human elements of service provision such as friendly and attentive employees. Service performance refers to the technical aspects of service. Customers evaluated proficiency of coffee outlet staff in service delivery such as speed of service and accuracy in fulfilling orders.

The third factor, "Food and Beverage", explained 7.87% of the variance. It was composed of 4 original variables: variety of beverage types other than coffee, variety of food and desserts, wide choice of coffee products, and food quality. This factor related to the product features that coffee outlets provided, as they dealt with the food and beverage items.

The fourth factor, "General Amenities", explained 5.48% of the variance. It was compose of 4 original variables: choice of porcelain cup or paper cup, noise level, music, and appearance of employee. The factor reflected general services and ambience of coffee outlets offered to customers.

The fifth factor, "Atmosphere", explained 4.84% of the variance. It was composed of 3 original variables: attractive décor, ambience of outlet, furnishings in outlet, and choice of air-conditioning or al fresco. The factor reflected issues of atmosphere, related to how physical surroundings and seating comfort intruded on the customers' pleasure.

The sixth factor, "Extra Benefits", explained 4.12% of the variance. This factor was concerned with side benefits that customers could enjoy during coffee consumption. It was composed of two original variables: availability of browsing materials and loyalty program.

In brief, this study revealed six dimensions of coffee quality, service, food and beverage, general amenity, atmosphere, and extra benefits, for the coffee outlet industry, supporting Babakus and Boller's notion (1992) that determinant attributes of service quality depend on the types of services.

6.2.2. Relational Benefits

Principal components analysis was performed to reveal any underlying patterns of customer's relational benefits with coffee outlet service providers. The relational benefits were measured on a five-point scale ranging from 'strongly disagree' (1) to 'strongly agree' (5).

The overall significance of the correlation matrix was 0.0000 with a Bartlett Test of Sphericity value of 4750.07 (df = 36), which indicated that the data matrix had sufficient correlation to the factor analysis. According to Hair et al. (1995), the Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) was 0.84, which was meritorious.

From the orthogonal rotated factor matrix, two factors with 9 variables that loaded most heavily (loading ≥ 0.5) were defined. Table 6.2 highlights that the factor analysis produced a clean factor structure with relatively higher loadings on the appropriate factors, accounting for 67.4% of the variance. Most variables loaded heavily on one factor, reflecting that there was minimal overlap among these factors and that all factors were independently structured. The communality of each variable was relatively high, ranging from 0.51 to 0.73, indicating that the variance of the original values was captured fairly well by the two factors.

A composite reliability of a construct was calculated to measure the internal consistency of each of the six factor indicators. Table 6.2 describes the statistical results of the relational benefits associated with their own factors, and details their respective statistical significance. From the statistical point of view, the factors are considered reliable and internally consistent if they had values of between 0.76 and 0.90.

The two factors identified by Varimax method as reliable and consistent with an eigenvalue greater than one are as follows in Table 6.2.

Table 6.2 Factor Analysis Results of Relational Benefits

Relational Benefits	Factor Loading		
	F1	F2	Com.
Factor 1: Social and Special Treatment			
Social Benefit - Have developed a good friendship with employee	0.84		0.73
Special Treatment Benefit - Make great efforts for regular customer	0.84		0.71
Special Treatment Benefit - Offer better service to regular customer	0.83		0.70
Social Benefit - Being familiar with employee	0.80		0.71
Social Benefit - Recognized by employee	0.76		0.66
Special Treatment Benefit - Offer discounts to regular customer	0.71		0.51
Factor 2: Confidence			
Confidence Benefit - Have confidence		0.85	0.72
Confidence Benefit - Know what to expect		0.84	0.71
Confidence Benefit - Get high level of service		0.74	0.62
Total Scale Reliability	0.86		
Eigenvalue	4.33	1.74	
% of variance explained	48.06	19.31	
Cronbach's α	0.90	0.76	

Source: Author's Data analysis 2005.

The first factor, labelled "Social and Special Treatment", contained six items and explained 48.06% of the variance in the data. This factor was associated with customer-service provider interaction and included the following benefits provided by coffee outlet service providers: 'have developed a good friendship with employee', 'make great efforts for regular customer', 'offer better service to regular customer', 'being familiar with employee', 'recognized by employee', and 'offer discounts to regular customer'. Overall, employees establishing a good relationship from sharing social benefits with customers will be able to provide special treatment to those they recognize (Liljander, 2000). It is reasoned that these two benefits should be strongly related to build a true employee-customer relationship.

The second factor, labelled "Confidence", accounted for 19.31% of the variance, and consisted of three items designed to reflect a customer's confidence toward coffee

outlets. This factor is related to customers' cognition of trust. The final three benefits were as follows: have confidence, know what to expect, and get high level of service.

The factors clearly demonstrate that building a relationship with customers and providing special treatments to regular customers are the foundation of customers' confidence in maintaining a relationship with a service provider. Compared to the three types of relational benefits found by Gwinner, Gremler, and Bitner (1998), this study identified that customers in long-term relationships with coffee outlet service providers experience two dimensions of the benefits: social and special treatment benefits, and confidence benefits.

6.2.3. Perceived Value

To explore the underlying dimensions of customer's perceived value, the perceived value was measured on a five-point scale ranging from 'strongly disagree' (1) to 'Strongly agree' (5).

The overall significance of the correlation matrix was 0.0000 with a Bartlett Test of Sphericity value of 6659.342 (df = 91), which indicated that the data matrix had sufficient correlation to the factor analysis. The Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) was 0.877, which was meritorious according to Hair et al. (1995).

From the Orthogonal rotated factor matrix, two factors with 14 variables that loaded most heavily (loading ≥ 0.5) were defined. Table 6.3 highlights that the factor analysis produced a clean factor structure with relatively higher loadings on the appropriate factors, accounting for 56.25% of the variance. Most variables loaded heavily on one factor, reflecting that there was minimal overlap among these factors and that all factors were independently structured. The communality of each variable was relatively high, ranging from 0.47 to 0.68. It indicated that the variance of the original values was captured fairly well by the two factors.

The results showed that the alpha coefficients for the two factors ranged from 0.84 and 0.88 which is considered acceptable as an indication of reliability. The two factors

177

identified by Varimax method as reliable and consistent with an eigenvalue greater than one are as follows in Table 6.3.

Table 6.3 Factor Analysis Results of Perceived Value

Perceived Value	Factor Loading		
	F1	F2	Com.
Factor 1: Symbolic			
Improves the way I am perceived	0.82		0.68
Helps me make a good impression on people	0.77		0.60
Makes me feel delighted	0.68		0.54
Is appealing	0.68		0.57
Gives me pleasure	0.68		0.58
Is stylish	0.67		0.52
Is well thought of	0.56		0.53
Has a good reputation	0.56		0.52
Factor 2: Functional			
Is convenient for me		0.79	0.63
Is easy to locate		0.78	0.61
Provides good service at a reasonable price		0.71	0.56
Is consistent		0.68	0.53
Is outstanding		0.65	0.55
Offer good value for money		0.63	0.47
Total Scale Reliability	0.90		
Eigenvalue	6.13	1.75	
% of variance explained	43.76	12.49	
Cronbach's α	0.88	0.84	

Source: Author's Data analysis 2005.

Factor 1, the symbolic factor, explained 43.76% of the variance and consisted of eight variables: improves the way I am perceived, helps me make a good impression on people, makes me feel delighted, is appealing, gives me pleasure, is stylish, is well thought of, and has a good reputation. The factor reflected issues of customer value perception of social, aesthetic, emotional and reputational aspects.

Factor 2, the functional factor, explained 12.49% of the variance and consisted of six variables: is convenient for me, is easy to locate, provides good service at a reasonable price, is consistent, is outstanding and offer good value for money. The factor addressed issues of non-monetary value, price value and quality value.

It might be concluded that these two value dimensions were perceived as important by customers visiting a coffee outlet, and that they were also the driving factors that

influenced customer choices in selecting a coffee outlet. The findings generally agree with Park, Jaworski, and MacInnis (1986) and Bhat and Reddy's (1998) study that a brand that satisfies customers' practical needs delivers functional value, whereas a brand that satisfies customers' self-expression needs delivers symbolic value. Sheth (1983) and Vázquez et al. (2002) also suggested that customer perceived value could be classified as being either functional or symbolic. They assert that functional value is related to specific and practical consumption needs whereas symbolic value is related to self-image and social identification.

In brief, the findings of this factor analysis demonstrated that customers choose coffee outlets, not just with respect to functional value of quality, price, and non-monetary price; but also in view of symbolic value consisting of: the delight or pleasure derived from the coffee outlet (emotional value); the impressions that the purchase of the products or services had on others (social value); the prestige or status of a product or service, as perceived by the purchaser, based on the image of the supplier (reputation); and reactive sources of value reflected in a customer's appreciation of aesthetic elements intrinsic to a consumption setting that are manifest in the visual appeal of a coffee retail experience (aesthetic value). Thus, the result of a two-sided value perception emerging here supports this study's argument based on the literature review and that this study's research aim is being fulfilled.

6.2.4. Relationship Quality

The relationship quality was measured on a five-point scale ranging from 'strongly disagree' (1) to 'strongly agree' (5), for satisfaction and affective commitment. The principal components analysis with orthogonal Varimax rotation method was used to identify the underlying dimensions.

The overall significance of the correlation matrix was 0.0000 with a Bartlett Test of Sphericity value of 2584.64 (df = 21), which indicated that the data matrix had sufficient correlation to the factor analysis. The Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) was 0.85, which according to Hair et al. (1995) was meritorious.

From the orthogonal rotated factor matrix, three factors with 16 variables that loaded most heavily (loading ≥ 0.5) were defined. Table 6.4 highlights that the factor analysis produced a clean factor structure with relatively higher loadings on the appropriate factors, accounting for 68.27% of the variance. The higher loadings signalled the correlation of the variables with the factors on which they loaded. The communality of each variable was relatively high, ranging from 0.49 to 0.84. It indicated that the variance of the original values was captured fairly well by the two factors of relationship quality.

The result (see table 6.4) showed that the alpha coefficients for satisfaction and affective commitment are 0.85 and 0.77 respectively, well above the minimum value of 0.50 that is considered acceptable as an indication of reliability for basic research. The two factors identified by Varimax method as reliable and consistent with an eigenvalue greater than one are as follows.

Table 6.4 Factor Analysis Results of Relationship Quality

Relationship Quality	Factor Loading		
	F1	F2	Com.
Factor 1: Satisfaction			
Satisfied with service	0.87		0.70
Satisfied with coffee	0.81		0.66
Overall satisfaction	0.79		0.68
Satisfied with environment	0.78		0.62
Satisfied with food	0.66		0.49
Factor 2: Affect Commitment			
Feel emotionally attached to		0.90	0.84
Continue to deal with this coffee outlet		0.85	0.80
Total Scale Reliability	0.83		
Eigenvalue	3.64	1.14	
% of variance explained	51.96	16.31	
Cronbach's α	0.85	0.77	

Source: Author's Data analysis 2005.

The first factor, called "Satisfaction", was a reliable factor and explained 51.96% of the variance. It was composed of original variables with the highest factor loading on that dimension: satisfied with service, overall satisfaction, satisfied with coffee, satisfied with environment, and satisfied with food.

The second factor, called "Affect Commitment", consisted of two items measuring customers' affect aspects of attitude toward coffee outlets. This factor explained 16.31% of the variance. The factor included customers' affective aspects such as 'feel emotionally attached to coffee outlet,' and 'continue to deal with this coffee outlet,'

6.2.5. Customer Loyalty

The customer loyalty was measured on a five-point scale ranging from 'strongly disagree' (1) to 'strongly agree' (5). The Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) was 0.812, which according to Hair et al. (1995) was acceptable. The overall significance of the correlation matrix was 0.0000 with a Bartlett Test of Sphericity value of 2679.682 (df = 10), which indicated that the data matrix had sufficient correlation to the factor analysis.

Table 6.5 displays the factor loading and indicates the percentage of variance explained by factor plus eigenvalues. The factor explained 67.6% of the total variance. The composite reliability of a construct shows an internal consistency of uni-dimensionality with a coefficient of 0.88 which exceeded the recommended level of 0.50 (Hair et al., 1995; Nunnally, 1978).

Table 6.5 Factor Analysis Results of Customer Loyalty Scale

Customer Loyalty	Factor Loading	
	F1	Com.
Factor 1:		
Recommend to someone	0.86	0.75
Being my first choice	0.84	0.71
Being a loyal customer	0.84	0.70
Say positive things	0.80	0.64
Care about the success	0.78	0.59
Total Scale Reliability	0.88	
Eigenvalue	3.38	
% of variance explained	67.65	
Cronbach's α	0.88	

Source: Author's Data analysis 2005.

In summary, this section of the factor analyses indicated that constructs were multidimensional except for uni-dimensionality of customer loyalty. The amounts of variance explained by the various factors are summarized in Table 6.6, which

181

indicates that the variance of the original values was captured fairly well by all factors identified from five constructs. The factors structure resulted in a relatively more workable and meaningful number of composite dimensions contributing to the overall conceptual framework (see Figure 3.3). The factors identified will be used for further analyses via multiple regression analysis and ANOVA to test the hypotheses developed from the conceptual model.

Table 6.6 Summary Results of Principal Components Analyses

Scale	No. of Items	No. of Dimensions	Variance explained by constructs
Determinant Attributes of Service Quality	23	6	56.918%
Relational Benefits	9	2	66.606%
Perceived Value	14	2	56.248%
Relationship Quality	7	2	68.267%
Customer Loyalty	5	1	67.649%

Source: Data analysis results 2005.

6.3. Multiple Regression Analysis and the Results

The purpose of using multiple regression analysis in this study was to test the hypotheses of the relationships, specifically in identifying: (1) the effects of determinant attributes of service quality (DA) and relational benefits (RB) on perceived value (PV), which in turn, influences relationship quality (RQ); and (2) the role of perceived value in the relationships with relationship quality (RQ) and customer loyalty (CL). Regression was selected as the method of analysing based on the relative exploratory nature of the empirical study and its suggestions (Gefen et al., 2000). Multiple regression was employed in order to provide the most accurate interpretation of the independent variable (Huh & Uysal, 2003).

Prior to multiple regression analysis, the estimated regressions were assessed to ensure that they reasonably meet the assumptions of linear multiple regression by examining the shape and concentration of a scatterplot of the regression residuals on the predicted value. The scatterplots show that although a small number of relatively extreme residual values are evident, the shape of the residuals tended to be rectangular and evenly concentrated in the centre, indicating that no departure from the

assumptions of linearity, normality and homoscedasticity occurred. Given the guidelines on the ideal shape and concentration of the residuals as outlined in Section 4.7.5, the overall shapes of regression residuals suggested that all the estimated regressions are reasonably fit (see Appendix 5).

Multicollinearity was examined by conducting the correlations between each factor of research constructs. Table 6.7 reports Pearson Product Moment Correlations between the variables with mean and standard deviation. In addition to the Pearson correlations, multicollinearity was also examined using tolerance which presents the amount of variability in the explanatory variable not only explained by the other explanatory variable (Hair et al., 1998). Table 6.8 presents the tolerance value of the significant predictor variables in all regression results. Since all of the tolerance values were acceptable as above 0.527, far from the threshold value of 0.10, these findings also met the criteria of normality and provide more evidence to conclude that collinearity or multicollinearity would not be a significant problem in all the estimated regressions (see Section 4.7.5).

Table 6.7 Means, Standard Deviations, and Correlations among the Variables

	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Coffee Quality	4.05	.69	1 (.84)												
2. Service	4.20	.64	.423**	1 (.80)											
3. F&B	3.55	.86	.366**	.246**	1 (.75)										
4. Atmosphere	3.70	.83	.304**	.347**	.387**	1 (.64)									
5. General Amenities	3.51	.79	.292**	.342**	.352**	.461**	1 (.78)								
6. Extra Benefits	3.27	.98	.275**	.268**	.389**	.359**	.336**	1 (.50)							
7. S&S Benefits	2.95	.99	.042	.014	.134**	.054	.181**	.291**	1 (.90)						
8. Confidence Benefits	3.74	.73	.219**	.316**	.098**	.110**	.078*	.026	.321**	1 (.76)					
9. Symbolic	3.44	.71	.246**	.177**	.291**	.215**	.234**	.269**	.413**	.421**	1 (.88)				
10. Functional	3.82	.64	.268**	.266**	.187**	.163**	.130**	.126**	.283**	.531**	.571**	1 (.84)			
11. Satisfaction	3.72	.70	.205**	.233**	.162**	.142**	.107**	.056	.284**	.541**	.554**	.628**	1 (.85)		
12. Affective Commitment	3.12	1.0	.057	.005	.079*	.047	.127**	.180**	.572**	.331**	.497**	.368**	.441**	1 (.77)	
13. Loyalty	3.42	.85	.149**	.157**	.137**	.129**	.091*	.170**	.461**	.540**	.576**	.561**	.645**	.596**	1 (.88)

Notes: * Correlation is significant at the 0.05 level (2-tailed).

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

      N = 949; alpha coefficients are listed in the diagonal.

Table 6.8 Tolerance Value of the Significant Predictor Variables of the Regression

Predictor Variables	DA		RB		PV		RQ
	I & II	III	I & II	III	I & II	III	Table 6.14 (Direct Effect)
CQ	.737	.720					
SERVICE	.742	.723					
F&B	.719	.705					
ATMOS	.680	.680					
GA	.705	.698					
EB	.769	.752					
S&S			.897	.803			
CB			.897	.678			
SV		.610		.598	.674	.550	
FV		.634		.571	.674	.534	
SAT						.527	.805
AC						.713	.805
Dependent Variable	PV & RQ	RQ	PV & RQ	RQ	RQ & CL	CL	CL

Notes: DA – Regression I (Table 6.9), II and III (Table 6.12); RB – Regression I (Table 6.10), II and III (Table 6.13); PV – Regression I (Table 6.11), II and III (Table 6.14).

Abbreviations in the predictor variables:

CQ: Coffee Quality
F&B: Food and Beverage
ATMOS: Atmosphere
GA: General Amenities
EB: Extra Benefits
S&S: Social and Special Treatment Benefits

CB: Confidence Benefits
SV: Symbolic Value
FV: Functional Value
SAT: Satisfaction
AC: Affective Commitment

In brief, the results of regression assessments of the residuals and the multicollinearity indicate that the estimated regressions sufficiently met the multiple regression assumptions, including normality, linearity, homoscedasticity, and absence of multicollinearity. This suggested that the estimated regressions are a reasonably fit and the relationships of the research model can be tested using regression analysis.

This thesis followed Baron and Kenny's (1986) three-step procedure in order to test the hypotheses and to assess the role of perceived value dimensions in the customer loyalty model. Prior to mediation analysis, a series of multiple regression analyses was performed to determine the direct effect of each construct in the conceptual model. The results of these regression analyses are presented in the following subsections.

6.3.1. DA Regression I (Step 1): Determinant Attributes of Service Quality to Perceived Value

To test Hypothesis 1 (H1) whether the determinant attributes of service quality (DA) have positive impact on perceived value (PV), firstly, the perceived functional and symbolic dimensions were regressed on the independent variables (6 dimensions of determinant attributes of service quality). This condition is satisfied as shown in Table 6.9, with DA variables significantly affecting functional value (F = 18.21, p < .001, R^2 = .104) and symbolic value (F = 24.96, p < .001, R^2 = .137). As expected, H1 is supported, that determinant attributes of service quality have a positive and significant effect on perceived value. Thus, the first requirement was also satisfied for mediation. The beta weights for coffee quality (β = .166, p < .001; β = .113, p < .01) and food & beverage (β = .080, p < .05; β = .153, p < .001) have significant impact on both perceived value dimensions, while the beta weight for service (β = .161, p < .001) was significant only for functional value, and the general amenity(β = .082, p < .05) and extra benefits' beta weights (β = .137, p < .001) were significant for symbolic value. Coffee quality (β = .166, p < .001) has the greatest impact on customers' functional value while food and beverage (β = .153, p < .001) seemingly has the highest regression coefficient among the six predictors of symbolic value in coffee outlet.

Table 6.9 DA Regression I (Step 1): Determinant Attributes of Service Quality to Perceived Value

Independent Variable	F	df	R^2	β
Functional Value	18.21***	6	.104	
Coffee Quality				.166***
Service				.161***
Food and Beverage				.080*
Atmosphere				.031
General Amenity				-.018
Extra Benefits				.004
Symbolic Value	24.96***	6	.137	
Coffee Quality				.113**
Service				.016
Food and Beverage				.153***
Atmosphere				.028
General Amenity				.082*
Extra Benefits				.137***

Notes: *p < .05, **p < .01, ***p < .001.

Discussion and Implication of the Findings

With coffee outlet service becoming increasingly competitive and involved in providing determinant attributes of service quality, the value perceived by the customer may be improved by investigating the relationships between DA and PV. This analysis concentrates on the dimensions of DA impacting functional and symbolic value perceptions of coffee quality, service, F&B, atmosphere, general amenity, and extra benefits which were perceived as important by customers.

The findings show that Hypothesis 1 is supported by the data. Determinant attributes of service quality have a positive effect on perceived value. This enables analysis of the relative differential effects of six dimensions of DA on two perceived value dimensions. The results, different from other studies and empirical findings (Cronin, Brady, & Hult, 2000; Grace & O'Cass, 2005; Kashyap & Bojanic, 2000; Lee et al., 2005), suggest a more detailed symbolic value perception from service quality attributes beyond the traditional trade-off view involving value for quality and monetary/non-monetary price.

The findings of this study are consistent with Grace and O'Cass's (2005, p. 230) notion that, in broad terms, perceived value represents the trade-off between benefits gained and sacrifices made. As such these benefits/sacrifices can be manifested in the functional, emotional and/or social aspect associated with the exchange. The results suggest that coffee consumption in a coffee outlet is not just a matter of getting functional value but symbolic value too. Although the traditional customer value judgement on service quality attributes based on functional value are important, customers also perceived symbolic value reflecting social, emotional, aesthetic, and reputational aspects of service quality attributes during coffee consumption.

In general, the results further support Park's (2004) findings that there is a significant relationship between customer perceived utilitarian and hedonic value (symbolic) of eating out and the importance of services and products attributes in fast food restaurants. For example, Park (2004) found that quick service and promotional incentives have a positive correlation with utilitarian value (functional), whereas attributes (e.g. quick service, cleanness, promotional incentives, taste of food,

kindness of employee, and facilities) have associations with hedonic value (symbolic).

This study broadens previous studies by confirming that determinant attributes of service quality can influence customers' functional value (e.g. Cronin, Brady, & Hult, 2000; Tam, 2004) and symbolic value (e.g. Park, 2004). Firstly, the results show that coffee quality, and food and beverage (F&B) dimensions reflect the determinant attributes of service quality for explaining both functional value and symbolic value perceptions. According to the studies on the relative influence of food quality (e.g. Auty, 1992; Kivela, Inbakaan, & Reece, 2000), the importance of coffee quality and F&B could be core product attributes, and play an important role in driving both value perceptions in the coffee outlet context. This suggests that these two core attributes play a major role in influencing customers' value judgement in terms of functional and symbolic value. Indeed, these two factors are customers' major motivations contributing to the functional and symbolic value, hence, coffee outlets have evolved into places where coffee and F&B can be experienced, where people can relax and become immersed in a dynamic and enlivening social world.

The findings also indicate that the service dimension, similar to the functional quality (see Grönroos, 1984), is related to the manner in or process by which a service is provided, is the second most important factor for customers to infer coffee outlets' functional value. In addition, attributes associated with service and coffee quality dimensions are ranked importantly by customers of coffee outlets based on the results of Table 5.11. The backbone of providing value is knowing the attribute requirements and priorities of the customer. Thus, the coffee outlet operators should be aware that customers may switch to other coffee outlets if they perceive no functional value from coffee product quality provided with a proper service standard (e.g. speed of service, friendly and attentive employee, accuracy in fulfilling orders). As the 'service dimension' is one of the influential factors in determining customers' functional value assessment of coffee outlets, operators should therefore devote more effort to human resources training to perform all tasks involved while setting quality standards.

Secondly, the results also demonstrate that general amenity and extra benefits contributed significantly to symbolic value. Since the coffee industry is highly

competitive and homogenous in terms of services and products attributes, the availability of alternatives to the customers can be regarded as an important attribute in a customer's value perception. Previous determinant attributes of service quality studies didn't emphasize that these attributes ranked low. The findings of this study found that factors of general amenity and extra benefits, though ranked as less important, are the determinant factors of symbolic value perception. The factor, 'general amenities', includes the general services and ambience of coffee outlets offered to customers. They are the attributes related to customers' valuation of employees' appearance, coffee outlets' music and noise level, and choice of porcelain cup or paper cup. The explanation is that customers may not consume or find it important to have their consumption choice in a coffee outlet, hence, pulling down the overall perception scores on 'general amenities'. However, the combination of these attributes appears to make the coffee outlet an important cue in customers' symbolic valuation of the consumption experience. This means that operators should focus on the consequences of using the product and service by maintaining good employee appearance, beautifully designed coffee cups, paying more attentions to music selection and noise level control, and aiding customers in experiencing symbolic value. The discussion suggests that researchers and practitioners should not overlook those less important factors, which can create symbolic value as well.

Moreover, the findings also show that extra benefits produced strong symbolic value for customers visiting coffee outlets. The findings substantiate Kopalle and Neslin's (2003) research that suggested the importance of customer benefits in a loyalty program that are not tied to financial incentives but the ability of members to perceive value in the program's reward (O'Brien & Jones, 1995), especially on symbolic value identified in this study. O'Brien and Jones (1995) found that rewards that motivate a customer to change his/her behaviour have as much to do with psychology as with economics. A loyalty program is, indeed, as Barnes (2001) claims, "all about how you make them feel", as opposed to the too often used strategy of discounts and pricing schemes (Fournier, 2002). For instance, one of the chain coffee outlets has offered a loyalty program or variety of browsing material in their coffee outlets to add value to their service. The findings suggest that these kinds of service improvements typically incur costs, but such enhancements may accrue the benefit of symbolic value differentiating it from other competitors. Thus, it is important to note that even

if some of the attribute factors are less significant in explaining customers' perceived value, operators should still maintain high standards in relation to these factors in order to meet the basic needs of customers. Each customer has some basic level of expectations regarding these factors, but if the customers' expectations are not met or exceeded, their perception about satisfaction could be affected. As coffee outlets have been a place of high accessibility, operators of coffee outlets should pay more attention on the above two factors to enhance the value of their offering to achieve a competitive advantage.

The results showed significant findings, including the empirical confirmation that coffee quality and F&B factors can impact not only the functional value but also the symbolic value. Therefore, these two attribute dimensions are considered as determinant in providing value that customers perceive through a coffee consumption experience. Existing or potential coffee outlet operators should emphasize these two dimensions in enhancing customers' value inferences. They should be included in the development of marketing strategies and implemented with other attribute dimensions.

As Hypothesis 1 is significantly supported, the relationship of the determinant attributes of service quality with perceived value suggests that managers should focus on providing functional value to customers through core coffee quality and F&B together with service and also enhancing symbolic value by offering other services and products attributes such as general amenity and extra benefits. According to Kashyap and Bojanic (2000), customers encode perceptions of value as a synopsis of relevant product information in helping customers make choices and emphasizing need for firms to focus on value enhancement strategies. For example, firms may enhance value perception by adding desired attributes or lowering prices (by reducing monetary or non-monetary costs). Thus, further evidence is still needed to determine to what extent operators should enhance value perceptions through adding other service attributes to compete with other coffee outlets.

From a marketing perspective, if the major impacts of specific factors of determinant attribute on customer value perceptions are identified, marketers and operators of coffee outlets should then address the particular resources related to these factors to

maximize customers' perceived value. The findings suggest that management may enhance customer value perceptions by reducing monetary or non-monetary costs while maintaining quality or adding desired quality attributes which can generate symbolic value through high product and service quality.

6.3.2. RB Regression I (Step 1): Relational Benefits to Perceived Value

In order to test Hypothesis 2 (H2) predicting that the effect of relational benefits has a positive impact on perceived value, first perceived value (functional and symbolic) was regressed on the independent variable (2 relational benefits dimensions). Providing support for H2 and also satisfying the first requirement for mediation, the beta weights for social and special treatment benefits, and confidence benefits were significant for two perceived value dimensions as shown in Table 6.10. Confidence benefit has the highest coefficient, and seemingly has the greatest impact on customers' functional value ($\beta = .491$, $p < .001$) and symbolic value ($\beta = .321$, $p < .001$) while social and special treatment benefit also showed more effect on symbolic value ($\beta = .310$, $p < .001$) than functional value ($\beta = .125$, $p < .001$). The regression equation explains nearly 30% of the variance in functional value and 26% of the variance in the symbolic value.

Table 6.10 RB Regression I (Step 1): Relational Benefits to Perceived Value

Independent Variable	F	df	R²	β
Functional Value	199.15***	2	.296	
Social and Special Treatment Benefit				.125***
Confidence Benefit				.491***
Symbolic Value	169.19***	2	.263	
Social and Special Treatment Benefit				.310***
Confidence Benefit				.321***

Notes: *p < .05, **p < .01, ***p < .001.

Discussion and Implication of the Findings

Relational benefits are mainly used to build and maintain customer relationships in relationship marketing research (e.g. Gwinner, Gremler, & Bitner, 1998). It is argued that a customer may gain value perceptions by receiving confidence, social and special treatment benefits based on exchange theory. Nevertheless, no research has

been undertaken to examine how customers perceived value through the exchange of those benefits. This study presents preliminary evidence concerning the relationship between relational benefits and perceived value.

From the regression analysis presented in Table 6.10, the findings of this study highlighted that relational benefits are all positively related to functional and symbolic dimensions of perceived value, showing some interesting aspects of relationship marketing strategies such as relational benefits in the value formation process within a coffee outlet context. These findings support previous research suggesting that perceived value could be enhanced by adding relationship benefits (Liljander, 2000; Lovelock, 2001).

Relational benefits are one of the ways in which a company can build and maintain relationships with its customers. Current research showed that relational benefits play an important role in enhancing the value perceptions of customers. This involves providing confidence, social and special treatment benefits to customers every time they visit a coffee outlet. The service itself cannot create the desired value between the customer and the coffee outlet (e.g. Liljander, 2000). The findings suggest that customers judge the functional value based on all dimensions of relational benefits, which also can add symbolic value for the customers through the interaction with the service providers. The explanation for the relationship between relational benefits and perceived value could be that customers come to know that each time they visit a coffee outlet, they know what to expect and they will be recognized by employees who provide a great service to them. The customers have confidence that they will have a quality consumption experience each time they visit the coffee outlet and know that the employees will greet them by name and offer better service to them. It is believed that customers judge their value perceptions through these relational benefits in terms of trade-off value for money (functional dimension) and also social/emotional aspects (symbolic dimension). Therefore, it is apparent that as customers continue to receive relational benefits, particularly confidence benefits, every time they come in contact with the coffee outlet providers, they become aware of functional and symbolic value perceptions.

As the relational benefits of the coffee outlet accrue, value perceived by the customers increases. Thus, enhancing value perceptions requires operators to cultivate these two dimensions of relational benefits. The findings highlight the need for marketers/operators to ensure they can enhance customers' functional value and symbolic value by offering relational benefits beyond core benefits such as products and services attributes.

6.3.3. PV Regression I (Step 1): Perceived Value to Relationship Quality

Hypothesis 3 (H3) investigated the relationship between perceived value and relationship quality. When regressed directly on dimensions of relationship quality, functional value and symbolic value showed statistical significance ($p < .001$) to satisfaction and affective commitment as the two dimensions of relationship quality, supporting H3 and meeting the first requirement for mediation. Table 6.11 shows the results of the regression analysis. The model was significant and explained 45.1% and 25.7% of the variances in satisfaction (F = 388.88, $p < .001$) and affective commitment (F = 164.02, $p < .001$).

