

**Effects of customers' café experience on their perceptions of
value for money, satisfaction, and loyalty intentions: A case of
the Auckland café industry**

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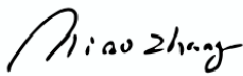
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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signed 

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ABSTRACT

The main purposes of this study are to explore the important café attributes that contribute to customer's café experience and to test the relationship between their café experience and the perceptions of value for money, satisfaction, and loyalty intentions.

This study extended the consumption system approach (CSA) as the theoretical framework to evaluate customers' experience, value for money, customer satisfaction, and loyalty intentions at an attribute level. Both online and paper-pencil questionnaires were employed as research methods. Data was collected from almost 200 participants from social networking sites (*Facebook* and *WeChat*) as well as two cafés in Auckland. A series of multiple regression analyses were used to test research hypotheses. Importance-performance analysis (IPA) was applied to provide practical implications for the cafés industry in Auckland in general.

This study found that service quality, ambience, and food quality positively influence customer perceptions of value for money, whereas service quality, ambience, and coffee quality are significant predictors of customer satisfaction. Customer loyalty intentions were successfully predicted by food quality, coffee quality, and service quality. Amongst five major experience attributes, service quality was found to be the strongest predictor of all outcome variables. IPA results suggest that in relation to customers' evaluation of café experience, service quality was considered the most important attribute and ambience was considered the best performed attribute. The IPA grid further implied that service quality may need more attention and investment from café managers in Auckland, as service quality had strong importance scores, yet relatively low performance scores in Auckland cafés when compared to food quality and ambience.

The findings of this study matter to understanding key experience attributes considered by café customers in Auckland, New Zealand. While the attribute-level approach has been often applied in hospitality marketing research, the categorisation of attributes and effects of such attributes on customer satisfaction and loyalty intentions have yet to reach consistency in the literature. Furthermore, future studies are needed to develop a more comprehensive theoretical model to systematically investigate customer experience in various contexts at the attribute level within the hospitality industry.

Chapter 1. Introduction

1.1 Background

Experience has become a dominant element in the service industry as it creates a unique memory between the consumer and the seller. Customer experience is not only influenced by products and service, but also combined with many factors which could fulfil customers' emotional, intellectual, and spiritual needs (Mossberg, 2007).

Experience thus plays an important role in customers' preferences of products and services and further informs their purchase decisions, which in turn, influence the success of a business (Gentile, Spiller, & Noci, 2007). For hospitality and tourism organisations, the key in creating memorable customer experience is to be customer-centric in delivering products and services (Bharwani & Jauhari, 2013).

Cafés not only serve as food outlets, but also play an important role in the political, cultural, and social aspects of the daily lives of city residents and tourists (Warner, Talbot, & Bennison, 2013). An increasing number of globally spreading café brands, such as Starbucks (USA), Costa (the UK), and Coffee Club (Australia), have drawn attention from customers worldwide. These café brands endeavour to provide their customers with superior café experience rather than mere café products. For example, Starbucks states "Our mission [is] to inspire and nurture the human spirit – one person, one cup, and one neighbourhood at a time" (Starbucks, n.d.), picturing a unique café experience that is human and community centred. A memorable café experience requires more than high-quality products and services; therefore, finding out what makes a satisfactory café experience is important for the success of the café business and for café brands to gain a competitive advantage.

This study intends to investigate customers' café experience in Auckland, New Zealand. In 2015, the total revenue of cafés and bars in New Zealand increased by 8% compared to the total revenue for 2014, thus achieving a total revenue of \$3.3 billion NZD.

Similarly, in 2015 transaction volume rose by 3% and the total number of outlets in 2015 grew by 1% compared to the previous fiscal year (Euromonitor International, 2016). In addition to the enormous economic impact of the café industry, many cities in New Zealand, such as Wellington, have established a unique identity based on their coffee culture (Weaver, 2010). In general, the café industry in New Zealand has been

and will continue to be a major contributor to New Zealand's economy and culture, particularly in the hospitality and tourism industries.

The types of café in New Zealand vary from small, mobile coffee outlets to stylish venues with gourmet food and designed décor (Tourism New Zealand, n.d.). Both branded café chains and independent cafés can be found in New Zealand (Euromonitor International, 2016). The cafés investigated in this study will include both types, but the investigation is restricted to cafés offering a variety of products (i.e., foods and beverages), flexible dining options (i.e., dine-in or takeaway), and friendly service, as well as serving as what Bookman (2014) called the “third place,” or a place that meets customers' work and leisure purposes.

1.2 Problem statement and objectives

As an important part of everyday life of city residents and an integral component of the city environment for tourists, cafés play a significant role in New Zealand's economy and culture as well as an interesting and value topic in hospitality research. The extant hospitality literature on customer experience has primarily focused on restaurant experience and hotel experience, while café experience has been under-investigated (Chen & Hu, 2010; Sathish & Venkatesakumar, 2011), particularly given the economic and culture significance of the café industry in New Zealand.

This study intends to look into the café experience from the customer's perspective and attempts to answer the primary research questions of “what café attributes matter the most to the customers' café experience?” and “how do customers' perceived quality of café attributes impact their perceptions of value for money, satisfaction, and loyalty intentions?” A limited number of empirical studies have been undertaken in the café context to examine the relationships between café attributes and outcomes such as customer satisfaction or intention to purchase in cafés (Chen & Hu, 2010; Sathish & Venkatesakumar, 2011). Furthermore, literature has presented mixed findings regarding customer experience at attribute level. This constitutes a genuine gap and needs for further empirical evidence to indicate the attributes that matter to customers' café experience. Therefore, the current study intends to examine customers' perceptions of various café attributes, including tangible features (e.g., coffee quality, food quality, and beverage quality) and intangible features (e.g., service quality and ambience) of café experience components and their connections to customer perception of value for money, satisfaction, and loyalty intentions.

Customer experience research has widely adopted the rationale that customer experience has influences on customer satisfaction, which in turn leads to the intentions to repurchase, or to loyalty (Baker, Parasuraman, Grewal, & Voss, 2002; Bujisic, Hutchinson, & Parsa, 2014; Canny, 2014). However, few studies have incorporated the concept of value for money as a predetermining factor of customer satisfaction and loyalty intentions, or explain the causal relationships between the three, particularly in the café context. Therefore, this study intends to examine the impact of customer experience attributes on their consumption evaluation in terms of value for money, customer satisfaction, and loyalty intentions in the café context.

Accordingly, the objectives of the study are summarised as follows:

- 1) To find out the critical café attributes contributing to customer café experience.
- 2) To find out customer evaluation of the importance and performance level of café attributes.
- 3) To find out the difference in customer perceptions of value for money, satisfaction, and loyalty intentions between demographic groups such as gender, age, education level, occupation, and location of the specific café.
- 4) To examine the relationships between different café attributes and customers' perceptions of value for money, satisfaction, and loyalty intentions via questionnaire survey.

1.3 Significance of the dissertation

This study contributes to the knowledge of the café industry in Auckland, particularly to experience-oriented empirical research in the café sector, which remains an under-investigated field in the hospitality context. This study also helps by filling the literature gap of applying an attribute-level approach to examining customer satisfaction and loyalty intentions as well as by providing empirical evidence for this stream of research. Theoretically, the application of consumption system approach (Mittal, Kumar, & Tsiros, 1999) in examining customers' experiences at the attribute level in cafés provides insights and potential directions for future studies on café experience. Practically, the results of the study offer café industry practitioners a better understanding of their customers' perceptions of value for money, satisfaction, and loyalty intentions in relation to the café attributes. More specific implications based on importance-performance analysis (IPA) will help café managers to generate marketing

strategies in improving overall café experience and maintaining customer relationships as well as reaching out to new customers.

1.4 Dissertation overview

This dissertation contains six chapters. Chapter 1 introduces the research background, summarises the primary research questions and objectives, and outlines the potential contributions of the study.

Chapter 2 reviews the extant literature and outlines research model construction. It discusses the main concept of café experience and the study constructs, including five café attributes, and follows with an in-depth discussion of value for money, customer satisfaction, and customer loyalty intentions. The chapter closes with the development and presentation of a research model and the study hypotheses.

Chapter 3 explains the philosophical assumptions of this study. This study employs survey as research methodology, which is embedded in a positivist theoretical perspective and an objectivist epistemology. Questionnaire is chosen as the research method to collected data. The development of survey instruments, measurement of the study constructs, data collection methods and analysis techniques are also briefly introduced.

Chapter 4 presents the results of this study to address the main research questions. The respondent profile with frequency analysis and descriptive statistics is outlined, followed by exploratory factor analysis results. Next, it reports the results of importance-performance analysis (IPA) in the form of tables and grids to provide a descriptive analysis of the café experience regarding the importance and performance of café attributes. Finally, multiple regression analysis results are presented.

Chapter 5 offers a summary of the study findings and provides theoretical and managerial implications based on the research findings. Limitations of the research and directions for future studies are noted. An overall conclusion of the dissertation is included at end of this section.

Chapter 2. Literature Review

This chapter firstly introduces the concept of customer experience and discusses customer perception of café experience based on previous studies. Then, the consumption system approach (CSA) (Mittal et al., 1999) is reviewed and applied as a theoretical foundation to establish the research model of the study. Lastly, hypotheses of the relationships between café experience and customer perception of value for money, satisfaction, and loyalty intentions are derived from the research model.

2.1 Customer experience

Customer experience is defined as the overall experience that a customer has throughout the direct or indirect interaction with an establishment internally and subjectively (Meyer & Schwager, 2007). Customer experience describes customers' personal feelings about, physical reactions to, and psychological perceptions of the main aspects of a service encounter (Mascarenhas, Kesavan, & Bernacchi, 2006). The importance of customer experience was emphasised in Pine and Gilmore (2011) study of the "experience economy," which suggests customer experience becomes the foundation of the economy.

Table 1 depicts the distinctions between commodity economy, goods economy, service economy, and experience economy in light of their economic offerings (Pine & Gilmore, 2011). Each economy is distinguished by unique economic function, nature of offerings, key attributes, type of seller or buyer, and other related factors. The table also shows the brief history of the developmental trajectory of economy, from agrarian to industrial, service, and finally to experience economy (Pine & Gilmore, 2011).

Table 1. Distinctions of economic offerings

Economic Offerings	Commodity	Goods	Service	Experience
Economy	Agrarian	Industrial	Service	Experience
Economic function	Extract	Make	Deliver	Stage
Nature of offerings	Fungible	Tangible	Intangible	Memorable
Key attributes	Natural	Standardized	Customized	Personal
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of demand	Characteristics	Features	Benefits	Sensations

The experience economy offerings are differentiated from the former economy offerings in that they focus on creating a memorable experience for customers through carefully staging and highly tailoring services and products to customers' personal preferences and sensations. When a consumer purchases an experience, he or she pays for the time spent and is meant to enjoy the whole process that is provided by a company or an establishment (Pine & Gilmore, 2011). For example, in the context of cafés, the whole process of the café experience for leisure customers may include spending a relaxing period of time in the café, tasting gourmet foods and beverages, socialising with friends, and enjoying the service and the ambience.

Pine and Gilmore (2011) suggested that the economy is changing from the service economy to the experience economy. To further exemplify the distinctions of the four stages of economy, they used the example of coffee price changes to manifest the product's value changes throughout the four types of economy (**Figure 1**). The coffee price in the commodity economy ranged approximately from \$0.1 to \$0.3 USD and increased steadily through the goods economy (to around \$0.3 to \$0.5 USD) and the service economy (to around \$0.5 to \$1.0 USD), and escalated dramatically to around \$2.0 to \$5.0 USD in the experience economy. This example shows that the value of coffee increases as the primary commodity (coffee) is offered with greater sophistication and additional benefits (Pine & Gilmore, 2011). For instance, customers' perceived value of the coffee differs when it is sold at a small, mobile coffee outlet on the street corner and when it is served in a stylish, full-service café.