Functional value and symbolic value perceptions are all significantly related to satisfaction and affective commitment. The beta coefficients also revealed that function value ($\beta = .462$, $p < .001$) carries the heaviest weight for satisfaction, whereas symbolic value ($\beta = .426$, $p < .001$) has the greatest impact on affective commitment. In brief, all underlying perceived value dimensions are significant. Thus, the results of multiple regression analysis reveal that there is a positive relationship between perceived value and relationship quality.

Table 6.11 PV Regression I (Step 1): Perceived Value to Relationship Quality

Independent Variable	F	df	R²	β
Satisfaction	388.88***	2	.451	
Functional				.462***
Symbolic				.290***
Affective Commitment	164.02***	4	.257	
Functional				.124***
Symbolic				.426***

Notes: *p < .05, **p < .01, ***p < .001.

Discussion and Implication of the Findings

Previous studies only provide evidence that trade-off functional value is significantly related to satisfaction. Nevertheless, no studies have found that functional and symbolic value perceived by the customers significantly influence not only customer satisfaction but also affective commitment. Current studies have theoretically justified and empirically tested that customer perceived value influences satisfaction and affective commitment (as suggested by Eggert and Ulaga (2002), and Spiteri and Dion (2004)), shedding light on a better understanding of the relationship between perceived value and relationship quality in relationship marketing literature (Ravald and Grönroos, 1996).

The significant relationship between perceived value and relationship quality also supported Woodruff's (1997) argument that perceived value represents the nature of customer relational exchanges with their suppliers, and satisfaction along with commitment (Eggert & Ulaga, 2002) reflects customers' overall feeling and affective response derived from the perceived value. The results have highlighted that perceived value dimensions are immediate antecedents to the relationship quality construct of satisfaction and affective commitment. The role of perceived value in the customer decision-making process is evident and is in line with Rust, Zeithaml, and Lemon's (2000) notion that value is the foundation of the customer's relationship with the firm as well as Barnes' (2001) notion that value is the essence of a relationship. The findings indicate that functional value has a strong impact on satisfaction while symbolic value influences affective commitment of customers toward coffee outlets. The positive nature of the relationship may also suggest that as perceptions of value improve, so too does the satisfaction and affective commitment of the customers.

The results suggest that it is important to improve customers' functional value judgement to increase customer satisfaction by enhancing the quality of the service to the extent that customers still retain positive perceptions of price in a convenient coffee outlet accessible to them. Ultimately, the customers' affective commitment with the coffee outlet can be further enhanced by a symbolic value response to the consumption experience once sustained customer satisfaction is achieved.

The findings may suggest that higher levels of perceived value perceptions result in customer satisfaction and affective commitment to the coffee outlets. Thus, it should be noted that perceived value is becoming more important for coffee outlets in forming customer satisfaction and affective commitment. The critical role of value perceptions creation and maintenance in customer relationships is becoming necessary. Marketers must realize that unless they regularly create functional and symbolic value perceptions for their customers, they will not succeed in attracting and retaining customers. Without value being perceived by customers, they will perceive no differential advantage form one coffee outlet to another. Furthermore, customers do not willingly become a patron to a coffee outlet providing less value perceptions, and without value being created, there is no customer satisfaction, without customer satisfaction, relationships will not develop commitment, thus no relationship quality will have been created. This suggests that functional value provides a foundation for value perception which symbolic value perceived by customers will build on generating good customer satisfaction and affective commitment of relationship quality with the coffee outlet. Merely satisfying customers' functional value in terms of quality, price, and non-monetary cost is not sufficient, but forming strong affective commitment via symbolic value perceptions will maintain relationship quality with a coffee outlet.

The above multiple regression analyses identify the direct effect of each dimension of the constructs, supporting Hypotheses 1, 2, and 3. The following multiple regression analyses aim to determine the role of perceived value among DA, RB, and RQ and in relation to relationship quality and customer loyalty. The following subsection deals with the mediating role of PV between DA and RQ.

6.3.4. The Mediating Role of Perceived Value (PV) between Determinant Attributes of Service Quality (DA) and Relationship Quality (RQ)

6.3.4.1. DA Regression II (Step 2): Determinant Attributes of Service Quality to Relationship Quality

Next, the following multiple regression analyses aim to determine the role of perceived value between determinant attributes of service quality and relationship

quality. The first requirement for mediation has been met based on Table 6.9. Then, the relationship quality as the dependent variable (satisfaction and affective commitment) was regressed on the independent variables (6 dimensions of determinant attribute of service quality). This requirement was met with the significant effect of DA dimensions on the relationship quality outcomes of two responses as shown in Table 6.12. The results show that variables of DA were significantly related to satisfaction ($F = 13.40$, $p < .001$, $R^2 = .079$) and affective commitment ($F = 7.02$, $p < .001$, $R^2 = .043$). The results thus satisfy the second requirement of mediation.

The beta weights for coffee quality ($\beta = .108$, $p < .01$), service ($\beta = .173$, $p < .001$), and food and beverage ($\beta = .095$, $p < .05$) were significant for satisfaction, but the beta weight for affective commitment as the dependent variable was not significant. The beta weights for general amenity ($\beta = .108$, $p < .01$) and extra benefits ($\beta = .171$, $p < .001$) were significant for affective commitment. Service factor ($\beta = .173$, $p < .001$) is the highest regression coefficient among the six predictors of satisfaction whereas extra benefits ($\beta = .171$, $p < .001$) have the greatest impact on affective commitment.

6.3.4.2. DA Regression III (Step 3): Relationship Quality Regressed on Perceived Value with Determinant Attributes of Service Quality Included

To test the third step of mediation, the dependent variable (2 relationship quality dimensions) was regressed on 2 perceived value dimensions with the independent variables (6 dimensions of determinant attribute of service quality) in the equation (Table 6.12). This regression tested the mediating role of perceived value between determinant attributes of service quality and relationship quality. The beta weight for customers' functional value and symbolic value were significant for all relationship quality dimensions (Table 6.12). So the results support that perceived value dimensions positively influences relationship quality, thus passing the third requirement for mediation.

The results also indicate that functional value ($\beta = .433$, $p < .001$) had the greatest impact on customers' satisfaction, followed by symbolic value ($\beta = .320$, $p < .01$). Its

R^2 change value suggests that the variation of perceived value alone explained nearly 40% of the variability of satisfaction. Symbolic value ($\beta = .419$, $p < .001$) had the greatest impact on customers' affective commitment, followed by functional value ($\beta = .169$, $p < .001$), adding another approximately 25% of the estimated regression. The regression equations explain overall 46.7%, and 28.7% of the variances respectively in two relationship quality dimensions (see Table 6.12).

The Mediating Role of PV between DA and RQ

To identify the mediating role of PV in the relationship between DA and RQ, all cases were examined to see to which the first three conditions of mediation were present. As shown in Table 6.12, the mediating role of perceived value in relationship between DA variables and RQ variables is demonstrated as follows below.

Support for complete mediation was present for:
1. Coffee Quality → Perceived Value (functional and symbolic) → Satisfaction.
2. Food and Beverage → Perceived Value (functional and symbolic) → Satisfaction

Evidence of partial mediation was present for:
1. Service → Functional Value → Satisfaction
2. General Amenity → Symbolic Value → Affective Commitment
3. Extra Benefits → Symbolic value → Affective Commitment

Thus, Hypothesis 3a has been partially supported by the data.

Table 6.12 Summary Results of Regression Analysis: The Mediating Role of PV between DA and RQ

	Mediating Variables		Dependent Variables			
	Functional	Symbolic	Satisfaction		Affective Commitment	
Step of Regression	Step I	Step I	Step II	Step III	Step II	Step III
Coffee Quality	.166***	.113**	.108**	.001	.019	-.057
Service	.161***	.016	.173***	.098**	-.063	-.097**
Food and Beverage	.080*	.153***	.095*	.012	.002	-.076*
Atmosphere	.031	.028	.042	.019	-.049	-.066*
General Amenities	-.018	.082*	-.016	-.035	.108**	.077*
Extra Benefits	.001	.137***	-.063	-.108***	.171***	.113***
Functional				.433***		.169***
Symbolic				.320***		.419***
R²	.104	.137	.079	.467	.043	.287
R² Change				.388***		.244***
F	18.21***	24.96***	13.40***	102.95***	7.02***	47.38***

Notes: *$p < .05$, **$p < .01$, ***$p < .001$.

Discussion and Implication of the Findings

One of the major themes of this thesis was to investigate the role that perceived value plays in mediating relationships between determinant attributes of service quality and the relationship quality construct of satisfaction and affective commitment within a coffee outlet context. Previous studies only found that service quality directly affected customer satisfaction (e.g. Henning-Thurau & Klee, 1997), indirectly affected satisfaction via perceived value (e.g. Lee, et al., 2004), and directly affected relationship quality (Kim & Cha, 2002). However, no studies have been undertaken to explore the role of perceived value between service quality and affective commitment forming a relationship quality construct with satisfaction. The findings of the current study not only provide support for the position that perceptions of value do play a mediating role in the formation of satisfaction of customers but also of affective commitment toward coffee outlets, which was not tested in previous studies.

This study's findings support the hypothesized mediating role of perceived value between determinant attributes of service quality and relationship quality in the model. As posited by Crosby, Evans, and Cowles (1990, p. 68), service quality is a necessary but not sufficient condition for relationship quality. Subsequently, this

study extends their view of building quality customer relationship via perceived value. The current study suggests that service quality has an indirect effect on satisfaction and affective commitment of relationship quality via perceived functional and symbolic values. Based on the magnitudes of beta coefficients, the perceived value perceptions were much more influential than all dimensions of determinant attributes of service quality in predicting outcomes of relationship quality. The mediating role of perceived value in the customer judgement process is evident. The results show that coffee quality, service, and food and beverage are immediate antecedents to customer satisfaction, while dimensions of general amenity and extra benefits directly influence affective commitment. They also affect the relationship quality construct of satisfaction and affective commitment indirectly through perceived value dimensions.

The findings suggest that both perceived value dimensions completely mediate the relationship between two dimensions of determinant attributes such as coffee quality and food and beverage, and satisfaction; and functional value partially mediated the relationship between service dimension and satisfaction. From the functional value perspective, this may imply that customers do not always buy the highest quality service (Olshavsky, 1985), and they also do not always purchase the lowest cost service either (Onkvist & Shaw, 1987). In other words, functional value plays an important role in assessing coffee quality, food and beverage, and service provided by coffee outlets in terms of value for money, good quality, and convenience to influence their satisfaction. Furthermore, customers also derived symbolic value influencing satisfaction through experiencing those determinant attributes which enhance social approval and emotional escapism of symbolic consumption experiences. This may indicate that the more functional and symbolic value is perceived by customers, the greater is the relationship between them and customer satisfaction. These two core-product related dimensions along with the service dimension of DA should be considered as important predictors in customers' functional and symbolic value judgements on customer satisfaction. Thus, how to enhance perceived value in these three specific attribute dimensions is critical to understanding customer satisfaction with coffee outlets. Coffee outlet operators should provide the bedrock of customer functional value by providing great core attribute offerings in a quality-oriented, competitive price, and convenient location;

and at the same time enhance symbolic value through consumption experience, that will, in turn, influence customer satisfaction.

In addition, the findings demonstrate that symbolic value perception partially mediates the relationship between general amenities and extra benefits of determinant attributes and affective commitment. Although symbolic value only partially mediates the above two factors of determinant attributes, the results revealed that even if four factors (general amenities, extra benefits, functional value, and symbolic value) had significant relationships with affective commitment, the symbolic value based on the magnitudes of beta coefficients has much more impact than factors of general amenities and extra benefits on customers' affective commitment (see Table 6.12). In addition, compared to the direct effect of symbolic value on affective commitment (see Table 6.11), the effect of symbolic value does not only decrease the effects of general amenities and extra benefits but also is much more influential than six other independent variables (see Table 6.12) in influencing customer affective commitment. It may stand to reason that intangible attributes such as general amenities and a loyalty program are embedded in symbolic value with its origin in irrational and more subjective aspects (Vázquez, Del Río, & Iglesias, 2002), which is strongly related to affective commitment. For the relaxation purpose of a consumption experience, customers visiting a well-known and stylish coffee outlet could seek social acceptability and pleasure of symbolic value. The general amenities and loyalty program offer the customer an environment in which to perceive symbolic value that forms a customer's emotional attachment toward the coffee outlet. Thus, the role of symbolic value should not be overlooked in influencing not only customer satisfaction but also affective commitment.

The results also provide evidence for the premise that the higher the effect of perceived value dimensions (especially functional value), on satisfaction, the less important the extra benefit dimension. In addition, it is also interesting to note that the greater the effect of the perceived value dimension (specifically symbolic value), on affective commitment, the less important is the relationship between affective commitment with the dimensions of service, food and beverage, and atmosphere. Previous research in determinant attributes and customer satisfaction (e.g. Almanza, Jaffe, & Lin, 1994; Bojanic & Shea, 1997; Hsu, Byun, & Yang, 1997; Kara, Kaynak,

200

& Kucukemiroglu, 1997; Kivela, 1997) have typically overlooked the notion that perceived value plays an important role in the relationship between determinant attributes of service quality and satisfaction and affective commitment of the relationship quality constructs. The findings may imply that if perceived value dimensions are relatively high for satisfaction, one can expect that customers are less likely to see the need to watch for extra benefits such as a loyalty program and browsing material. Other efforts enhancing symbolic value to improve affective commitment of customers could also reduce customers' important desire for service, food and beverage, and atmosphere of coffee outlets. In this regard, perceived value perceptions, which are harder to change by the competition, is more influential than determinant attributes of service quality. Thus, perceived value dimensions play a very important role in the relationship between the dimensions of determinant attributes of service quality and satisfaction and affective commitment of relationship quality. Researchers therefore should be aware of the value perceptions that the customers have of the service quality attributes. Functional and symbolic value perceptions mediate perceptions of satisfaction and affective commitment of relationship quality and must be considered carefully in any assessment of satisfaction and affective commitment in forming relationships with the coffee outlets.

From a managerial perspective, the findings clearly show that coffee outlet operators should review the importance of service equality attributes, as these have an effect on functional and symbolic value perception, and influence customer satisfaction and affective commitment. The findings that perceived value significantly mediates the relationships with relationship quality construct's satisfaction and affective commitment also suggest that managers should focus on enhancing functional value and enhancing symbolic value to customers by upgrading or seeking other important attributes. Perceived value is strengthened as consumption experiences of determinant products and services attributes meet or exceed the customer's expectations. Each time the customer experiences the product or service attributes and is satisfied and forms an affective commitment, the perceived value connection is strengthened.

6.3.5. The Mediating Role of Perceived Value (PV) between Relationship Benefits (RB) and Relationship Quality (RQ)

6.3.5.1. RB Regression II (Step 2): Relational Benefits to Relationship Quality

Table 6.10 provides support for satisfying the first requirement for mediation of PV in the relationship between RB and RQ. Next, the relationship quality as the dependent variable (satisfaction and affective commitment) was regressed on the independent variables (2 relational benefits dimensions). Providing support for the second requirement of mediation, the beta weights for two dimensions of relational benefits were significant for all relationship quality dimensions as shown in Table 6.13. Confidence benefit (β = .501, p < .001) is more important than social and special treatment benefit (β = .123, p < .001) in determining customers' satisfaction. On the other hand, social and special treatment benefit (β = .519, p < .001) shows greatest impact on affective commitment. The overall R squares for satisfaction and affective commitment are 0.306, and 0.352 respectively.

6.3.5.2. RB Regression III (Step 3): Relationship Quality Regressed on Perceived Value with Relational Benefits Included

To test the third step of mediation, the dependent variable (2 relationship quality dimensions) was regressed on 2 perceived value dimensions with the independent variables (2 relational benefits dimensions) in the equation (Table 6.13). This regression investigates the meditating role of perceived value between relational benefits and relationship quality. The beta weight for customers' functional value and symbolic value were significant for all relationship quality dimensions (Table 6.13). So, dimensions of perceived value positively influence satisfaction and affective commitment of relationship quality, thus passing the third requirement for mediation.

According to Baron and Kenny (1986), the addition of the facilitating construct (mediator) is attenuating (or account for) the simple relationship between relational benefits and relationship quality. Therefore, model results (see Table 6.13) support the role of perceived value in facilitating the relationship between relational benefits and relationship quality.

The results (see Table 6.13) also indicate that functional value (β = .355, p < .001) had the greatest impact on customers' satisfaction, explaining 49% of the variance in this equation with perceived value included; and social and special treatment benefit (β = .430, p < .001) had the greatest impact on customers' affective commitment, followed by symbolic value (β = .257, p < .001) in the relationship quality variables. The regression equations explain 49.4% and 41.7% of the variances respectively in two relationship quality dimensions.

The Mediating Role of PV between RB and RQ

In order to identify the role of perceived value in the relationship between variables of RB and RQ, all cases were examined to see in which the first three conditions of mediation were present. As shown in Table 6.13, the mediating role of perceived value in the relationship between RB variables and RQ variables is demonstrated as follow below.

Support for complete mediation was present for:

1. Social & Special Treatment Benefit → Perceived value (functional and symbolic) → Satisfaction
2. Confidence Benefit → Perceived Value (functional and symbolic) → Affective Commitment

Evidence of partial mediation was present for:

1. Confidence Benefit → Perceived Value (functional and symbolic) → Satisfaction
2. Social and Special Treatment Benefit → Perceived Value (functional and symbolic) → Affective Commitment

Thus, Hypothesis 3b has been partially supported by the data.

Table 6.13 Summary Results of Regression Analysis: The Mediating Role of PV between RB and RQ

	Mediating Variables		Dependent Variables			
	Functional	Symbolic	Satisfaction		Affective Commitment	
Step of Regression	Step I	Step I	Step II	Step III	Step II	Step III
Social & Special Treatment Benefits	.125***	.310***	.123***	.002	.519***	.430***
Confidence Benefits	.491***	.321***	.501***	.248***	.164***	.045
Functional				.355***		.075*
Symbolic				.246***		.257***
R^2	.296	.263	.306	.494	.352	.417
R^2 Change				.188***		.065***
F	199.15***	169.19***	235.86***	249.53***	326.34***	234.91***

Note: *$p < .05$, **$p < .01$, ***$p < .001$.

Discussion and Implication of the Findings

The effect of relational benefits on relationship quality was found to be direct in previous studies. Results of theses studies showed that relational benefits of confidence (e.g. Andaleeb & Ingene, 1996; Anderson & Naurs, 1990), social (e.g. Berry, 1995; Price & Arnould, 1999) and special treatment (e.g. de Wulf, Odekerken-Schröder, & Iacobucci, 2001; Odekerken-Schröder, de Wulf, & Schumacher, 2003) positively influence satisfaction and affective commitment of relationship quality. The results of this study in general are in line with findings of Hennig-Thurau, Gwinner, and Gremler (2002), who found that confidence benefits have a significant and strong impact on satisfaction, whereas social and special treatment benefits significantly influence affective commitment. However, their investigation did not explicitly test the direct effect of relational benefits on perceived value and the indirect effect of dimensions of relational benefits on relationship quality through perceived value.

The mediating effects that this study uncovered involved the functional and symbolic dimensions of perceived value in the relationships between two dimensions of

relational benefits, and satisfaction and affective commitment of relationship quality. The test of Hypothesis 3b showed that the relationship quality construct of satisfaction and affective commitment could strongly be predicted by confidence, social and special treatment of relational benefits, and perceived functional and symbolic value where these two value perceptions acts as a partial mediator in the relationship of RB to RQ.

This study extends previous findings by demonstrating that perceived value dimensions acts as a mediator in the observed relationships between dimensions of relational benefits, and satisfaction and affective commitment of relationship quality. In particular, the findings indicate that relational quality approaches aimed at building relationship with customers, at least for social and special treatment benefits (full mediation) and confidence benefits (partial mediation) indirectly affect satisfaction; and for social and special treatment benefits (partial mediation) and confidence benefits (full mediation) indirectly impact affective commitment through their effects on functional and symbolic value dimensions.

The role of perceived value as a mediator between relational benefits and relationship quality brought two separate findings in the relationship marketing literature together, and helped explain how relational benefits can build strong relationship quality via customer perceived value. Thus, the mediation effects have implications for the interpretation of the relational benefits' studies that have tested direct effects between relational benefits and relationship quality while excluding mediators such as functional and symbolic of perceived value (Hennig-Thurau, Gwinner, & Gremler, 2002). This study produced a significant finding of the role of perceived value between relational benefits and relationship quality. The results first indicate that social and special treatment benefits not only have direct effects on satisfaction, but also indirect effects that are mediated by the functional and symbolic dimensions of perceived value. The findings also indicate that perceived value dimensions partially mediated the relationship between confidence benefits and satisfaction. Still, perceived value as an independent variable, especially functional value, plays an important role in reducing the direct effect of confidence benefits (trust) on satisfaction, and it contributed more to customer satisfaction, when compared to the effect of relational benefits.

On the other hand, the results of the current investigation indicate that the perceived value dimensions completely mediate the relationship between confidence benefits (trust) and affective commitment of customers. Previous studies that have examined the relationship between confidence benefits (trust) and affective commitment have not tested the mediating effect of perceived value (Bowen & Shoemaker, 1998; Sui & Baloglu, 2003). Social and special treatment benefits appeared to be more influential than perceived value on affective commitment. Nevertheless, both perceived value dimensions still play a partial mediation role between social and special treatment benefits, and affective commitment. Marketers should aim much of their effort to building social and special treatment benefits, which will also ultimately enhance the influence of perceived value on affective commitment.

Overall, the results of this study indicated that customers who are recognised and offered special treatment or better service by employees and gain confidence benefits, do perceive functional and symbolic values in order to form satisfaction and affective commitment of relationship quality. Perceived value has been recognised as having an important role in consumer behaviour and is connected to exchange theory. The exchange theory adopted by this study supports and explains the value meanings in exchange transactions where the functional value meaning of relational benefits is to be evaluated by customers in return for money, while the symbolic value meaning of those benefits is exchanged by psychological, social or other aspects to influence satisfaction and affective commitment. The findings of this study have highlighted the important role of perceived value as a fundamental basis for all marketing activities for example relational benefits can enhance customer perceived value, which in turn, influences relationship quality.

Furthermore, in this study it is also worth noting that determinant extra benefits of service quality, and social and special treatment benefits are two different marketing approaches used to attract customers. However, compared to the effect of extra benefits on the dimensions of perceived value and relationship quality, the effect of social and special treatment benefits seem to be more effective in influencing perceived functional and symbolic value leading to relationship quality of satisfaction and affective commitment. This study indicates that special recognition and treatment are valued more than the extra benefits such as loyalty program. Extra benefits were

perceived by the customers as part of the symbolic value, leading to affective commitment, whereas the social recognition and special treatment benefits provided additional incentive to influence functional and symbolic value perceptions and increase satisfaction and affective commitment. Thus, when comparing with social and special treatment benefits, extra benefits are considered the weaker form and may only lead to spurious relationships. In light of this, social and special treatment benefits seem to be more closely related to true customer relationships. The findings of this study offer some insight for coffee outlet operators that it is not always a matter of offering extra benefits, but it is a matter of providing social recognition and special treatment benefits of customer-employee interaction that enhance functional and symbolic value marketing strategies that will increase customers' satisfaction and affective commitment.

In brief, the findings supported the hypothesized mediating role of perceived value between relational benefits and relationship quality in the model. Unlike relational benefits, perceived value influenced all dimensions of relationship quality. Relational benefits strengthen the customers' connection to the coffee outlet through perceived value, which in turn, influences relationship quality of satisfaction and affective commitment toward the coffee outlets. Therefore, operators of coffee outlets should focus on the relationship marketing approach such as the effect of relational benefits in adding more value for the customer. As the operators' focus moves from the core product or service offering to focus on the relational benefits, there is a linking that takes place between the customer and the coffee outlet. Ultimately the greatest value is perceived when the coffee outlet is able to create an environment where there is a strong affective connection between the coffee outlet and its customers; in other words, a genuine relationship quality.

6.3.6. The Relationships among Perceived Value (PV), Relationship Quality (RQ) and Customer Loyalty (CL)

6.3.6.1. PV Regression II (Step 2): Perceived Value to Customer Loyalty

The first requirement of mediation has been satisfied based on the results shown in Table 6.11. The results further show a significant relationship between perceived

207

value and customer loyalty (F = 330.28, p < .001, R^2 = .41). The result of the regression analysis is reported in Table 6.14. As anticipated, perceived value are significantly, positively related to customer loyalty. Thus, Hypothesis 4 is supported. The results also satisfy the second requirement of mediation. Table 6.14 shows that symbolic value (β = .379, p < .001) has the highest regression coefficient, following by functional value (β = .344, p < .001). Symbolic value seemingly has the greatest impact on customer loyalty in the coffee outlet setting. This finding suggests that perceived symbolic and functional values are all important factors in retaining customers.

6.3.6.2. PV Regression III (Step 3): Customer Loyalty Regressed on Perceived Value with Relationship Quality Included

In order to further investigate Hypothesis 4a that perceived value and customer loyalty are indirectly related through relationship quality, the first three conditions of mediation are presented in Table 6.14. The beta weight for customers' satisfaction and affective commitment were significant for customer loyalty (Table 6.14). So, relationship quality positively influences customer loyalty, thus passing the third requirement for mediation.

The summary results show that satisfaction' (β = .325, p < .001) and affective commitment (β = .322, p < .001) of relationship quality had more influence on customer loyalty, followed by functional value (β = .154, p < .001) and symbolic value (β = .147, p < .001). The regression equation explains nearly 60% of the variances in customer loyalty, adding 16.2% of the estimated regression from the variation of PV alone (Table 6.14).

The Role of PV in Relation to RQ and CL

The results show that no variable meets all the requirements for complete mediation in the relationship between PV variables and customer loyalty. However, the results show that the significance of the effect of functional and symbolic value dimensions was reduced from 0.344 to 0.154 and 0.379 to 0.147 respectively when compared to that of PV's variables on customer loyalty without using relationship quality as a

covariate in customer loyalty, while the effect of RQ on customer loyalty is significant (Table 6.14). Hence, evidence of partial mediation was present for:

Perceived Value (functional and symbolic) → Relationship Quality (satisfaction and affective commitment) → Customer loyalty

Thus, partial support was found for Hypothesis 4a that perceived value has an indirect effect through relationship quality on customer loyalty.

The Direct Relationship between RQ to CL

Finally, the direct effect of RQ (satisfaction and affective commitment) on customer loyalty shows a highly significant positive relationship, thus providing support for Hypothesis 5 (Table 6.14). Satisfaction has the highest regression coefficient on customer loyalty. As such, satisfaction (β = .475, p < .001) seemingly has the greatest impact on customer loyalty in the coffee outlet context, followed rather closely by affective commitment (β = .386, p < .001). The regression equation explained approximately 54% of the variance in the customer loyalty variable, which indicates a good predictive power for the relationship between relationship quality and customer loyalty.

Table 6.14 Summary Results of Regression Analysis: The Relationships among PV, RQ, and CL

	Mediating Variables		Dependent Variables		
	Satisfaction	Affective Commitment	Customer Loyalty		
Step of Regression	Step I	Step I	Step II	Step III	Direct Effect
Functional	.462***	.124***	.344***	.154***	
Symbolic	.290***	.426***	.379***	.147***	
Satisfaction				.325***	.475***
Affective Commitment				.322***	.386***
R²	.451	.257	.411	.573	.536
R² Change				.162***	
F	388.88***	164.02***	330.28***	316.34***	547.30***

Note: *p < .05, **p < .01, ***p < .001.

209

Discussion and Implication of the Findings

As already identified based on tables 6.13 and 6.14, perceived value plays an important role in mediating determinant attributes of service quality and relational benefits to relationship quality. Moreover, perceived value has been recognised as an important predictor on customer loyalty in most service marketing literature (e.g. Chang & Wildt, 1994; Cronin et al., 1997), while relationship quality has also been found to be the determinant and a mediator of service quality (e.g. Roberts, Varki, & Brodie, 2003), as well as a mediator of relational benefits (e.g. Hennig-Thurau, Gwinner, & Gremler, 2002) to influence customer loyalty in the relationship marketing literature. Nevertheless, there is no study examining the role of perceived value in relation to relationship quality and customer loyalty.

The test of hypotheses 4, 4a and 5 demonstrated that perceived value does have a direct effect on customer loyalty, and indirect effect on customer loyalty via relationship quality where relationship quality has a strong positive relationship with customer loyalty. The findings of this study are generally consistent with those of past research (Cronin, Brady, & Hult, 2000; Eggert & Ulaga, 2002; McDougall & Levesque, 2000) in that, perceived value (functional) has an effect on satisfaction and customer loyalty. However, this study further identified that not only perceived functional value but also perceived symbolic value are significant predictors of satisfaction and in particular affective commitment of relationship quality, which in turn influence customer loyalty. Consistent with findings from previous studies, the results of this study suggest that perceived functional and symbolic values directly influence both satisfaction and affective commitment of relationship quality (see Section 6.3.3) and customer loyalty; and indirectly (partially supported) influence customer loyalty via both dimensions of relationship quality, whereas relationship quality (satisfaction and affective commitment) showed a stronger impact on customer loyalty in mediated and direct effect relationships (Table 6.14).

First, regarding the direct effect of perceived functional and symbolic value on customer loyalty, results found that symbolic value contributes more to customer loyalty than functional value. Compared to previous studies which view value for money as functional value to influence customer loyalty (e.g. McDougall & Levesque, 2000; Patterson & Spreng, 1997; Tam, 2004), the findings of this study

210

reveal that symbolic value involving how a customer can improve the way they are perceived and how they gain pleasure in a stylish coffee outlet with a good reputation is a determinant value perception beyond the functional value in the prediction of customer loyalty. Previous studies focusing on functional value itself reach limited interpretation of how perceived value can affect customer loyalty. The results suggest that researchers should study customer loyalty not only as functional value but also symbolic value. The findings also suggest that customer loyalty can be generated through improving functional value as the bedrock and then building on top of this with symbolic value. The findings imply that marketers should not solely compete in price, location, and quality of functional value, but should differentiate their products and services from other competitors by providing symbolic value perception derived from social, emotional, aesthetics, and reputational aspects to attract and retain customers. Thus, it is believed that the relationships between perceived value and customer loyalty will be more thoroughly comprehended with functional and symbolic value perceptions, especially in an increasingly competitive market to win customer loyalty.

Second, the findings of this study confirm that perceived value is an important predictor on relationship quality to influence customer loyalty, supporting previous findings in value and satisfaction research (e.g. Cronin, Brady, & Hult, 2000; Patterson & Spreng, 1997) and carrying out their research question on value and affective commitment (Eggert & Ulaga, 2002). In addition, partial support for perceived value indirectly affecting customer loyalty is also found in this study. Hence, relationship quality played a partial mediating role in the relationship between perceived functional and symbolic value, and customer loyalty. In other words, the results reveal that perceived value affects relationship quality, which in turn influences customer loyalty. The findings supported that value is regarded as an important construct of relationship marketing (Ravald & Gronroos, 1996) and provided evidence that the relationship between perceived value and affective variables such as satisfaction and affective commitment is important within a relationship marketing setting (Eggert & Ulaga, 2002). Hence, the findings of this study further demonstrated that perceived value is an important determinant of satisfaction (Cronin, Brady, & Hult, 2000; Gallarza & Saura, 2006; McDougall & Levesque, 2000) and affective commitment, as two dimensions of relationship quality

211

which may dominate customer decision making of loyalty. It is postulated that these relationships are very important to researchers and marketers, in order to better understand the process of creating customer loyalty. As such, the results of this study highlight a point that enhancing customers' functional and symbolic value perceptions to form satisfaction and affective commitment of relationship quality with coffee outlets will strongly attract and win customer loyalty.

Third, the results provide empirical evidence that satisfaction and affective commitment emerge as the consistent and dominant determinant of consumer loyalty. This suggests that customers' evaluation of relationship quality in relational exchanges carries greater weight in customer loyalty. Consistent with previous research in the service literature (e.g. Crosby, Evans, & Cowles, 1990; de Wulf, Odekerken-Schröder, & Iacobucci., 2001; Hennig-Thurau, Gwinner, & Gremler, 2002), relationship quality is employed to reflect the psychological connection that customers have with a retailer or service provider and showed a strong and significant effect on customer loyalty. The relationship quality of satisfaction and affective commitment helps researchers and practitioners to understand unexplained behaviour as a relationship motivation (affective commitment) rather than just needs satisfaction. This finding is also in line with Bloemer and Kasper's (1995) notion that only manifestly satisfied customers are believed to be truly committed. The findings also support previous research regarding affective commitment on customer loyalty. For example, findings in hotel (Shoemaker & Bowen, 2003) and in casino customers (Sui & Baloglu, 2003) suggested that a key determinant of customer loyalty was affective commitment. Therefore, satisfaction and affective commitment of relationship quality will contribute to customer loyalty.

As expected, increasing satisfaction and affective commitment is associated with increased customer loyalty. The finding indicated that having satisfied their customers in the market and having formed affective commitment with them, marketers can have confidence to build their market position that will be received by their loyal customers. This means service marketing strategy should not only be concerned about customer satisfaction with coffee outlets, since it is not simply the satisfaction that matters; the affective commitment matters as well and together they form relationship quality in influencing customer loyalty. Marketers should therefore

stimulate customers to make an explicit evaluation of their relationship quality with the coffee outlets. If the satisfaction and affective commitment results in robust relationship quality, the effect on customer loyalty is stronger than that resulting only from satisfaction.

It is clear that researchers and marketers should also be directly concerned about customer loyalty, because customer loyalty cannot be fully explained by satisfaction. The degree of loyalty is also directly related to the affective commitment. Similar to Shoemaker and Bowen's (2003) suggestions, in the absence of affective commitment, efforts to bind the customer to the coffee outlet will likely have a limited impact on customer loyalty. These two dimensions of relationship quality bind the customer to their coffee outlets. This indicates that the positive effects of satisfaction on customer loyalty can be tremendously increased by the presence of affective commitment in the relationship. Therefore, the importance of satisfaction and affective commitment is stressed by its strong relationship quality with customer loyalty to continue a relationship.

In summary, a series of findings demonstrated above delineate the role of perceived value in the development of a loyalty model. More specifically, perceived value firstly is positively impacted by determinant attributes of service quality and relational benefits. Secondly, the effects of determinant attributes of service quality and relational benefits on satisfaction and affective commitment of relationship quality are mediated by perceived value. Thirdly, this study suggests that relationship quality not only models a more direct influence on customer loyalty, but also reveals the critical process of forming relationship quality via perceived value. Thus, perceived value is a useful construct in explaining key post-consumption outcomes including customer satisfaction and affective commitment of relationship quality to influence customer loyalty. The above findings of this study emphasise and enlighten the role of perceived value within the conceptual model. And, it is believed that the results of the current study will contribute to the theoretical understanding of the relationships between the role of perceived value among determinant attributes of service quality, relational benefits, relationship quality, and customer loyalty.

6.4. ANOVA

The increasing awareness of value, acting as an interactive relativistic preference experience (Holbrook, 1994, p.27) and creating the potential of the consumption experience, has led the research to examine the differences in the customer's preference of types of coffee outlets. This analysis aims to investigate Hypothesis 4b that perceived value dimensions will show more significant difference as far as other dimensions of determinant attributes of service quality, relational benefits, and relationship quality are concerned in predicting customers' preference of chain or independent coffee outlets.

ANOVA was conducted to examine whether perceived value determines customers' preference of choosing chain or independent coffee outlets. Table 6.15 shows that the assumption of homogeneity of variances was not violated based on Levene's test with numbers greater than 0.05, except extra benefits and affective commitment that are excluded for further analysis. Analysis of variance is reasonably robust to violations of this assumption, provided the size of groups is reasonably similar (Stevens, 1996, p. 249).

Table 6.15 Test of Homogeneity of Variances

Constructs	Dimensions	Levene Statistic	Sig.
Determinant Attributes of Service Quality	Coffee Quality	2.697	.068
	Service	1.168	.311
	Food & Beverage	2.881	.057
	Atmosphere	2.698	.068
	General Amenities	2.560	.078
	Extra Benefits	5.672	.004
Relational Benefits	Social & Special Treatment Benefits	1.773	.170
	Confidence Benefits	.617	.540
Perceived Value	Functional	2.158	.116
	Symbolic	1.455	.234
Relationship Quality	Satisfaction	.315	.730
	Affective Commitment	6.412	.002

Source: Author's Data analysis 2005.

214

The results indicate that there were significant differences in what dimensions of each construct influenced customers' preference of types of coffee outlets. Table 6.16 indicated the results of the analysis of variance (ANOVA) accordingly. There were significant differences among the preference groups in viewing food and beverage (F=4.096, p = .017), functional value (F = 3.726, p = .024), symbolic value (F = 8.096, p = .000), and satisfaction (F = 5.454, p = .004).

Table 6.16 ANOVA Mean Differences in Variables by Preference of types of coffee outlets

Constructs	Dimensions	C (n=322)	I (n=410)	U (n=214)	F (df=2)	Sig.
Determinant Attributes of Service Quality	CQ	4.1066	4.0142	4.0514	1.633	.196
	SERVICE	4.1718	4.2016	4.2321	.639	.528
	F&B	**3.6553**	**3.4738**	**3.5432**	**4.096**	**.017***
	ATMOS	3.7329	3.7228	3.5966	2.058	.128
	GA	3.4922	3.5774	3.4287	2.712	.067
Relational Benefits	S&S	2.9581	2.9610	2.9431	.023	.977
	CB	3.7226	3.7943	3.6822	1.894	.151
Perceived Value	**FV**	**3.8478**	**3.8435**	**3.7095**	**3.726**	**.024***
	SV	**3.5578**	**3.4262**	**3.3119**	**8.096**	**.000*****
Relationship Quality	**SAT**	**3.7534**	**3.7546**	**3.5757**	**5.454**	**.004****

Note: Mean difference at *p < 0.05; **p < 0.01; ***p < 0.000.
C = Chain; I = Independent; U = Unsure.
Abbreviations in the predictor variables:
CQ: Coffee Quality   **CB:** Confidence Benefits
F&B: Food and Beverage   **SV:** Symbolic Value
ATMOS: Atmosphere   **FV:** Functional Value
GA: General Amenities   **SAT:** Satisfaction
S&S: Social and Special Treatment Benefits

Tukey's HSD, one of the most commonly used post-hoc tests (Pallant, 2001, p. 175), was used to explain the difference by preference group in types of coffee outlets in Table 6.17. Post-hoc comparisons are designed to guard against the possibility of an increase in Type 1 error due to the number of different comparisons being made.

Table 6.17 Tukey's HSD Analysis between Variables and Customers' Preference of Types of Coffee Outlets

Dependent Variables	Preference to C, I or U (A)	Preference to C, I or U (B)	Mean Difference (A-B)	Sig.	Tukey
F&B	C	I	.1815	.012	C > I *
Functional	C	U	.1383	.039	C > U*
	I	U	.1340	.036	I > U*
Symbolic	C	I	.1316	.033	C > I*, U***
	C	U	.2459	.000	
Ssatisfaction	C	U	.1777	.008	C > U*
	I	U	.1789	.005	I > U **

Note: mean difference at *p < 0.05; **p < 0.01; ***p < 0.000.
C = Chain; I = Independent; U = Unsure.
Source: Author's Data analysis 2005.

Discussion and Implication of the Findings

According to Sheth (1983), customers make preference judgements during shopping based on functionally (e.g. value for money) and non-functionally (e.g. social and emotional) driven desires, which is also supported by Holbrook (1994, p. 27) defining customer perceived value as an "interactive relativistic preference experience". Thus, perceived value has been applied to understand customer loyalty in the dining decision process (e.g. Kwun & Oh, 2004; Oh, 2000; Tam, 2004). However, no study undertaken has investigated which variables contribute to customer preference, as a central loyalty conceptualisation, of the types of chain and independent coffee outlets.

In this study, the approach of perceived value is used to examine its role in predicting customer's preference on chain and independent coffee outlets. The findings indicated food and beverage was viewed significantly different between the chain preference group and the independent preference group with the chain preference group considering food and beverage to be a more important dimension than the independent preference group. The comparisons in functional value and satisfaction indicated a significant mean difference between the chain preference and unsure group and a mean difference between the independent preference and unsure group. The chain preference group viewed symbolic value significantly different from the independent preference and unsure groups. Those who indicated unsure showed both the lowest symbolic and functional value.

Customers who prefer chain or independent outlets showed higher overall satisfaction value than those indicating unsure. Based on the comparative analysis, only food and beverage and symbolic value indicated significant differences between the chain preference and the independent preference groups. Among them, only symbolic value was significantly different from counterparts such as independents and unsure groups. Besides, the food and beverage factor was completely mediated by perceived value dimensions to satisfaction (see Table 6.12). Thus, the results may indicate that perceived value dimensions could be the most significant variables in predicting customers' preference of types of coffee outlets between chain and independent coffee outlets. Finally, these findings answer Hypothesis 4b and the research aim of identifying perceived value as an important variable in predicting customers' preference of the coffee outlets.

The foregoing discussion suggests that the perceived value provides a mechanism for understanding how each of the value dimensions contributes to an ultimate connection between the customer and the coffee outlet. These two value perceptions work, independently and in concert, to determine in a holistic approach a customers' preference of the coffee outlet and support the characteristics of perceived value in terms of instrumentality, dynamism, hierarchy, diversity, synergy, role specificity and variability among customers (Widing et al., 2003). Therefore, in order to win customers in a highly competitive market, coffee outlet operators should design marketing strategies to enhance customer perceptions of the value of a service.

By understanding the differences in those variables for customers' preference of choosing coffee outlets, it is worthwhile to understand customers' attitude in the decision-making process. With many marketing strategies having considerable influence on customers, it is apparent that customers are making decisions about which coffee outlet they prefer to visit based on their value perceptions. Researchers and marketers face the task of understanding customers from whom making a selection or decision requires an interactive relativistic experience, necessitating customer preferential and comparison judgement of competing alternatives. Arguably, the findings from this study provide further evidence that chain and independent coffee outlets are perceived to be similar regarding their offerings and

that customers rely on functional and symbolic value perceptions derived from the consumption experience. Customers intend to find a coffee outlet where they feel value perceptions, functional and symbolic. The position is that these value perception-driving experiences reflect customers' preference. Therefore, the number one goal of business should be to maximize customer value perceptions and strive to increase functional and symbolic value. If a coffee outlet maximizes perceived value, relative to competitors, success will follow.

Customer's preference should not be seen from a purely rational point of view in terms of functional value. The experiential view of symbolic value provides a new key to the valuation made by customers and therefore to the most important factor that will later influence customer satisfaction and affective commitment, and further leading to customer loyalty as well as their preference judgement. The most critical success factor for a coffee outlet is the ability to deliver better customer perceived value than the competitors. Perceived value can be achieved when quality of service and product, valued-based prices and convenience, are in harmony and exceed customer expectations, as well as when symbolic value was perceived by customers.

6.5. Summary

In order to test the proposed hypotheses, principal components analysis, multiple regression analysis, and ANOVA were utilised in this study. Principal components analysis suggested that determinant attributes of service quality, relational benefits, perceived value, and relationship quality were multidimensional. Six dimensions were identified with the factors of coffee quality, service, food and beverage, general amenities, atmosphere, and extra benefits. Relational benefits have two dimensions with the first dimension related to social and special treatment benefits and the second related to confidence benefits. Two dimensions of perceived value were theoretically and practically identified; the first dimension related to symbolic value including social, emotion, aesthetic, and reputational; and the second related to functional value in terms of behaviour price, monetary price, and quality. Relationship quality has two dimensions, satisfaction and affective commitment. The customer loyalty was identified as a uni-dimension.

To test the hypotheses, multiple regression and ANOVA were used in this study. The results of multiple regression analysis support the hypothesised directions of the relationships for all of the significant predictor variables. The determinant attributes of service quality (DA) and relational benefits (RB) were significantly related to perceived value, which mediates the effect of DA an RB on relationship quality; perceived value positively and directly influence relationship quality and customer loyalty, and finally indirectly influence customer loyalty via relationship quality. Taken together, these findings reveal that the role of perceived value to customer loyalty involves relationship quality building processes that also require an understanding of how DA and RB can enhance functional and symbolic values perceived by customers. The findings suggest that enhancing customers' perceived value perceptions via the effects of determinant attributes of service quality and relational benefits is the key strategy in increasing customer satisfaction and forming affective commitment of relationship quality, which in turn leads to customer loyalty in better understanding of customer behaviour in the coffee outlet industry.

The results of ANOVA also present the effect of the variables with respect to food and beverage, functional and symbolic value perceptions, as well as satisfaction on customers' preference of types of coffee outlets. The comparative analysis suggests that the mean differences in influencing customers' preference of types of coffee outlets were significantly with food and beverage (determinant attributes of service quality), functional and symbolic value (perceived value), and satisfaction (relationship quality). The findings indicate that the chain preference group may be more motivated by symbolic value than the independent and unsure groups. An understanding of the relationships and the similarities and differences among those variables may provide some insights into a comprehensive view of customers' preference as they appear to be important in understanding the influence of the variables' dimension on the three groups of their preference of types of coffee outlets. In sum, the summary of the results of the hypotheses tested via multiple regression analysis and ANOVA are presented in Table 6.18.

219

Table 6.18 Summary of the Hypotheses Testing

Hypothesis	Analysis	Result
H1: Determinant attributes of service quality have positive effects on perceived value.	Multiple Regression	Accepted
H2: Relational benefits have positive effects on perceived value.	Multiple Regression	Accepted
H3: Perceived value positively influences relationship quality.	Multiple Regression	Accepted
H3a: Perceived value mediates the relationship between determinant attributes of service quality and relationship quality.	Mediator Regression	Partially Accepted
H3b: Perceived value mediates the relationship between relational benefits and relationship quality.	Mediator Regression	Partially Accepted
H4: Perceived value positively influences customer loyalty.	Multiple Regression	Accepted
H4a: Perceived value indirectly influences customer loyalty through relationship quality.	Mediator Regression	Partially Accepted
H4b: Perceived value significantly predicts customers' preference of the coffee outlets.	ANOVA	Accepted
H5: Relationship quality positively influences customer loyalty.	Multiple Regression	Accepted

As a marketing based approach (Holbrook, 1994) of research model and a determinant variable in influencing customers' preference judgement, perceived value, theoretically and practically identified in this study, supported the notion that "it is perceived value that attracts a customers or lures a customer away from a competitor" (Rust & Oliver, 1994). Thus, by becoming aware of the functional and symbolic value dimensions that comprise customer perceived value, along with the benefits (core benefits of determinant attributes of service quality and relational benefits) that customers associated with these dimensions, and the consequence of perceived value in relationship quality and customer loyalty, the construct of perceived value can be used as a managerial tool in developing competitive strategies and in staging an integrated and memorable coffee consumption experience.

CHAPTER SEVEN

CONCLUSIONS AND SUGGESTIONS FOR

FURTHER RESEARCH

7.1 Introduction

This thesis has provided empirical support for the suitability of the value-based model it presents in measuring the relationship process of customer loyalty. Added to the traditional value model were two antecedents of marketing approaches related to coffee consumption: determinant attributes of service quality and relational benefits and their consequence upon relationship quality mediated by perceived value and leading to customer loyalty. It also has identified the role of perceived value in differentiating customers' preference judgement of the type of coffee outlet by perceptions of functional value and symbolic value.

7.2. Key Findings

The study objectives were achieved both theoretically and empirically. The study also highlights some emergent customers' consumption experience within the coffee outlet industry. Development of the conceptual model is the key finding of this study contributing to service marketing theories by exploring the role of perceived value in the process of creating customer loyalty. The other important findings derived from this study can be summarized as follows below.

- Twenty-five items of determinant attributes of service quality for the coffee outlet industry have been identified and ranked, underlying six dimensions of determinant attributes of service quality.

- Previously known perceived value is interpreted as two value perceptions – functional and symbolic. The former is related to traditional trade-off value in terms of quality, monetary and non-monetary price; whereas the latter is associated with symbolic value reflecting social, emotional, reputational, and

aesthetic aspects. This study found that customers seek out not only functional value but also symbolic value during the coffee consumption experience.

- Significant differences in customer perception of determinant attributes of service quality, relational benefits, perceived value, relationship quality and loyalty of the proposed conceptual model are pinpointed across customers of independent and chain coffee outlets.

- This study has demonstrated that determinant attributes of service quality and relational benefits are found significantly related to perceived value. In addition, the role of perceived value is also identified to mediate the above constructs on the satisfaction and affective commitment dimensions of relationship quality, and the perceived value is applicable to the measurement of these two dimensions, further influencing customer loyalty in the context of the coffee outlet industry.

- Perceived value dimensions were found as the important variables influencing customer loyalty and customers' preference in choosing chain or independent coffee outlets.

7.3. Theoretical Implications

This thesis attempts to build on earlier conceptual models to address the role of perceived value in the process of creating customer loyalty in the coffee outlet industry. The model developed in this thesis identified determinant attributes of service quality and relational benefits as key antecedents that are likely to influence perceived value which mediates their effect onto relationship quality, in turn leading to loyalty outcomes in the coffee outlet setting. The findings with respect to the role perceived value were consistent with hypotheses from exchange theory, means-end theory, related hospitality behaviour research, and the extant perceived value literature. Additionally, the model explored the relationships among dimensions of each research construct.

Theoretically, the thesis contributes to the marketing literature in two ways. First, the model broadens the customer perceived value literature by synthesizing findings from previous studies and by integrating several key variables into one theoretical framework. Determinant attributes of service quality and relational benefits are included in the model, in addition to relationship quality and customer loyalty as outcome variables, which have been considered important in previous research. In addition, the results of this thesis add to the extant literature by identifying the role of perceived value between determinant attributes of service quality, relational benefits, relationship quality, and customer loyalty. Second, the model presented in this thesis is specifically designed for customer behaviour in the coffee outlet setting and is among the first efforts to explore perceived value in a coffee outlet based business context.

By addressing an important research issue with a value-based conceptual model, and by using data collected from representatives of two samples of customers from chain and independent coffee outlets together with an adequate model testing methodology, this thesis's research model adds significantly to the hospitality marketing literature in understanding customers' consumption behaviour in the coffee outlet industry. The findings demonstrated that customer loyalty can indeed be influenced by building satisfaction and affective commitment of relationship quality, which can also be enhanced by the customer's functional and symbolic value perceptions impacted by the effects of two service marketing approaches, namely, determinant attributes of service quality and relational benefits.

The integrated model seems to be tenable in studying the coffee outlet customers' decision process in a loyalty model. The model exhibits the substantial explanatory power as indicated by the amount of variance explained in most key variables. The hospitality literature to date has not provided conceptual and empirical studies considering simultaneously determinant attributes of service quality, relational benefits, perceived value, relationship quality, and customer loyalty. The thesis results confirmed the significant role of perceived value in the relationships among the above research constructs. In addition, this thesis also further suggests that perceived value mediates the effects of determinant attributes and relational benefits on building relationship quality, which further influences customer loyalty. Finally,

perceived value dimensions were found as determinant variables in influencing customers' preference on chain or independent coffee outlets. Thus, the results of this thesis provide preliminary evidence that an integrated approach is indeed a potential avenue for future perceived value research in the hospitality industry.

7.3.1. Perceived Value

The role of perceived value in customers' post-purchase decision-making process is evident (Oh, 1999). The result of the analysis indicates that perceived value consists of not only functional value (trade-off) but also symbolic value. Price is price – value is total experience (Berry, 1996). The findings of this study implicate that the conventional trade-off view of perceived value needs to be refined. Goodstein and Butz (1998) noted that customer perceived value is rooted in the belief that price is not the only thing that matters. Focusing on the cost of the production and price to the customer leads to managing the business as though it were providing a commodity differentiated only by price. In contrast, businesses that provide customer value believe that many customers will pay a premium for superior customer service.

This study broadens the perceived value literature by first demonstrating that traditional value perception consisted of quality, price, and non-monetary perspectives, specifically, of a give and get value approach advanced by Zeithaml (1988) and adopted by many researchers (Brady & Robertson, 1999; Chang & Wildt, 1994). Beyond this, the social, emotional, reputational, and aesthetic aspects also contribute to the growing recognition of the importance of symbolic value in shaping perceptions of customers' coffee consumption behaviour. From a theoretical point of view, this study further supports the view proposed by Holbrook (1994, 1999) who recognized that the consumption experience is likely to involve more than one type of value simultaneously. Hence, both value perceptions of functional and symbolic components play fundamental roles in explaining the proposed research model and customer consumption behaviour. In this study, value perceptions of functional and symbolic connotations have been identified. The former are related to the traditional view of perceived value, based on quality, price, and convenience. The symbolic value is centred on social, emotional, reputational, and aesthetic elements generated by the consumption experience at a coffee outlet. This study generally supports Bhat

and Reddy's (1998) functional and symbolic value approach and confirms the dimensionality proposed by Sweeney and Soutar (2001) and Petrick (2002) within Holbrook's typology of value. This study further contributes with the identification of the symbolic elements in the value perceived by a customer within the coffee outlet context. Customers judge a coffee outlet not only by focusing on functional components, but also valuating its outlook and reputation along with social and emotional elements at the same time. It is like a customer choosing a coffee outlet by judging its brand (reputation) and design (aesthetics) generating social status and pleasure, while functional value plays a foundation role in quality and value for money assessment.

In brief, when focusing only on functional value itself there is little to differentiate a business from its competition, but complementing the functional with the symbolic value creates the competitive edge. Both play an important role in the valuation of the overall experience, together with the effects of determinant service and product attributes, and relational benefits, influencing satisfaction and affective commitment in the process of creating customer loyalty.

7.3.1.1. The Role of Perceived Value in the Research Model

In terms of the investigation of the conceptual framework – where satisfaction and affective commitment of relationship quality are all examined as consequences of perceived value mediating dimensions of determinant attributes of service quality and relational benefits as antecedents to customer loyalty – perceived value has shown an important role in explaining the customer loyalty model. The results of this study also highlight the role of perceived value as a mediator, where the determinant attributes of service quality and relational benefits affect relationship quality directly and indirectly through perceived value in the process of the model. The results have also shown that perceived value is an immediate antecedent to relationship quality and acts as a determinant variable influencing customers' preference in choosing coffee outlets.

Customer perceived value has long been seen as a foundation of marketing. In consumption, value is "an interactive relativistic preference experience...[in which

the] value attaches to an experience and pertains not to the acquisition of an object but rather to the consumption of its services" (Holbrook, 1994, pp, 27-28). This supports Pine and Gilmore's (1999) view, that experiences are internal while commodities, goods, and services are external to the consumer. They also contend that businesses need to engage the customer through experiences in order to create value. The present study has supported their view and has demonstrated customers judge determinant attributes of service quality and relational benefits in terms of perceived value. Drawing on mean-ends theory and exchange theory, this study has identified the effects of determinant attributes of service quality and relational benefits on perceived value – the functional and symbolic value.

Understanding the variables associating with perceived value is important. The key finding of this study is the support it lends to the theorized role of perceived value with determinant attributes of service quality and relational benefits. This study identifies the precise attributes and relational benefits necessary to delivery the value customers perceived. In that regard, it is the linking of determinant attributes of service quality and relational benefits that, at least in the customer's mind, was critical to delivering the expected value, typically promised in the coffee outlet's positioning. This thesis reasoned that the more influence the determinant attributes of service quality and relational benefits have on customers' choice, the more they contribute to perceived value. Mapping and communicating the relationship between specific attributes/benefits and the distinctive value in relation to the functional (behavioural price, monetary price, and quality) and the symbolic (emotion, reputation, social, and aesthetics) values perceived by customers emerged as important not only for researchers but also for coffee outlet operators. Therefore, this study has shown and suggested that understanding the variables associating with perceived value is important for marketers to formulate value-added attributes/benefits as suggested by Meyer and Blumelhuber (2000) to become strategic competitive advantages in order to distinguish themselves in a competitive environment.

This study has suggested that value perceptions can be created and enhanced in effective ways such as via determinant attributes of service quality and relational benefits, which have not been investigated before. Thus, coffee outlet operators can

position their products and services that are unique using a symbolic value-enhancing strategy and those that are relatively undifferentiated from competitors using a functional value-enhancing strategy. Furthermore, the findings also suggested that it is possible to position coffee outlets to have both functional and symbolic meanings for customers. It is necessary to tailor such efforts to make optimal contributions to perceived value.

7.3.1.2. The Role of Perceived Value in Predicting Customers' Preference of Types of Coffee Outlets

The findings of differences in value perceptions among customers' preference of types of coffee outlets are intuitively appealing and provide some guidelines for researchers to understand customer behaviour in terms of perceived value and for coffee outlet operators to develop value enhancement strategies. Specifically, functional and symbolic value perceptions have been shown to differ among chain and independent coffee outlets.

Functional value was perceived relatively equally between the chain and independent preference groups while symbolic value was perceived differently. The findings appear to suggest that symbolic value was significantly higher and more favourable for the chain than for the independent preference groups. Thus, it is important for researchers and marketing managers to understand how preferences change across people and environments and, more importantly, which value dimensions are associated with these changes. The study results also suggest that various value strategies (i.e., symbolic versus functional value) are important predictors in determining customers' preference of types of coffee outlets. That is, in the study of the relative effect of functional versus symbolic value on outlet preference this study found that some customers are sensitive toward functional value, whereas others are more symbolic value oriented.

Measuring customer perceived value is essential in assessing current services and for the development of future ones, because customer segments may have different motives to use services and thus perceived different value in them. Therefore, value perceived by customers will vary across segments. For some customers, symbolic

value might be more important than functional value or vice versa. Marketers should determine which value strategy is appropriate for their target segments and develop their positioning strategies appropriately. In addition, these positioning strategies need to form part of a focused strategy that manages the customers' journey as stated by Berry, Carbone, and Haeckel (2002, p. 85): "from the expectations they have before the experience occurs to the assessments they are likely to make when it's over". Symbolic value is just as important to the customer experience and work synergistically with functional value (Widing et al., 2003).

It might be concluded these two perceived value dimensions were discerned as important by customers visiting coffee outlets, and that they were also the driving factors that influenced customer preference in selecting a coffee outlet.

7.4. Methodological Implications

This research has also produced a valuable methodology in being the first to do the following.

- Survey a large representative sample of coffee outlet customers from chain and independent coffee outlets.

- Organize data analyses into four stages. The first step involves collecting two samples of coffee outlet customers to understand customers' characteristic in relation to their preference of types of coffee outlets. The second step investigates the significant differences with respect to important attributes of service quality, relational benefits, perceived value, relationship quality, and loyalty between two samples. The third step attempts to understand the role of perceived value among other variables in the research model. The final step identifies the role of perceived value in understanding a customer's preference in choosing a chain or independent coffee outlet.

- Use a methodology involving two samples of coffee outlet customers and through planned sequential analyses to help the researcher in analysing more profound customer data and assist the coffee outlet operators in understanding

their target markets and their operation, and devising a strategic plan of competitive marketing based on the perceived value-based model.

In sum, benchmark the coffee outlet's position relative to key competitors. It is not sufficient merely to understand the basic needs and wants of current customers, but also how the coffee outlet can strengthen the value impacts on building relationship quality, ultimately leading to customer loyalty. A coffee outlet is usually not alone in its marketplace but is in fierce competition. Hence, it is also critical to understand what competitors are doing, and how the coffee outlet competes, from customers' minds, against its competitors. Therefore, the managerial implications for successful marketing strategies for both types of coffee outlet can be generated based on the analysis process that this study takes. The managerial implications for coffee outlet industry then are provided next.

7.5. Managerial and Marketing Implications for Coffee Outlet Industry

To sum up the analyses and results in terms of identifying determinant attributes of service quality, customers' different perceptions of research variables (Chapter 5), and hypotheses testing (Chapter 6), this section unfolds managerial and marketing implications for both academics and practitioners of coffee outlet marketing management.

7.5.1. Determinant Attributes of Service Quality

Investigating what determinant attributes of service quality customers perceived as important can create or gain a better understanding of how a business's current marketing strategies match its environment, and what changes should be considered and focused upon. The implication here is that customers considered service related issues, core coffee products, and environmental attributes offered by the service provider far more important than other attributes such as food and product or other services. This is particularly evident in the consumption of coffee where the customer is not simply buying a coffee beverage, with it characteristics of taste, freshness, temperature, aroma, and smoothness, but obtaining benefits that relate to customer service combined with the environment.

Although this study found that some attributes are of less importance, maintaining the standards of those less important attributes to meet the basic needs of the customers should also be emphasized. It is important to be aware that even though attributes ranked less important are not the central factors influencing customer decision, the absence or failure of these attributes to meet their expectations could result in customers' dissatisfaction. Therefore, other attributes ranked less important should not be ignored.

This study has provided effective ways for coffee outlet operators to identify important attributes that are likely to influence customers' choice of a coffee outlet. Once the coffee outlet attributes in relation to customers' requirements are clearly identified and understood, operators of coffee outlets are likely to be able to anticipate and cater for their customers' needs. Coffee outlets are competing fiercely for a larger market share, the marketing focus for operators of chain or independent coffee outlet is not only to increase the number of repeat customers by meeting customers' desires more effectively, but also to differentiate their competitive advantages from others through a better understanding of the determinant attributes of service quality.

Determinant attributes are important to all types of business, as those attributes represent their most significant communication with their target customers. This study has reviewed the extant literature on determinant attributes of service quality, highlighting the potential variability in the attributes coffee outlet customers feel are important. The variety of determinant attributes appears to be dependent on the coffee outlet sector, target market and motivation of the customer, with the combination of determinant attributes being more important than each factor taken individually. This study evaluated the attributes important in the coffee outlet sector – not only relative to chains, but also independent ones. In so doing, it demonstrates that – in this sector at least – there appear to be significant differences in the composition and importance of determinant attributes between the two types of coffee outlet (chain versus independent). Further, the study provides an understanding of how a coffee outlet could improve its marketing strategies from the determinant attributes point of view to address competition and differentiate its offering.

7.5.2. Customers' Perception Differences of Independent and Chain Coffee Outlets

While the examination of customers' evaluation with regards to the coffee outlet experience via cross-tabulation and t-tests may provide fruitful information for coffee outlet operators, importantly, it indicates the crucial fact that different types of coffee outlet may induce different customer responses. The analysis provides that their own market position can be further revealed from the perceptions of existing and potential customers. The comprehensive views of the integrated findings that emerge from the data offer improved performance for coffee outlet operators.

Based on the findings of this study, the competitive advantage may arise from a strategy of optimising the customer's perception of value across key dimensions of determinant attributes and relational benefit. The coffee outlet has to sustain its competitive advantage by having a deeper understanding of its customers than the competition and by using this knowledge to build relationship quality. The end result is competitive loyalty and customer preference.