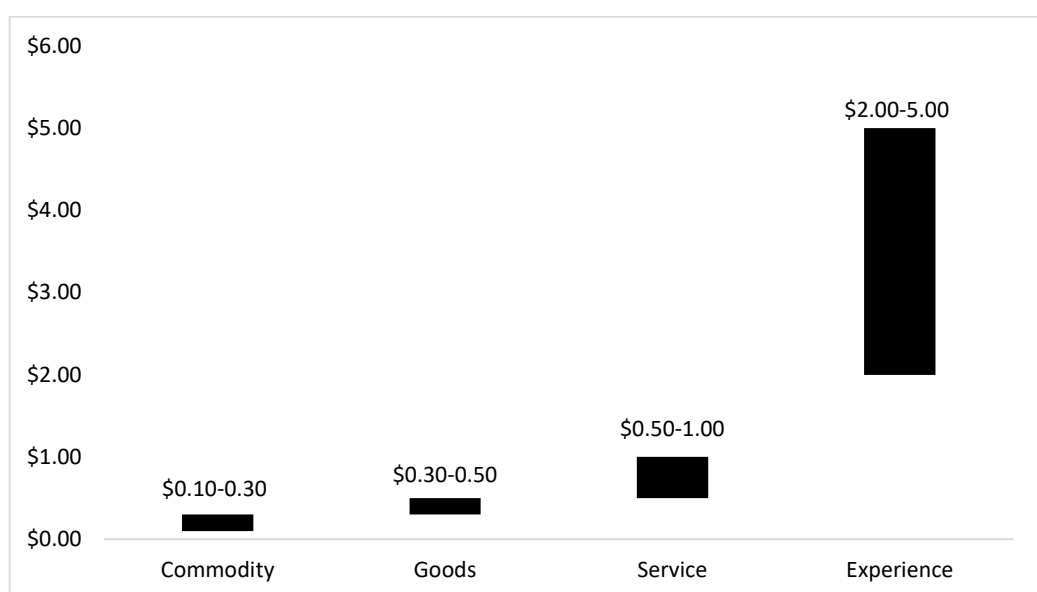


Figure 1. Price of coffee offerings

There has been an increasing trend of experience-oriented research in the hospitality and tourism literature. For example, tourists' experiences of various tourism destinations and tourist activities have been studied by many tourism researchers (Ek, Larsen, Hornskov, & Mansfeldt, 2008; Morgan, Elbe, & de Esteban Curiel, 2009). A handful of studies have addressed the importance of customer experience in the hospitality context, where customer experience was evidenced to have positive effects on brand equity, customer satisfaction, and loyalty (Wong, 2013) as well as willingness to pay (Andersson & Mossberg, 2004).

However, to the author's best knowledge, there are only a few studies (e.g., Chen & Hu, 2010; Sathish & Venkatesakumar, 2011) focusing on examining customer experience in cafés. The relationship between customers' café experience and their perceptions of value for money, satisfaction, and loyalty intentions have not been explained fully in the context of the café business in Auckland. In sum, this study attempts to explore the critical café attributes in relation to customers' café experience and the influence on their perceptions of value for money, satisfaction, and loyalty intentions based on the consumption system approach (Mittal et al., 1999). The literature on customer experience has been predominantly focused solely on customers' post-consumption experience. This study investigates consumers' pre-consumption expectation as well as their post-consumption experience in terms of café attributes via importance-performance analysis (IPA), which will provide additional empirical evidence to address the research questions.

2.2 Consumption system approach

The consumption system approach (CSA), which was developed by Mittal et al. (1999), conceptualises the relationships between the attribute-level evaluation of products and service and outcome variables of customer satisfaction and behavioural intentions. Mittal et al.'s (1991) application of an attribute-level evaluation borrows the ideas from Lancaster (1966) new approach to customer theory, which proposes that the utility or functionality of goods is driven by the characteristics of goods, rather than by the objective goods themselves. The consumption system approach is shown in **Figure 2**.

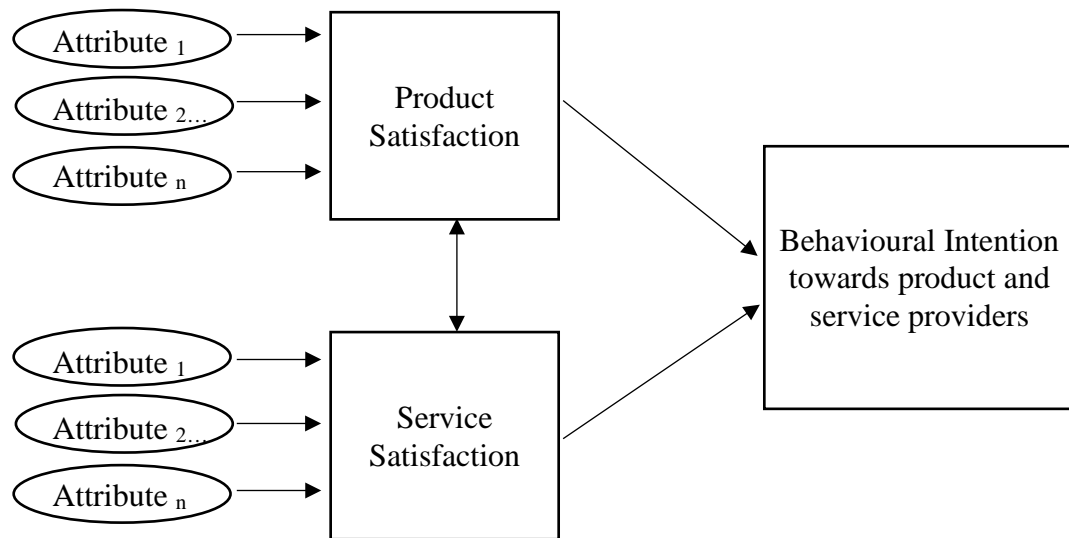


Figure 2. Modified consumption system approach

The rationale behind the direct relationships between attributes, satisfaction, and behavioural intentions is threefold: Firstly, customer perception of product and of service is blurred, which means that it is difficult to estimate product and service separately from the customer's perspective. Secondly, the product and service subsystems are influenced by each other, so there might be "crossover" impacts of products and service on customer experience (Mittal et al., 1999). Thirdly, the interaction between attributes and overall satisfaction have been validated in many empirical studies (Mittal & Kamakura, 2001; Mittal, Ross, & Baldasare, 1998). In addition, there is a plethora of research to show the positive effects of customer satisfaction on behavioural intentions (Ryu, Han, & Kim, 2008; Wijaya, King, Nguyen, & Morrison, 2013). In contrast to the original CSA model, which does not show the correlation of product satisfaction and service satisfaction, the modified model shows the link between the two. Mittal et al's (1999) original model was established based on the automotive industry where service provider (e.g., local car dealer) and product provider (e.g., BMW) are separate organisations. In the café industry, however, this gap between product provider and service provider does not exist. Therefore, the correlation of product and service satisfaction is potentially increased.

The consumption system approach has gained empirical validation from many studies (Mittal & Kamakura, 2001; Mittal et al., 1999; Mittal et al., 1998) and is considered as a relatively comprehensive system that covers many aspects of consumer behaviour, such

as decision making, need recognition, information collection, satisfaction, and future behaviour. However, the application of the consumption system approach in café-related research remains scarce when compared to restaurant and hotel studies. Given the importance of the café industry in Auckland, this study thus intends to explore customer evaluation of café attributes that contribute to the overall consumption experience and the effects on satisfaction and behavioural intentions based on an extended model of the consumption system approach.

2.3 Attributes in café experience

This study examines café attributes and customer experience based on Mittal et al. (1998) conceptual model of the consumption system approach. As previously discussed, the link between product and service is blurred, therefore customer experience needs to be evaluated based on the customer's overall experience throughout the whole consumption process. Consequently, an attribute-level approach is likely to be more comprehensive and reliable in assessing customer café experience than a product-level approach, as the latter focuses only on the tangible attributes of the provider's product. From a practical perspective, the results generated from attribute-level evaluation would be more helpful for café managers in understanding their customers' needs, as an attribute-level evaluation focuses on both tangible and intangible aspects of the consumption experience, rather than focusing only on a product level. The customer's consumption experience in the hospitality industry is comprised of more diverse elements than those from the study of Mittal et al. (1998), which evaluated the customers' perceptions of products and service attributes in the automotive industry.

The extant customer experience research in the hospitality literature has applied various standards of attribute selection. **Table 2** lists five studies focusing on customer experience in the context of restaurants and coffee outlets. The main attributes evaluated in these studies can be grouped into three main categories: product-related attributes (e.g., food quality, food variety, food price, and food presentation), service-related attributes (e.g., speed of service, friendliness of staff, prompt complaints handling, order-taking accuracy, and facility for children), and ambience- and environment-related attributes (e.g., atmosphere, location, cleanliness, comfort level, and décor).

Table 2. Main attributes for customer experience in food outlets studies

Author(s) Year	Study Context	Selected Attributes	
Lewis (1981)	Restaurant	Food quality Menu variety Price	Atmosphere Convenience factor
Auty (1992)	Restaurant	Food quality Food image Value for money Atmosphere Location Speed of service	Recommendation by others New experience Opening hours Facilities for children
Kivela (1997)	Restaurant	Type of food Food quality Food cost Menu variety Comfort level Cleanliness Ambience	Location Competent staff Friendliness of staff Service speed Prestige New experience Prompt complaints handling
Chen and Hu (2010)	Coffee outlets	Coffee freshness Coffee smoothness Coffee taste Coffee temperature Coffee aroma Coffee variety Food variety Food quality Attentive staff Beverage variety	Friendly staff Speed of service Order-taking accuracy Cleanliness Furnishings Décor and ambience Air-conditioning Browsing material Loyalty programme
Sathish and Venkatesakumar (2011)	Coffee outlets	Service Assortment Pricing Product quality	Atmospherics Staff Value-added services

Food quality is viewed as one of the most important tangible attributes concerning customers' dining experience (Bujisic et al., 2014; Ha & Jang, 2010; Josiam, Malave, Foster, & Baldwin, 2014). Food quality is of significant importance to most of the customers in different types of restaurants, including quick service and upscale restaurants (Bujisic et al., 2014), and it is positively related to customer loyalty (Ha & Jang, 2010).

Coffee quality is one of the most essential attributes in evaluating café experience. Coffee quality is an important attraction of cafés in New Zealand. Customers usually appreciate the quality of coffee based on two major criteria: the taste and the presentation (also known as the latte art). Some customers also ask for their coffee to be customised to their own taste (Jolliffe, 2010). For these customers, coffee quality is the most fundamental element for them to become a regular and loyal customer to that café.

Beverage (except coffee) quality is most often studied as part of food and beverage quality (Andersson & Mossberg, 2004; Kincaid, Baloglu, Mao, & Busser, 2010), because both food and beverage are product-related attributes in customers' dining experience. However, beverage is evaluated separately from the food category in this study, as beverage in a café setting may include tea, juice, milkshake, smoothie, and soft drink, all of which are grouped under the beverage category. In sum, the product-related attributes in a café are divided into three sub-categories in the current study, namely, food quality, coffee quality, and beverage (except coffee) quality, in order to better fit the café context and provide more specific implications for industry practitioners.

Service quality is another key attribute contributing to customers' café experience. Service quality has attracted much scholarly attention and has been the most heavily studied attribute of restaurant experiences (Chow, Lau, Lo, Sha, & Yun, 2007; Chua, Jin, Lee, & Goh, 2014; Josiam et al., 2014). Service quality is a key component of dining experience in restaurants, which positively influences customer satisfaction and repeat patronage (Chow et al., 2007; Chua et al., 2014; Josiam et al., 2014)

Ambience belongs to the ambience- and environment-related attributes discussed above, a category which focuses on the environmental features of a dining outlet other than product- and service-related attributes. Ambience-related attributes, such as atmosphere, convenience, cleanliness, comfort level, and décor play a critical role in staging and creating a memorable experience for customers (Pine & Gilmore, 2011). Previous studies have evidenced the strong and positive influence of ambience elements on customer satisfaction for first-time customers (Ha & Jang, 2010) and in both fast-service and full-service restaurants (Bujisic et al., 2014).

As previously indicated, because coffee is usually considered a major consumption item for café customers, coffee quality needs to be differentiated from overall beverage quality and evaluated separately from general food and beverage quality to gain a more accurate result that fits into the context of café business (Auty, 1992; Chen & Hu, 2010;

Kivela, 1997). Thus, rather than being included within the general food and beverage category, such as they are in restaurant studies, coffee products are best seen as separate from that general category. The cafés investigated in this study refer to cafés that provide customers with full-service and eat-in food menus. Based on the literature review and features of New Zealand café services, five major attributes were selected in line with the aforementioned categorisation, including three product-related attributes (i.e., food quality, coffee quality, and beverage quality), one service-related attribute (i.e., service quality) and one ambience-related attribute (i.e., ambience) to assess the overall customer experience in cafés.

2.4 Importance-performance analysis for customer satisfaction

Importance-performance analysis (IPA) was first used by Martilla and James (1977) to measure customer experience. IPA identifies the product and service attributes that a company should focus on and which could help a company to identify development opportunities, guide management strategies, and provide a better customer experience.

Many hospitality organisations have realised the importance of customer satisfaction and inclined to improve customer experience during the service encounter, yet managerial practices are difficult to carry out due to limited knowledge of customer satisfaction of product, service or ambience (Chang, Hsiao, Huang, & Chang, 2011). In this case, IPA seems a proper approach to reveal customer satisfaction in an alternative way and draw more directional managerial implications for the café industry.

IPA addresses customers' attitude toward attributes of service establishments before and after the experience, which are demonstrated through two dimensions of values, the importance scores (for pre-purchase evaluation) and the performance score (for post-purchase evaluation). The IPA map divides the ratings of importance and performance into four quadrants (**Figure 3**), including "Concentrate Here", "Keep up the Good Work", "Low Priority", and "Possible Overkill" to display the strengths and weaknesses of the business.