Again, in determining how to drive customer loyalty and customer preference, it is important to understand the strength of the competition from customers' perception of coffee outlet in terms of product and service attributes, relational benefits, perceived functional and symbolic value, and relationship quality. Once perceived value is identified to consist of functional value and symbolic value, the aim is then to identify very specific marketing strategies that will enhance these two value perceptions from the customers' point of view. This study has provided evidence of the effects of determinant attributes of service quality and relational benefits that can be added to enhance not only customers' functional value but also symbolic value perceptions in order to influence customers' relationship quality to win their loyalty.

This thesis suggests that coffee outlet operators should understand the effects of determinant attributes of service quality and relational benefits on perceived value. To fully leverage experience as part of a customer-value proposition, this study has suggested that coffee outlet operators must manage the symbolic value component with the same rigor they bring to the management of products and service attributes in terms of functional value. Chain coffee outlets are providing highly standardized

products and services with which the independent coffee outlets cannot directly compete. Independent coffee outlets need to differentiate their service through providing more symbolic value while chain coffee outlets should engage in interaction quality and build stronger relationships with customers to win their loyalty and preference.

Information on what value dimensions are perceived by customers visiting coffee outlets is critical for positioning insight and marketing activities. It allows researchers to identify coffee outlets that compete against each other from a customer perspective and it enables marketers to evaluate the competitive advantage of their coffee outlets, considering service marketing strategies which are of functional and symbolic value-based. Furthermore, understanding the value perceptions influencing customers' preference in choosing a coffee outlet provides further information on which customer group to target with a perceived value approach (e.g. characteristics of demographics). In addition, it provides marketers with the information required for successfully targeting market segments by positioning the particular value perceptions that customers seek within a segment.

Insight into segment characteristics in terms of functional and symbolic value perceptions facilitates managerial decisions on functional value enhancing and value-added strategies such as pricing, quality improvement, and the selection of location, as well as on symbolic value-added strategies including a visually appealing design of coffee outlet with brand awareness for customers seeking social approval and emotional delight to maximize the coffee consumption experience. This thesis has found that the elements of the determinant attributes and relational benefits offering are fundamental prerequisites for enhancing customer perceived value to form the satisfaction and affective commitment of relationship quality, which in turn, affects customer loyalty and how customers judge their preference based on perceived functional and symbolic value.

Based on the perceived value-based marketing approach, the most effective positioning strategies can be developed by understanding the extent to which a coffee outlet is perceived in terms of its functional value and symbolic value. More details of managerial and marketing implications for both types of coffee outlet are addressed in the following subsections.

7.5.3. Managerial and Marketing Implications for Independent Coffee Outlets

Operators of independent coffee outlets need to be mindful of the customer's motivation to seek out not only functional value but also symbolic value during the coffee consumption experience. Clearly, the independents need to acknowledge the importance of perceived value in determining satisfaction, affective commitment, and preference. It is increasingly difficult for independent coffee outlets to compete on functional value only. In other words, the focus may not need to be on a decrease in price or reduced cost, but providing the best value perceptions to customers through the service offering. Independents should compete by creating better symbolic value for customers who appreciate more than just functional value in terms of price, quality, and convenience. When independents and their competitors are the same in customers' functional judgement, there is little variation in value perception to differentiate their competitive advantage. It does not mean that concentrating on lowering price, or creating quality through products and services, or even a convenient location is the way to achieve customers' value judgement. Overall, the above suggestions help operators of independent coffee outlets to move away from competition solely based on price and differentiate themselves on symbolic value.

Although the basic trade-off functional value is important, none of the components of functional value can be differentially offered by one coffee outlet without another coffee outlet immediately imitating that outlet's offering. Independents should build their awareness and reputation to find and attract new potential customers. As Scott (2006) indicated that the products consumed and associated brand reputation can be called status or fashion statements and this may undoubtedly affect customer loyalty and preference in coffee outlet selection. Thus, a well-known coffee outlet with distinct visual appeal reminds the customer about the outlet's products and services, and ensures that customers continue to think about it. The reputational and aesthetic aspects may link with the customer's social and emotional ties to the coffee outlet, and customers who perceived symbolic value, associated with social, emotional, reputational, and aesthetic components, with the outlet may closely identify with it.

On the other hand, independent outlets should keep emphasizing their competitive advantage which reside in the social and special treatment benefits of a relationship

marketing strategy to enhance customer's symbolic value as well as functional value, further increasing satisfaction and genuinely enjoying their relationship with independent coffee outlets. At the same time, independents should also maintain and improve their coffee and food and beverage quality, and even update their "servicescape" environment, creating innovative product and service attributes such as the loyalty programs provided by chains to differentiate their offering.

As this study identified, symbolic value can be derived from the coffee product, food and berverage, general amenity, and extra benefits, gained through careful design and standard of operation in terms of determinant product and service attributes. Symbolic value simply represents the extent to which the coffee outlet successfully influences the customer's subjective evaluation of the outlet's offering – to form affective commitment and satisfaction to the coffee outlet. This suggests that the independents can provide symbolic value by increasing the reputation of their products and services, by providing stylish and fashionable visual appeal within the outlet environment, and by building social and emotional stimuli with the customers through the above suggestions.

7.5.4. Managerial and Marketing Implications for Chain Coffee Outlets

The chains' operators need to understand the importance of their customer's feeling of lack of social and special treatment benefits while visiting chain coffee outlets. This means that customers feel the service lacks of a personal touch, that they are not recognized by employees, and perceive no real effort of special treatment to regular customers visiting the chain coffee outlet. According to Scott's (2006, p. 67) findings, staff was a crucial factor in terms of choice of outlet, which reinforces the fact that contemporary customers are buying more quality products and that this may be the only or significant piece of social interaction required to indulge in café culture. Chain operators should emphasize value creation through personal interaction. Independent coffee outlets provide more flexible and personalized service. It might be true that chain coffee outlets train their employees to obtain a confident level of coffee knowledge to deliver an outstanding coffee consumption experience. However, it may be difficult to directly control the strategy and ensure staff becomes close to customers like in independent coffee outlets.' The independents are more likely to

focus on the interaction with customers by providing a relaxing atmosphere whereby customers can unwind and engage in comfortable conversation. These benefits emerged as an important value driver. Although a loyalty program may enhance customers' symbolic value perception, social and special treatment benefits are more likely to increase both symbolic value and functional value than the loyalty program does. Operators of chain coffee outlets should be aware that these perceptions of disadvantages may result in no genuine relationship quality with this type of coffee outlet, as the findings identified in this study (see Table 5.17).

As for advantages, the chain coffee outlet should maintain their high service standard linked to notions of customer familiarity with operations and products that ensures customers' confidence or trust, as it contributes to functional and symbolic value significantly. Furthermore, the wide choice of coffee products offered by chain coffee outlets may create an image of a professional coffee outlet to customers. Finally, this study found that customers who prefer chain coffee outlets do so due to symbolic value. It appears that, when in the chain coffee outlet setting, customers are more symbolic-oriented rather than functional-oriented, so any costs incurred by the operators to enhance the customer's symbolic consumption experience such as quality and visual appeal of coffee cups or facilities may produce significant improvement and price increases, and may be accepted by their customers.

Still, chain outlet operators cannot overlook functional value. They should aim at the continuous improvement in quality and price, as well as establishing new outlet locations or increase distribution. The functional value definitely should be integrated with symbolic value to act as a sustainable competitive advantage. Improving satisfaction and a commitment to customer intimacy through the value creation by providing determinant service and product attributes and relational benefits are the keys to building customer loyalty.

Driving customer loyalty is the coffee outlet's relative standing on customers showing satisfaction and affective commitment. This is influenced by a customer's value perceptions – functional and symbolic value. It is essential that the coffee outlet identify its success factors, paying more attention to those influential effects of marketing strategy on perceived value that drive a customer's preference. The

findings of this study enable both types of coffee outlet to analyse their competitive position and identify the most effective improvement efforts directly in relation to their perceived value (functional and symbolic).

In summary, the above implication of findings in regard to the role of functional and symbolic value perceptions provides further evidence that value has been "the fundamental basis for marketing activities" (Holbrook, 1994, p.22) of transaction and relationship. With services becoming increasing competitive and involved in different types of coffee outlets, customers' perceived functional and symbolic value should be the main focus on understanding customer consumption behaviour in the industry. These two value perceptions can be of use to operators in enhancing their standard of operation and to marketers of coffee outlets in formulating strategies to maintain or enhance their competitiveness. In other words, operators and marketers would be able to know which attributes and relational benefits they should highlight in enhancing customer value perceptions to increase customers' relationship quality that consequently influence loyalty. Thus, this study helps to identify the important role of value perceived by customers to coffee outlets. The results imply that coffee outlets like chains or independents should significantly consider perceived value perceptions when attempting to establish relationship quality to influence customer loyalty. Additionally, enhancing perceived value through determinant attributes of service quality and relational benefits strategies may be integral to increasing customer preference. Therefore, the above implications for both types of coffee outlets could enable their consolidation as well as be adopted by those potential practitioners aiming to enter this coffee outlet sector and enable them to contend with those existing competitors.

7.6. Limitations and Future Research

This study is in the exploratory stage and presents some challenges with respect to theory. Several limitations of this thesis and areas for future research should be noted. First, although this study attempts to collect a large sample in order to generate more accurate findings, the setting of our empirical study was in coffee outlets of Melbourne, Australia. As such, the sample may not be the representative of coffee outlet customers elsewhere in Australia and the findings are not readily generalizable to other hospitality settings such as fast food, restaurant, and hotel settings. Future

research is encouraged to test the conceptual model developed in this thesis in those settings and use a representative customer sample in Australia.

Second, further study can attempt to analyse whether there are any significant differences in value perceptions among different demographic groups. For example, gender and country of birth appear to be good candidates for the market segmentation approach. Researches should carefully look into specific groups based on their demographics, and should understand their underlying value perceptions for choosing coffee outlets. Effective marketing strategies should be based on an understanding of their target markets to customize services to meet customers' demand. Targeting and positioning guided by perceived value research as a market segmentation study deserves consideration. Linking targeting and positioning issues to image research of chain and independent coffee outlets is also likely to prove an interesting line of inquiry.

Third, more research is necessary to determine how generalizeable the perceived value scale is across service sectors. Also, future research should examine interrelationships between each of the factors. It is believed that this knowledge would assist coffee outlet management in better understanding the role each of the dimensions play in customers' decision making processes. Since there are currently no multidimensional measures of the perceived value of a service, and evaluations of the latter have been found to differ from evaluations of products and services (Jayanti & Ghosh, 1996; Petrick, 2002), it is believed that the current conceptualisation is important to the hospitality industry, especially the coffee outlet sector.

Fourth, this thesis is mainly about the role of perceived value in the relationship between two marketing approaches and relationship quality leading to customer loyalty. Future research might develop more comprehensive models and test mediating effects of perceived value on customer loyalty. The task facing researchers and practitioners is to understand the service industry-specific and service provider-specific variables that determine whether the service quality attributes or the relational benefits of the relationship marketing perspective better explains customer loyalty. This will also require that the mediating role of the component of perceived value be examined in multiple hospitality service settings in order to determine the

conditions under which marketing approaches of service quality attributes or relational benefits of the relationship marketing perspective drives loyalty. Furthermore, more sophisticated modelling techniques, such as structural equation modelling, could be used to investigate the mediating role for perceived value and its relationship among the other four constructs. This would allow a more comprehensive view of the relationship between perceived value and customer loyalty and the complex interrelationships between perceived value and the other four evaluative criteria, to emerge.

Lastly, given the growing recognition of the importance of creating and delivering an experience based perception of value (Woodruff, 1997), the model built for the present study should consider the contributions perceived value deliberations have on the outcome variables. The contribution of the present work will be made clearer through those efforts to identify the role of perceived value. Although the fundamental specification of perceived value and its processes was drawn from coffee outlet industry, longitudinal analysis and replication in other hospitality industries and other countries would help to clarify whether the dimensions of perceived value and the research model are universal in its application. This study could then be extended to other aspects of the hospitality industry where there exists competition between independent and chain operations across country or cultural comparisons. For example, comprehensive studies across countries/cultures could enhance understanding of customers' differences within different geographical and cultural backgrounds such as Europe, America, and Asia to assist marketers in adjusting and implementing diverse strategies to meet varied needs and wants of customers. Hence, future studies are encouraged to compare customers' service quality, relational benefits, perceived value, relationship quality, and customer loyalty across different countries.

In summary, those limitations should be kept in mind when considering the results and implications of this study. Nevertheless, the findings of this thesis provide new insights for academics and practitioners alike.

7.7. Conclusion

The increasing competitive environment of the Australia coffee outlet industry has resulted in the urgent need for marketers to seek the competitive advantage that will differentiate them from their competitors. This study highlighted that customer perceived value is an important concept in consumer behaviour and marketing hospitality products and services (Mattila, 2004; Oh, Kim, & Shin, 2004), especially in the coffee outlet context. Although the hospitality industry has invested heavily in improving satisfaction, no such investment has been given to perceived value-based strategy development. A value-enhancing strategy can be a defensive strategy to differentiate from competitors, particularly in a highly saturated coffee outlet segment.

Considering the justification of the practical and theoretical ground, the perceived value based model developed in this study is a holistic and integrated loyalty model that has not yet been studied. This model built and tested in this study is believed to make contributions to theory and practice. From a theoretical viewpoint, perceived value, as tested in this study, appears to be a useful variable performing the following roles: as a consequence of marketing strategies of determinant attributes of service quality and relational benefits; as a mediator between the above two marketing effects and relationship quality; as an important antecedent of relationship quality and customer loyalty; as well as a critical determinant predictor in customer preference of coffee outlets. In light of this, researchers should consider emphasising the role of perceived value in the process of creating customer loyalty as this study proposes in the conceptual model.

This thesis has demonstrated that perceived value is an important construct, in coffee outlet relationships, for creating customer loyalty through relationship quality based on a perceived value-based marketing approach. Customer loyalty is still a major focus for marketing managers in all service industries, including coffee outlet services. From a managerial and marketing viewpoint, the findings of this study highlight the importance of developing not only functional value but also symbolic value associated with the consumption experience. Furthermore, determinant attributes of service quality and relational benefits have different effects on functional and symbolic value perceptions in a coffee outlet context. In order to win customers

in a highly competitive market, marketers should design strategies to enhance customer perceptions of the value of a service. For example, lacking an understanding of the association between determinant attributes of service quality and relational benefits with perceived value, a service provider would set prices based on what competitors were doing with little consideration of the possibility of differentiation on the basis of value creation. Thus, it is also important to identify the determinant attributes of service quality and relational benefits that customers value most, and then make an effort in these areas to amplify customer perceptions of value in creating relationship quality with the coffee outlets.

On the other hand, functional and symbolic dimensions of perceived value are important because they build a good relationship quality to influence customer loyalty. Finally, both dimensions of perceived value are important to practitioners because they help us understand the role of perceived value in predicting customers' preference of the coffee outlets. The significance of perceived value may vary among customers as well as with types of coffee outlet. Thus, it is important for both types of coffee outlet operators and marketers to determine the components that constitute value for their target customers. The perceived value provides a mechanism for understanding how perceived functional and symbolic dimensions contribute to an ultimate connection between the customer and the coffee outlet. These two value perceptions work, independently and in concert, to determine a customer's perceived value with a holistic approach. To succeed in the competitive marketplace, it is not necessary for a coffee outlet to offer the highest quality service or the lowest price.

In brief, the study's findings may enable coffee outlet operators to improve profitability by examining the comprehensive view of which determinant attributes of service quality and relational benefits were the most effective in creating functional and symbolic value perceptions for coffee outlet customers. Meanwhile, perceived functional and symbolic values can offer greater competitive advantage to influence relationship quality that contributes to customer loyalty, and can predict customers' preference of coffee outlets. The study will provide coffee outlet operators with a better understanding of their customers' value perceptions, and help them in developing competitive strategies that differentiate themselves from competitors in an aggressive market.

REFERENCES

ABS. (2000). *Cafes and Restaurants Industry, Australia, 1998-99*. Canberra: Australian Bureau of Statistics.

ABS. (2003). *Melbourne...A Social Atlas: 2001 Census of Population and Housing*. Canberra: Australian Bureau of Statistics.

Adelman, M. B., Ahuvia, A., & Goodwin, C. (1994). Beyond Smiling: Social Support and Service Quality. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 139-171). Thousand Oaks, CA: Sage Publications.

Al-Sabbahy, H. Z., Ekinci, Y., & Riley, M. (2004). An Investigation of Perceived Value Dimensions: Implications for Hospitality Research. *Journal of Travel Research, 42*(3), 226-234.

Albrecht, K. (1992). The Only Thing that Matters. *Executive Excellence, 9*(11), 7.

Allen, N. J., & Meyer, J. P. (1990). The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization. *Journal of Occupational Psychology, 63*(1), 1-18.

Almanza, B. A., Jaffe, W., & Lin, L. C. (1994). Use of the Service Attributes Matrix to Measure Consumer Satisfaction. *Hospitality Research Journal, 17*(2), 63-75.

Alpert, M. I. (1971). Identification of Determinant Attributes: A Comparison of Methods. *Journal of Marketing Research (JMR), 8*(2), 184-191.

Amemiya, Y., & Anderson, T. W. (1990). Asymptotic Chi-Square Tests for a Large Class of Factor Analysis Models. *The Annals of Statistics, 18*(3), 1453-1463.

Andaleeb, S. S., & Ingene, C. (1996). An Experimental Investigation of Satisfaction and Commitment in Marketing Channels: The Role of Trust and Dependence. *Journal of Retailing, 72*(1), 77-93.

Anderson, E. W., & Fornell, C. (1994). A Customer Satisfaction Research Prospectus. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 241-268). Thousand Oaks, Calif.: Sage Publications.

Anderson, E. W., & Sullivan, M. W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science, 12*(2), 125-143.

Anderson, E. W., & Weitz, B. (1989). Determinants of Continuity in Conventional Industrial Channel Dyads. *Marketing Science, 8*(4), 310-323.

Anderson, J. C., & Narus, J. A. (1990). A Model of Distributor Firm and Manufacturer Firm Working Partnerships. *Journal of Marketing, 54*(1), 42-58.

Andreassen, T. W., & Lindestad, B. (1998). Customer Loyalty and Complex Services. *International Journal of Service Industry Management, 9*(1), 7-23.

Armstrong, J. S. (1985). *Long-Range Forecasting: From Crystal Ball to Computer* (2nd ed.). New York: Wiley.

Assael, H. (1992). *Consumer Behavior and Marketing Action.* Boston, MA.: PWS-KENT.

Auty, S. (1992). Consumer Choice and Segmentation in the Restaurant Industry. *Service Industries Journal, 12*(3), 324-339.

Babakus, E., & Boller, G. W. (1992). An Empirical Assessment of the SERVQUAL Scale. *Jounal of Business Research, 24*(3), 253-268.

Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value. *Journal of Consumer Research, 20*(4), 644-656.

Babin, B. J., & Griffin, M. (1998). The Nature of Satisfaction: An Updated Examination and Analysis. *Jounal of Business Research, 41*(2), 127-136.

Bagozzi, R. P. (1975). Marketing as Exchange. *Journal of Marketing, 39*(4), 32-39.

Bagozzi, R. P. (1979). Toward a Formal Theory of Marketing Exchange. In O. C. Ferrell, S. W. Brown & C. W. Lamb (Eds.), *Conceptual and Theoretical Developments in Marketing* (pp. 431-437). Chicago: American Marketing Association.

Bagozzi, R. P. (1995). Reflections on Relationship Marketing in Customer Markets. *Journal of the Academy of Marketing Science, 23*(4), 272-277.

Bagozzi, R. P., & Baumgartner, H. (1997). The Evaluation of Structural Equation Models and Hypothesis Testing. In R. P. Bagozzi (Ed.), *Principles of Marketing Research* (pp. 386-422). Cambridge, Mass.: Blackwell.

Baker, J., Parasuraman, A., Grewal, D., & Voss, G. B. (2002). The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions. *Journal of Marketing, 66*(2), 120-141.

Baker, T. L., Simpson, P. M., & Siguaw, J. A. (1999). The Impact of Suppliers' Perceptions of Reseller Market Orientation on Key Relationship Constructs. *Journal of the Academy of Marketing Science, 27*(1), 50-57.

Baldinger, A. L., & Rubinson, J. (1996). Brand Loyalty: The Link Between Attitude and Behavior. *Journal of Advertising Research, 36*(6), 22.

Ball, D. (2005, October 20). Lattes Lure Brits to Coffee. *The Wall Street Journal.*

Ball, S. (1999). Whither the Small Independent Take-Away? *International Journal of Contemporary Hospitality Management, 101*(9), 715-723.

Baloglu, S. (2002). Dimensions of Customer Loyalty: Separating Friends from Well Wishers. *The Cornell Hotel and Restaurant Administration Quarterly, 43*(1), 47-59.

Band, W. A. (1991). *Creating Value for Customers.* New York: John Wiley.

Bandyopadhyay, S., & Martell, M. (2007). Does Attitudinal Loyalty Influence Behavioral Loyalty? A Theoretical and Empirical Study. *Journal of Retailing and Consumer Services, 14*(1), 35-44.

Bansal, H. S., Irving, P. G., & Taylor, S. F. (2004). A Three-Component Model of Customer Commitment to Service Providers. *Journal of the Academy of Marketing Science, 32*(3), 234-250.

Barlow, R. G. (1992). Relationship Marketing: The Ultimate in Customer Services. *Retail Control, March,* 29-37.

Barnes, J. G. (1994). *The Issue of Establishing Relationships with Customers in Service Companies: When Are Relationships Feasible and What Form Should They Take?* Paper presented at the Frontiers in Services Conference, Vanderbilt University, Nashville, TN.

Barnes, J. G. (1997). Closeness, Strength, and Satisfaction: Examining the Nature of Relationships between Providers of Financial Services and their Retail Customers. *Psychology and Marketing, 14*(8), 765-790.

Barnes, J. G. (2001). *Secrets of Customer Relationship Management: It's All about How You Make Them Feel.* New York, NY: McGraw-Hill.

Barnes, J. G. (2003). Establishing Meaningful Customer Relationships: Why Some Companies and Brands Mean more to Their Customers. *Managing Service Quality, 13*(3), 178-186.

Barnett, V., & Lewis, T. (1984). *Outliers in Statistical Data* (2rd ed.). New York: Wiley & Sons.

Baron, R. M., & Kenny, D. A. (1986). The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology, 51*(6), 1173-1182.

Barsky, J., & Nash, L. (2002). Evoking Emotion: Affective Keys to Hotel Loyalty. *The Cornell Hotel and Restaurant Administration Quarterly, 43*(1), 39-46.

Bearden, W. O. (1977). Determinant Attributes of Store Patronage: Downtown Versus Outlying Shopping Centers. *Journal of Retailing, 53*(2), 15-22.

Beatty, S. E., Homer, P., & Kahle, L. R. (1988). The Involvement-Commitment Model: Theory and Implications. *Journal of Business Research, 16*(2), 149-167.

Beatty, S. E., & Kahle, L. R. (1988). Alternative Hierarchies of the Attitude-Behavior Relationship: The Impact of Brand Commitment and Habit. *Journal of the Academy of Marketing Science, 16*(2), 1-10.

Beatty, S. E., Mayer, M., Coleman, J. E., Reynolds, K. E., & Lee, J. (1996). Customer-Sales Associate Retail Relationships. *Journal of Retailing, 72*(3), 223-247.

Bejou, D., Wray, B., Ingram, T. N. (1996). Determinants of Relationship Quality: An Artificial Neural Network Analysis. *Journal of Business Research, 36*(2), 137-143.

Bendapudi, N., & Berry, L. L. (1997). Customer's Motivations for Maintaining Relationships with Service Providers. *Journal of Retailing, 73*(1), 15-37.

Bennett, R. (1996). Relationship Formation and Governance in Consumer Markets: Transactional Analysis Versus the Behaviourist Approach. *Journal of Marketing Management, 12*(5), 417-436.

Berry, L. L. (1983). Relationship Marketing. In L. T. Berry, G. L. Shostack & G. D. Upah (Eds.), *Emerging Perspectives on Services Marketing* (pp. 25-28). Chicago: American Marketing Association.

Berry, L. L. (1995). Relationship Marketing of Service: Growing Interest, Emerging Perspectives. *Journal of the Academy of Marketing Science, 23*(4), 236-245.

Berry, L. L. (1996). Retailers with a Future. *Marketing Management, 5*(1), 39-46.

Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the Total Customer Experience. *MIT Sloan Management Review, 43*(3), 85-89.

Berry, L. L., & Gresham, L. G. (1986). Relationship Retailing: Transforming Customers into Clients. *Business Horizons, 29*(6), 43-47.

Berry, L. L., & Parasuraman, A. (1991). *Marketing Services.* New York, NY: Free Press.

Berry, L. L., Parasuraman, A., & Zeithaml, V. A. (1988). The Service-Quality Puzzle. *Business Horizons, 31*(5), 35-43.

Bettencourt, L. A. (1997). Customer Voluntary Performance: Customers as Partners in Service Delivery. *Journal of Retailing, 73*(3), 383-406.

Bhat, S., & Reddy, S. K. (1998). Symbolic and Functional Positioning of Brands. *Journal of Consumer Marketing, 15*(1), 32-43.

Biong, H. (1993). Satisfaction and Loyalty to Suppliers Within the Grocery Trade. *European Journal of Marketing, 27*(7), 21-38.

Bitner, M. J. (1992). Servicescapes: The Impact of Physical Surroundings on Customers and Employees. *Journal of Marketing, 56*(2), 57.

Bitner, M. J. (1995). Building Service Relationships: It's All About Promises. *Journal of the Academy of Marketing Science, 23*(Fall), 246-251.

Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). The Service Encounter: Diagnosing Favourable and Unfavorable Incidents. *Journal of Marketing, 54*(1), 71-84.

Bitner, M. J., & Hubbert, A. R. (1994). Encounter Satisfaction versus Overall Satisfaction versus Quality: The Customer's Voice. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 72-94). Thousand Oaks, CA: Sage.

Blackwell, R. D., Miniard, P. W., & Engel, J. F. (2001). *Consumer Behaviour* (9th ed.). Ft. Worth, Texas: Harcourt College Publishers.

Bloemer, J., & de Ruyter, K. (1999). Customer Loyalty in High and Low Involvement Service Settings: The Moderating Impact of Positive Emotions. *Journal of Marketing Management, 15*(4), 315-330.

Bloemer, J., de Ruyter, K., & Wetzels, M. (1999). Linking Perceived Service Quality and Service Loyalty: A Multi-Dimensional Perspective. *European Journal of Marketing, 33*(11/12), 1082-1095.

Bloemer, J., & Kasper, H. D. P. (1995). The Complex Relationship between Consumer Satisfaction and Brand Loyalty. *Journal of Economic Psychology, 16*(2), 311-329.

Bojanic, D. C. (1996). Consumer Perceptions of Price, Value, and Satisfaction in the Hotel Industry: An Exploratory Study. *Journal of Hospitality and Leisure Marketing, 4*(1), 5-22.

Bojanic, D. C., & Rosen, D. L. (1994). Measuring Service Quality in Restaurants: An Application of the SERVQUAL Instrument. *Hospitality Research Journal, 18*(1), 3-14.

Bojanic, D. C., & Shea, L. J. (1997). Segmentation for a Multiunit Restaurant Operation: Taking Location into Account When Advertising. *The Cornell Hotel and Restaurant Administration Quarterly, 38*(4), 56-61.

Bollen, K. A. (1989). *Structural Equations with Latent Variables*. New York: John Wiley and Sons.

Bolton, R. N. (1998). A Dynamic Model of the Duration of the Customer's Relationship with a Continuous Service Provider: The Role of Satisfaction. *Marketing Science, 17*(1), 45-65.

Bolton, R. N., & Drew, J. H. (1991). A Multistage Model of Customers' Assessments of Service Quality and Value. *Journal of Consumer Research, 17*(4), 375-384.

Bond, E. J. (1983). *Reason and Value*. Cambridge, UK: Cambridge University Press.

Botschen, G., Thelen, E. M., & Pieters, R. (1999). Using Means-End Structures for Benefit Segmentation. *European Journal of Marketing, 33*(1/2), 38-58.

Boulding, W., Kalra, A., Staelin, R., & Zeithaml, V. A. (1993). A Dynamic Process Model of Service Quality: From Expectations to Behavioral Intentions. *Journal of Marketing Research, 30*(1), 7-27.

Bowen, J. T., & Chen, S.-L. (2001). The Relationship between Customer Loyalty and Customer Satisfaction. *International Journal of Contemporary Hospitality Management, 13*(5), 213-217.

Bowen, J. T., & Shoemaker, S. (1998). Loyalty: A Strategic Commitment. *The Cornell Hotel and Restaurant Administration Quarterly, 39*(1), 12-25.

Bowen, J. T., & Shoemaker, S. (2003). Loyalty: A Strategic Commitment. *The Cornell Hotel and Restaurant Administration Quarterly, 44*(5-6), 31-46.

Brady, M. K., & Robertson, C. J. (1999). An Exploratory Study of Service Value in the USA and Ecuador. *International Journal of Service Industry Management, 10*(5), 469-486.

Brady, M. K., Robertson, C. J., & Cronin, J. J. (2001). Managing Behavioural Intentions in Diverse Cultural Environments: An Investigation of Service Quality, Service Value and Satisfaction for American and Ecuadorian Fast-Food Customers. *Journal of International Management, 7*(2), 129-149.

Brown, T. J., Churchill, G. A., & Peter, J. P. (1993). Research Note: Improving the Measurement of Service Quality. *Journal of Retailing, 69*(1), 127-139.

Burns, A. C., & Bush, R. F. (2002). *Marketing Research: Online Research Applications* (4th ed.). Upper Saddle River, NJ: Prentice Hall.

Butcher, K., Sparks, B., & O'Callaghan, F. (2001). Evaluative and Relational Influences on Service Loyalty. *International Journal of Service Industry Management, 12*(4), 310-327.

Butcher, K., Sparks, B., & O'Callaghan, F. (2003). Beyond Core Service. *Psychology and Marketing, 20*(3), 187-208.

Buttle, F. (1999). The SCOPE of Relationship Management. *International Journal of Customer Relationship Management, 1*(4), 327-336.

Butz, H. E., & Goodstein, L. D. (1996). Measuring Customer Value: Gaining the Strategic Advantage. *Organizational Dynamics, 24*(3), 63-77.

Callan, R. J. (1994). Development of a Framework for the Determination of Attributes Used for Hotel Selection: Indication from Focus Group and In-Depth Interviews. *Hospitality Research Journal, 18*(2), 53-74.

Campbell-Smith, G. (1967). *The Marketing of the Meal Experience*. Guildford, UK: Surrey University Press.

Canaider, B. (2002, June 4). Epicure: The Daily Grind. *The Age*.

Cardozo, R. N. (1965). An Experimental Study of Customer Effort, Expectation, and Satisfaction. *Journal of Marketing Research, 2*(3), 244-249.

Carman, J. M. (1990). Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions. *Journal of Retailing, 66*(1), 33-55.

Carson, D., Gilmore, A., Perry, C., & Gronhaug, K. (2001). *Qualitative Marketing Research*. London: Sage Publications.

Caruana, A. (2002). Service Loyalty: The Effects of Service Quality and the Mediating Role of Customer Satisfaction. *European Journal of Marketing, 36*(7), 811-828.

Caruana, A., Money, A. H., & Berthon, P. R. (2002). Service Quality and Satisfaction: The Moderating Role of Value. *European Journal of Marketing, 34*(11/12), 1338-1352.

Cattell, R. B. (1978). *The Scientific Use of Factor Analysis in Behavioural and Life Sciences*. New York: Plenum Press.