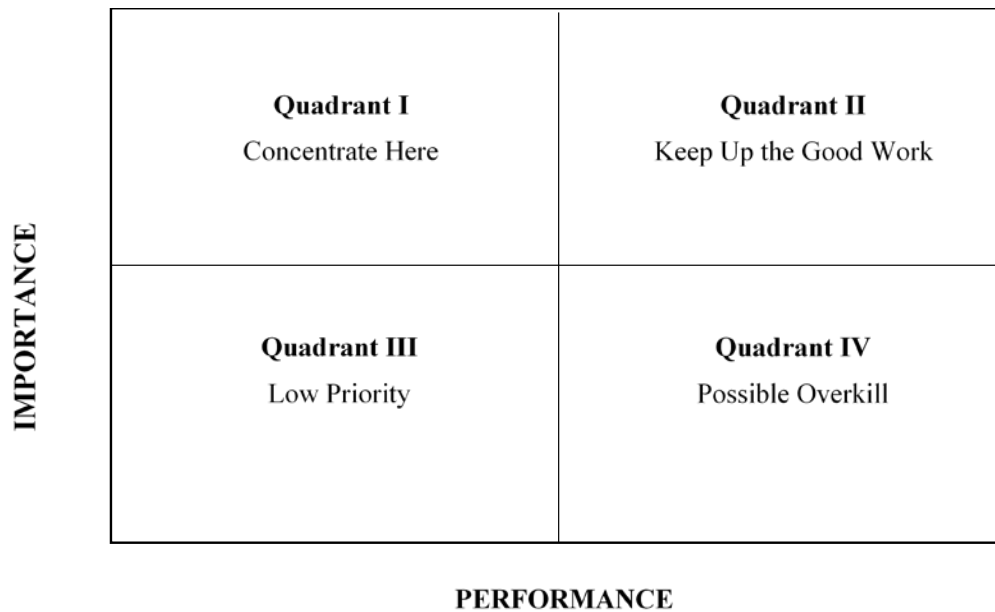


Figure 3. Importance-performance analysis

Attributes belonging to each quadrant represent different meanings and implications. More specifically, the quadrant of “Concentrate Here” shows that the attributes have a high level of importance but relatively lower performance. A possible solution might be that managers need to invest more in improving the quality of the attributes located in this area. In relation to “Keep up the Good Work” quadrant, both importance and performance is rated high. In this case, the performance of these attributes is suggested to be maintained. The third quadrant is named “Low Priority” meaning that the attributes are neither important nor performed well, which area is suggested to be needless of further concentration from managers. “Possible Overkill” quadrant shows that customers are satisfied with the performance of the attributes but the values of the attributes (i.e., importance) are not high enough to be taken into consideration by the managers. The quadrant “Concentrate Here” with high importance and low performance scores, is regarded as the most important area of strategic significance to the success of the business. Moreover, the attributes belonging to this section are more profitable and salient than the others. At the same time, the performance of the attributes is not ideal, which would lead to a weakness of the business (Azzopardi & Nash, 2013).

IPA is a useful approach to analysing customer satisfaction in the hospitality industry (Chu & Choi, 2000; Tsai & Lu, 2012). But studies in the extant literature have not commonly adopted the application of IPA to indicate café experience. Therefore, the

present research will apply IPA to provide a descriptive analysis of the café experience regarding the importance and performance of café attributes in Auckland in general and to derive relevant practical implications for the café industry.

2.5 Café experience and value for money

Value is a significant term for both consumers and marketers, and it is more commonly studied from the customer's side in the marketing literature (Ryu et al., 2008). There are two aspects in evaluating value for money from the customer's perspective: quality and price (Patterson & Spreng, 1997). McDougall and Levesque (2000) defined perceived value as the results that customers gain based on the total costs. In other words, value is a comparison of benefits and costs. Kashyap and Bojanic (2000) suggested that value for money is a trade-off between the sacrifices of customers and what has been received. Value for money is widely accepted as one of the main measurements for perceived value (McDougall & Levesque, 2000).

Operationalisation of value for money as a single-item scale was argued by many scholars (e.g., Petrick, 2002; Chen & Hu, 2010) as to be incomprehensive in addressing the concept. Therefore, in this study, multiple measurements of value for money were applied and modified from previous studies to evaluate customers' perception of value in the café experience regarding product, service, and overall feelings.

There are mixed findings in the hospitality literature regarding the attributes in food service outlets and the customer's overall dining experience and customer perceived value. Kwun (2011) undertook a study in a campus cafeteria and found that food quality and service quality had significant positive influence on forming a favourable customer experience. Ryu, Lee, and Gon Kim (2012) found a positive relationship between food quality and customer perceived value in Chinese restaurants. However, their study found that service quality and physical environment were insignificant predictors of customer perceived value. On the contrary, Han and Ryu (2009) indicated a positive relationship between the physical environment and customer perceived value in the restaurant industry.

The examination of café experience attributes including food quality, coffee quality, beverage (except coffee) quality, service quality, and ambience in the current study is different from the aforementioned studies in terms of study context. The results of this study may add empirical validation to the significance of attributes contributing to value

for money, particularly in the café industry. While Chen and Hu's (2010) study evidenced the significant relationships amongst different café attributes including coffee quality, service quality, food and beverage quality, atmosphere and customer perceived value (i.e., symbolic value and functional value). This study focuses on examining the positive effects of café attributes on customer perceptions of value for money.

Therefore, the hypotheses for this proposition include:

H1-a: Food quality has a positive effect on customer perception of value for money.

H1-b: Coffee quality has a positive effect on customer perception of value for money.

H1-c: Beverage (except coffee) quality has a positive effect on customer perception of value for money.

H1-d: Service quality has a positive effect on customer perception of value for money.

H1-e: Ambience has a positive effect on customer perception of value for money.

2.6 Café experience and customer satisfaction

Customer satisfaction can be regarded as an evaluation process (Jae Lee & Back, 2005) of customers' overall feeling of over-fulfilment or under-fulfilment of their needs during service encounters (Oliver, 1999). Customer satisfaction is an important topic in the marketing research field for its influences on customers' purchase decision-making and revisit intentions (Kozak & Rimmington, 2000). Yoon and Uysal (2005) summarised three approaches to customer satisfaction: comparison between customer expectation and the actual performance of the service providers based on expectancy/disconfirmation theory, the trade-off between cost and benefits based on equity theory, and the current experience compared with previous ones in other similar situations based on perceived overall experience theory.

This study employs an attributes approach to evaluate café experience and examines the direct relationships between café attributes and customer satisfaction. The proposed research model is based on the consumption system approach and has incorporated value for money, satisfaction, and behavioural intentions, which shows tendency of integration of the expectancy/disconfirmation approach and cost-benefit equity approaches suggested by Yoon and Uysal (2005).

Customer satisfaction as the determining factor for deciding business success has been studied widely (Canny, 2014; Jeong & Jang, 2011; Kim, 2011). In respect of the

relationships between attributes and customer satisfaction, Canny (2014) stated that both tangible attributes (products) and intangible attributes (service and physical environment) have positive impact on customer satisfaction. Moreover, service quality is the most important attribute amongst all antecedents of customer satisfaction. More empirical evidence for the relationship between attributes and satisfaction can be found in the different sectors of the hospitality and tourism industry, such as in travel dining experience (Kivela, 1997) and in restaurant business (Jin, Lee, & Huffman, 2012). Based on the discussion above, the hypothetical relationships between café attributes and customer satisfaction are proposed as follows:

H2-a: Food quality has a positive effect on customer satisfaction.

H2-b: Coffee quality has a positive effect on customer satisfaction.

H2-c: Beverage (except coffee) quality has a positive effect on customer satisfaction.

H2-d: Service quality has a positive effect on customer satisfaction.

H2-e: Ambience has a positive effect on customer satisfaction.

2.7 Café experience and customer loyalty intentions

Customer intentions are motivational factors which influence or guide customer behaviours (Namkung & Jang, 2007). More specifically, customers' intentions concern their attitudes or decisions to stay or leave a service establishment (Colgate & Lang, 2001). Oliver (1999) suggested that individuals can be affected by previous experiences, as well as by the information they receive about or their perceived image of the organisation before their actual experience.

A customer's loyalty intentions can be defined as the strong commitment to repurchase a product or service (Oliver, 1999). Jang and Ha (2014) suggested two dimensions of customer loyalty, namely, attitudinal loyalty and behavioural loyalty. Attitudinal loyalty reflects customers' intentions to re-purchase or recommend, while behavioural loyalty is measured by actual behaviour such as how many times a customer has repurchased. Yoon and Uysal (2005) further elaborated the difference between the two dimensions to loyalty, where behavioural loyalty can be operationalised by "sequence purchase, proportion of patronage, or probability of purchase" while an attitudinal approach reflects a psychological commitment that distinguishes the overt patronage behaviour.

This study intends to address café customers' loyalty intentions in two main panels: revisiting intentions and recommendation intentions (Chua et al., 2014; Ryu & Han,

2010). Revisiting intention is defined as the customers' desire of returning to the service or product providers and performing sequent purchase (Hellier, Geursen, Carr, & Rickard, 2003). Recommending intention is defined as customers' willingness to recommend the experience to their friends, colleagues or family members (Yoon & Uysal, 2005). In the hospitality industry, loyalty customers are the key to the success of a business.

The relationship between customer experiences and loyalty intentions has been discussed by many researchers (Kim, 2011; Ma, Qu, & Eliwa, 2014; Pullman & Gross, 2004; Yu & Fang, 2009). Bujisic et al. (2014) and Namkung and Jang (2007) suggested the direct positive linkage between food quality and customer behavioural intentions of revisiting and recommendation. Kim (2011) found an indirect interaction between service quality and customer loyalty via customer satisfaction. This study intends to examine the direct relationships between café attributes and customer loyalty intentions. The direct effects of café attributes on customer loyalty intentions are thus hypothesised as follows:

H3-a: Food quality has a positive effect on customer loyalty intentions.

H3-b: Coffee quality has a positive effect on customer loyalty intentions.

H3-c: Beverage (except coffee) quality has a positive effect on customer loyalty intentions.

H3-d: Service quality has a positive effect on customer loyalty intentions.

H3-e: Ambience has a positive effect on customer loyalty intentions.

2.8 Value for money, customer satisfaction, and loyalty intentions

The causal relationships between value for money, customer satisfaction, and behavioural intentions have been validated in a plethora of studies undertaken in various contexts (Chiou, 2004; McDougall & Levesque, 2000; Ryu et al., 2012). Customers perceiving a higher level of value for money are more likely to be satisfied with their consumption experience, and satisfied customers are more likely to have positive comments about the café or restaurant and a higher willingness to repurchase. Value for money has a strong connection with customer satisfaction and behavioural intentions (McDougall & Levesque, 2000; Pura, 2005; Ryu et al., 2008; Wu, 2013). The positive relationship between customer satisfaction and loyalty intentions was evidenced in full-service restaurants (Jani & Han, 2014). So as Ryu et al. (2008) and Wu (2013)

supported the positive influence of customer perceived value on satisfaction and behavioural intentions in quick-service restaurants. The café industry is an important branch of the foodservice industry, sharing the common customer consumption system, and thus the following relationships amongst customer perceptions of value for money, satisfaction, and loyalty intentions are proposed as follows:

H4: The perception of value for money has a positive effect on customer satisfaction.

H5: The perception of value for money has a positive effect on customer loyalty intentions.

H6: Customer satisfaction has a positive effect on customer loyalty intentions.

2.9 Proposed research model

Based on the discussion above, a proposed research model has been developed to summarise the hypothetical relationships (**Figure 4**). In line with Mittal et al., (1999) consumption system approach, the five café attributes comprising café experience are proposed to directly relate to customer satisfaction (**H2a-H2e**) and loyalty intentions (**H3a-H3e**). Customer perceptions of value for money are also involved in the research model, because customer value is a significant element in the study of customer experience (**H1a-H1e**). Hypothetically, the attributes of café experience positively influence the three outcome variables: value for money, satisfaction, and loyalty intentions. The positive relationships between the three outcome variables are also proposed (**H4, H5, and H6**).

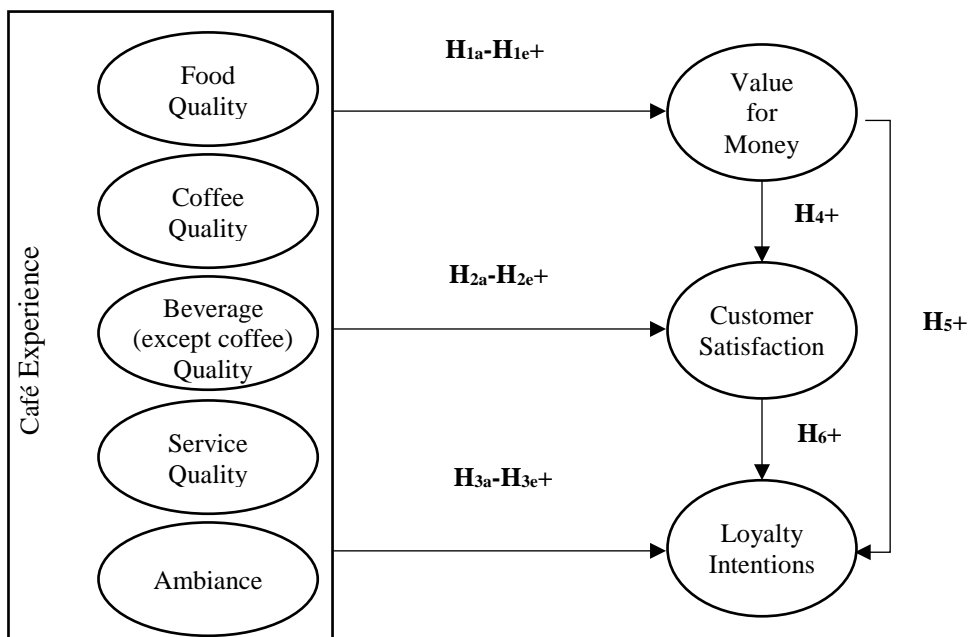


Figure 4. The proposed research model

Chapter 3. Methodology

This chapter presents the methodology of this study. Firstly, the research methodology section explains the philosophical stances of research epistemology, theoretical perspective, methodology, and the chosen research method of the study. The following sections explain the design of the questionnaire, the measurement of the study constructs, and the data collection methods. Lastly, statistical techniques employed for data analysis are briefly introduced.

3.1 Research methodology

Research methodology concerns the philosophical assumptions that researchers hold in their scientific enquiries. Crotty (1998) suggested there is an interconnection between the epistemology, theoretical perspective, methodology, and methods that researchers deploy in their research. The epistemology stance adopted by researchers will influence the theoretical perspective and then affect the methodology and methods adopted in the research. Epistemology refers to the theory of knowledge, including what human knowledge is and what kind of knowledge will be attained through research. Theoretical perspective is the philosophical stance, such as positivism, interpretivism, or critical inquiry, which informs the methodology and methods.

The epistemology adopted for this study is objectivism, which posits that the truth and knowledge are independent from individual consciousness and capable of being measured. The theoretical perspective adopted is that of positivism, as positivists see the world as objective and comprised of observable rules and regulations, which can be examined by scientific enquiries. This study employed a survey research method, which is embedded in the positivist theoretical perspective and the objectivist epistemological stance (Crotty, 1998), and chose a deductive approach to test a theoretical model using a questionnaire survey. The objectives of this research were to evaluate customer perceptions of value for money, satisfaction, and loyalty intentions in relation to their café experience. The researcher believes that the study findings regarding antecedents of customer café experience could be generalisable to the café industry and other related contexts.

3.2 Instrument development

Both online questionnaires and paper-pencil questionnaire surveys were used in this research (see Appendix B). The questionnaire design consisted of four parts. The first

part was designed to ask participants to evaluate the importance of different café attributes contributing to their overall café experience. Also, participants were asked to evaluate the performance of each of the café's attributes based on their most recent café experience. The second part contained questions aimed to define customer types by asking customers about visiting frequency, location, and total spending in relation to their most recent café experience. The third part contained questions evaluating customer perceptions of value for money, satisfaction, and loyalty intentions. All questions were developed based on the operationalisation of the study constructs. The fourth part contained questions regarding the demographic profiles of the survey participants, such as gender, age, and education level.

The questionnaire was prefaced by two screening questions help the researcher filter suitable participants for this research. Participants who were below 18 years old or did not have any café experience within the past seven days (in reference to the day participating they participated in the survey) were eliminated. The first part of the questionnaire (i.e., importance performance evaluation of café experience) and the third part of the questionnaire (i.e., customer perceptions of value for money, satisfaction, and loyalty intentions) were designed to collect data for model testing and IPA. Part two (i.e., customer type) and part four (i.e., demographic profile) were designated to explore the difference between different customer groups and provide practical implications through group comparison.

3.3 Measurements

Five café attributes were evaluated in this study, namely, food quality, coffee quality, beverage (except coffee) quality, service quality, and ambience. Under each attribute, corresponding measurements were developed based on previous studies as well as on the characteristics of Auckland cafés. In total, 20 items were developed to measure the five major café attributes. Taste, freshness, variety, and presentation were selected to measure food quality. Taste, variety, and presentation were selected to measure coffee quality and beverage (except coffee) quality. Friendly staff, knowledgeable staff, communication skills of staff, speed of service, and complaint handling were selected to measure service quality. Finally, easy to chat, relaxing environment, décor and style, convenient location, and free Wi-Fi service were selected to measure ambience. As previously mentioned, it should be noted that coffee quality needs to be differentiated from overall beverage quality to gain a more accurate result that fits into the context of café business (Auty, 1992; Chen & Hu, 2010; Kivela, 1997).

Both the importance and performance evaluation of each item was measured using a five-point scale ranging from 1 (*extremely unimportant / poor*) to 5 (*extremely important / great*). For performance evaluation, an additional option of “not applicable” was added to each attribute in case the customer had not experienced a certain attribute during his/her most recent café experience. For example, participants who did not make a beverage purchase in their most recent café visit could select “not applicable” for the performance evaluation of beverage taste, beverage variety, or beverage presentation. All questions of customer perception of value for money, customer satisfaction, and loyalty intentions were measured using a five-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

Table 3. Construct measurements

Constructs	Reference
Café experiences – CE	Chen & Hu (2010)
1. Food quality	
2. Coffee quality	
3. Beverage quality (except coffee)	
4. Service quality	
5. Ambience	
Value for money – VFM	Rajaguru (2016)
1. The price was reasonable.	
2. The product was good for the price paid.	
3. The service was good for the price paid.	
4. Overall, I felt value for money I paid.	
Customer satisfaction - CS	Yoon and Uysal (2005) Rajaguru (2016)
1. The café experience was beyond my expectation.	
2. The café experience was better than most of my past café experiences.	
3. I was satisfied with my most recent café experience.	
4. I enjoyed my most recent café experience.	
Loyalty intentions – LOYT	Gallarza and Gil Saura (2006) Rajaguru (2016)
1. I will visit this café again.	
2. I intend to come to this café frequently.	
3. This café could become my first choice.	
4. I am likely to recommend the café to others.	

Table 3 shows the construct measurements for this study. The measurements of customer perceptions of value for money, customer satisfaction, and their loyalty

intentions were adopted or modified from different studies. The measurements of value for money were adopted from Rajaguru (2016). Four items of customer satisfaction were developed in total, two of which were modifications from Yoon and Uysal (2005), including comparison between customer expectation and actual café experience, and comparison between the present experience and the customer's previous experiences in other cafés. The other two variables of satisfaction were developed to measure the overall satisfaction and level of enjoyment (Rajaguru, 2016). Loyalty intentions were measured using four measurements including two revisiting intention related items from Gallarza and Gil Saura (2006) and two recommendation intention related measurements from Rajaguru (2016).

3.4 Data collection

A pilot study was conducted with a sample size of 20 respondents at Auckland University of Technology. The average time taken to complete the questionnaire was nine minutes. The pilot study indicated that the structure and wording of the questionnaire was acceptable and easy to understand.

Both paper-and-pencil questionnaires and online questionnaires were employed in this research as research method. The data was mainly collected in Auckland, the biggest city in New Zealand, which attracts more than 38% of the businesses of the whole country. Both on-site questionnaires and online questionnaires were collected during October to November 2016. Pen-pencil questionnaires were distributed in two cafés, which were contacted through the researcher's personal network. The cafés chosen provided all five attributes of café experience. The researcher connected with the managers of two cafés in Auckland and asked them to distribute printed hard copies of the questionnaire in their cafés as well as send the survey URL link to customers who were willing to participate. In total, 353 questionnaires were collected, of which 109 were from on-site surveys in two cafés, and the remaining 244 were from the online questionnaire survey.

The online questionnaire was distributed through Social Network Sites (*Facebook* and *WeChat*). To provide access to the survey, the survey URL link and participant information sheet (See Appendix A) was posted on the researcher's social media homepage (i.e., *Facebook poster* and *WeChat friend circle*) for potential participants (who were mostly the researcher's personal connections). Alternatively, invitation letters including the survey URL link were sent through the social media messaging

systems to other potential participants who were members of the researcher's social groups on social media. The researcher also asked acquaintances from her personal network to help distribute the online questionnaire to their connections in social media groups as part of the snowballing strategy. The snowballing data collection method is commonly used for both qualitative studies and quantitative studies. Participants who have the same features are collected through referrals when the target sample is small or participants are difficult to find (Biernacki & Waldorf, 1981). However, the snowballing method is potentially biased due to its non-randomised sampling approach, which could cause limited generalisability of the research findings (Griffiths, Gossop, Powis, & Strang, 1993). This current study adopted the snowballing strategy mainly due to economic and time limitations.

3.5 Data analysis

3.5.1 Descriptive statistics, correlation and multiple regression analysis

Descriptive statistics was run to describe the characteristics of the participants in the study, by frequency and percentage. Pearson correlations were applied to find out the interrelations amongst the study constructs. Exploratory factor analysis was employed to justify the underlying measurements for each study construct. Multiple regression analysis was performed to test the hypothesised relationships between café attributes and customer perceptions of value for money, satisfaction, and loyalty intentions. The results of multiple regression will reveal the standardised coefficients (β) of each independent variable on the dependent variables and the total variance explained by the theoretical model.

3.5.2 Importance-performance analysis

Importance in this study refers to the extent of importance that each attribute has on the customer's café experience. Performance is defined as how well the participants think their most recent café experience met their expectations. In relation to the research, five attributes together with their underlying measurements were chosen to evaluate customers' café experiences. The results of IPA were carried out in the form of descriptive tables, which included the means and standard deviations of the importance and performance scores of study attributes. An IPA map was also drawn to present the results more visually and effectively.

Chapter 4. Results

This chapter presents the results of data analysis. Firstly, a respondent profile is given, which outlines the basic demographic information of the participants and their consumption preferences in café experience. The results of the exploratory factor analysis are then presented to find out the underlying items for the study constructs of café attributes. Descriptive statistics, the reliability test, and the multiple regression results are then presented to test the hypothetical model. Finally, the results of the importance-performance analysis of the café attributes are presented in grid map as well as in tables.

4.1 Respondent profile

The data collected through paper- pencil questionnaire ($N = 109$) and online questionnaire survey ($N = 244$) added up to a total of 353. The responses containing too much missing data were excluded, retaining 205 (58%) samples for the process of data analysis. Of the remaining 205 participants, there were 114 females, 85 males, and 1 other gender identity. The largest age group was between 18 and 24 years old ($N = 86$, 42%). The second largest age group was from 25 to 34 years old ($N = 55$, 27%), and 15% of the participants were 55 or older ($N = 27$). For the education level, 45% of the participants completed their bachelor's degree ($N = 93$), 27% of them owned postgraduate or higher degrees ($N = 56$), 18% had a diploma or college ($N = 36$), and 7% of the participants received high school or lower education ($N = 14$). In relation to the ethnicity, nearly 70% of the participants were Asian ($N = 142$). The second largest group was European with 25% ($N = 51$).

Customers were asked questions relating to their frequency of visiting the café, the location of the café, and how much they spent in their most recent café experience. Most of the cafés the participants visited were located in central Auckland ($N = 94$, 46%). In terms of visiting frequency, 24 customers (11.8%) visited the specific cafés highly frequently (more than four times a week), 76 customers (37%) visited the cafés regularly (one to three times per week), and 49% of the participants ($N = 100$) were infrequent customers, who visited the cafés only once or several times in total. In terms of how much they spent, 38% ($N = 77$) of the respondents claimed that they spent \$8 to \$15 NZD per person in their most recent café experience and 26% ($N = 54$) of them spent \$16 to \$30 NZD, on average. **Table 4** provides the respondent profile.