Cavana, R., Delahaye, B. & Sekaran, U. (2001). *Applied Business Research: Qualitative and Quantitative Methods*. Milton, Qld.: John Wiley and Sons.

Chan, K. W., & Marborgue, R. (1997). Value Innovation: The Strategic Logic of High Growth. *Harvard Business Review, 75*(1), 103-112.

Chang, T. Z., & Wildt, A. R. (1994). Price, Product Information, and Purchase Intention: An Empirical Study. *Journal of the Academy of Marketing Science, 22*(1), 16-27.

Chaudhuri, A., & Holbrook, M. B. (2001). The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. *Journal of Marketing, 65*(2), 81-93.

Chelladurai, P., & Chang, K. (2000). Targets and Standards of Quality in Sport Services. *Sport Management Review, 3*(1), 1-22.

Chow-Chua, C., & Komaran, R. (2002). Managing Service Quality by Combining Voice of the Service Provider and Voice of their Customers. *Managing Service Quality, 12*(2), 77-86.

Christopher, M., Payne, A., & Ballantyne, D. (1991). *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*. London: Butterworth-Heinemann.

Chung, S.-W., & Szymanski, K. (1997). Effects of Brand Name Exposure on Brand Choices: An Implicit Memory Perspective. *Advances in Consumer Research, 24*(1), 288-294.

Churchill, G. A. (1979). A Paradigm for Developing Better Measures of Marketing Constructs. *Journal of Marketing Research, 16*(1), 64-73.

Churchill, G. A. (1999). *Marketing Research: Methodological Foundations* (7th ed.). Fort Worth: Dryden Press.

Churchill, G. A., & Surprenant, C. (1982). An Investigation into the Determinants of Customer Satisfaction. *Journal of Marketing Research, 19*(4), 491-504.

Claeys, C., Swinnen, A., & Abeele, V. P. (1995). Consumers' Means-End Chain for 'Think' and 'Feel' Products. *International Journal of Research in Marketing, 12*(3), 193-208.

Clark, M. A., & Wood, R. C. (1998). Consumer Loyalty in the Restaurant Industry: A Preliminary Exploration of the Issues. *International Journal of Contemporary Hospitality Management, 10*(4), 139-144.

Clow, K. E., Kurtz, D. L., & Ozment, J. (1998). A Longitudinal Study of the Stability of Consumer Expectations of Services. *Journal of Business Research, 42*(1), 63-74.

Cohen, J., & Cohen, P. (1983). *Applied Multiple Regression/Correlation Analysis for the Behavioural Sciences* (2nd ed.). Hillsdale, N.J.: Lawrence Erlbaum Associates.

Coulter, R. A., Price, L. L., & Feick, L. (2003). Rethinking the Origins of Involvement and Brand Commitment: Insights from Postsocialist Central Europe. *Journal of Consumer Research, 30*(2), 151-168.

Coyle, M. P., & Dale, B. G. (1993). Quality in the Hospitality Industry: A Study. *International Journal of Hospitality Management, 12*(2), 141-153.

Creswell, J. W. (2003). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Thousand Oaks, California: Sage Publications.

Crimmins, J. C. (2000). Better Measurement and Management of Brand Value. *Journal of Advertising Research, 40*(6), 136-144.

Cronbach, L. J. (1951). Coefficient Alpha and the Internal Structure of Tests. *Psychometrica, 16*(3), 297-334.

Cronin, J. J., Brady, M. K., Brand, R. R., Hightower, R., & Shemwell, D. J. (1997). A Cross-Sectional Test of the Effect and Conceptualization of Service Value. *Journal of Services Marketing, 11*(6), 375-391.

Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments. *Journal of Retailing, 76*(2), 193-218.

Cronin, J. J., & Taylor, S. A. (1992). Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing, 56*(3), 55-68.

Cronin, J. J., & Taylor, S. A. (1994). SERVPERF versus SERVQUAL: Reconciling Performance-Based and Perceptions-Minus-Expectations Measurement of Service Quality. *Journal of Marketing, 58*(1), 125-131.

Crosby, L. A. (1991). Building and Maintaining Quality in the Service Relationship. In S. W. Brown, E. Gummersson, B. Edvardsson & B. Gustavsson (Eds.), *Service Quality: Multidisciplinary and Multinational Perspectives* (pp. 269-287). Lexington, MA: Lexington Books.

Crosby, L. A., Evans, K. A., & Cowles, D. (1990). Relationship Quality in Services Selling: An Interpersonal Influence Perspective. *Journal of Marketing, 54*(3), 68-81.

Cunningham, R. M. (1956). Brand Loyalty: What, Where, How Much? *Harvard Business Review, 34*(1), 116.

Czepiel, J. A. (1990). Service Encounters and Service Relationships: Implications for Research. *Journal of Business Research, 20*(1), 13-21.

Czepiel, J. A., & Gilmore, R. (1987). Exploring the Concept of Loyalty in Services. In J. A. Czepiel, C. A. Congram & J. Shanahan (Eds.), *The Services Challenge: Integrating for Competitive Advantage* (pp. 91-94). Chicago, IL.: American Marketing Association.

Danaher, P. J., & Mattsson, J. (1994). Customer Satisfaction during the Service Delivery Process. *European Journal of Marketing, 28*(5), 5-16.

Daniels, C. (2003, April). Mr. Coffee. *Fortune, 147*(7), 139-140.

Darden, W. R., & Dorsch, M. J. (1990). An Action Strategy Approach to Examining Shopping Behavior. *Journal of Business Research, 21*(3), 289-308.

Dawkins, P., & Reichheld, F. (1990). Customer Retention as Competitive Weapon. *Directors and Boards, 14*, 42-47.

Day, G. S. (2000). Managing Market Relationships. *Academy of Marketing Science, 28*(1), 24-30.

Day, G. S., & Wensley, R. (1988). Assessing Advantage: A Framework for Diagnosing Competitive Superiority. *Journal of Marketing, 52*(2), 1-20.

Day, R. L. (1984). Modeling Choices among Alternative Responses to Dissatisfaction. *Advances in Consumer Research, 11*(1), 496-499.

de Chernatony, L. (1993). Categorizing Brands: Evolutionary Processes Underpinned by Two Key Dimensions. *Journal of Marketing Management, 9*(2), 173-188.

de Ruyter, K., Bloemer, J., & Peeters, P. (1997). Merging Service Quality and Service Satisfaction: An Empirical Test of an Integrative Model. *Journal of Economic Psychology, 18*(4), 387-406.

de Ruyter, K., & Scholl, N. (1998). Positioning Qualitative Market Research: Reflections from Theory and Practice. *Qualitative Market Research: An International Journal, 1*(1), 7-14.

de Ruyter, K., Wetzels, M., Lemmink, J., & Mattsson, J. (1997). The Dynamics of the Service Delivery Process: A Value-Based Approach. *International Journal of Research in Marketing, 14*(3), 231-243.

de Wulf, K., & Odekerken-Schröder, G. (2003). Assessing the Impact of a Retailer's Relationship Efforts on Consumers' Attitudes and Behavior. *Journal of Retailing and Consumer Services, 10*(2), 95-108.

de Wulf, K., Odekerken-Schröder, G., & Iacobucci, D. (2001). Investments in Consumer Relationships: A Cross-Country and Cross-Industry Exploration. *Journal of Marketing, 65*(4), 33-50.

de Wulf, K., Odekerken-Schröder, G., & Van Kenhove, P. (2003). Investments in Consumer Relationships: A Critical Reassessment and Model Extension. *International Review of Retail, Distribution and Consumer Research, 13*(3), 245-261.

Deighton, J., & Grayson, K. (1995). Marketing and Seduction: Building Exchange Relationships by Managing Social Consensus. *Journal of Consumer Research, 21*(4), 660-676.

Devlin, D., Birtwistle, G., & Macedo, N. (2003). Food Retail Positioning Strategy: A Means-End Chain Analysis. *British Food Journal, 105*(9), 653-670.

Diaz-Martin, A. M., Iglesias, V., Vázquez, R., & Ruiz, A. V. (2000). The Use of Quality Expectations to Segment a Service Market. *Journal of Services Marketing, 14*(2/3), 132-146.

Dick, A. S., & Basu, K. (1994). Customer Loyalty: Toward an Integrated Conceptual Framework. *Journal of the Academy of Marketing Science, 22*(2), 99-113.

Dick, B. (1990). *Convergent Intervewing*. Brisbane: Interchange.

Dillon, W. R., Madden, T. J., & Firtle, N. H. (1993). *Essentials of Marketing Research*. Homewood, IL.: Irwin.

Dodds, W. B., Monroe, K. B., & Grewal, D. (1991). Effects of Price, Brand, and Store Information on Buyers' Product Evaluations. *Journal of Marketing Research, 28*(3), 307-319.

Dorsch, M. J., Swanson, S. R., & Kelly, S. W. (1998). The Role of Relationship Quality in the Stratification of Vendors as Perceived by Customers. *Journal of the Academy of Marketing Science, 26*(2), 128-142.

Dubé, L., & Renaghan, L. M. (2000). Creating Visible Customer Value: How Customers View Best-Practice Champions. *The Cornell Hotel and Restaurant Administration Quarterly, 41*(1), 62-72.

Dubé, L., Renaghan, L. M., & Miller, J. M. (1994). Measuring Customer Satisfaction for Strategic Management. *The Cornell Hotel and Restaurant Administration Quarterly, 35*(1), 39-47.

Dubé, L., & Shoemaker, S. (2000). Brand Switching and Loyalty for Services. In T. A. Swartz & D. Iacobucci (Eds.), *Handbook of Services Marketing and Management* (pp. 381-400). Thousand Oaks, CA: Sage Publications.

Dumond, E. J. (2000). Value Management: An Underlying Framework. *International Journal of Operations and Production Management, 20*(9/10), 1062-1077.

Duncan, T., & Moriarty, S. E. (1998). A Communication-Based Marketing Model for Managing Relationships. *Journal of Marketing, 62*(2), 1-13.

Dwyer, F. R., & Oh, S. (1987). Output Sector Munificence Effects on the Internal Political Economy of Marketing Channels. *Journal of Marketing Research, 24*(4), 347-358.

Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing Buyer-Seller Relationships. *Journal of Marketing, 51*(2), 11-27.

Eggert, A., & Ulaga, W. (2002). Customer Perceived Value: A Substitute for Satisfaction in Business Markets. *Journal of Business and Industrial Marketing, 17*(2/3), 107-118.

Ehrenberg, A. S. C., Goodhardt, G. J., & Barwise, T. P. (1990). Double Jeopardy Revisited. *Journal of Marketing, 54*(3), 82-91.

Ennew, C. T., & Binks, M. R. (1999). Impact of Participative Service Relationships on Quality, Satisfaction and Retention: An Exploratory Study. *Journal of Business Research, 46*(2), 121-132.

Finkelstein, J. (1989). *Dining Out: A Sociology of Modern Manners*. Cambridge: Polity Press.

Finn, A., & Kayande, U. (1997). Reliability Assessment and Optimization of Marketing Measurement. *Journal of Marketing Research, 34*(2), 262-275.

Fishbein, M., & Ajzen, I. (1975). *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA.: Addison-Wesley.

Fornell, C. (1992). A National Customer Satisfaction Barometer: The Swedish Experience. *Journal of Marketing, 56*(1), 6-21.

Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American Customer Satisfaction Index: Nature, Purpose, and Findings. *Journal of Marketing, 60*(4), 7-18.

Fournier, S. (1998). Consumers and their Brands: Developing Relationship Theory in Consumer Research. *Journal of Consumer Research, 24*(4), 343-373.

Fournier, S. (2002). Book Review: Secrets of Customer Relationship Management: It's All about How You Make Them Feel. *Journal of Services Marketing, 16*(7), 700-703.

Frenzen, J. K., & Davis, H. L. (1990). Purchasing Behaviour in Embedded Markets. *Journal of Consumer Research, 17*(1), 1-12.

Frondizi, R. (1971). *What is Value?* (2nd ed.). LaSalle, Illinois: Open Court Publishing Company.

Fullerton, G. (2003). When Does Commitment Lead to Loyalty? *Journal of Service Research, 5*(4), 333-344.

Fullerton, G. (2005a). The Impact of Brand Commitment on Loyalty to Retail Service Brands. *Canadian Journal of Administrative Sciences, 22*(2), 97-110.

Fullerton, G. (2005b). The Service Quality-Loyalty Relationship in Retail Services: Does Commitment Matter? *Journal of Retailing and Consumer Services, 12*(2), 99-111.

Gale, B. T. (1994). *Managing Customer Value: Creating Quality and Service that Customers Can See.* New York, NY: Free Press.

Gallarza, M. G., & Saura, I. G. (2006). Value Dimensions, Perceived Value, Satisfaction and Loyalty: An Investigation of University Students' Travel Behaviour. *Tourism Management, 27*(3), 420-436.

Garbarino, E., & Johnson, M. S. (1999). The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships. *Journal of Marketing, 63*(2), 70-87.

Gardial, S. F., Clemons, D. S., Woodruff, R. B., Schumann, D. W., & Burns, M. J. (1994). Comparing Consumers' Recall of Prepurchase and Postpurchase Product Evaluations. *Journal of Consumer Research, 20*(4), 548-560.

Gefen, D., Straub, D. W., & Boudreau, M.-C. (2000). Structural Equation Modeling and Regression: Guidelines for Research Practice. *Communications of the Associations for Information System, 4*(7), 1-74.

Geyskens, I., Steenkamp, J.-B. E. M., Scheer, L. K., & Kumar, N. (1996). The Effects of Trust and Interdependence on Relationship Commitment: A Trans-Atlantic Study. *International Journal of Research in Marketing, 13*, 303-317.

Goodstein, L. D., & Butz, H. E. (1998). Customer Value: The Linchpin of Organizational Change. *Organizational Dynamics, 27*(1), 21-34.

Goodwin, C. (1994). *Between Friendship and Business: Communal Relationships in Service Exchange.* Unpublished Working Paper, University of Manitoba.

Goodwin, C. (1996). Community as a Dimension of Service Relationships. *Journal of Consumer Psychology, 5*(4), 387-415.

Goodwin, C., & Gremler, D. D. (1996). Friendship Over The Encounter: How Social Aspects of Service Encounters Influence Consumer Service Loyalty. In T. A. Swartz, D. E. Bowen & S. W. Brown (Eds.), *Advances in Service Marketing and Management* (Vol. 5, pp. 247-282). Greenwich, CT: JAI Press.

Gorsuch, R. L. (1983). *Factor Analysis* (2nd ed.). Hillsdale, New Jersey: Laurence Erlbaum Associates.

Gould-Williams, J. (1999). The Impact of Employee Performance Cues on Guest Loyalty, Perceived Value and Service Quality. *The Services Industries Journal, 19*(3), 97-118.

Grace, D., & O'Cass, A. (2005). An Examination of the Antecedents of Repatronage Intentions across Different Retail Store Formats. *Journal of Retailing and Consumer Services, 12*(4), 227-243.

Gregoire, M. B., Shanklin, C. W., Greathouse, K. R., & Tripp, C. (1995). Factors Influencing Restaurant Selection by Travelers Who Stop at Visitor Information Centres. *Journal of Travel and Tourism Marketing, 4*(2), 41-50.

Gremler, D. D., & Gwinner, K. P. (2000). Customer-Employee Rapport in Service Relationships. *Journal of Service Research, 3*(1), 82-104.

Grewal, D., Krishnan, R., Baker, J., & Borin, N. (1998). The Effect of Store Name, Brand Name and Price Discounts on Consumers' Evaluations and Purchase Intentions. *Journal of Retailing, 74*(3), 331-352.

Grewal, D., Monroe, K. B., & Krishnan, R. (1998). The Effects of Price-Comparison Advertising on Buyers' Perceptions of Acquisition Value, Transaction Value and Behavioral Intentions. *Journal of Marketing, 62*(2), 46-59.

Grönroos, C. (1983). *Strategic Management and Marketing in the Service Sector.* Boston, MA.: Marketing Science Institute.

Grönroos, C. (1984). A Service Quality Model and Its Marketing Implications. *European Journal of Marketing, 18*(4), 36-44.

Grönroos, C. (1990a). Relationship Approach to Marketing in Service Contexts: The Marketing and Organization Behavior Interface. *Journal of Business Research, 20*(1), 3-11.

Grönroos, C. (1990b). *Service Management and Marketing: Managing the Moments of Truth in Service Competition.* Lexington, MA.: Lexington Books.

Grönroos, C. (1994). From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing. *Management Decision, 32*(2), 4-20.

Grönroos, C. (1996). Relationship Marketing Logic. *Asia-Australia Marketing Journal, 4*(1), 7-18.

Grönroos, C. (1997). Value-Driven Relational Marketing: From Products to Resources and Competencies. *Journal of Marketing Management, 13*(5), 407-419.

Gruen, T. W., Summers, J. O., & Acito, F. (2000). Relationship Marketing Activities, Commitment, and Membership Behaviors in Professional Associations. *Journal of Marketing, 64*(3), 34-49.

Gundlach, G. T., Achrol, R. S., & Mentzer, J. T. (1995). The Structure of Commitment in Exchange. *Journal of Marketing, 59*(1), 78-92.

Gutek, B. A., Bhappu, A. D., Liao-Troth, M. A., & Cherry, B. (1999). Distinguishing between Service Relationships and Encounters. *Journal of the Applied Psychology, 84*(2), 218-233.

Gutman, J. (1982). A Means-End Chain Model Based on Consumer Categorization Processes. *Journal of Marketing, 46*(2), 60-72.

Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational Benefits in Services Industries: The Customers' Perspective. *Journal of the Academy of Marketing Science, 26*(2), 101-114.

Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1995). *Multivariate Data Analysis with Readings* (4th ed.). Englewood Cliffs, New Jersey: Prentice Hall.

Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate Data Analysis* (5th ed.). Upper Saddle River, New Jersey: Prentice Hall.

Haley, R. I. (1968). Benefit Segmentation: A Decision-Oriented Research Tool. *Journal of Marketing, 24*(1), 19-25.

Hall, J., Roberts, N., & Shaw, M. (2001). An Investigation of Perceived Value and Consumable Goods. In P. M. Tidwell & E. M. Muller (Eds.), *Asia Pacific Advances in Consumer Research* (Vol. 4. pp. 350-354). Provo, UT.: Association for Consumer Research.

Hallowell, R. (1996). The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study. *International Journal of Service Industry Management, 7*(4), 27-42.

Harrison-Walker, L. J. (2001). The Measurement of Word-of-Mouth Communication and an Investigation of Service Quality and Customer Commitment as Potential Antecedents. *Journal of Service Research, 4*(1), 60-75.

Healy, M., & Perry, C. (2000). Comprehensive Criteria to Judge Validity and Reliability of Qualitative Research within the Realism Paradigm. *Qualitative Market Research: An International Journal, 3*(3), 118-126.

Hennig-Thurau, T. (2000). Relationship Quality and Customer Retention through Strategic Communication of Customer Skills. *Journal of Marketing Management, 16*(1-3), 55-79.

Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding Relationship Marketing Outcomes: An Intergration of Relational Benefits and Relationship Quality. *Journal of Service Research, 4*(3), 230-247.

Henning-Thurau, T., & Klee, A. (1997). The Impact of Customer Satisfaction and Relationship Quality on Customer Retention: A Critical Reassessment and Model Development. *Psychology and Marketing, 14*(8), 737-764.

Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value.* New York: Free Press.

Hinkin, T. R., & Tracey, J. B. (2003). The Service Imperative: Factors Driving Meeting Effectiveness: More than Any Other Factor, Service Drives Satisfaction Ratings for Meeting Participants. *The Cornell Hotel and Restaurant Administration Quarterly, 44*(5-6), 17-30.

Hinkin, T. R., Tracey, B., & Enz, C. (1997). Scale Construction: Developing Reliable and Valid Measurement Instruments. *Journal of Hospitality and Tourism Research, 21*(1), 100-121.

Holbrook, M. B. (1994). The Nature of Customer Value: An Axiology of Services in the Consumption Experience. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 21-71). Thousand Oaks, CA.: Sage Publication.

Holbrook, M. B. (1999). *Consumer Value: A Framework for Analysis and Research.* London: Routledge.

Holbrook, M. B., & Hirschman, E. C. (1982). The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun. *Journal of Consumer Research, 9*(2), 132-140.

Houston, F. S., & Gassenheimer, J. B. (1987). Marketing and Exchange. *Journal of Marketing, 51*(4), 3-18.

Hsieh, Y.-C., & Hiang, S.-T. (2004). A Study of the Impacts of Service Quality on Relationship Quality in Search-Experience-Credence Services. *Total Quality Management and Business Excellence, 15*(1), 43-58.

Hsu, C. H. C., Byun, S., & Yang, I.-S. (1997). Attitudes of Korean College Students Towards Quick-Service, Family Style, and Fine Dining Restaurants. *Journal of Restaurant and Foodservice Marketing, 2*(4), 65-85.

Huh, J., & Uysal, M. (2003). Satisfaction with Cultural/Heritage Sites: Virginia Historic Triangle. *Journal of Quality Assurance in Hospitality & Tourism, 4*(3/4), 177-194.

Hunt, S. D. (1983). General Theories and the Fundamental Explananda of Marketing. *Journal of Marketing, 47*(4), 9-17.

Hunt, S. D., & Morgan, R. M. (1994). Relationship marketing in the era of network competition. *Marketing Management, 3*(1), 18-28.

Iacobucci, D., Grayson, K. A., & Ostrom, A. L. (1994). The Calculus of Service Quality and Customer Satisfaction: Theoretical and Empirical Differentiation and Integration. In S. Teresa A, D. E. Bowen & S. W. Brown (Eds.), *Advances in Services Marketing and Management* (Vol. 3, pp. 1-67). Greenwich, CT.: JAL Press.

Jackson, D. (1993). The Seven Deadly Sins of Financial Services Marketing... and the Road to Redemption. *Direct Marketing, 55*(11), 43-45, 79.

Jacoby, J., & Chestnut, R. W. (1978). *Brand Loyalty Measurement and Management.* New York: Wiley.

Jacoby, J., & Olson, J. C. (1977). Consumer Response to Price: An Attitudinal, Information Processing Perspective. In Y. Wind & P. Greenberg (Eds.), *Moving Ahead With Attitude Research* (pp. 73-86). Chicago: American Marketing Association.

Jarvis, L. P., & Mayo, E. J. (1986). Winning the Market-Share Game. *Cornell Hotel and Restaurant Administration Quarterly, 27*(3), 73-79.

Jayanti, R. K., & Ghosh, A. K. (1996). Service Value Determination: An Integrative Perspective. *Journal of Hospitality and Leisure Marketing, 3*(4), 5-25.

John, O. P., & Benet Martinez, V. (2000). Measurement: Reliability, Construct Validation, and Scale Construction. In H. T. Reis & C. M. Judd (Eds.), *Handbook of Research Methods in Social and Personality Psychology* (pp. 339-369). New York: Cambridge University Press.

Johns, N., & Howard, A. (1998). Customer Expectations versus Perceptions of Service Performance in the Foodservice Industry. *International Journal of Service Industry Management, 9*(3), 248-265.

Johnson, M., Gustafsson, A., Andreassen, T., Lervik, L., & Cha, J. (2001). The Evolution and Future of National Customer Satisfaction Index Models. *Journal of Economic Psychology, 22*(2), 217-245.

Johnson, R. B. (1997). Examining the Validity Structure of Qualitative Research. *Education, 118*(2), 282-292.

Jones, M. A., & Suh, J. (2000). Transaction-Specific Satisfaction and Overall Satisfaction: An Empirical Analysis. *Journal of Services Marketing, 14*(2/3), 147-159.

Jüttner, U., & Wehrli, H. P. (1994). Relationship Marketing from a Value System Perspective. *International Journal of Service Industry Management, 5*(5), 54-73.

Kahn, B. E., Kalwani, M. U., & Morrison, D. G. (1986). Measuring Variety-Seeking and Reinforcement Behaviors Using Panel Data. *Journal of Marketing Research, 23*(2), 89-100.

Kamakura, W. A., & Wedel, M. (1997). Statistical Data Fusion for Cross-Tabulation. *Journal of Marketing Research, 34*(4), 485-498.

Kandampully, J. (1998). Service Quality to Service Loyalty: A Relationship Which Goes Beyond Customer Services. *Total Quality Management, 9*(6), 431-443.

Kara, A., Kaynak, E., & Kucukemiroglu, O. (1997). Marketing Strategies for Fast-Food Restaurants: A Customer View. *British Food Journal, 99*(9), 318-324.

Kashyap, R., & Bojanic, D. C. (2000). A Structural Analysis of Value, Quality, and Price Perceptions of Business and Leisure Travelers. *Journal of Travel Research, 39*(1), 45-51.

Kazi, E. (2005, April 29). Coffee Chains Search for Something Juicy. *Australian Financial Review*.

Keller, K. L. (1993). Conceptualizing, Measuring, Managing Customer-Based Brand Equity. *Journal of Marketing, 57*(1), 1-22.

Keller, K. L. (1999). Managing Brands for the Long Run: Brand Reinforcement and Revitalization Strategies. *California Management Review, 41*(3), 102-125.

Keyt, J. C., Yavas, U., & Riecken, G. (1994). Importance-Performance Analysis: A Case Study in Restaurant Positioning. *International Journal of Retail and Distribution Management, 22*(5), 35-40.

Kim, H.-B. (1996). Perceptual Mapping of Attributes and Preferences: An Empirical Examination of Hotel F&B Products in Korea. *International Journal of Hospitality Management, 15*(4), 373-391.

Kim, H.-B., & Kim, W. G. (2005). The Relationship between Brand Equity and Firms' Performance in Luxury Hotels and Chain Restaurants. *Tourism Management, 26*(4), 549-560.

Kim, W. G., & Cha, Y. (2002). Antecedents and Consequences of Relationship Quality in Hotel Industry. *International Journal of Hospitality Management, 21*(4), 321-338.

Kim, W. G., Han, J. S., & Lee, E. (2001). Effects of Relationship Marketing on Repeat Purchase and Word of Mouth. *Journal of Hospitality and Tourism Research, 25*(3), 272-288.

Kim, W. G., & Kim, H.-B. (2004). Measuring Customer-Based Restaurant Brand Equity: Investigating the Relationship between Brand Equity and Firms' Performance. *The Cornell Hotel and Restaurant Administration Quarterly, 45*(2), 115-132.

Kinnear, T. C., & Taylor, J. R. (1996). *Marketing Research: An Applied Approach* (5th ed.). New York: McGraw-Hill.

Kivela, J. (1997). Restaurant Marketing: Selection and Segmentation in Hong Kong. *International Journal of Contemporary Hospitality Management, 9*(3), 116-123.

Kivela, J., Inbakaran, R., & Reece, J. (1999). Consumer Research in the Restaurant Environment, Part 1: A Conceptual Model of Dining Satisfaction and Return Patronage. *International Journal of Contemporary Hospitality Management, 11*(5), 205-222.

Kivela, J., Inbakaran, R., & Reece, J. (2000). Consumer Research in the Restaurant Environment. Part 3: Analysis, Findings and Conclusions. *International Journal of Contemporary Hospitality Management, 12*(1), 13-30.

Kivela, J., Reece, J., & Inbakaran, R. (1999). Consumer Research in the Restaurant Environment. Part 2: Research Design and Analytical Methods. *International Journal of Contemporary Hospitality Management, 11*(6), 269-286.

Kivetz, R., & Simonson, I. (2002). Earning the Right to Indulge: Effort as a Determinant of Customer Preferences Toward Frequency Program Rewards. *Journal of Marketing Research, 39*(2), 155-170.

Klemperer, P. (1987). Markets with Consumer Switching Costs. *Quarterly Journal of Economics, 102*(2), 375-394.

Klenosky, D. B., Frauman, E., Norman, W. C., & Gengler, C. E. (1998). Nature-Based Tourists' Use of Interpretive Services: A Means-End Investigation. *Journal of Tourism Studies, 9*(2), 26-36.

Klenosky, D. B., Gengler, C. E., & Mulvey, M. S. (1993). Understanding the Factors Influencing Ski Destination Choice: A Means-End Analytic Approach. *Journal of Leisure Research, 25*(4), 362-379.

Kline, P. (1994). *An Easy Guide to Factor Analysis*. New York: Routledge.

Knutson, B. J. (2000). College Students and Fast Food. *The Cornell Hotel and Restaurant Administration Quarterly, 41*(3), 68-74.

Koo, L. C., Tao, F. K. C., & Yeung, J. H. C. (1999). Preferential Segmentation of Restaurant Attributes through Conjoint Analysis. *International Journal of Contemporary Hospitality Management, 11*(5), 242-253.

Kopalle, P. K., & Neslin, S. A. (2003). The Economic Viability of Frequency Reward Programs in a Strategic Competitive Environment. *Review of Marketing Science, 1*, 1-39.

Kotler, P. (1972). A Generic Concept of Marketing. *Journal of Marketing, 36*(2), 46-54.

Kotler, P. (1988). *Marketing Management Analysis, Planning, Implementation, and Control* (6th ed.). Englewood Cliffs, New Jersey: Prentice Hall.

Kotler, P. (1991). *Marketing Management* (7th ed.). Englewood Cliffs, NJ.: Prentice-Hall.

Kotler, P. (1994). *Marketing Management: Analysis, Planning, Implementation, and Control* (8th ed.). Englewood Cliff, NJ: Prentice-Hall.

Kotler, P. (2000). *Marketing Management* (Millennium ed.). Upper Saddle River, NJ.: Prentice Hall.

Kotler, P., & Armstrong, G. (2001). *Principles of Marketing* (9th ed.). Upper Saddle River, NJ.: Prentice Hall.

Kotler, P., Bowen, J., & Makens, J. (1996). *Marketing for Hospitality and Tourism*. Upper Saddle River, NJ.: Prentice Hall.

Kotler, P., Bowen, J., & Makens, J. (2003). *Marketing for Hospitality and Tourism* (3rd ed.). Upper Saddle River, NJ.: Prentice Hall.

Kumar, N., Scheer, L. K., & Steenkamp, J. E. M. (1995). The Effects of Supplier Fairness on Vulnerable Resellers. *Journal of Marketing Research, 32*, 54-65.

Kumar, S. (2005, March). Branded Coffee Shops are Filtering out the Independent Operators. *Caterer and Hotelkeeper, 194*(1365), 12.

Kurtz, D. J., & Clow, K. E. (1998). *Service Marketing*. New York: John Wiley and Sons.

Kwun, J.-W., & Oh, H. (2004). Effects of Brand, Price, and Risk on Customers' Value Perceptions and Behavioral Intentions in the Restaurant Industry. *Journal of Hospitality and Leisure Marketing, 11*(1), 31-49.

Lee, M., & Cunningham, L. F. (2001). A Cost/Benefit Approach to Understanding Service Loyalty. *Journal of Services Marketing, 15*(2), 113-130.

Lee, Y.-K., Lee, Y., Lee, K. A., Park, D.-H., & Moon, H. (2004). Exploring the Role of Service Value in the Relationship Between Service Quality and Customer Satisfaction. *International Journal of Hospitality and Tourism Administration, 5*(1), 67-86.

Lee, Y.-K., Park, K.-H., Park, D.-H., Lee, K.-A., & Kwon, Y.-J. (2005). The Relative Impact of Service Quality on Service Value, Customer Satisfaction, and Customer Loyalty in Korean Family Restaurant Context. *International Journal of Hospitality and Tourism Administration, 6*(1), 27-51.

Lehtinen, U. (1996). Our Present State of Ignorance in Relationship Marketing. *Asia-Australia Marketing Journal, 4*(1), 43-51.

Lehtinen, U., & Lehtinen, J. R. (1991). Two Approaches to Service Quality Dimensions. *Service Industries Journal, 11*(3), 287-293.