Table 4. Respondent profile

	Frequency (N)	Percent (%)
Gender (N = 200, missing = 5)		
Male	85	42.5
Female	114	57.0
Other	1	.5
Age (N = 200, missing = 5)		
18 to 24	86	43.0
25 to 34	55	27.5
35 to 44	14	7.0
45 to 54	18	9.0
55 to 64	14	7.0
65 and older	13	6.5
Education level (N = 199, missing = 6)		
High School or lower	14	7.0
Diploma or college	36	18.1
Bachelor's Degree	93	46.7
Postgraduate or higher	56	28.1
Occupation (N = 199, missing = 6)		
Executive/Managerial	25	12.6
Professional	67	33.7
Self-employed	27	13.6
Other	19	9.5
Student	61	30.7
Ethnic Background (N = 200, missing = 5)		
European	51	25.5
Māori	3	1.5
Asian	142	71.0
Pacific peoples	2	1.0
Others	2	1.0
Location (N = 200, missing = 5)		
Central Auckland	94	47.0
North Auckland	30	15.0
South Auckland	8	4.0
East Auckland	11	5.5
West Auckland	3	1.5
Other	54	27.0
Frequency (N = 200, missing = 5)		
Only once	26	13.0
Several times in total	74	37.0
1 to 3 times in a week	76	38.0
4 to 6 times in a week	12	6.0
Almost everyday	12	6.0
Spending (N = 196, missing = 9)		
Less than \$8	44	22.2
\$8 to \$15	77	38.9
\$16 to \$30	54	27.3
\$31 to \$50	21	10.6
More than \$50	2	1.0

Note: N = 205

4.2 Exploratory factor analysis

Exploratory factor analysis was performed to identify the underlying measurements for the five attributes of café experience and to reduce the number of the measurements

under each study construct. All factor loadings were greater than 0.50, which implied that all items converged on their corresponding latent constructs (Hair, Anderson, Tatham, & Black, 1998). **Table 5** presents the results of exploratory factor analysis with rotation method of Varimax applied.

Table 5. Factor analysis of the attributes in the cafe experience

Factors	Loadings	Eigen Value	% of Variance Explained	α
Factor 1 (Beverage quality)		5.403	36.019	.833
The taste of beverage	0.737			
The variety of beverage	0.814			
The presentation of beverage	0.804			
Factor 2 (Service quality)		1.529	10.192	.843
The communication skills of staff	0.818			
Knowledgeable staff	0.772			
Friendly staff	0.816			
Factor 3 (Food Quality)		1.421	9.476	.768
The taste of food	0.856			
The freshness of food	0.759			
The variety of food	0.609			
Factor 4 (Ambience)		1.139	7.591	.765
Easy to chat	0.870			
Relaxing environment	0.793			
Décor & style	0.562			
Factor 5 (Coffee quality)		1.020	6.797	.742
The taste of coffee	0.777			
The variety of coffee	0.658			
The presentation of coffee	0.758			
Total variance explained (%)			70.075	

Five attribute items were excluded due to their unideal factor loadings which were under the threshold of .50 (Hair et al., 1998). Based on the results of factor analysis, five attributes were extracted from the 15 measurements: food quality, coffee quality, beverage (except coffee) quality, service quality, and ambience, which has explained 70.1% of the overall variance. As shown in **Table 5**, the first factor, beverage (except coffee) quality, explained 36.0% of the total variance with an eigenvalue of 5.403. The

second factor, service quality, explained 10.2% of the overall variance with an eigenvalue of 1.529. Next, food quality, explained 9.5% of the overall variance with an eigenvalue of 1.421. Ambience explained 7.6% of the overall variance. Finally, coffee quality explained 6.8% of the overall variance. Cronbach's alpha values for each café attribute were over the threshold of .70, indicating its internal consistency to the corresponding construct (Gliem & Gliem, 2003).

4.3 Importance-performance analysis

IPA was performed based on the responses from the first part of the questionnaire, which asked for the participants' evaluations of the importance and performance of café attributes in relation to the overall café experience and their most recent café experience respectively. The questionnaires were collected from two main sources including an on-site survey in two cafés in Auckland and an online questionnaire survey through *Facebook* and *WeChat*. The results of IPA are presented in both tables and figures.

Table 6. Importance and performance means of café attributes

Attributes	Importance	Performance
Food quality	4.17	4.16
Coffee quality	3.87	4.12
Beverage quality	3.64	3.90
Service quality	4.26	4.08
Ambience	4.09	4.21

Table 6 presents the results of the importance-performance analysis of café attributes in general cafés in Auckland. Participants rated service quality ($M = 4.26$), food quality ($M = 4.17$), and ambience ($M = 4.09$) as the most important attributes in relation to their café experience. In terms of performance evaluation, participants ranked ambience ($M = 4.21$), food quality ($M = 4.16$), and coffee quality ($M = 4.12$) as the best performed café attributes in their most recent café experience.



Figure 5. IPA map for café attributes

Figure 5 provides a visual presentation of IPA results for café attributes and clearly shows the positions of each café attribute. The quadrants of the IPA grid were divided by setting the crosshair at the mean values of importance and performance. Service quality fell into the “Concentrate Here” quadrant, which means the importance of service quality is ranked highly by the customers but the performance cannot meet their expectation. To change the current situation, café managers need to pay more attention and invest more time and effort in improving service quality in cafés. Coffee quality was located at the “Possible Overkill” quadrant, which represented an unideal situation of high performance and low importance of this attribute. This area implies that the coffee quality may not require further investment from the cafés. Food quality and ambience were in the quadrant of high importance and high performance, suggesting an ideal situation where café managers need to keep up the good work. However, the IPA results of the five attributes may appear too general to inform café managers what aspects need to be focused on and improved. To gain more detailed information and directional implications of café attributes, the researcher conducted IPA in a more comprehensive manner by incorporating all 15 individual measurements of café attributes into the analysis.

The importance and performance analysis can also apply to evaluate more detailed components of café experience, such as the underlying measurements of the selected café attributes (e.g., food freshness, food taste, and food variety), which could yield more specific results and provide suggestions for both researchers and café managers.

Table 7 presents the means and standard deviations of individual measurements of café attributes as well as the reliability for each corresponding construct. As mentioned in **Table 5**, Cronbach's alpha was calculated based on the performance measures, as the purpose of this study is to test the causality of attributes performance on the outcome variables. Based on the results of exploratory factor analysis in section 4.2, all café attributes had a significant reliability score over .70. IPA was applied to evaluate the importance and performance score of the underlying items of each café attribute. The top three most important measurements were friendly staff ($M = 4.54$, $S.D. = .710$), followed by food freshness ($M = 4.32$, $S.D. = .859$), and coffee taste ($M = 4.32$, $S.D. = 1.016$). The highest individual performance scores were food variety ($M = 4.28$, $S.D. = .739$), easy to chat ($M = 4.27$, $S.D. = .809$), and food taste ($M = 4.26$, $S.D. = .771$), which indicates customers' satisfaction of food and ambience. An IPA map (**Figure 6**) is provided to interpret the data more effectively. The vertical and horizontal axes were positioned at the mean value of all importance and performance scores respectively ($M_{IMP} = 4.00$, $M_{PER} = 4.09$).

Table 7. Importance and performance means of café attribute measurements

Attributes & Measurements	Cronbach α	Importance		Performance	
		Mean	S.D.	Mean	S.D.
Food Quality	.768				
Taste		4.27	.908	4.26	.771
Variety		3.94	.869	4.28	.739
Freshness		4.32	.859	3.94	.888
Coffee Quality	.742				
Taste		4.32	1.016	4.25	.755
Variety		3.51	1.051	3.99	.770
Presentation		3.77	.966	4.08	.782
Beverage Quality	.833				
Taste		3.82	1.001	3.90	.862
Variety		3.59	.918	3.92	.848
Presentation		3.48	.995	3.88	.725
Service Quality	.843				
Friendly Staff		4.54	.710	4.22	.839
Knowledgeable Staff		4.04	.857	3.96	.846
Commutation Skill of Staff		4.19	.873	4.02	.793
Ambience	.765				
Relaxing Environment		4.24	.804	4.30	.832
Easy to Chat		4.12	.792	4.27	.809
Decor and Style		3.89	.766	4.07	.848

Figure 6 shows the distribution of detailed measurements of café attributes in the IPA grid. Three attribute measurements, namely, food freshness, communication skills of staff, and knowledgeable staff fell into “Concentrate Here” quadrant, presenting relative

high importance but low performance scores. Items located in this area may refer to the weakness of the café business that requires more investment from the café managers. Five attribute measurements were rated as high importance and high performance, located in “Keep up the Good Work” quadrant, which implies that café managers need to maintain the ideal situation with these five aspects, including friendly staff for service quality, taste for coffee quality, taste for food quality, relaxing environment, and easy to chat for ambience. Six attribute measurements fell within the “Low Priority” quadrant, three of which were all beverage quality measurements (i.e., taste, variety, and presentation of beverage). Coffee variety showed a relatively low performance and importance score in comparison to the other two coffee measurements; a possible explanation might be that many café customers have their own coffee preferences (in terms of flavour) and thus care less about variety of coffee. Finally, food variety was located in the “Possible Overkill” quadrant, which shows the performance of food variety has met and possibly exceeded customers’ expectations, so that no further investment is encouraged for food variety.

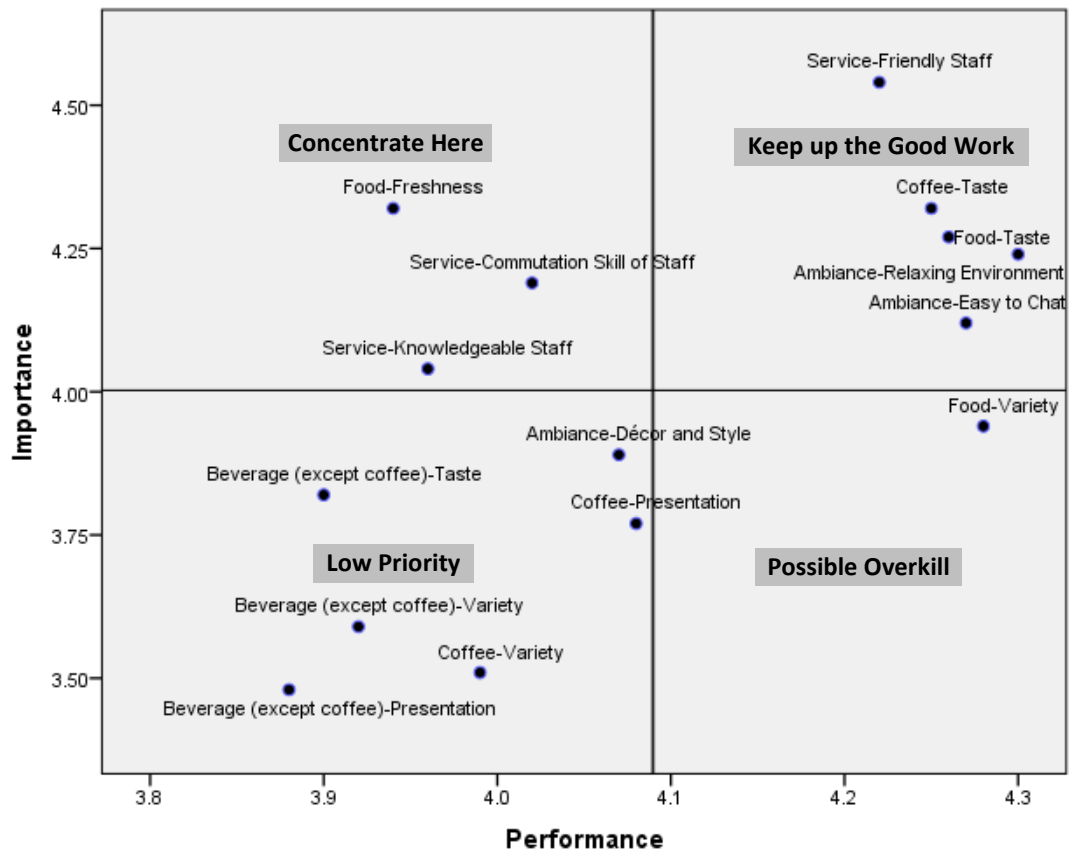


Figure 6. IPA map for café attributes measurements

4.4 Group comparison

Pallant (2013) stated that the independent-samples t-test could be applied to compare the means of two different groups. In order to find out the difference in customer perception of value for money, satisfaction, and loyalty intentions in terms of café visiting frequency, the study samples were divided into two groups of infrequent customers (those who had visited the café the first time or several times in total) and frequent customers (those who visited the café on a regular basis, 1 to 7 times per week).

Table 8. Independent-samples t-test by visiting frequency

	Infrequent (<i>N</i> = 100)	Frequent (<i>N</i> = 100)	Sig
VFM	3.65	3.85	.040*
CS	3.34	3.75	.000**
LOYT	3.12	4.00	.000**

Note: VFM = value for money, CS = customer satisfaction, LOYT = loyalty intentions.

The results of the independent-samples t-test (**Table 8**) show that there was a statistically significant difference in the mean score of value for money between frequent café customers and infrequent customers. Frequent customers rated higher ($M = 3.85$) in value for money for café experience than infrequent customers ($M = 3.65$). For customer satisfaction, frequent customers had a higher mean score ($M = 3.75$) than the infrequent customers ($M = 3.34$). Similarly, a higher rating of frequent customers ($M = 4.00$) was found for customer loyalty intentions in contrast to infrequent customers ($M = 3.12$). However, there was no significant difference between gender groups in their perception of café experience.

One-way between-groups analysis of variance (ANOVA) can be applied to test the means of a single variable for two or more groups. By post-hoc comparison, a researcher can tell which groups are statistically significant different from one another (Pallant, 2013). ANOVA was applied to compare the variables of value for money, satisfaction, and loyalty intentions between demographic groups (including age, education, occupation, and ethnicity) and one consumption behaviour group (i.e., customers' spending). All results from SPSS can be seen from Appendix C.