Lemon, K. N., White, T. B., & Winer, R. S. (2002). Dynamic Customer Relationship Management: Incorporating Future Considerations into the Service Retention Decision. *Journal of Marketing, 66*(1), 1-14.

Lethlean, J., & Ambrose, T. (2001, October 6). Melbournians' Coffee Ritual Challenged. *The Age.*

Lewis, R. C. (1981). Restaurant Advertising: Appeals and Consumers' Intentions. *Journal of Advertising Research, 21*(5), 69-74.

Liang, C.-J. (2004). Attributes, Benefits, Customer Satisfaction and Behavioral Loyalty: An Integrative Research of Financial Services Industry in Taiwan. *Journal of Business Research, 4*(1), 57-91.

Liden, R. C., Wayne, S. J., & Sparrowe, R. T. (2000). An Examination of the Mediating Role of Psychological Empowerment on the Relations between the Job, Interpersonal Relationships, and Work Outcomes. *Journal of Applied Psychology, 85*(3), 407-416.

Liljander, V. (2000). The Importance of Internal Relationship Marketing for External Relationship Success. In T. Hennig-Thurau & U. Hansen (Eds.), *Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention* (pp. 161-192). Berlin: Springer.

Liljander, V., & Strandvik, T. (1995). The Nature of Customer Relationships in Services. In T. A. Swartz, D. Brown & S. W. Brown (Eds.), *Advances in Service Marketing and Management* (Vol. 4, pp. 141-167). Greenwich, Conn.: JAI Press.

Liu, C.-M., & Chen, K.-J. (2000). A Look at Fastfood Competition in the Philippines. *British Food Journal, 102*(2), 122-133.

Lloyd, S. (2002, July). Caffeine Rush. *Business Review Weekly.*

Lovelock, C. H. (2001). *Services Marketing.* Upper Saddle River, N.J.: Prentice Hall.

Macintosh, G., & Lockshin, L. S. (1997). Retail Relationships and Store Loyalty: A Multi-Level Perspective. *International Journal of Research in Marketing, 14*(5), 487-497.

Madden, N., & Wentz, L. (2005). Starbucks Discoveries' Hit Convenience Stores. *Advertising Age, 76*(40), 20.

Malhotra, N. K. (1996). *Marketing Research: An Applied Orientation* (2nd ed.). Upper Saddle River, N.J.: Prentice Hall.

Malhotra, N. K. (2003). *Marketing Research: An Applied Orientation* (4th ed.). Upper Saddle River, N.J.: Prentice Hall.

Mangold, W. G., & Babakus, E. (1991). Service Quality: The Front-Stage VS. The Back-Stage Perspective. *Journal of Services Marketing, 5*(4), 59-70.

Martin, W. B. (2003). *Providing Quality Service: What Every Hospitality Service Provider Needs to Know.* New Jersey: Prentice Hall.

Massey, W. F., Montgomery, D. B., & Morrison, D. G. (1970). *Stochastic Models of Buyer Behavior.* Cambridge: MIT Press.

Mathwick, C., Malhotra, N., & Rigdon, E. (2001). Experiential Value: Conceptualization, Measurement and Application in the Catalog and Internet Shopping Environment. *Journal of Retailing, 77*(1), 39-56.

Mathwick, C., Malhotra, N., & Rigdon, E. (2002). The Effect of Dynamic Retail Experiences on Experiential Perceptions of Value: An Internet and Catalog Comparison. *Journal of Retailing, 78*(1), 51-60.

Mattila, A. S. (2001). Emotional Bonding and Restaurant Loyalty. *Cornell Hotel and Restaurant Administration Quarterly, 42*(6), 73-79.

Mattila, A. S. (2004). Consumer Behavior Research in Hospitality and Tourism Journals *International Journal of Hospitality Management, 23*(5), 449-457.

Maxwell, J. A. (1996). *Qualitative Research Design: An Interactive Approach.* Thousand Oaks, California: Sage Publications.

McAdams, D. P. (1988). Personal Needs and Personal Relationships. In S. W. Duck (Ed.), *Handbook of Personal Relationships: Theory, Research, and Interventions* (pp. 7-22). New York: John Wiley & Sons.

McCallum, R. J., & Harrison, W. (1985). Interdependence in the Service Encounter. In J. A. Czepiel, M. R. Solomon & C. F. Surprenant (Eds.), *The Service Encounter: Managing Employee/Customer Interaction in Service Businesses* (pp. 35-48). Lexington, MA: Lexington Books.

McDonald, R. P., & Ho, M.-H. R. (2002). Principles and Practice in Reporting Structural Equation Analyses. *Psychological Methods, 7*(1), 64-82.

McDougall, G. H. G., & Levesque, T. (1994). A Revised View of Service Quality Dimensions: An Empirical Investigation. *Journal of Professional Services Marketing, 11*(1), 189-209.

McDougall, G. H. G., & Levesque, T. (2000). Customer Satisfaction with Services: Putting Perceived Value into the Equation. *Journal of Services Marketing, 14*(5), 392-410.

McKenna, R. (1991). Marketing is Everything. *Harvard Business Review, 69*(1), 65-79.

Mels, G., & Boshoff, C. (1997). The Dimensions of Service Quality: The Original European Perspective Revisited. *Service Industries Journal, 17*(1), 173-189.

Mersha, T., & Adlakha, V. (1992). Attributes of Service Quality: The Consumers' Perspective. *International Journal of Service Industry Management, 3*(3), 34-45.

Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to Organizations and Occupations: Extension and Test of a Three-Component Conceptualization. *Journal of Applied Psychology, 78*(4), 538-551.

Meyer, A., & Blumelhuber, C. (2000). Relationship Marketing Success through Investiment in Services. In T. Hennig-Thurau & U. Hansen (Eds.), *Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention* (pp. 107-125). Berlin, Germany: Springer.

Miller, K. E., & Ginter, J. L. (1979). An Investigation of Situational Variation in Brand Choice Behavior and Attitude. *Journal of Marketing Research (JMR), 16*(1), 111-123.

Miltiades, M. (2004). *How to Operate a Successful Coffeeshop*. Melbourne: BAS Publishing.

Minichiello, V. (1995). *In-Depth Interviewing: Principles, Techniques, Analysis* (2nd ed.). Melbourne, Australia: Longman.

Mintzberg, H. (1994). The Rise and Fall of Strategic Planning. New York: Prentice Hall.

Mohr, L. B. (1990). *Understanding Significance Testing*. Newbury Park, CA: Sage Publications.

Monroe, K. B. (1990). *Pricing: Making Profitable Decisions.* New York, NY.: McGraw-Hill.

Monroe, K. B., & Chapman, J. D. (1987). Framing Effects on Buyers Subjective Product Evaluations. *Advances in Consumer Research, 14*(1), 193-197.

Moorman, C., Deshpandé, R., & Zaltman, G. (1993). Factors Affecting Trust in Market Research Relationships. *Journal of Marketing, 57*(1), 81-101.

Moorman, C., Zaltman, G., & Deshpandé, R. (1992). Relationships between Providers and Users of Market Research: The Dynamics of Trust within and between Organizations. *Journal of Marketing Research 29*(3), 314-328.

Morgan, M. S. (1993). Benefit Dimensions of Mid-scale Restaurant Chains. *The Cornell Hotel and Restaurant Administration Quarterly, 34*(2), 40-45.

Morgan, R. M., Crutchfield, T. N., & Lacey, R. (2000). Patronage and Loyalty Strategies: Understanding the Behavioral and Attitudinal Outcomes of Customer Retention Programs. In T. Hennig-Thurau & U. Hansen (Eds.), *Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention* (pp. 71-87). Berlin, Germany: Springer.

Morgan, R. M., & Hunt, S. D. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing, 58*(3), 20-38.

Morgan, R. M., & Hunt, S. D. (1999). Relationship-Based Competitive Advantage: The Role of Relationship Marketing in Marketing Strategy. *Journal of Business Research, 46*(3), 281-290.

Myers, J. H., Alpert, M. I. (1968). Determinant Buying Attitudes: Meaning and Measurement. *Journal of Marketing, 32*(4), 13-20.

Naumann, E. (1995). *Creating Customer Value: The Path to Sustainable Competitive Advantage* Cincinnati, OH: Thompson Executive Press.

Neal, W. D. (1999). Satisfaction is Nice, but Value Drives Loyalty. *Marketing Research, 11*(1), 21-23.

Nelson, R. (2000). The Consumer. *Gourmet Retailer, 21*(11), 44-45.

Neuman, W. L. (2003). *Social Research Methods: Qualitative and Quantitative Approaches* (5th ed.). Boston: Allyn and Bacon.

Nilson, T. H. (1992). *Value-Added Marketing: Marketing Management for Superior Results.* Berkshire, UK: McGraw-Hill.

Norusis, M. J. (1993). *SPSS for Windows, Advanced Statistics.* Chicago, Ill.: SPSS Inc.

Nunnally, J. C. (1978). *Psychometric Theory* (2nd ed.). New York: McGraw-Hill.

O'Brien, L., & Jones, C. (1995). Do Rewards Really Create Loyalty? *Harvard Business Review, 73*(3), 75-82.

Odekerken-Schröder, G., de Wulf, K., Kasper, H., Kleijnen, M., Hoekstra, J., & Commandeur, H. (2001). The Impact of Quality on Store Loyalty: A Contingency Approach. *Total Quality Management, 12*(3), 307-322.

Odekerken-Schröder, G., de Wulf, K., & Schumacher, P. (2003). Strengthening Outcomes of Retailer–Consumer Relationships: The Dual Impact of Relationship Marketing Tactics and Consumer Personality. *Journal of Business Research, 56*(3), 177-190.

Oh, H. (1999). Service Quality, Customer Satisfaction, and Customer Value: A Holistic Perspective. *International Journal of Hospitality Management, 18*(1), 67-82.

Oh, H. (2000a). Diners' Perceptions of Quality, Value, and Satisfaction. *The Cornell Hotel and Restaurant Administration Quarterly, 41*(3), 58-66.

Oh, H. (2000b). The Effect of Brand Class, Brand Awareness, and Price on Customer Value and Behavioral Intentions. *Journal of Hospitality and Tourism Research, 24*(2), 136-162.

Oh, H. (2003). Price Fairness and Its Asymmetric Effects on Overall Price, Quality, and Value Judgments: The Case of an Upscale Hotel. *Tourism Management, 24*(4), 387-399.

Oh, H., Kim, B.-Y., & Shin, J.-H. (2004). Hospitality and Tourism Marketing: Recent Developments in Research and Future Directions. *International Journal of Hospitality Management, 23*(5), 425-447.

Oh, H., & Parks, S. C. (1997). Customer Satisfaction and Service Quality: A Critical Review of the Literature and Research Implications for the Hospitality Industry. *Hospitality Research Journal, 20*(3), 34-64.

Oh, H., & Parks, S. C. (1998). Evaluating the Role of Attribute Importance as a Multiplicative Weighting Variable in the Study of Hospitality Consumer Decision-Making. *Journal of Hospitality and Tourism Research, 21*(3), 61-80.

Oh, M., & Jeong, M. (1996). Improving Marketers' Predictive Power of Customer Satisfaction on Expectation-Based Target Market Levels. *Hospitality Research Journal, 19*(4), 65-85.

Oliva, T. A., Oliver, R. L., & MacMillan, I. C. (1992). A Catastrophe Model for Developing Service Satisfaction Strategies. *Journal of Marketing, 56*(3), 83-95.

Oliver, R. L. (1980). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research, 17*(4), 460-469.

Oliver, R. L. (1981). Measurement and Evaluation of Satisfaction Processes in Retail Settings. *Journal of Retailing, 57*(3), 25-48.

Oliver, R. L. (1993a). Cognitive, Affective, and Attribute Bases of the Satisfaction Response. *Journal of Consumer Research, 20*(3), 418-430.

Oliver, R. L. (1993b). A Conceptual Model of Service Quality and Service Satisfaction: Compatible Goals, Different Concepts. In T. A. Swartz, D. E. Bowen & S. W. Brown (Eds.), *Advances in Services Marketing and Management: Research and Practice* (Vol. 2, pp. 65-85). Greenwich, CT: JAI Press.

Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. New York: McGraw Hill.

Oliver, R. L. (1999). Whence Consumer Loyalty? *Journal of Marketing, 63*(4), 33-44.

Oliver, R. L., & DeSarbo, W. S. (1988). Response Determinants in Satisfaction Judgments. *Journal of Consumer Research, 14*(4), 495-507.

Olshavsky, R. W. (1985). Perceived Quality in Consumer Decision Making: An Integrated Theoretical Perspective. In J. Jacoby & J. Olson (Eds.), *Perceived Quality* (pp. 3-29). Lexington, Massachusetts: Lexington Books.

Olshavsky, R. W., & Miller, J. A. (1972). Consumer Expectations, Product Performance, and Perceived Product Quality. *Journal of Marketing Research, 9*(1), 19-21.

Onkvist, S., & Shaw, J. J. (1987). The Measurement of Service Value: Some Methodological Issues and Models. In C. Surprenant (Ed.), *Add Value to Your Service* (pp. 55-59). Chicago, Ill.: American Marketing Association.

Ostrom, A., & Iacobucci, D. (1995). Consumer Trade-Offs and the Evaluation of Services. *Journal of Marketing, 59*(1), 17-28.

Pallant, J. (2001). *SPSS Survival Manual: A Step-by-Step Guide to Data Analysis Using SPSS for Windows (Version 10)*. St Leonards, N.S.W.: Allen & Unwin.

Palmer, A. (1994). Relationship Marketing: Back to Basics? *Journal of Marketing Management, 10*(7), 571-579.

Palmer, A., & Bejou, D. (1994). Buyer-Seller Relationships: A Conceptual Model and Empirical Investigation. *Journal of Marketing Management, 10*(6), 495-512.

Parasuraman, A. (1991). *Marketing Research* (2nd ed.). Reading, Mass: Addison-Wesley Publishing Company.

Parasuraman, A. (1997). Reflections on Gaining Competitive Advantage through Customer Value. *Journal of the Academy of Marketing Science, 25*(2), 154-161.

Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Understanding Customer Expectations of Service. *Sloan Management Review, 32*(3), 39-48.

Parasuraman, A., & Grewal, D. (2000). The Impact of Technology on the Quality-Value-Loyalty Chain: A Research Agenda. *Journal of the Academy of Marketing Science, 28,* 168-174.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing, 49*(4), 41-50.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing, 64*(1), 12-40.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1991). Refinement and Reassessment of the SERVQUAL Scale. *Journal of Retailing, 67*(4), 420-450.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1994a). Alternative Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria. *Journal of Retailing, 70*(3), 201-230.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1994b). Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Future Research. *Journal of Marketing, 58*(1), 111-124.

Park, C. (2004). Efficient or Enjoyable? Consumer Values of Eating-Out and Fast Food Restaurant Consumption in Korea. *International journal of Hospitality Management, 23*(1), 87-94.

Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic Brand Concept-Image Management. *Journal of Marketing, 50*(4), 135-145.

Parker, P. M. (2005). *2006-2011 World Outlook for Coffee*: ICON Groups International, Inc.

Parsons, A. L. (2002). What Determines Buyer-Seller Relationship Quality? An Investigation from the Buyer's Perspective. *Journal of Supply Chain Management, 38*(2), 4-12.

Patterson, P. G., & Spreng, R. A. (1997). Modelling the Relationship Between Perceived Value, Satisfaction and Repurchase Intentions in a Business-to-Business, Services Context: An Empirical Examination. *International Journal of Service Industry Management, 8*(5), 415-432.

Payne, A., & Holt, S. (1999). A Review of the Value Literature and Implications for Relationship Marketing. *Australasian Marketing Journal, 7*(1), 41-51.

Payne, A., & Holt, S. (2001). Diagnosing Customer Value: Integrating the Value Process and Relationship Marketing. *British Journal of Management, 12*(2), 159-182.

Peter, J. P. (1979). Reliability: A Review of Psychometric Basics and Recent Marketing Practices. *Journal of Marketing Research, 16*(1), 6-17.

Peter, J. P., & Olson, J. C. (1987). *Consumer Behavior: Marketing Strategy Perspectives*. Homewood, Ill.: Irwin.

Peterson, R. A. (1995). Relationship Marketing and the Consumer. *Journal of the Academy of Marketing Science, 23*(4), 278-281.

Petrick, J. F. (2002). Development of a Multi-Dimensional Scale for Measuring the Perceived Value of a Service. *Journal of Leisure Research, 34*(2), 119-134.

Petrick, J. F. (2004). The Roles of Quality, Value, and Satisfaction in Predicting Cruise Passengers' Behavioral Intentions. *Journal of Travel Research, 42*(4), 397-407.

Petrick, J. F., & Backman, S. J. (2004). Using Square Measures of Perceived Value to Fill Round Holes in the Service Literature: Why Product-Based Measures Are Inadequate for Tourism Research. *Journal of Travel Research, 42*(4), 429-431.

Pettijohn, L. S., Pettijohn, C. E., & Luke, R. H. (1997). An Evaluation of Fast Food Restaurant Satisfaction: Determinants, Competitive Comparisons and Impacts On Future Patronage. *Journal of Restaurant and Foodservice Marketing, 2*(3), 3-20.

Pine, B. J. (1993). *Mass Customization*. Boston, Mass.: Harvard Business School Press.

Pine, B. J., & Gilmore, J. H. (1999). *The Experience Economy*. Boston, Massachusetts: Harvard Business School Press.

Pitts, R. E. & Woodside, A. G. (1984). Personal Values and Market Segmentation: Applied the Value Constructs. In R. E. Pitts, & A. G. Woodside (Ed.), *Personal Values and Consumer Psychology* (pp. 55-67). Lexington, Massachusetts: Lexington Books.

Pizam, A., & Ellis, T. (1999). Customer Satisfaction and Its Measurement in Hospitality Enterprises. *International Journal of Contemporary Hospitality Management, 11*(7), 326-339.

Pole, C. J., & Burgess, R. G. (2000). *Cross-Cultural Case Study: Studies In Qualitative Methodology*. New York: JAI.

Powers, T. (1997). *Marketing Hospitality* (2nd ed.). New York: Wiley.

Powers, T., & Barrows, C. W. (2006). *Introduction to the Hospitality Industry* (6th ed.). New York: Wiley.

Price, L. L., & Arnould, E. J. (1999). Commercial Friendships: Service Provider-Client Relationships in Context. *Journal of Marketing, 63*(4), 38-56.

Pritchard, M. P., Havitz, M. E., & Howard, D. R. (1999). Analyzing the Commitment-loyalty Link in Service Contexts. *Journal of the Academy of Marketing Science, 27*(3), 333-348.

Pritchard, M. P., & Howard, D. R. (1997). The Loyal Traveler: Examining a Typology of Service Patronage. *Journal of Travel Research, 35*(4), 2-10.

Punch, K. F. (2005). *Introduction to Social Research: Quantitative and Qualitative Approaches* (2nd ed.). Thousand Oaks, Calif.: SAGE Publications.

Pura, M. (2005). Linking Perceived Value and Loyalty in Location-Based Mobile Services. *Managing Service Quality, 15*(6), 509-538.

Qu, H. (1997). Determinant Factors and Choice Intention for Chinese Restaurant Dining: A Multivariate Approach. *Journal of Restaurant and Foodservice Marketing, 2*(2), 35-49.

Rao, C. P., & Kelkar, M. M. (1997). Relative Impact of Performance and Importance Ratings on Measurement of Service Quality. *Journal of Professional Services Marketing, 15*(2), 69-86.

Ravald, A., & Grönroos, C. (1996). The Value Concept and Relationship Marketing. *European Journal of Marketing, 30*(2), 8-18.

Reichheld, F. F. (1993). Loyalty-Based Management. *Harvard Business Review, 71*(2), 64-73.

Reichheld, F. F., & Sasser, W. E. (1990). Zero Defections: Quality Comes to Services. *Harvard Business Review, 68*(5), 105-111.

Rempel, J. K., Holmes, J. G., & Zanna, M. P. (1985). Trust in Close Relationships. *Journal of Personality and Social Psychology, 49*(1), 95-112.

Restaurants and Institutions R&I (2005, August). *Coffee/Snacks. 115*(15), 23-24.

Reynolds, K. E., & Arnold, M. J. (2000). Customer Loyalty to the Salesperson and the Store: Examining Relationship Customers in an Upscale Retail Context. *Journal of Personal Selling and Sales Management, 20*(2), 89-98.

Reynolds, K. E., & Beatty, S. E. (1999). Customer Benefits and Company Consequences of Customer-Salesperson Relationships in Retailing. *Journal of Retailing, 75*(1), 11-32.

Rhoades, L., Eisenberger, R., & Armeli, S. (2001). Affective Commitment to the Organization: The Contribution of Perceived Organizational Support. *Journal of Applied Psychology, 86*(5), 825-836.

Richard, M. D., Sudharshan, D. S., & Allaway, A. W. (1994). Service Quality and Choice Behaviour: An Empirical Investigation. *Journal of Restaurant and Foodservice Marketing, 1*(2), 93-109.

Riley, M. (2000, May 13). Coffee's Big Bucks. *The Sydney Morning Herald.*

Rintamaki, T., Kanto, A., Kuusela, H., & Spence, M. T. (2006). Decomposing the Value of Department Store Shopping into Utilitarian, Hedonic and Social Dimensions. *International Journal of Retail and Distribution Management, 34*(1), 6-24.

Roberts, K., Varki, S., & Brodie, R. (2003). Measuring the Quality of Relationships in Consumer Services: An Empirical Study. *European Journal of Marketing, 37*(1/2), 169-196.

Roberts, L., Deery, M., & Hede, A.-M. (2001). *Foodservice 2010 - Research Report and Vision Statement.* Melbourne, Vic.: CRC for Sustainable Tourism.

Robinson, C., Abbott, J. A., & Shoemaker, S. (2005). Recreating Cheers: An Analysis of Relationship Marketing as an Effective Marketing Technique for Quick-Service Restaurants. *International Journal of Contemporary Hospitality Management, 17*(7), 590-599.

Rockeach, M. (1973). *The Nature of Human Values.* New York: Free Press.

Roest, H., & Pieters, R. (1997). The Nomological Net of Perceived Service Quality. *International Journal of Service Industry Management, 8*(4), 335-351.

Rundle-Thiele, S. (2005). Elaborating Customer Loyalty: Exploring Loyalty to Wine Retailers. *Journal of Retailing and Consumer Services, 12*(5), 333-344.

Rundle-Thiele, S., & Bennett, R. (2001). A Brand for All Seasons? A Discussion of Brand Loyalty Approaches and Their Applicability for Different Markets *Journal of Product and Brand Management, 10*(1), 25-37.

Runkel, P. J., & McGrath, J. E. (1972). *Research on Human Behavior: A Systematic Guide to Method.* New York: Holt, Rinehart and Winston.

Rust, R. T., & Oliver, R. L. (1994). Service Quality: Insights and Managerial Implications from the Frontier. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 1-19). Thousand Oak, CA: Sage Publications.

Rust, R. T., & Zaborik, A. J. (1993). Customer Satisfaction, Customer Retention, and Market Share. *Journal of Retailing, 69*(2), 193-215.

Rust, R. T., Zeithaml, V. A., & Lemon, K. N. (2000). *Driving Customer Equity: How Customer Lifetime Value is Shaping Corporate Strategy.* New York: The Free Press.

Saleh, F., & Ryan, C. (1991). Analysing Service Quality in the Hospitality Industry Using the SERVQUAL Model. *Service Industries Journal, 11*(3), 324-345.

Sánchez, J., Callarisa, L., Rodríguez, R. M., & Moliner, M. A. (2006). Perceived Value of the Purchase of a Tourism Product. *Tourism Management, 27*(3), 394-409.

Schiffman, L., Bednall, D., Cowley, E., O'Cass, A., Watson, J., & Kanuk, L. (2001). *Consumer Behaviour* (2nd ed.). Frenchs Forest, N.S.W.: Prentice Hall.

Schiffman, L. G., & Kanuk, L. L. (2004). *Consumer Behaviour* (8th ed.). Upper Saddle River, NJ: Prentice Hall.

Schmitt, B., & Simonson, A. (1997). *Marketing Aesthetics: Strategic Management of Brands, Identify, and Image*. New York, NY.: The Free Press.

Scott, B. (2006). Scottish Cafe Society: Contemporary Consumption Issues and Lifestyle Identities. *International Journal of Contemporary Hospitality Management, 18*(1), 60-68.

Selnes, F. (1993). An Examination of the Effect of Product Performance on Brand Reputation, Satisfaction and Loyalty. *European Journal of Marketing, 27*(9), 19-35.

Shamdasani, P. N., & Balakrishnan, A. A. (2000). Determinants of Relationship Quality and Loyalty in Personalized Services. *Asia Pacific Journal of Management, 17*(3), 399-422.

Shams, H., & Hales, C. (1989). Once More on 'Goods' and 'Service': A Way Out of the Conceptual Jungle. *Quarterly Review of Marketing, 14*(3), 1-5.

Sheth, J. N. (1983). An Integrative Theory of Patronage Preference and Behavior. In W. R. Darden & R. F. Lusch (Eds.), *Patronage Behavior and Retail Management* (pp. 9-28). New York: Elsevier Science Publishing Company.

Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Why We Buy What We Buy: A Theory of Consumption Values. *Journal of Business Research, 22*(2), 171-186.

Sheth, J. N., & Parvatiyar, A. (1995). Relationship Marketing in Consumer Markets: Antecedents and Consequences. *Journal of the Academy of Marketing Science, 23*(4), 255-271.

Shoemaker, S., & Bowen, J. T. (2003). Commentary on "Loyalty: A strategic commitment". *The Cornell Hotel and Restaurant Administration Quarterly, 44*(5-6), 47-52.

Shoemaker, S., & Lewis, R. C. (1999). Customer Loyalty: The Future of Hospitality Marketing. *International Journal of Hospitality Management, 18*(4), 345-370.

Singh, J., & Sirdeshmukh, D. (2000). Agency and Trust Mechanisms in Consumer Satisfaction and Loyalty Judgements. *Journal of the Academy of Marketing Science, 28*, 150-167.

Sinha, I., & DeSarbo, W. S. (1998). An Integrated Approach toward the Spatial Modeling of Perceived Customer Value. *Journal of Marketing Research, 35*(2), 236-249.

Sit, J., Merrilees, B., & Birch, D. (2003). Entertainment-Seeking Shopping Centre Patrons: The Missing Segments. *International Journal of Retail & Distribution Management, 31*(2), 80-94.

Slater, S. F. (1997). Developing a Customer Value-Based Theory of the Firm. *Journal of the Academy of Marketing Science, 25*(2), 162-167.

Smedley, D. (2004, August). Local Cafes under Threat. *Hospitality.*

Smith, D. C., Andrews, J., & Blevins, T. R. (1992). The Role of Competitive Analysis in Implementing a Market Orientation. *Journal of Services Marketing, 6*(1), 23-36.

Smith, J. B. (1998). Buyer-Seller Relationships: Similarity, Relationship Management, and Quality. *Psychology and Marketing, 15*(1), 3-21.

Soellner, A. O. E. (1994). Commitment in Exchange Relationships: The Role of Switching Costs in Building and Sustaining Competitive Advantages. In J. Sheth & A. Parvatiyar (Eds.), *Relationship Marketing: Theory, Methods and Applications.* Atlanta, GA: Emory University.

Solomon, M. R. (1983). The Role of Products as Social Stimuli: A Symbolic Interactionism Perspective. *Journal of Consumer Research, 10*(3), 319-329.

Solomon, M. R. (2004). *Consumer Behavior: Buying, Having, and Being* (6th ed.). Upper Saddle River, N.J.: Pearson Prentice Hall.

Soriano, D. R. (2002). Customers' Expectations Factors in Restaurants: The Situation in Spain. *International Journal of Quality and Reliability Management, 19*(8), 1055-1067.

Spangenberg, E. A., Crowley, A. E., & Henderson, P. W. (1996). Improving the Store Environment: Do Olfactory Cues Affect Evaluations and Behavior? *Journal of Marketing, 60*(2), 67-80.

Spiteri, J. M., & Dion, P. A. (2004). Customer Value, Overall Satisfaction, End-User Loyalty, and Market Performance in Detail Intensive Industries. *Industrial Marketing Management, 33*(8), 675-687.

Spreng, R. A., & Mackoy, R. D. (1996). An Empirical Examination of a Model of Perceived Service Quality and Satisfaction. *Journal of Retailing, 72*(2), 201-214.

Stelzl, I. (1986). Changing a Causal Hypothesis without Changing the Fit: Some Rules for Generating Equivalent Path Models. *Multivariate Behavioral Research, 21*(3), 309-331.

Stern, B. B. (1997). Advertising Intimacy: Relationship Marketing and the Services Consumer. *Journal of Advertising, 26*(4), 7-19.

Stevens, J. (1996). *Applied Multivariate Statistics for the Social Sciences* (3rd ed.). Mahway, New Jersey: Lawrence Erlbaum.

Stevens, P., Knutson, B., & Patton, M. (1995). DINESERV: A Tool for Measuring Service Quality in Restaurant. *The Cornell Hotel and Restaurant Administration Quarterly, 36*(2), 56-60.

Storbacka, K., Strandvik, T., & Grönroos, C. (1994). Managing Customer Relationships for Profit: The Dynamics of Relationship Quality. *International Journal of Service Industry Management, 5*(5), 21-38.

Sui, J. J., & Baloglu, S. (2003). The Role of Emotional Commitment in Relationship Marketing: An Empirical Investigation of a Loyalty Model for Casinos. *Journal of Hospitality and Tourism Research, 27*(4), 470-489.

Sweeney, J. C., & Soutar, G. N. (2001). Consumer Perceived Value: The Development of a Multiple Item Scale. *Journal of Retailing, 77*(2), 203-220.

Sweeney, J. C., Soutar, G. N., & Johnson, L. W. (1997). Retail Service Quality and Perceived Value : A Comparison of Two Models. *Journal of Retailing and Consumer Services, 4*(1), 39-48.

Sweeney, J. C., Soutar, G. N., & Johnson, L. W. (1999). The Role of Perceived Risk in the Quality-Value Relationship: A Study in a Retail Environment. *Journal of Retailing, 75*(1), 77-105.

Tabachnick, B. G., & Fidell, L. S. (2001). *Using Multivariate Statistics* (4th ed.). Boston, Mass.: Allyn and Bacon.

Tam, J. L. M. (2004). Customer Satisfaction, Service Quality and Perceived Value: An Integrative Model. *Journal of Marketing Management, 20*(7/8), 897-917.

Taylor, S. A., & Baker, T. L. (1994). An Assessment of the Relationship between Service Quality and Customer Satisfaction in the Formation of Consumers' Purchase Intentions. *Journal of Retailing, 70*(2), 163-178.

Thompson, C. J., & Arsel, Z. (2004). The Starbucks Brandscape and Consumers' (Anticorporate) Experience of Glocalization. *Journal of Consumer Research, 31*(3), 631-642.

Thompson, K. E., & Chen, Y. L. (1998). Retail Store Image: A Means-End Approach. *Journal of Marketing Practice: Applied Marketing Science, 4*(6), 161-173.

Tinsley, H. E. A., & Tinsley, D. J. (1987). Uses of Factor Analysis in Counseling Psychology Research. *Journal of Counseling Psychology, 34*(4), 414-424.

Too, L. H. Y., Souchon, A. L., & Thirkell, P. C. (2001). Relationship Marketing and Customer Loyalty in a Retail Setting: A Dyadic Exploration. *Journal of Marketing Management, 17*(3/4), 287-319.