Table 9. One-way between-groups ANOVA test

	VFM	CS	LOYT
AGE_GP	3.791**	3.453**	7.086**
EDU_GP	.451	.534	1.507
OCU_GP	1.547	.759	2.381
ETHNICITY_GP	4.738**	2.159	6.690**
SPENDING_GP	1.675	2.716*	2.055

Note: * $p < .05$, ** $p < .01$; VFM = value for money, CS = customer satisfaction, LOYT = loyalty intentions.

Statistically significant differences in mean scores of value for money, satisfaction, and loyalty intentions were found between age groups, ethnicity groups, and spending groups (**Table 9**). Post-hoc comparisons using the LSD test indicated that the mean score in value for money for age groups 1 and 2, participants who were between 18 to 34 years old, was significantly lower than participants from age groups 4, 5, and 6, who were between 35 to 64 years old. Similarly, for customer satisfaction and loyalty intentions, participants in age groups 1 and 2 scored significantly lower than age groups 4, 5, and 6. Ethnicity groups were found significantly different in value for money and loyalty intentions, where ethnicity group 1 (European) rated higher than ethnicity group 3 (Asian), both significant at 0.05 level. For spending groups, group 2 (customers who spent \$8-16 NZD per person) was found to be significantly lower in satisfaction compare to groups 3 and 4 (customers who spent \$16-50 NZD). However, no statistically significant difference was found between education groups or occupation groups in any of the outcome variables.

4.5 Correlation

Table 10 shows the means, standard deviations, Cronbach reliability scores and significant correlations that were found amongst the study variables. The mean scores for all study constructs were calculated using the average sum scores. For example, mean food quality performance was calculated using the average sum scores for corresponding measurements that were developed to measure the overall attribute of food quality (food taste, food freshness, food variety). All the attribute-based variables and outcome variables showed satisfactory reliability, ranging from .743 to .883, which were above the construct reliability criteria of .70 (Gliem & Gliem, 2003).

Table 10. Mean, standard deviation, reliability and correlation

	<i>M</i>	<i>S.D.</i>	1	2	3	4	5	6	7	8	9	10	11	12
1.Gender	0.43	0.496												
2.Age	0.31	0.465	.04											
3.Frequency	0.51	0.501	-.014	.276**										
4.Spending	0.41	0.493	.109	.357**	.015									
5.Food	4.17	0.652	.026	.068	.230**	.08	.768							
6.Coffee	4.12	0.625	.063	.140*	.280**	.021	.502**	.742						
7.Beverage	3.90	0.721	.049	-.064	.089	.135*	.494**	.545**	.833					
8.Service	4.08	0.722	.112	.245**	.143*	.09	.318**	.427**	.439**	.843				
9.Ambience	4.22	0.688	.044	.147*	.06	.123*	.434**	.360**	.413**	.425**	.765			
10.VFM	3.76	0.698	.114	.248**	.141*	.171**	.338**	.294**	.249**	.436**	.397**	.856		
11.CS	3.55	0.682	.119*	.253**	.292**	.219**	.410**	.460**	.378**	.527**	.424**	.662**	.822	
12.LOYT	3.65	0.861	.057	.369**	.403**	.178**	.443**	.476**	.330**	.565**	.376**	.595**	.801**	.883

Note: * $p < .05$. ** $p < .01$ VFM = value for money, CS = customer satisfaction, LOYT = loyalty intentions; reliability score is in diagonal in bold.

Pearson correlation coefficients were run to find out relationships between different variables. The variables investigated included five attribute-based variables, three outcome variables, and four demographic variables. In order to perform correlation analysis and sequent multiple regression analysis, all the demographic variables were firstly recoded into dummy variables using the values 0 and 1, as follows: gender (female = 0, male = 1), age groups (young customers 18-34 = 0, older customers 35+ = 1), frequency of visiting (infrequent customers who visited once or several times in total = 0, frequent customers who visited on a regular basis: one to seven times per week = 1), spending (less spending customers = 0, more spending customers = 1). The spending dummy variables were recoded using the threshold of \$15 NZD per person.

All the attributes variables (food quality, coffee quality, beverage quality (except coffee), service quality, and ambience) were positively related to the dependent variables (value for money, customer satisfaction, and loyalty intentions). More specifically, service quality had the strongest correlations with all three outcome variables, value for money ($r = .44$), customer satisfaction ($r = .53$), and loyalty intentions ($r = .57$), when comparing to the other attributes variables.

Meanwhile, demographic variables appeared to have significant positive correlations with all three outcome variables, except that gender showed insignificant correlations with value for money and loyalty intentions. Among outcome variables, value for

money was positively related to customer satisfaction ($r = .66$) and loyalty intentions ($r = .60$). A strong correlation ($r = .80$) was found between customer satisfaction and loyalty intentions.

In terms of mean statistics, the average performance of the café attributes ranged from 3.90 to 4.22, with the highest mean score being ambience ($M = 4.22$, $S.D. = .69$), followed by food quality ($M = 4.17$, $S.D. = .65$). Beverage quality had the lowest average score among the five attributes, which was 3.90 ($S.D. = .72$). With regard to the outcome variables, value for money, customer satisfaction, and loyalty intentions showed a similar mean score of 3.65.

4.6 Hypotheses testing

Multiple regression analysis was performed to test the hypothesised causal relationships between café attributes and customers' perceptions of value for money, satisfaction, and loyalty intentions. **Table 11** presents the summary of results of multiple regression analysis. R-squared values under each outcome variable indicated that the theoretical model has explained a total variance of 28% in value for money, 41% in customer satisfaction, and 48% in loyalty intentions.

4.6.1 Multiple regression analysis for value for money

Hierarchical multiple regression was used to assess the predictive power of attributes variables (food quality, coffee quality, beverage (except coffee) quality, service quality, and ambience) on customer perceptions of value for money, after controlling for the influence of demographic variables. Gender, age, frequency, and spending were entered at step 1, explaining 8.2% of the variance in value for money. After entry of the five attributes variables at step 2, the total variance explained by the model as a whole was 27.8%, $\Delta F(5,194) = 10.481$, $p < .001$. The five attributes variables explained an additional 19.5% of the variance in value for money ($\Delta R^2 = .195$). In the final model, food quality, service quality, and ambience were statistically significant, with service quality recording the highest beta value ($\beta = .256$, $p = .001$), followed by ambience ($\beta = .209$, $p = .004$) (**Table 11**). Therefore, the hypothetical relationships (**H1a**, **H1d**, and **H1e**) between café attributes and value for money were supported.

Table 11. Multiple regression

Step	VFM		CS		LOYT	
	1	2	1	2	1	2
Beta						
Gender	.099	.063	.101	.053	.044	-.005
Age	.180*	.094	.113	.016	.234**	.131*
Frequency	.089	.027	.255**	.168**	.332**	.238**
Spending	.092	.074	.159*	.145*	.081	.075
Food quality		.143 [†]		.070		.120 [†]
Coffee quality		.036		.168*		.162*
Beverage quality		-.062		-.019		-.058
Service quality		.256**		.301**		.349**
Ambience		.209**		.178**		.096
R²	.082	.278	.147	.409	.232	.484
Δ R²		.195		.262		.410
Δ F		10.481**		17.180**		18.959**
Df		5, 194		5, 194		5, 194

Note: [†] $p < .10$. * $p < .05$. ** $p < .01$, pairwise, ΔR^2 = R-squared change, ΔF = F change

4.6.2 Multiple regression analysis for customer satisfaction

The same procedure was undertaken to predict customer satisfaction. Step 1 explained 14.7% of the variance in customer satisfaction. Step 2 explained a total variance of 40.9%, $\Delta F(5,194) = 17.180$, $p < .001$. An additional 26.2% of the variance in customer satisfaction was explained by five attributes variables after controlling gender, age, frequency, and spending. In the final model, coffee quality ($\beta = .168$, $p = .017$), service quality ($\beta = .301$, $p = .000$), and ambience ($\beta = .178$, $p = .007$) were statistically significant (**Table 11**).

Control variables of frequency ($\beta = .168$, $p = .006$) and spending ($\beta = .145$, $p = .018$) appeared to be significant predictors of customer satisfaction. The result implies that regular customers (i.e., customers who visited the café one to seven times per week) are more likely to have higher satisfaction levels than less frequently visiting customers, such as first time visitors. Meanwhile, customers who spent more money (ranging from \$15-\$50 NZD or above) in their café experience might have a higher tendency of satisfaction than those who spent less (i.e., less than \$15 NZD per person).

In summary, for customer perceptions of satisfaction, attributes of coffee quality, service quality, and ambience appeared significant antecedents of the outcome variable, which supported **H2b**, **H2d**, and **H2e**.

4.6.3 Multiple regression analysis for customer loyalty

Loyalty intentions was examined with the same progress. Four control variables explained 23.2% of the variance in loyalty intentions in step 1. The total variance explained by the final model increased by 25.2% after entering the five attributes variables ($R^2 = 46.4\%$, $F = 18.959$, $p = .000$). Food quality, coffee quality, and service quality were significantly related to loyalty intentions, with service quality noting the highest coefficient ($\beta = .349$, $p = .000$). Control variables of age ($\beta = .234$, $p = .001$) and frequency ($\beta = .332$, $p = .000$) were also effective predictors of loyalty intentions, suggesting that older customers (i.e., 35 years old or above) probably have higher loyalty intentions than the younger customers (i.e., aged from 18 to 34 years old), as with the more frequent customers compared to the less frequent (**Table 11**).

In summary, café attributes of food quality, coffee quality, and service quality were suggested to be positively related to customers' loyalty intentions, which supported **H3a**, **H3b**, and **H3d**. Service quality appeared the most important predictor of customer loyalty intentions. Service quality can be reflected in many aspects in a café environment, such as friendliness, knowledge, and communication skill of service staff.

4.6.4 Regression analysis between outcome variables

Regression analysis was employed to test the relationships amongst the constructs of value for money, satisfaction, and loyalty intentions. Gender, age, frequency, and spending were entered as control variables at step 1 in each hypothesis test (See **Table 12**). Step 1 of the regression analysis explained 14.7% of the variance in customer satisfaction, and 23.2% in loyalty intentions. After entry of the independent variable at step 2 (H4: VFM \rightarrow CS), the total variance explained in customer satisfaction was 49%, $\Delta F(1,198) = 133.036$, $p < .001$. Value for money added an additional 34.3% of the variance in customer satisfaction ($\Delta R^2 = .343$, $\beta = .611$, $p < .01$). Step 2 of regression analysis (H5: CS \rightarrow LOYT), customer satisfaction explained 69% of the variance in loyalty intentions, $\Delta F(1,198) = 293.377$, $p < .001$. Customer satisfaction appeared to be a significant predictor of loyalty intentions ($\beta = .733$, $p < .01$), which supports **H5**. Value for money accounted for 47.6% of the variance in loyalty intentions ($\beta = .516$, $p < .01$). The control variable of frequency was positively related to customer satisfaction

and loyalty intention. Age was an effective predictor of loyalty intention. In summary, regression analysis showed that the hypothesised causal relationships amongst customer perceptions of value for money, satisfaction, and loyalty intentions were all positive and statistically significant.

Table 12. Regression analysis between VFM, CS and LOYT

Step	VFM→CS		CS→LOYT		VFM→LOYT	
	1	2	1	2	1	2
Beta						
Gender	.101	.040	.044	-.030	.044	-.007
Age	.113	.003	.234**	.151**	.234**	.141*
Frequency	.255**	.201**	.332**	.144**	.332**	.285**
Spending	.159*	.103	.081	-.036	.081	.034
VFM		.611**				.516**
CS				.733**		
R²	.147	.490	.232	.690	.232	.476
Δ R²		.343		.459		.245
Δ F		133.036**		293.377**		92.469**
Df		1,198		1,198		1,198

Note: * $p < .05$. ** $p < .01$, pairwise, ΔR^2 = R-squared change, ΔF = F change; $N = 198$; VFM = value for money, CS = customer satisfaction, LOYT = loyalty intentions

Chapter 5. Discussion

5.1 Summary of key findings

Exploratory factor analysis and reliability tests were performed to justify the underlining measurements for the studied café attributes. For coffee quality and beverage (except coffee) quality, measurements of taste, variety, and presentation showed significant factor loadings, which means that they are effective in measuring these two café attributes. The factor loadings of food taste, food variety, and food freshness were significant for food quality. Service quality and ambience each had three underlying items: friendliness, knowledge, and communication skills of staff for service quality; easy to chat, relaxing environment, and décor & style for ambience. All study attributes showed a satisfying reliability score.

The results of hypotheses testing showed that café customers' perceptions of value for money and customer satisfaction depend more on intangible attributes such as service quality and ambience. Meanwhile, loyalty intentions rely more heavily on the quality of tangible attributes, particularly food quality and coffee quality. Overall, service quality appeared to be the most predominate antecedent of all three outcome variables of value for money, satisfaction, and loyalty intentions.