Treacy, M., & Wiersema, F. (1993). Customer Intimacy and Other Value Disciplines. *Harvard Business Review, 71*(1), 84-93.

Tsai, S.-P. (2005). Utility, Cultural Symbolism and Emotion: A Comprehensive Model of Brand Purchase Value. *International Journal of Research in Marketing, 22*(3), 277-291.

Tull, D. S., & Hawkins, D. I. (1990). *Marketing Research: Measurement and Method: A Text with Cases* (5th ed.). New York: Macmillan.

Turner, L. W. (1991). *Business Statistics*. Part A, Department of Applied Economics, Melbourne: Victoria University.

Van der Wagen, L. (1996). *Professional Hospitality: An Introduction*. Melbourne: Hospitality Press.

Vavra, T. G. (1995). *Aftermarketing: How to Keep Customers for Life through Relationship Marketing* (Rev. and updated ed.). Chicago: Irwin Professional Pub.

Vázquez, R., Del Río, A. B., & Iglesias, V. (2002). Consumer-Based Brand Equity: Development and Validation of a Measurement Instrument. *Journal of Marketing Management, 18*(1/2), 27-48.

Veryzer, R. W. (1993). Aesthetic Response and the Influence of Design Principles on Product Preferences. *Advances in Consumer Research, 20*(1), 224-228.

Vinson, D. E., Scott, J. E., & Lamont, L. M. (1977). The Role of Personal Values in Marketing and Consumer Behavior. *Journal of Marketing, 42*(2), 44-50.

Von Wright, G. H. (1963). *The Varieties of Goodness*. New York: Humanities Press.

Wagner, J. (1999). Aesthetic Value: Beauty in Art and Fashion. In M. B. Holbrook (Ed.), *Consumer Value: A Framework for Analysis and Research* (pp. 126-146). New York: Routledge Interpretive Marketing Research.

Wakefield, K. L., & Barnes, J. H. (1996). Retailing Hedonic Consumption: A Model of Sales Promotion of a Leisure Service. *Journal of Retailing and Consumer Services, 72*(4), 409-427.

Walsh, K. (2003). Qualitative Research: Advancing the Science and Practice of Hospitality. *The Cornell Hotel and Restaurant Administration Quarterly, 44*(2), 66-74.

Wang, Y., Lo, H. P., Chi, R., & Yang, Y. (2004). An Integrated Framework for Customer Value and Customer-Relationship-Management Performance: A Customer-based Perspective from China. *Managing Service Quality, 14*(2), 169-182.

Webster, J., & Frederick E. (1992). The Changing Role of Marketing in the Corporation. *Journal of Marketing, 56*(4), 1-17.

Westbrook, R. A., & Oliver, R. L. (1981). Developing Better Measures of Consumer Satisfaction: Some Preliminary Results. *Advances in Consumer Research, 8*(1), 94-99.

White, S. S., & Schneider, B. (2000). Climbing the Commitment Ladder. The Role of Expectations on Customers' Behavioral Intentions. *Journal of Service Research, 2*(3), 240-253.

Whitehouse, C., Burke, G., Smith, S. V., & Wosnitza, R. (2001). Whole Latte Shakin'. *Time Europe, 157,* 47.

Widing, R., Sheth, J. N., Pulendran, S., Mittal, B., & Newman, B. I. (2003). *Customer Behaviour: Consumer Behaviour and Beyond* (Pacific Rim ed.). Melbourne: Thomson Learning.

Wilson, D. T. (1995). An Integrated Model of Buyer-Seller Relationships. *Journal of the Academy of Marketing Science, 23*(4), 335-345.

Wong, A., & Sohal, A. (2002). Customers' Perspectives on Service Quality and Relationship Quality in Retail Encounters. *Managing Service Quality, 12*(6), 424-433.

Wood, R. C. (1995). *The Sociology of the Meal.* Edinburgh: Edinburgh University Press.

Woodruff, R. B. (1997). Customer Value: The Next Source for Competitive Advantage. *Journal of the Academy of Marketing Science, 25*(2), 139-153.

Woodruff, R. B., & Gardial, S. F. (1996). *Know Your Customer: New Approaches to Customer Value and Satisfaction.* Cambridge, MA.: Blackwell.

Woodward, T. (1997). *Identifying and Measuring Customer-Based Brand Equity and Its Elements for a Service Industry.* Unpublished PhD Thesis, Queensland University of Technology, Brisbane, Queensland.

Wray, B., Palmer, A., & Bejou, D. (1994). Using Neural Network Analysis to Evaluate Buyer-Seller Relationships. *European Journal of Marketing, 28*(10), 32-48.

Yang, Z., & Peterson, R. T. (2004). Customer Perceived Value, Satisfaction, and Loyalty: The Role of Switching Costs. *Psychology and Marketing, 21*(10), 799-822.

Youjae, Y., & Suna, L. (2004). What Influences the Relationship Between Customer Satisfaction and Repurchase Intention? Investigating the Effects of Adjusted Expectations and Customer Loyalty. *Psychology and Marketing, 21*(5), 351-373.

Yuksel, A. (2003). Market Segmentation Based on Customers' Post-Purchase Performance Evaluation: A Case of Tourist Diners. *Journal of Travel and Tourism Marketing, 15*(1), 1-18.

Zeithaml, V. A. (1981). How Consumer Evaluation Processes Differ Between Goods and Services. In J. H. Donnelly & W. R. George (Eds.), *Marketing of Services* (pp. 186-190). Chicago, Ill.: American Marketing Association.

Zeithaml, V. A. (1988). Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing, 52*(3), 2-22.

Zeithaml, V. A. (2000). Service Quality, Profitability and the Economic Worth of Customers: What We Know and What We Need to Learn. *Journal of the Academy of Marketing Science, 28*(1), 67-85.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1993). The Nature and Determinants of Customer Expectations of Service. *Journal of the Academy of Marketing Science, 21*(1), 1-12.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The Behavioral Consequences of Service Quality. *Journal of Marketing, 60*(2), 31-46.

Zeithaml, V. A., & Bitner, M. J. (2002). *Services Marketing: Integrating Customer Focus Across the Firm* (3rd ed.). Boston, Mass.: McGraw-Hill.

Zikmund, W. G. (2003). *Business Research Methods* (7th ed.). Cincinnati, OH.: Thomson/South-Western.

APPENDICES

Appendix 1: Summary of Literature Review on Determinant Attributes of Service Quality

Author/Date	Determinant Attributes	Setting
Miller and Ginter (1979)	1. Speed of service 2. Variety of menu 3. Popularity with children 4. Cleanliness 5. Convenience 6. Taste of food 7. Price	Fast food
Lewis (1981)	1. Food quality 2. Menu variety 3. Price 4. Atmosphere 5. Convenience factors	Restaurant types: 1. Family/popular 2. Atmosphere 3. Gourmet
Auty (1992)	1. Food type 2. Food quality 3. Value for money 4. Image and atmosphere 5. Location 6. Speed of service 7. Recommended 8. New experience 9. Opening hours 10. Facilities for children	Restaurant Note: Attribute listed by order.
Mersha and Adlakha (1992)	1. Timely/prompt service 2. Willingness to correct error 3. Reasonable cost 4. Pleasant environment 5. Courtesy 6. Thoroughness/accuracy of service 7. Friendliness 8. Consistency/reliability 9. Enthusiasm/helpfulness 10. Knowledge of service 11. Observance of announced business hours 12. Follow-up after initial service	Fast food Note: Attribute listed by order.
Smith, Andrews, and Blevins (1992)	1. Cleanliness 2. Menu selection 3. Quality of food 4. Presentation of food 5. Courtesy of waiting staff 6. Spaciousness 7. Noise level 8. Availability of parking 9. Convenience of location	Restaurant

276

Author/Date	Determinant Attributes	Setting

Morgan (1993)	F1. Food service quality - Tasty food
	                  - Good menu selection
	                  - Friendly staff
	                  - Knowledgeable staff
	                  - Pleasant atmosphere
	                  - Low noise level
	                  - Fun
	                  - Cleanliness
	F2. Family price value - Ability to accommodate children
	                  - Good value for price paid
	                  - Good prices
	F3. Time convenience - Prompt seating and service
		Restaurant types:
		1. Family restaurant
		2. Steak-house restaurant
		3. Casual-dining restaurant

Almanza, Jaffe, and Lin (1994)	1. Quality of food 2. Convenient location 3. Reasonable price 4. Cleanliness 5. Hours of operation 6. Friendly server 7. Nutritious food 8. Speed of service 9. Size of portions 10. Comfortable seating 11. Variety of menu 12. Non-smoking section 13. Coffee and drinks refill 14. Atmosphere 15. A place for meeting 16. Availability of take-out service 17. Decor	University cafeteria
Dube Renaghan, and Miller (1994)	1. Tasty food 2. Consistent food 3. Waiting time 4. Attentive server 5. Helpful server 6. Atmosphere	Restaurant
Keyt, Yavas, and Riecken (1994)	1. Food quality 2. Service 3. Food variety 4. Atmosphere 5. Price 6. Mixed drink 7. Reservations 8. Portion size 9. Convenience of location 10. Children's menu	Restaurant Note: Attributes listed by rank order.

Author/Date	Determinant Attributes	Setting

Kim (1996)	F1. F&B quality service
	  - Service
	  - Quality of food and beverages
	  - Level of hygiene and sanitation
	  - Amenities
	  - Physical facilities and interiors
	  - Image and reputation
	F2. Access
	  - Easy access
	  - Location
	  - Parking convenience
	F3. Price
	  - Competitive price
		Hotel F&B

Oh and Jeong (1996)	F1. Product - Tastiness of food
	  - Food quality
	  - Portion size
	  - Ingredient freshness
	  - Temperature of food
	  - Price of food
	F2. Service - Quick food delivery
	  - Employees' greeting
	  - Responsiveness
	  - Employee attitude
	F3. Amenity - Restaurant spaciousness
	  - Quiet atmosphere
	  - Comfortable seating
	F4. Appearance - Neat establishment
	  - Cleanliness
	F5. Convenience - Menu item availability
	  - No waiting
	  - Dining room temperature
	  - Convenient location
		Fast food

Bojanic and Shea (1997)	1. Timeliness of service 2. Quality of services 3. Quality of food 4. Menu variety 5. Employee friendliness 6. Atmosphere 7. Convenience of location 8. Value for the price	Restaurant at suburb and downtown
Kevela (1997)	1. Quality of food 2. Type of food 3. Cost of food 4. New experience 5. Location 6. Menu item variety 7. Speed of service 8. Ambience 9. Comfort level 10. Cleanliness 11. Prestige 12. Competent waiting staff 13. Prompt handling of complaint 14. Friendliness of waiting staff	Restaurant types: 1. Fine dining/gourmet 2. Theme/atmosphere 3. Family/popular 4. Convenience/fast food Note: Attributes listed by rank order.

Author/Date	Determinant Attributes	Setting
Hsu, Byun, and Yang (1997)	1. Good taste 2. Clean utensil 3. Clean dining area 4. Clean restrooms 5. Freshness 6. Neat employee appearance 7. Friendly service 8. Wide menu variety 9. Convenience location 10. Fast service 11. Uncongested dining area 12. Low price 13. Famous menu items 14. Wide price range 15. Attractive presentation 16. Private meeting rooms 17. Quiet dining area 18. Non-smoking area 19. Innovative menu items 20. Large portions	Restaurant types: 1. Quick-service 2. Family style 3. Fine dining Note: Attributes ranking order changed based on restaurant type.
Kara, Kaynak, and Kucukemiroglu (1997)	1. Price 2. Friendliness of personnel 3. Variety of menu 4. Service speed 5. Calorie content 6. Cleanliness 7. Convenience 8. Business hours 9. Delivery service 10. Novelties for children 11. Seating facilities	Fast food
Qu (1997)	F1. Food & Environment - Food quality consistency - Food quality - Menu variety - Smorgasbord - Cleanliness F2. Service and Courtesy - Level of service - Promptness of service - Friendliness F3. Price and Value - Price - Price and value F4. Location, Advertising and Promotion - Location - Advertising and promotion	Mid-scale Chinese Restaurant

Author/Date	Determinant Attributes	Setting
Pettijohn, Pettijohn, and Luke (1997)	1. Food quality 2. Cleanliness 3. Value 4. Price 5. Convenience 6. Speed of service 7. Courtesy 8. Menu variety 9. Store atmosphere	Fast food Note: Attributes list by rank order.

Clow, Kurtz, and Ozment (1998)	Price - Price (2)
	     - Value (9)
	Tangibles - Exterior (13)
	      - Interior (11)
	      - Cleanliness (5)
	Product - Selection of food (6)
	      - Assortment of food (10)
	      - Food quality (1)
	Image - Prestige (8)
	     - Atmosphere (7)
	     - Image (4)
	Staff - Professionalism (12)
	     - Friendliness (3)
	     - Service quality (6)
	     - Attractiveness (15)
	Time - Waiting time/order (14)
	     - Waiting time/food (16)
	     - Speed of Service (13)
		Restaurant types:
		1. Causal sit down
		2. Formal sit down
		3. Fast food
		Note: Attributes list by rank order.

Clark and Wood (1998)	1. Quality of food 2. Friendliness of staff 3. Atmosphere 4. Speed of service 5. Opening hours 6. Price of food 7. Range of food choice 8. Parking facilities 9. Price of drink 10. Lavatory/washroom facilities	Restaurant types: 1. Fast food or other chain 2. Public house 3. Hotel 4. Independent 5. Others
Koo, Tao, and Yeung (1999)	1. Location 2. Type of food 3. Variety of food 4. Uniqueness 5. Car park 6. Price 7. Quality or taste of food 8. Decoration 9. Service	Restaurant

280

Author/Date	Determinant Attributes	Setting

Kivela, Inbakaran, and Reece (2000)	F1. First and last impressions
	  - Dining privacy (28)
	  - Restaurant's temperature (21)
	  - Restaurant's appearance (7)
	  - Offered a new dining experience (27)
	  - Offered food of a consistent standard (14)
	  - Offered service of a consistent standard (20)
	F2. Service excellence
	  - Friendly, polite, and helpful staff (11)
	  - Attentive staff (15)
	  -Staff greeting customers (12)
	  - Staff are willing to serve (9)
	F3. Atmosphere excellence
	  - Level of comfort in the restaurant (6)
	  - Level of noise in the restaurant (25)
	  - View from the restaurant (22)
	F4. Food excellence
	  - Menu variety (26)
	  - Nutritious food (23)
	  - Taste of food (8)
	  - Quality of food (13)
	  - Felt comfortable to eat in (1)
	F5. Reservation and parking
	  - Handling of telephone reservations (24)
	  - Parking convenience (16)
		Restaurant
		
		Note: Attributes of cleanliness of the restaurant (2), freshness of food (3), staff appearance (4), temperature of food (5), efficient service (10), staff who have food/beverage knowledge (17), sympathetic handling of complaints (18), and presentation of food (19), are not grouped in factors.

281

Author/Date	Determinant Attributes	Setting

Pizam and Ellis (1999)	1. Material product
	   - Quality of F&B
	   - Portion size
	   - Variety of menu choices
	   - Food and beverage
	   - Consistency
	   - Range of taste, textures, aromas, colors
	   - Correct F&B temperature
	   - Appearance of F&B
	   - Price of meal/drinks/service
	   - Availability of menu items
	2. Environment
	   - Cleanliness of restaurant
	   - Location and accessibility
	   - Size and shape of room
	   - Furniture and fittings
	   - Color scheme
	   - Lighting
	   - Temperature and ventilation
	   - Acoustics (noise level)
	   - Spaciousness of restaurant
	   - Neatness of restaurant
	   - Employees' appearance
	   - Availability of parking
	   - Hours of operation
	3. Behavior and attitude
	   - Friendliness
	   - Competence
	   - Courtesy
	   - Efficiency and speed
	   - Helpfulness
	   - Professionalism
	   - Responsiveness to special request
	   - Responsiveness to complaints
		Hotel F&B

Liu and Chen (2000)	1. Fast and quick service 2. Good value for money 3. Food taste/flavour 4. Variety of food offering 5. Music and noise level 6. Attractive décor 7. Atmosphere and ambience 8. Promotional gimmicks and items 9. Friendly and pleasant staff 10. Cleanliness and neatness	Fast food

Author/Date	Determinant Attributes	Setting
Knutson (2000)	1. Cleanliness 2. Friendliness 3. Price 4. Speed 5. Consistency in menu items 6. Menu variety 7. Location 8. Combination meals 9. Discount coupons 10. Atmosphere 11. Drive-through 12. Promotional menu items 13. Add-on coupons	Fast food Note: Attributes list by rank order.
Chow-Chua and Komaran (2002)	1. Coffee taste – flavour (3) 2. Coffee taste – freshness (1) 3. Variety of beverages – other than coffee (14) 4. Promotions – seasonal/new drinks (15) 5. Discount to loyal customers (8) 6. Variety of food and desserts (12) 7. Ambience of outlet (7) 8. Furnishings in outlet (10) 9. Efficiency of accuracy in fulfilling orders (5) 10. Politeness of servers (4) 11. Availability of browsing materials (13) 12. Accessibility of outlets (6) 13. Value for money (2) 14. Variety of coffee (11) 15. Choice of air-conditioning or al fresco (9)	Coffee shop Note: Attributes list by rank order.

Soriano (2002)	F1. Quality of food
	    - Menu variety
	    - Innovative food
	    - Presentation of food
	    - Fresh ingredients and food consistency
	F2. Quality of service
	    - Equipment and appearance of employees
	    - Courtesy of employees
	    - Waiting-time before being seated
	    - Waiting-time before food arriving
	    - Waiting-time before paying the bill
	F3. Cost/value of the meal
	    - Food was competitively priced
	    - Wine was competitively priced
	F4. Place
	    - Appearance, ambience or atmosphere of a restaurant
	    - Appliance repair
	    - Bathroom
	    - Telephone service
	    - Parking
		Restaurant

Author/Date	Determinant Attributes	Setting

Yuksel (2003)	F1. Service quality
	  - Service standards
	  - Consistent service quality
	  - Service courtesy
	  - Friendly restaurant managers/staff
	  - Knowledge of the staff
	  - Willingness to help
	  - Communication with the staff
	  - Competent restaurant staff
	  - Attentive restaurant staff
	F2. Product quality
	  - Food quality
	  - Food portions
	  - Food tastiness
	  - Food temperature
	  - Food presentation
	  - Food preparation consistency
	  - Non-greasy food
	F3. Menu diversity
	  - Menu variety
	  - Availability of menu items
	  - Availability of dishes liked
	  - Availability of local dishes
	  - Availability of beverages liked
	  - Healthy food choice
	F4. Hygiene
	  - Cleanliness of restaurant staff
	  - Cleanliness of the restaurant/utensils
	  - Tidiness of the restaurant
	  - Appearance of staff
	F5. Convenience and location
	  - Location of the restaurant
	  - Crowd level in the restaurant
	  - Operating hours
	F6. Noise
	  - Quietness of the restaurant surrounding
	  - Quietness of the restaurant
	F7. Service speed
	  - Waiting time for dishes
	  - Efficiency of service
	F8. Price and value
	  - Food prices
	  - Value of food for the price charged
	F9. Facilities
	  - Children facilities
	F10. Atmosphere
	  - The atmosphere in the restaurant
		Restaurant

Author/Date	Determinant Attributes	Setting
Park (2004)	1. Taste of food 2. Cleanness 3. Kindness of employee 4. Quick service 5. Facilities 6. Reputation and image 7. Variance of menu 8. Location 9. Mood 10. Price 11. Promotional incentives	Korean fast food Note: Attributes list by rank order.

Invitation to Interview

Dear Participants,

I am currently undertaking a research project for the degree of Doctor of Philosophy (Ph.D) in the school of Hospitality, Tourism, and Marketing at Victoria University. The project aims to investigate the product and service attributes and relational benefits from the service providers that might have a significant effect on customers' value perception, which in turn, influencing customer loyalty.

I would like to invite you to participate in this project. The interview will take approximately 30 minutes. The answers and suggestions that you provide are of the importance for the successful business management of the coffee outlets sector. It is hoped that the results of this research may assist operators in Australia and elsewhere to improve the standard of service that they offer. We believe that your views are of value to the arms of the study, and a summary report of the project results will be provided to you at request.

Your participation is completely voluntary and all information that we receive will be used only for my doctoral thesis and not for other purposes. It will be treated as strictly confidential.

Thank your for your Co-operation and participation in the interview.

Sincerely yours,

Po-Tsang Chen	Dr Thu-Huong Nguyen	Paul A Whitelaw
PhD Candidate	Principal Supervisor	Co-Supervisor

Consent Form for Participants Involved in Interviews

INFORMATION TO PARTICIPANTS:
We would like to invite you to be a part of a study into
"**An Investigation of The Relationships Between Determinant Attributes,
Relational Benefits, Perceived Value, Relationship Quality, and Customer Loyalty:
Differential Aspects of Independent versus Chain Coffee Outlets**".

> The purpose of this study is to investigate customers' perception of product and service attribute and relational benefits from the service providers that might have a significant effect on customers' value perception, which in turn, influencing customer loyalty. This study will provide an academic contribution to the hospitality area in understanding customer's loyalty in the coffee outlets sector. Furthermore, It will provide a new understanding for service providers to strengthen customer loyalty by maximizing key product and service attributes and relational benefits in relation to relationship quality and map out their distinctive marketing strategies. This study will involve interviews and customer surveys to more fully understand customer's behaviour that has implications for the coffee shop industry.

CERTIFICATION BY SUBJECT
I,
of certify that I am at least 18 years old* and that I am voluntarily giving my consent to participate in an interview in the study entitled :
"**An Investigation of The Relationships Between Determinant Attributes, Relational Benefits,
Perceived Value, Relationship Quality, and Customer Loyalty:
Differential Aspects of Independent versus Chain Coffee Outlets**" being conducted at Victoria
University of Technology by: **Mr. Po-Tsang Chen**

I certify that the objectives of the interview, together with any risks to me associated with the procedures listed hereunder to be carried out in the experiment, have been fully explained to me by: **Mr. Po-Tsang Chen** and that I freely consent to participation involving the use of these procedures.

Procedures:
The interview will be conducted by one of the investigators to identify the appropriate items for the measurement of determinant attributes of the coffee shop. The interview will be taped and notes taken as a means of recording data accurately. Anonymity of participants will be assured.
I certify that I have had the opportunity to have any questions answered and that I understand that I can withdraw from this interview at any time and that this withdrawal will not jeopardise me in any way.

I have been informed that the information I provide will be kept confidential.

Signed: ....

Witness other than the experimenter: **Date:** ....

> Any queries about your participation in this project may be directed to **Mr. Po-Tsang Chen Ph. 0431573727 or 9919 1193 or Dr Thu-Huong Nguyen Ph. 9688 4037**). If you have any queries or complaints about the way you have been treated, you may contact the Secretary, University Human Research Ethics Committee, Victoria University of Technology, PO Box 14428 MCMC, Melbourne, 8001 (telephone no: 03-9688 4710).

Interview Guide

Coffee Outlet Information

Types (Independent/ Chain):

No of seats: **No of staff:**

Position: **Gender:**

VICTORIA UNIVERSITY OF TECHNOLOGY

Open-Ended Questions for In-Depth Interviews with Coffee Outlet Operators

The interview questions aim to identify the determinant product and service attributes for this study. The analysis will allow for the recording of the number of "mentions" from the interviews. The procedure involves highlighting product and service attributes as they are mentioned with subsequent transfer to the analysis sheet. Thus, the qualitative research will be undertaken to enrich the findings of the literature search.

A Sample Interview Guide – Interview Questions with Coffee Outlet Operators

Opening Questions:

1. Could u describe the products and services of your coffee outlet?
This question will generate coffee outlet related product and service attributes.

Probing Questions:

2. What are strengths/weaknesses/opportunities/threats of your coffee outlet in terms of products and services?
This question will identify strengths and weaknesses within the business and opportunities and threats in the external business environment in terms of products and services attributes and how this coffee shop is differentiated from its competitors.

3. For the independent coffee outlets, why do customers choose this coffee outlet instead of going to chain outlets like Starbucks or Gloria Jeans and vice versa?
This question will help to identify independent coffee outlet's determinant product and service attributes in competition with chain outlets and vice versa.

4. What product/service attributes are important to customers when they choose a coffee outlets? Based on your expertise, Please indicate what attributes listed below should be deleted or what other attributes should be added.

	Not Important At all →				Very Important		
1. Coffee flavour	1	2	3	4	5	6	7
2. Coffee freshness	1	2	3	4	5	6	7
3. Coffee smoothness	1	2	3	4	5	6	7
4. Coffee temperature	1	2	3	4	5	6	7
5. Coffee aroma	1	2	3	4	5	6	7
6. Coffee art	1	2	3	4	5	6	7
7. Wide choice of coffee products	1	2	3	4	5	6	7
8. Variety of beverage other than coffee	1	2	3	4	5	6	7
9. Variety of food and desserts	1	2	3	4	5	6	7
10. Food quality	1	2	3	4	5	6	7
11. Attractive décor, ambience of outlet	1	2	3	4	5	6	7
12. Furnishings in outlet	1	2	3	4	5	6	7
13. Choice of air-conditioning or al fresco	1	2	3	4	5	6	7
14. Accuracy in fulfilling orders	1	2	3	4	5	6	7
15. Attentive employee	1	2	3	4	5	6	7
16. Availability of browsing materials	1	2	3	4	5	6	7
17. Friendly employee	1	2	3	4	5	6	7
18. Speed of service	1	2	3	4	5	6	7
19. Cleanliness of coffee shop	1	2	3	4	5	6	7
20. Hours of operation	1	2	3	4	5	6	7
21. Music	1	2	3	4	5	6	7
22. Noise level	1	2	3	4	5	6	7
*Choice of porcelain (china) cup or paper cup	1	2	3	4	5	6	7
*Loyalty program (e.g. frequent card)	1	2	3	4	5	6	7
*Appearance of employee	1	2	3	4	5	6	7

* Suggested items by coffee outlet operators
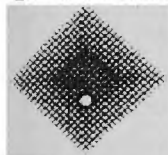
VICTORIA UNIVERSITY

CUSTOMERQUESTIONNAIRE

The School of Hospitality, Tourism, and Marketing, Victoria University is conducting a survey of customers' perception of services in coffee shop outlets. The survey is designed to reveal the customers' future purchase intentions toward the coffee shops. We very much appreciate your participation in this research, and all responses will be treated confidentially.

SECTION A: YOUR COFFEE CONSUMPTION BEHAVIOR

1. How frequent do you visit a coffee outlet?
(Please, tick ONE only)

- ☐ More than once a day
- ☐ Once a month
- ☐ Twice a week or more
- ☐ Twice a month
- ☐ Once a week
- ☐ Others (specify)_____

2. What is your most frequent time to visit a coffee outlet? *(Please, tick ONE only)*

- ☐ 7am ~11 am
- ☐ 3:01 pm ~ 7 pm
- ☐ 11:01am ~ 3 pm
- ☐ 7:01 pm ~ 11 pm
- ☐ Weekend only

3. Who would you most likely go with to a coffee outlet? *(Please, tick ONE only)*

- ☐ Alone
- ☐ With colleagues
- ☐ With friends
- ☐ With clients
- ☐ With family
- ☐ Others (specify)_____

4. What's your most common reason for going to a coffee outlet? *(Please, tick ONE only)*

- ☐ Socialization
- ☐ For refreshments
- ☐ Business
- ☐ For breakfast
- ☐ Relaxation with coffee
- ☐ Others (specify)_____

5. What is the average duration of your stay per visit in a coffee outlet? *(Please, tick ONE only)*

- ☐ Less than 15 mins
- ☐ 30 mins to 1hour
- ☐ 15 to 30 mins
- ☐ Over 1 hour

6. Please rate the following coffee attributes in terms of their importance to you when choosing a coffee outlet!

1= Not important at all; 5= Very important

Coffee taste - flavour	1	2	3	4	5
Coffee freshness	1	2	3	4	5
Coffee smoothness	1	2	3	4	5
Coffee temperature	1	2	3	4	5
Coffee aroma	1	2	3	4	5
Coffee art – visual appearance	1	2	3	4	5

7. Please rate each of the following attributes in terms of their importance to you when choosing a coffee outlet!

1= Not important at all; 5 = Very important

Wide choice of coffee products	1	2	3	4	5
Variety of beverage types other than coffee	1	2	3	4	5
Variety of food and desserts	1	2	3	4	5
Loyalty program (e.g. frequent card)	1	2	3	4	5
Food quality	1	2	3	4	5
Attractive décor, ambience of outlet	1	2	3	4	5
Furnishings in outlet	1	2	3	4	5
Choice of air-conditioning or al fresco	1	2	3	4	5
Accuracy in fulfilling orders	1	2	3	4	5
Attentive employees	1	2	3	4	5
Availability of browsing materials	1	2	3	4	5
Friendly employees	1	2	3	4	5
Speed of service	1	2	3	4	5
Cleanliness of coffee shop	1	2	3	4	5
Hours of operation	1	2	3	4	5
Music	1	2	3	4	5
Noise level	1	2	3	4	5
Choice of porcelain (china) cup or paper cup	1	2	3	4	5
Appearance of employee	1	2	3	4	5

8. Please indicate your level of agreement with each of the following statements in relation to this coffee outlet!

1=Strongly disagree; 5 = Strongly agree

I have confidence the service will be performed well.	1	2	3	4	5
I know what to expect when I go in.	1	2	3	4	5
I get high level of service from employee(s).	1	2	3	4	5
I am recognized by employee(s).	1	2	3	4	5
I am familiar with the employee(s) who perform(s) the service.	1	2	3	4	5
I have developed a good friendship with the employee(s).	1	2	3	4	5
This coffee outlet offers discounts to regular customers.	1	2	3	4	5
This coffee outlet offers better service to regular customers.	1	2	3	4	5
This coffee outlet makes greater efforts for regular customers.	1	2	3	4	5

Please Turn Over ⟶

9. Please indicate your agreement with each of the following statements in relation to this coffee outlet!
1=Strongly disagree; 5 = Strongly agree

This coffee outlet					
makes me feel delighted	1	2	3	4	5
gives me pleasure	1	2	3	4	5
has a good reputation	1	2	3	4	5
is well thought of	1	2	3	4	5
helps me make a good impression on other people	1	2	3	4	5
improves the way I am perceived	1	2	3	4	5
is appealing	1	2	3	4	5
is stylish	1	2	3	4	5
Based on the service I received (Including coffee, food, environment, I think this coffee outlet					
provides a good quality service at a reasonable price	1	2	3	4	5
offers good value for money	1	2	3	4	5
Considering time and effort to visit, I think this coffee outlet					
is convenient for me	1	2	3	4	5
is easy to locate	1	2	3	4	5
The overall quality of this coffee outlet					
is outstanding	1	2	3	4	5
is consistent	1	2	3	4	5

10. Please indicate your level of agreement with each of the following statements in relation to this coffee outlet!
1=Strongly disagree; 5 = Strongly agree

I am satisfied with the coffee provided by this coffee outlet.	1	2	3	4	5
I am satisfied with the food provided by this coffee outlet.	1	2	3	4	5
I am satisfied with the service provided by this coffee outlet.	1	2	3	4	5
I am satisfied with the environment provided by this coffee outlet.	1	2	3	4	5
Overall, I am satisfied with this coffee outlet.	1	2	3	4	5
I feel emotionally attached to this coffee outlet.	1	2	3	4	5
I continue to deal with this coffee outlet because I genuinely enjoy my relationship with it.	1	2	3	4	5

11. Please indicate your level of agreement with each of the following statements in relation to this coffee outlet!
1=Strongly disagree; 5 = Strongly agree

I will say positive things about this coffee outlet to other people.	1	2	3	4	5
I will recommend this coffee outlet to someone who seeks my advice.	1	2	3	4	5
I will consider this coffee outlet my first choice to buy coffee service.	1	2	3	4	5
I really care about the success of this coffee outlet.	1	2	3	4	5
I will be a loyal customer of this coffee outlet.	1	2	3	4	5

12. What is your preference?

□ **CHAIN** coffee outlet   □ **INDEPENDENT** coffee outlet

□ Unsure

SECTION B: YOUR PERSONAL INFORMATION

13. Your gender

□ Male   □ Female

14. Your age

□ 16 - 24   □ 45 - 62

□ 25 - 44   □ Over 63

15. Your current occupation?

□ Director or manager

□ Professional (doctor, lawyer, teacher, etc)

□ Technical professions (technicians, nursing)

□ Clerical/administration

□ Service and sales personnel

□ Manual or craft worker

□ Housewife   □ Unemployed

□ Student   □ Retired

□ Others (Specify)_____

16. Your educational qualification?

□ Primary school   □ Bachelor degree

□ Secondary school   □ Post-graduate degree

□ TAFE, College   □ Others (Specify)_____

17. Your country of birth?

□ Australia   □ Arabic

□ Asia   □ Africa

□ Europe   □ Others (Specify)_____

THANK YOU FOR YOUR PARTICIPATION
If you have any questions concerning this research,
Please do not hesitate to contact:
Mr. Po-Tsang Chen Tel. (03) 99191193
Dr. Thu-Huong Nguyen Tel. (03) 9919-0437

Appendix 4: Descriptive Statistics of the Total Sample

Items	Mean	Std. Deviation	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
Determinant Attributes of Service Quality						
Coffee taste- flavour	4.3372	.90829	-1.427	.079	1.751	.159
Coffee freshness	4.2202	.89947	-1.110	.079	.942	.159
Coffee smoothness	4.0295	.93184	-.819	.079	.428	.159
Coffee temperature	4.0948	.94214	-.979	.079	.701	.159
Coffee aroma	4.0316	.94526	-.821	.079	.280	.159
Coffee art	3.5975	1.10055	-.515	.079	-.333	.159
Wide choice of coffee products	3.5585	1.12133	-.486	.079	-.390	.159
Variety of beverage types other than coffee	3.3656	1.17468	-.399	.079	-.572	.159
Variety of food and desserts	3.3983	1.13973	-.408	.079	-.500	.159
Loyalty program	3.1117	1.26798	-.173	.079	-.935	.159
Food quality	3.8736	1.10943	-.933	.079	.264	.159
Attractive decor, ambience of outlet	3.7956	.97778	-.654	.079	.145	.159
Furnishings in outlet	3.7482	.99514	-.644	.079	.131	.159
Choice of air-conditioning or al-fresco	3.5437	1.01644	-.409	.079	-.182	.159
Accuracy in fulfilling orders	4.0611	.89916	-.653	.079	-.225	.159
Attentive employee	4.0664	.91680	-.798	.079	.252	.159
Availability of browsing materials	3.4247	1.11938	-.403	.079	-.435	.159
Friendly employee	4.2824	.81541	-.981	.079	.638	.159
Speed of service	4.2518	.84993	-1.094	.079	1.053	.159
Cleanliness of coffee shop	4.3614	.83377	-1.241	.079	1.124	.159
Hours of operation	3.8051	1.00260	-.540	.079	-.239	.159
Music	3.4489	1.12169	-.346	.079	-.538	.159
Noise level	3.7123	1.06560	-.550	.079	-.255	.159
Choice of porcelain cup or paper cup	3.3656	1.24868	-.313	.079	-.789	.159
Appearance of employee	3.5269	1.09783	-.469	.079	-.374	.159

Items	Mean	Std. Deviation	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
Relational Benefits						
Confidence Benefit - Know what to expect	3.8082	.88655	-.380	.079	-.222	.159
Confidence Benefit - Get high level of service	3.6596	.93065	-.322	.079	-.256	.159
Social Benefit - Recognized by employee	3.0453	1.28076	-.058	.079	-1.007	.159
Social Benefit - Being familiar with employee	2.9125	1.25945	.022	.079	-1.003	.159
Social Benefit - Have developed a good friendship with employee	2.8040	1.26772	.092	.079	-1.056	.159
Special Treatment Benefit - Offer discounts to regular customer	2.8872	1.27079	-.026	.079	-1.007	.159
Special Treatment Benefit - Offer better service to regular customer	2.9895	1.17008	-.193	.079	-.760	.159
Special Treatment Benefit - Make great efforts for regular customer	3.0822	1.15725	-.230	.079	-.749	.159
Perceived Value						
Makes me feel delighted	3.4162	.95278	-.240	.079	-.170	.159
Gives me pleasure	3.5395	.91505	-.328	.079	-.108	.159
Has a good reputation	3.7334	.89511	-.362	.079	-.217	.159
Is well thought of	3.6312	.85123	-.182	.079	-.274	.159
Helps me make a good impression on people	3.2181	1.07417	-.345	.079	-.358	.159
Improves the way I am perceived	3.0717	1.10671	-.254	.079	-.564	.159
Is appealing	3.4826	.93398	-.366	.079	-.095	.159
Is stylish	3.4563	1.00391	-.413	.079	-.272	.159
Provides good service at a reasonable price	3.7134	.86909	-.299	.079	-.141	.159
Offer good value for money	3.7113	.92941	-.400	.079	-.280	.159
Is convenient for me	3.9568	.85760	-.480	.079	-.149	.159
Is easy to locate	4.0253	.86383	-.600	.079	-.130	.159
Is outstanding	3.6934	.83044	-.263	.079	-.065	.159
Is consistent	3.7914	.81176	-.301	.079	-.071	.159

Items	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Relationship Quality						
Feel emotionally attached to	2.9916	1.13346	-.079	.079	-.670	.159
Continue to deal with this coffee outlet	3.2476	1.09603	-.276	.079	-.504	.159
Satisfied with coffee	3.7766	.87067	-.426	.079	.025	.159
Satisfied with food	3.5248	.97255	-.408	.079	-.089	.159
Satisfied with service	3.7208	.86967	-.228	.079	-.398	.159
Satisfied with environment	3.7345	.86851	-.388	.079	-.048	.159
Overall satisfaction	3.8219	.84376	-.435	.079	.190	.159
Customer Loyalty						
Say positive things	3.6860	.92687	-.429	.079	.061	.159
Recommend to someone	3.6459	.93402	-.386	.079	-.070	.159
Being my first choice	3.3973	1.05604	-.302	.079	-.503	.159
Care about the success	3.1149	1.09491	-.171	.079	-.613	.159
Being a loyal customer	3.2645	1.14397	-.268	.079	-.655	.159
Valid N = 949						

Appendix 5: Scatterplot of Regression Standardised Residuals

DA Regression I (Step 1): Determinant Attributes of Service Quality (DA) to Perceived Value (PV)

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: SYMBOLIC

Scatterplot

Dependent Variable: SYMBOLIC

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: FUNCTION

Scatterplot

Dependent Variable: FUNCTION

295
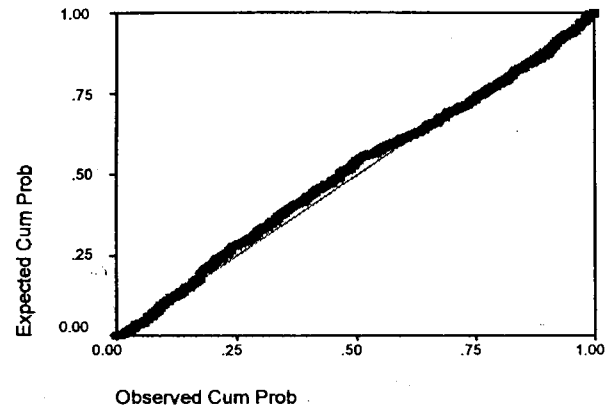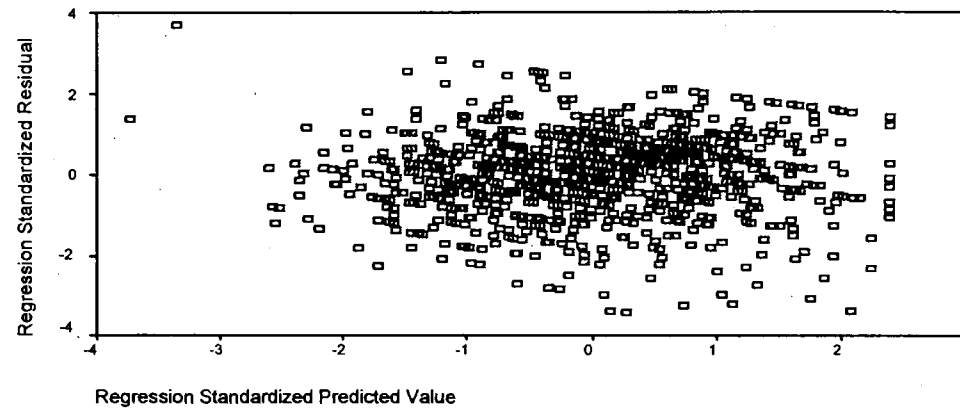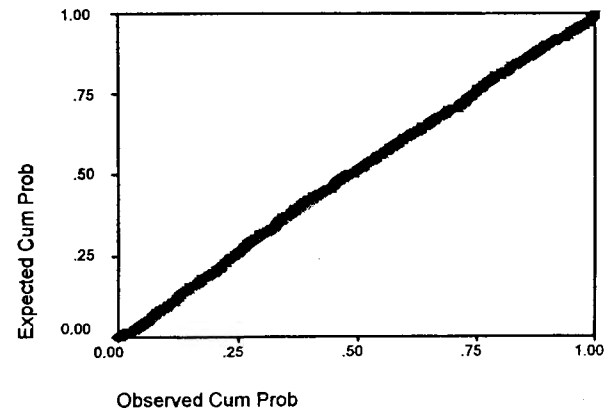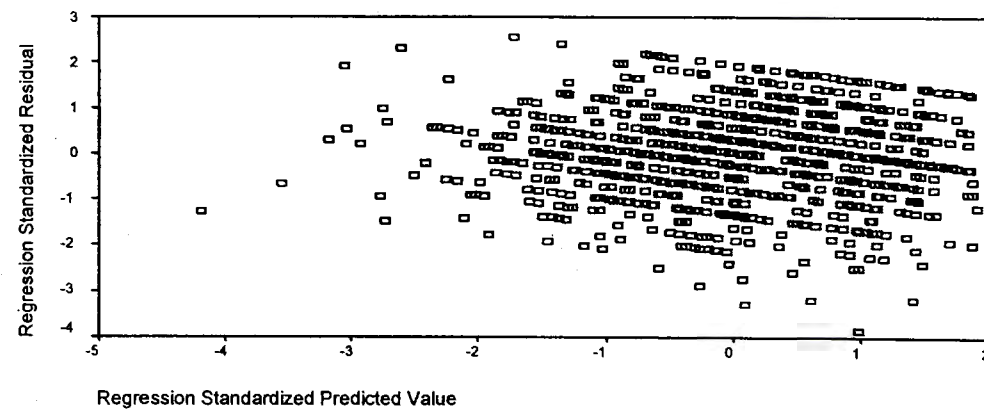
RB Regression I (Step 1): Relational Benefits (RB) to Perceived Value (PV)

Normal P-P Plot of Regression Standardized Residua

Dependent Variable: SYMBOLIC

Scatterplot

Dependent Variable: SYMBOLIC

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: FUNCTION

Scatterplot

Dependent Variable: FUNCTION

296
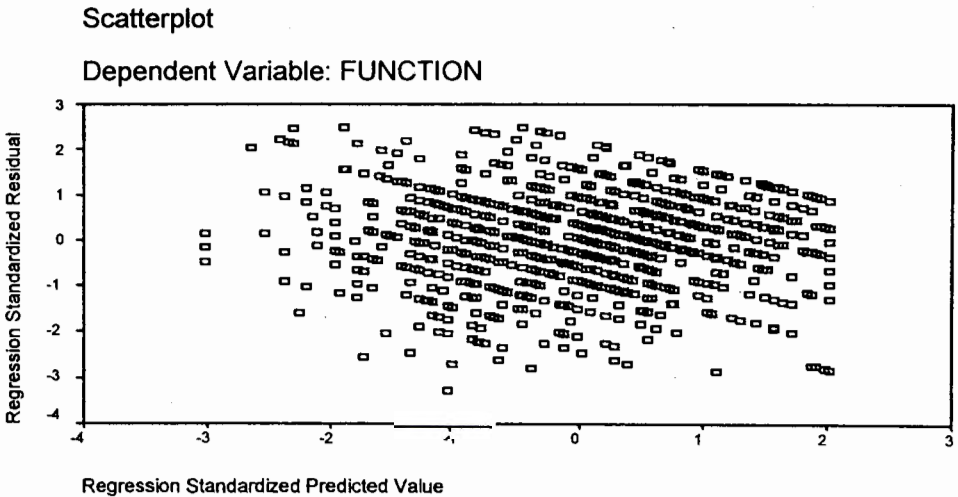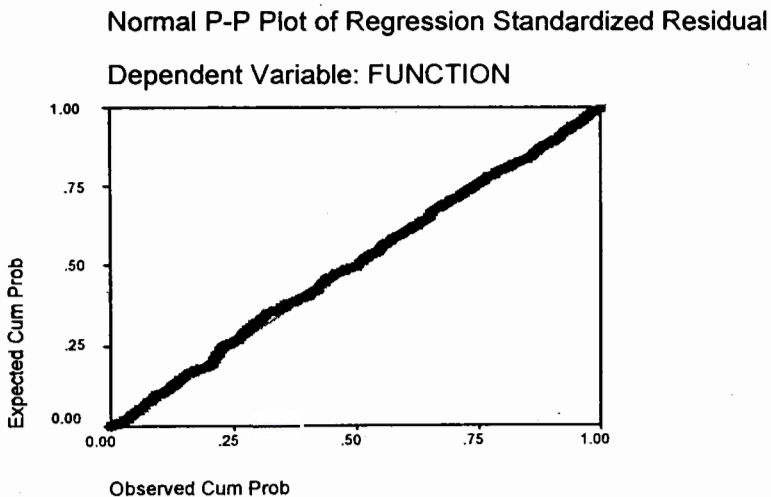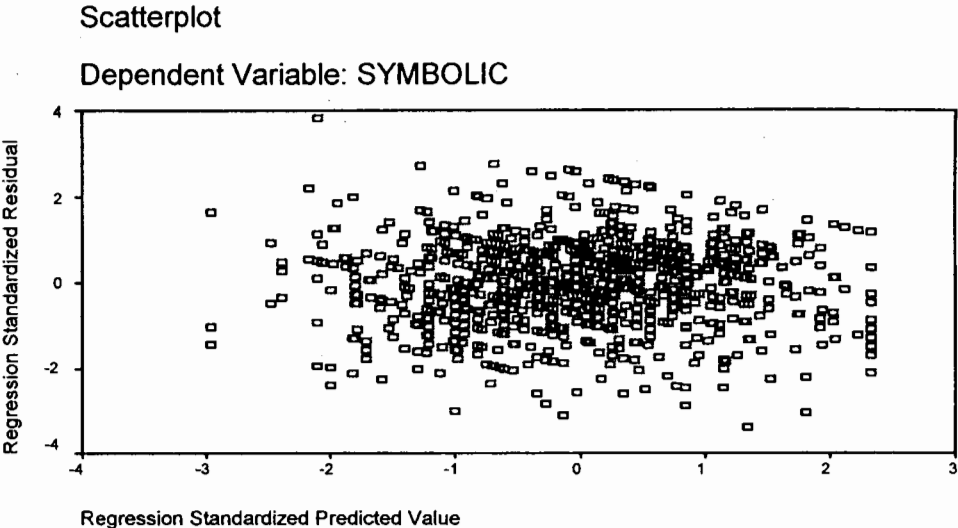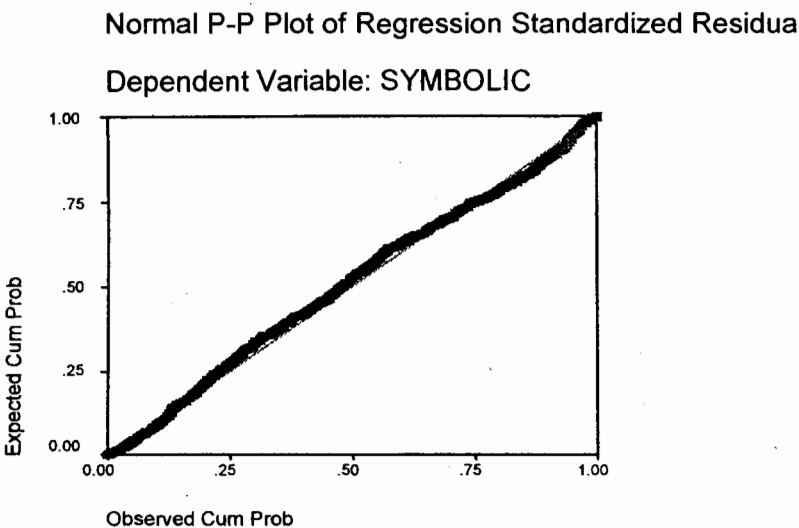
PV Regression I (Step 1): Perceived Value (PV) to Relatoinship Quality (RB)

Normal P-P Plot of Regression Standardized Residual
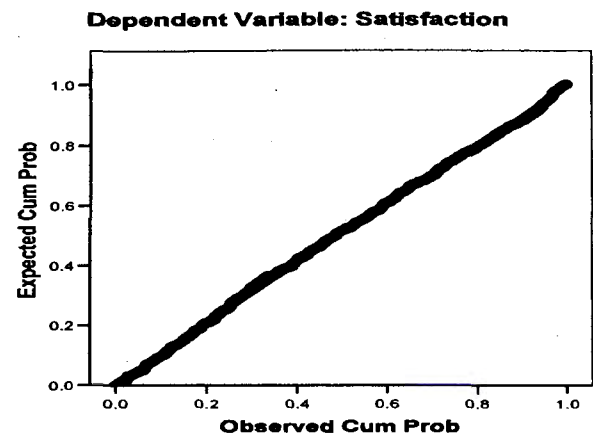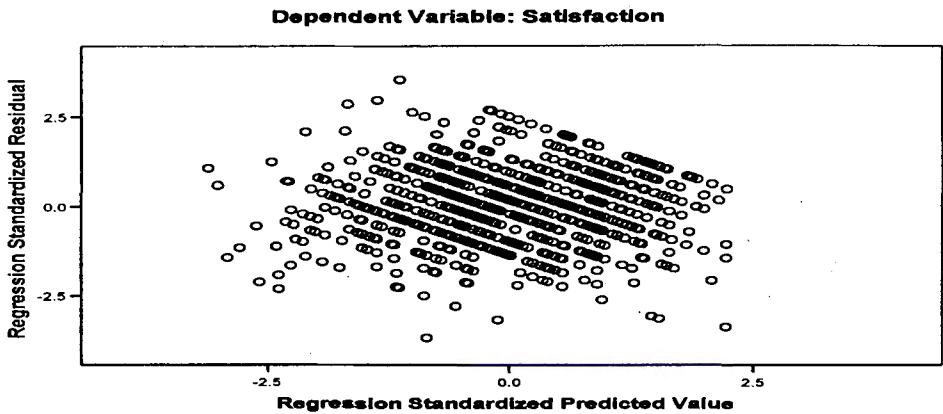
Dependent Variable: Satisfaction

Scatterplot

Dependent Variable: Satisfaction

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: AffectiveCommitment

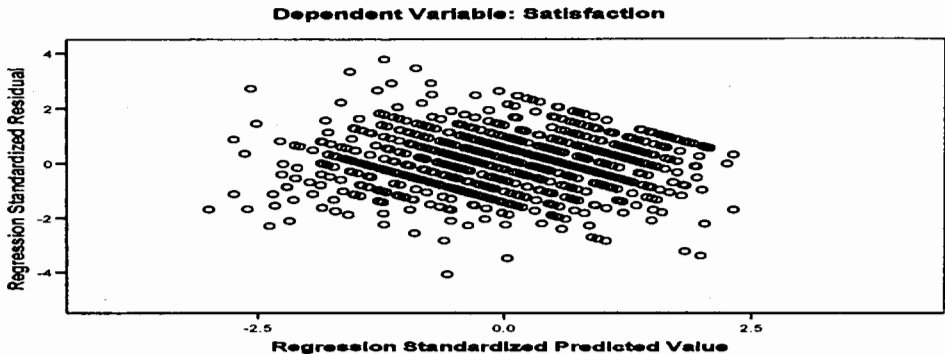**Scatterplot**

Dependent Variable: AffectiveCommitment

297
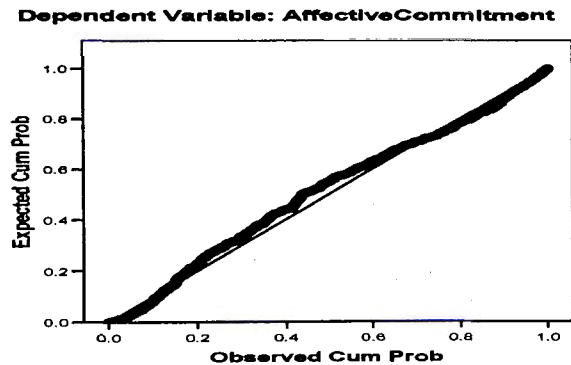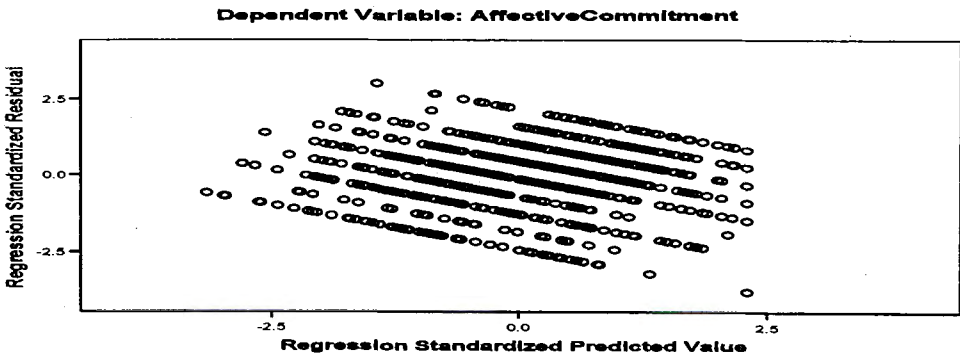
DA Regression II (Step 2) and III (Step 3): The Mediating Role of PV between DA to RQ

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Satisfaction
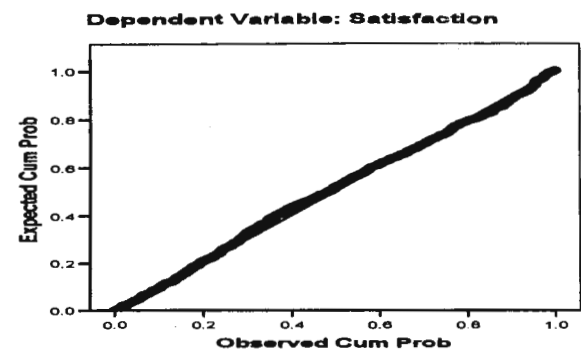
Scatterplot
Dependent Variable: Satisfaction

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: AffectiveCommitment
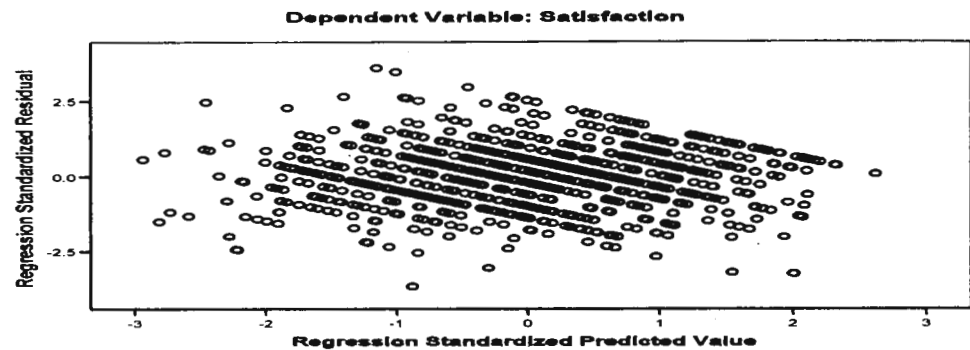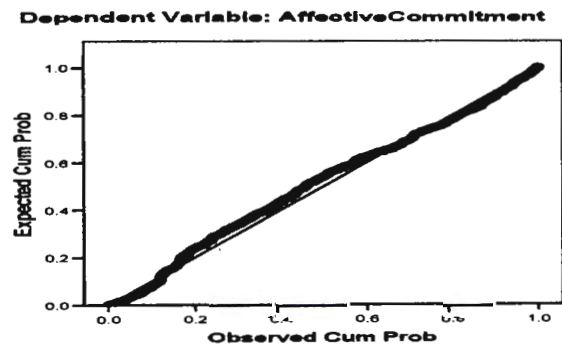
Scatterplot
Dependent Variable: AffectiveCommitment
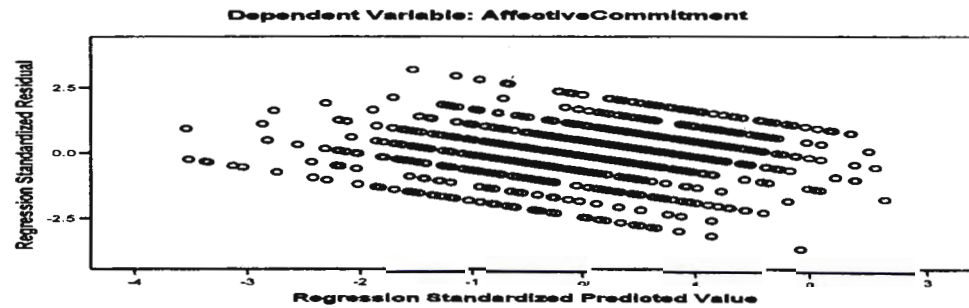
RB Regression II (Step 2) and III (Step 3): The Mediating Role of PV between RB to RQ
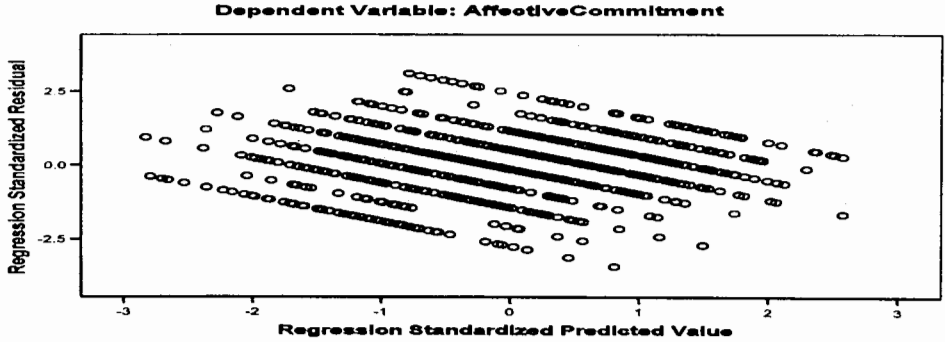
Normal P-P Plot of Regression Standardized Residual
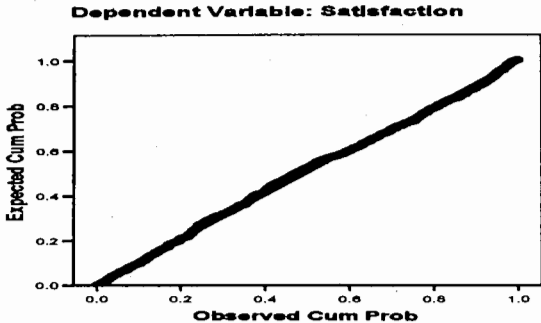
Dependent Variable: Satisfaction

Scatterplot

Dependent Variable: Satisfaction

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: AffectiveCommitment

Scatterplot
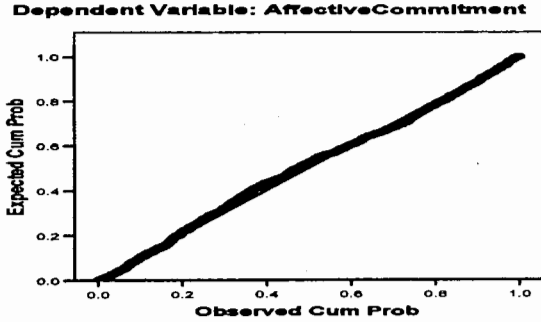
Dependent Variable: AffectiveCommitment
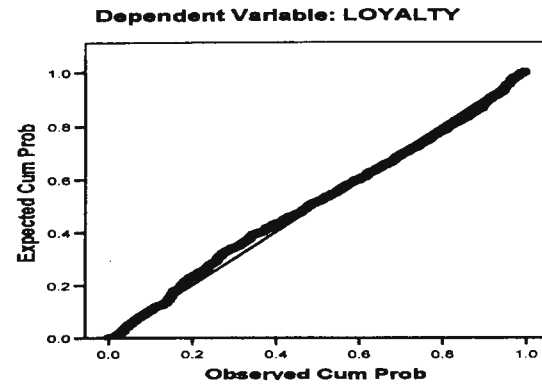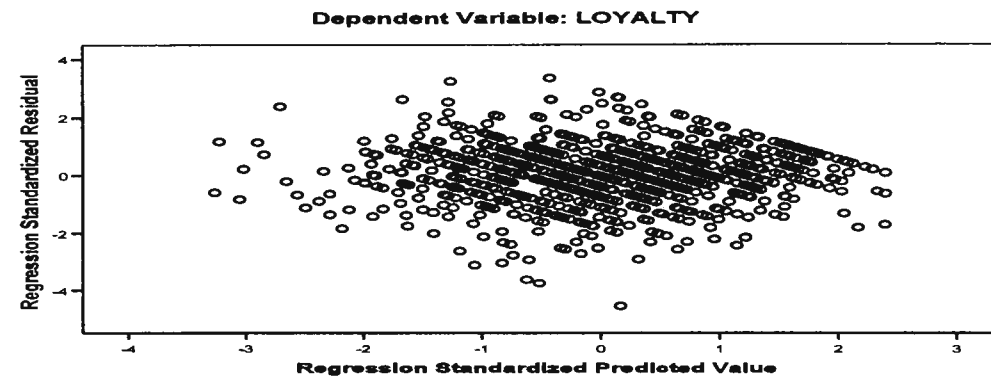
PV Regression II (Step 2) and III (Step 3): The Relationships among PV, RQ, and Customer Loyalty (CL)

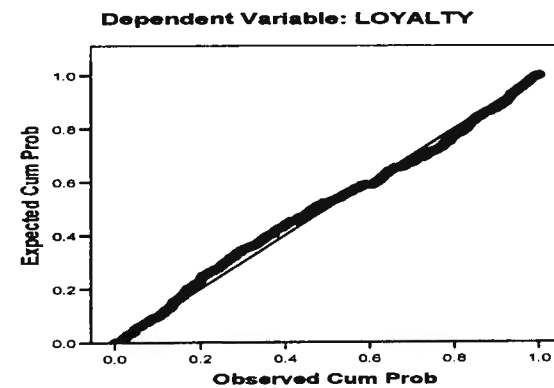**Normal P-P Plot of Regression Standardized Residual**

Dependent Variable: LOYALTY

Scatterplot

Dependent Variable: LOYALTY

The Direct Relationship between RQ to CL

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: LOYALTY

Scatterplot

Dependent Variable: LOYALTY

300