More specifically, the significance level showed that food quality was the only significant predictor of value for money among the three product-related attributes (i.e., food, coffee, and beverage quality), which means that customer evaluations of value for money depended strongly on the food, rather than on other café products. The reason could be that in most New Zealand cafés, food (usually referring to meals like breakfast or lunch) has the highest average price than the other items such as coffee or beverage (except coffee), so that food become the major leverage in value evaluation.

Compared with tangible attributes, intangible attributes (i.e., service quality and ambience) both appeared to be significant predictors of customer perceptions of value for money. The result is consistent with previous studies (Bookman, 2014; Chen & Hu, 2010; Santani & Gatica-Perez, 2015), which suggests that service and environmental elements as value-added attributes that contribute to consumers' overall consumption experience. For example, when two cafés offer similar products at similar prices, customers are more likely to think highly of the café which provides better service and environments.

As for customer satisfaction, consistent with the previous studies of Sathish and Venkatesakumar (2011) and (Kim, 2011), service quality and ambience are important factors influencing customer satisfaction in the café context. Inconsistent with the majority of customer satisfaction research taken in the restaurant context, which emphasising the importance of food quality on satisfaction (Andersson & Mossberg, 2004; Canny, 2014) showed that coffee quality was the only tangible attribute that was significant in predicting customer satisfaction. The reason might be that as the major consumption item of a café, coffee is essential to the success of a business for its direct impact on customer satisfaction.

With regarding to loyalty intentions, coffee quality was a significant antecedent of both customer satisfaction and loyalty intentions, whereas food quality appeared to be a significant predictor only for loyalty intentions, rather than for both. As most New Zealand customers prefer to dine-in at cafés, food is the major consumption item that is critical to their overall café experience. This result suggests that customers' willingness to revisit or recommend are related to the quality of food (meals) as well as to the coffee quality in their café experience, which implies that café managers may focus on differentiating their food (meals) and coffee products in order to gain a competitive advantage in the café market.

IPA was applied to analyse both café attributes and their detailed measurements. The results revalidated the significance of service quality in customers' importance and performance evaluations of café experience. Service quality and two of its underlying measurements (i.e., communication skills of staff and knowledge of staff) fell into the "Concentrate Here" quadrant as demonstrated in the IPA grids, suggesting that more investments are needed from the café managers in improving service quality. The findings of the importance of service and ambience in the café experience provide empirical evidence of and echo the idea of the experience economy, where customer expectations shift away from pure product characteristics towards intangible experiential aspects.

5.2 Research implications

The main purpose of this study was to explore the effects of café experiences on customer perceptions of value for money, satisfaction, and loyalty intentions. The research model was established based on the consumption system approach (CSA) developed by Mittal et al. (1999), which intends to explore customer experience from an

attribute level rather than a product level. One of the most important theoretical contributions of this study was to apply CSA to studying customer experience in the café context, as the original conceptual model of CSA was applied in consumption experience studies in the automobile industry. Moreover, CSA has been extended in the current study by incorporating value for money as the predetermining factor of customer satisfaction and loyalty intentions. The extended research model has explained 28% of the total variance in value for money, 41% in the customer satisfaction, and 48% in loyalty intentions. The results have added empirical validation to CSA in studying customer experience in the café industry. Future studies may adopt the theoretical model to investigate other hospitality sectors, and comparison studies can be undertaken in different types of hospitality establishments.

The results of hypotheses testing showed that both tangible (i.e., food quality and coffee quality) and intangible attributes (i.e., service quality and ambience) have positive relationships with the outcome variables. Service quality was evidenced to be the prevailing predictor of all three dependent variables of value for money, customer satisfaction, and loyalty intentions. However, mixed findings of the most significant attributes of customer experience in hospitality organisations exist in the extant literature, which provides an avenue for the future researcher to conduct a systematic review to find out the most important factor in customer experience in the hospitality context.

In terms of measurements for café attributes, the previous study of Sathish and Venkatesakumar (2011) has examined various café factors, such as products, service, price, staff, and atmosphere on café experience. However, this study investigated café experience at a more detailed attribute level, which utilised multiple measurements for each attribute. For instance, coffee quality was measured by coffee taste, variety, and presentation. Meanwhile, exploratory factor analysis and Cronbach' reliability test has been performed to support the convergent validity of the study attributes. Future studies on exploring customer experience based on an attribute-level approach can replicate this model and evolve more diverse aspects to measure the critical attributes that are specific to the study context.

5.3 Practical implications

This study also provides some practical implications to café managers. Firstly, tangible attributes of food quality and coffee quality were related to customer perceptions of

value for money, customer satisfaction, and loyalty intentions to different extents, which implies that the café managers need to pay more attention to the quality of food and coffee they deliver. To have a better understanding of customers' expectations of food and coffee quality, it is critical to have prompt feedback from customers, for example, by asking for dine-in customers' feelings of food quality or checking customers' reviews on social media.

Secondly, the attribute of service quality was the strongest and prevailing predictor of value for money, satisfaction, and loyalty intentions, emphasising the importance of service in the café industry in Auckland. The importance of service quality is reemphasised once again in IPA, which showed that more attention and investment may be required from café managers in service. Practically, to improve service quality, more staff training on communication skills, friendliness, and product knowledge may be needed.

Ambience has successfully predicted customer perceptions of value for money and satisfaction, which implies that the environment-related elements such as atmosphere and decoration can serve as value-added attributes contributing to customers' overall café experience. To improve customers' perceptions of value for money and level of satisfaction, café managers may place more emphasis on interior design and creating a relaxing atmosphere, especially for cafés that offer products similar to those their competitors do in the market.

Thirdly, from the comparison between different customer groups, the study found that frequent customers rated higher in value for money, satisfaction, and loyalty intentions than infrequent customers did so café managers might apply marketing strategies to develop more frequent customers. Marketing strategies such as loyalty programmes (membership cards or gift vouchers) or offering magazines or newspapers may engage new customers to visit more frequently and keep loyalty customers.

Age group comparison showed that older age groups tend to be stronger in value for money, satisfaction, and loyalty intentions than younger customers, which is possibly because younger customers are more likely to keep trying out new cafés rather than staying loyal to one. Café managers may update café facilities (such as free Wi-Fi service) or adopt social media marketing strategies to engage the younger customers.

As for the ethnicity group comparison, the European group (mostly referring to New Zealanders in the current study) had a more positive perception of value for money and loyalty intentions than Asian customers did. A possible reason is that Asian customers might be more price sensitive about café products due to their food culture. Therefore, cafés targeting the Asian market may design their menus, introduce new products, and set pricing strategies to match the customers' preferences.

5.4 Limitation and directions for future study

This study is not free from limitations. Firstly, the data was collected from two main sources, the participants including café customers in two specific cafés and café customers that were recruited from social networking sites (*Facebook* and *WeChat*). The participants from social networking sites were the convenience sample, which means that the sample may not represent a wider population, but may instead be limited to internet users. Since the snowballing strategy of this study was a non-randomised form of sampling, there are limitations for the generalisation of results. More than 66% of the participants were young people who were under 35 years old ($N = 141$), and nearly 70% of the customers were Asian ($N = 142$), so the generalisability of results may be limited by the unbalanced distribution of the participants' profile. Therefore, the results may be more representative of younger, higher educated, predominantly female, and Asian ethnicity groups, rather than representative of the entire Auckland population. Future studies may apply a larger sample size and a more sophisticated sampling strategy to improve the generalisability of the results.

The study tested a theoretical model in terms of the effects of café attributes on customer perceptions of value for money, satisfaction, and loyalty intentions. A positive significant relationship was found between café attributes (food quality and service quality) and the outcome variables (value for money, satisfaction, and loyalty intentions). The influence of café attributes was compared in the study, and more attention could be paid to service quality in the food service industry, especially cafés. Future studies may apply the theoretical model to study other fields of service, such as restaurants and bars, and contribute to the validation of the model.

5.5 Conclusion

This study examined the relationships amongst café attributes in terms of café experience and customer perceptions of value for money, satisfaction, and loyalty intentions based on the theory of the consumption system approach (CSA). A deductive

approach was applied to address the research questions. Online as well as paper-pencil questionnaire surveys was administered to collect data from café customers in Auckland. The study found intangible attributes (i.e., service quality and ambience) have more significant influence on the dependent variables than tangible attributes (i.e., food quality, coffee quality, and beverage quality) did. Service quality was found to be the prevailing and strongest predictor for customer perceptions of value for money, satisfaction, and loyalty intentions. The causal relationships between value for money, customer satisfaction, and loyalty intentions were also evidenced by linear regression analysis. The empirical results of this study have contributed to the validation of the extended theoretical model based on CSA in assessing customer café experience. The study findings also provide relevant practical implications for café practitioners in managing customer satisfaction and loyalty. Continued investment and more efforts are required in improving service quality, which is the key to increasing customer perceptions of value for money, gaining higher customer satisfaction, and stimulating higher levels of loyalty intentions, including frequent purchase and recommendation. Future research could focus on the tested café attributes with more diverse measurements to add to the comprehensiveness of the research model and contribute to the literature of café studies.

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Appendix A: Participant Information Sheet



Participant Information Sheet

Date Information Sheet Produced: 27/09/2016

Project Title

The effects of café experiences on customer perception of value for money, satisfaction and loyalty intentions

An Invitation

My name is Miao Zhang, and I would like to invite your café to participate in research that investigates customer café experiences.

What is the purpose of this research?

The purpose of this research is to examine customer perceptions of food quality, service quality, quality of coffee and other beverages, and café ambience. It also looks at customer perceptions of value for money, overall satisfaction and loyalty intentions.

How was I identified and why am I being invited to participate in this research?

I am inviting the customers of your café to participate in this survey because your café provides café experiences and products to people, which attract both new visitors and loyalty customers. And the response of your café customers will provide valuable perspectives and contributions to this research.

What will happen in this research?

If you and your café are willing to participate in this survey, please put 50 printed copies of the questionnaire in your café and send the URL link to the online survey to your customers. This survey will take approximately ten minutes to complete. The customers can complete the survey at any time between 30 September and 15 October, 2016.

What are the benefits?

The findings of this research will hopefully provide your café with better understanding of how to improve service delivery and provide better customer experiences. Furthermore, your participation will also assist me in completing my Master's Degree in International Hospitality Management at AUT University.

Will this cause any discomfort or risk to your customers?

Completing the online survey is entirely voluntary and anonymous, and the information sought in this research is not expected to be controversial, so your customers should not experience any discomfort, be exposed to any embarrassment or face any risk. In addition, no personally identifiable information will be collected in this research. All information gathered will be combined for statistical analysis and only used for the purpose of this research.

How will customer privacy be protected?

The survey is anonymous. Your customers will not be able to be identified from any information provided and all information gathered will be combined for statistical analysis and used for academic purpose only. No third party will have access to the data.

How do I agree to participate in this research?

By sending the online survey to your customers, you will be agreeing to participate in this research.

Will I receive feedback on the results of this research?

The survey findings of your café will be sent back to you. In addition, the result of this research will be available on the New Zealand Tourism Research Institute website: <http://www.nztri.org> in March 2017, you are more than welcome to visit the website and view the findings.

What do I do if I have concerns about this research?

Concerns regarding the conduct of the research should be notified to the Executive Secretary of ATEC, Kate O'Connor, ethics@aut.ac.nz, 921 9999 ext 6038.

Whom do I contact for further information about this research?***Researcher Contact Details:***

Primary researcher: Miao Zhang, gvv3986@autuni.ac.nz.

Project Supervisor Contact Details:

If you have any concerns about this research or survey, please feel free to contact

Project Supervisor: Dr Peter Kim. bc.peter.kim@aut.ac.nz, 9219999 ext 6105.

Secondary supervisor: Warren Goodsir, warren.goodsir@aut.ac.nz, 9219999 ext 8374.

Approved by the Auckland University of Technology Ethics Committee on 29 September 2016, ATEC Reference number 324.

Appendix B: Questionnaire



SURVEY

Dear participant,

Welcome. My name is Miranda. I am a master student at Auckland University of Technology major in International Hospitality Management. This survey is about **your most recent café experience**. Your participation is meaningful to my research subject and the completion of my qualification, which also can help the café managers gain a better understanding of their customers. The questionnaire will take you **around 10 minutes** to complete. All data collected will be used for **academic research** only. All your answers will be kept **confidential** and your personal information is **unidentifiable**. By completing the survey, you are giving consent to this research. Thank you.

For detailed information about this survey, please check the participant information sheet.

Please select an answer for the following questions

- ☐ Are you at least 18 years of age?
 - ☐ Yes
 - ☐ No
- ☐ Have you visited a café within the past seven days?
 - ☐ Yes
 - ☐ No

Your survey will be stopped, if you answer **No** to any of the above question. If you answer **Yes** to both of the above questions, you will be able to continue this survey.

Attributes in the Café

1. You will be asked to comment on how **IMPORTANT** the following attributes are to you and then to evaluate the **PERFORMANCE** of your most recent café experience.

Importance refers to the influence the attribute has on your decision to visit a café.

1=Extremely Unimportant; 2=Unimportant; 3=Neutral; 4=Important; 5=Extremely Important

Performance refers to how well your most recent café experience met your expectations for the attribute.

1=Poor; 2=Bad; 3=OK; 4=Good; 5=Great; N/A=Not Applicable

		Importance					Performance					
Food	Taste	1	2	3	4	5	1	2	3	4	5	N/A
	Freshness	1	2	3	4	5	1	2	3	4	5	N/A
	Variety	1	2	3	4	5	1	2	3	4	5	N/A
	Presentation	1	2	3	4	5	1	2	3	4	5	N/A
Coffee	Taste	1	2	3	4	5	1	2	3	4	5	N/A
	Variety	1	2	3	4	5	1	2	3	4	5	N/A
	Presentation	1	2	3	4	5	1	2	3	4	5	N/A
Beverage (except coffee)	Taste	1	2	3	4	5	1	2	3	4	5	N/A
	Variety	1	2	3	4	5	1	2	3	4	5	N/A
	Presentation	1	2	3	4	5	1	2	3	4	5	N/A
Service	Friendly Staff	1	2	3	4	5	1	2	3	4	5	N/A
	Knowledgeable Staff	1	2	3	4	5	1	2	3	4	5	N/A
	Communication Skills of Staff	1	2	3	4	5	1	2	3	4	5	N/A
	Speed of Service	1	2	3	4	5	1	2	3	4	5	N/A
	Complaint Handling	1	2	3	4	5	1	2	3	4	5	N/A
Ambience	Relaxing Environment	1	2	3	4	5	1	2	3	4	5	N/A
	Easy to Chat	1	2	3	4	5	1	2	3	4	5	N/A
	Décor and Style	1	2	3	4	5	1	2	3	4	5	N/A
	Free Wi-Fi Service	1	2	3	4	5	1	2	3	4	5	N/A
	Convenient Location	1	2	3	4	5	1	2	3	4	5	N/A

Overall, how well was your most recent café experience?

☐ Poor ☐ Bad ☐ OK ☐ Good ☐ Great

Customer Type

2. How often do you visit this café?

- ☐ Only once ☐ Several times in total
☐ 1 to 3 times in a week ☐ 4 to 6 times in a week
☐ Almost everyday

3. Please state the location of this café.

- ☐ Central Auckland ☐ North Auckland
☐ South Auckland ☐ East Auckland
☐ West Auckland
☐ Other

4. How much did you spend for your most recent cafe experience?

(per person cost NZ dollar, if unsure please estimate)

- ☐ Less than \$8 ☐ \$8 to \$ 15
☐ \$16 to \$ 30 ☐ \$31 to \$ 50
☐ More than \$50

Customer Perceptions

5. Please select the extent of your agreement with the following statement of **your most recent café experience**.

1=Strongly Disagree, 2=Disagree, 3=Neither Agree nor Disagree, 4=Agree, 5=Strongly Agree

Value for Money	The price was reasonable	1	2	3	4	5
	The product was good for the price paid.	1	2	3	4	5
	The service was good for the price paid.	1	2	3	4	5
	Overall, I felt value for money I paid.	1	2	3	4	5
Customer Satisfaction	The café experience was beyond my expectation.	1	2	3	4	5
	The café experience was better than most of my past café experiences.	1	2	3	4	5
	I was satisfied with my most recent café experience.	1	2	3	4	5
	I enjoyed my most recent café experience.	1	2	3	4	5
Loyalty Intentions	I will visit this café again.	1	2	3	4	5
	I intend to come to this café frequently.	1	2	3	4	5
	This café could become my first choice.	1	2	3	4	5
	I am likely to recommend the café to others.	1	2	3	4	5

Please answer the following demographic questions.

6. Please select your age.

- ☐ 18 to 24
- ☐ 25 to 34
- ☐ 35 to 44
- ☐ 45 to 54
- ☐ 55 to 64
- ☐ 65 and older

7. Please select your gender.

- ☐ Female
- ☐ Male
- ☐ Other

8. Please select your education level.

- ☐ High school or lower
- ☐ Diploma or college
- ☐ Bachelor's degree
- ☐ Postgraduate or higher

9. Please select your occupation.

- ☐ Executive / Managerial
- ☐ Professionals
- ☐ Self-employed
- ☐ Student
- ☐ Other

10. Please select your ethnic background.

- ☐ European
- ☐ Māori
- ☐ Asian
- ☐ Pacific peoples
- ☐ Other

Appendix C: SPSS Outputs for Group Comparisons

T-test for infrequent customer vs. frequent customer in VFM, CS, LOYT

Group Statistics					
	Fre_gp2	N	Mean	Std. Deviation	Std. Error Mean
VFM	Infrequent	100	3.65	.622	.062
	Frequent	100	3.85	.757	.076
CS	Infrequent	100	3.34	.671	.067
	Frequent	99	3.75	.642	.065
LOYT	Infrequent	100	3.31	.814	.081
	Frequent	99	4.00	.763	.077

Note: Infrequent: first time customer & several times in total; Frequent: 1-6times per week

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
VFM	Equal variances assumed	.866	.353	-2.067	198	.040	-.203	.098	-.396	-.009
	Equal variances not assumed			-2.067	190.758	.040	-.203	.098	-.396	-.009
CS	Equal variances assumed	.194	.660	-4.377	197	.000	-.408	.093	-.591	-.224
	Equal variances not assumed			-4.378	196.768	.000	-.408	.093	-.591	-.224
LOYT	Equal variances assumed	.008	.927	-6.145	197	.000	-.688	.112	-.908	-.467
	Equal variances not assumed			-6.147	196.437	.000	-.688	.112	-.908	-.467

ANOVA for Age groups in CS, LOYT and VFM

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
CS	Between Groups	7.654	5	1.531	3.453	.005
	Within Groups	85.564	193	.443		
	Total	93.218	198			
LOYT	Between Groups	22.674	5	4.535	7.086	.000
	Within Groups	123.512	193	.640		
	Total	146.186	198			
VFM	Between Groups	8.640	5	1.728	3.791	.003
	Within Groups	88.423	194	.456		
	Total	97.062	199			

Multiple Comparisons

Dependent Variable	(I)	Age	(J)	Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
								Lower Bound	Upper Bound
CS	LSD	1	2		.083	.115	.470	-.14	.31
			3		-.124	.192	.518	-.50	.25
			4		-.327	.173	.060	-.67	.01
			5		-.481*	.192	.013	-.86	-.10
			6		-.514*	.205	.013	-.92	-.11
		2	1		-.083	.115	.470	-.31	.14
			3		-.207	.199	.299	-.60	.19
			4		-.410*	.181	.025	-.77	-.05
			5		-.565*	.199	.005	-.96	-.17
			6		-.597*	.212	.005	-1.02	-.18
LOYT	LSD	1	2		.100	.138	.468	-.17	.37
			3		-.294	.231	.203	-.75	.16
			4		-.773*	.207	.000	-1.18	-.36
			5		-.830*	.231	.000	-1.28	-.38
			6		-.696*	.247	.005	-1.18	-.21
		2	1		-.100	.138	.468	-.37	.17
			3		-.395	.239	.101	-.87	.08
			4		-.873*	.217	.000	-1.30	-.44
			5		-.931*	.239	.000	-1.40	-.46
			6		-.797*	.255	.002	-1.30	-.29
		3	1		.294	.231	.203	-.16	.75
			2		.395	.239	.101	-.08	.87
			4		-.478	.285	.095	-1.04	.08
			5		-.536	.302	.078	-1.13	.06
			6		-.402	.315	.203	-1.02	.22
		4	1		.773*	.207	.000	.36	1.18
			2		.873*	.217	.000	.44	1.30
			3		.478	.285	.095	-.08	1.04
			5		-.058	.285	.840	-.62	.50
			6		.076	.298	.798	-.51	.66
		5	1		.830*	.231	.000	.38	1.28
			2		.931*	.239	.000	.46	1.40
			3		.536	.302	.078	-.06	1.13
			4		.058	.285	.840	-.50	.62
			6		.134	.315	.671	-.49	.75
		6	1		.696*	.247	.005	.21	1.18
			2		.797*	.255	.002	.29	1.30

		3	.402	.315	.203	-.22	1.02
		4	-.076	.298	.798	-.66	.51
		5	-.134	.315	.671	-.75	.49
VFM	LSD	1 2	.130	.117	.267	-.10	.36
		3	-.025	.195	.897	-.41	.36
		4	-.367*	.175	.037	-.71	-.02
		5	-.400*	.195	.041	-.78	-.02
		6	-.542*	.201	.008	-.94	-.15
		2 1	-.130	.117	.267	-.36	.10
		3	-.155	.202	.443	-.55	.24
		4	-.496*	.183	.007	-.86	-.13
		5	-.530*	.202	.009	-.93	-.13
		6	-.672*	.208	.001	-1.08	-.26
		3 1	.025	.195	.897	-.36	.41
		2	.155	.202	.443	-.24	.55
		4	-.341	.241	.158	-.82	.13
		5	-.375	.255	.143	-.88	.13
		6	-.516*	.260	.048	-1.03	.00
		4 1	.367*	.175	.037	.02	.71
		2	.496*	.183	.007	.13	.86
		3	.341	.241	.158	-.13	.82
		5	-.034	.241	.889	-.51	.44
		6	-.175	.246	.477	-.66	.31
		5 1	.400*	.195	.041	.02	.78
		2	.530*	.202	.009	.13	.93
		3	.375	.255	.143	-.13	.88
		4	.034	.241	.889	-.44	.51
		6	-.141	.260	.587	-.65	.37
		6 1	.542*	.201	.008	.15	.94
		2	.672*	.208	.001	.26	1.08
		3	.516*	.260	.048	.00	1.03
		4	.175	.246	.477	-.31	.66
		5	.141	.260	.587	-.37	.65

*. The mean difference is significant at the 0.05 level. Group 1 = 18 to 24; Group 2 = 25 to 34; Group 3 = 35 to 44; Group 4 = 45 to 54; Group 5 = 55 to 64; Group 6 = 65 and older

ANOVA for Ethnicity groups in LOYT and VFM

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
LOYT	Between Groups	17.720	4	4.430	6.690	.000
	Within Groups	128.466	194	.662		
	Total	146.186	198			
VFM	Between Groups	8.597	4	2.149	4.738	.001
	Within Groups	88.465	195	.454		
	Total	97.062	199			

Multiple Comparisons

				Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
Dependent Variable	(I) Ethnic	(J) Ethnic					Lower Bound	Upper Bound
LOYT	LSD	1	2	-.287	.484	.554	-1.24	.67
			3	.653*	.134	.000	.39	.92
			4	.630	.587	.284	-.53	1.79
			5	.755	.587	.200	-.40	1.91
		2	1	.287	.484	.554	-.67	1.24
			3	.940*	.475	.049	.00	1.88
			4	.917	.743	.219	-.55	2.38
			5	1.042	.743	.162	-.42	2.51
		3	1	-.653*	.134	.000	-.92	-.39
			2	-.940*	.475	.049	-1.88	.00
			4	-.023	.579	.969	-1.17	1.12
			5	.102	.579	.860	-1.04	1.24
		4	1	-.630	.587	.284	-1.79	.53
			2	-.917	.743	.219	-2.38	.55
			3	.023	.579	.969	-1.12	1.17
			5	.125	.814	.878	-1.48	1.73
		5	1	-.755	.587	.200	-1.91	.40
			2	-1.042	.743	.162	-2.51	.42
			3	-.102	.579	.860	-1.24	1.04
			4	-.125	.814	.878	-1.73	1.48
VFM	LSD	1	2	-.196	.400	.625	-.99	.59
			3	.406*	.110	.000	.19	.62
			4	.554	.486	.255	-.40	1.51
			5	1.179*	.486	.016	.22	2.14

	2	1	.196	.400	.625	-.59	.99
		3	.602	.393	.127	-.17	1.38
		4	.750	.615	.224	-.46	1.96
		5	1.375*	.615	.026	.16	2.59
	3	1	-.406*	.110	.000	-.62	-.19
		2	-.602	.393	.127	-1.38	.17
		4	.148	.480	.758	-.80	1.09
		5	.773	.480	.109	-.17	1.72
	4	1	-.554	.486	.255	-1.51	.40
		2	-.750	.615	.224	-1.96	.46
		3	-.148	.480	.758	-1.09	.80
		5	.625	.674	.355	-.70	1.95
	5	1	-1.179*	.486	.016	-2.14	-.22
		2	-1.375*	.615	.026	-2.59	-.16
		3	-.773	.480	.109	-1.72	.17
		4	-.625	.674	.355	-1.95	.70

*. The mean difference is significant at the 0.05 level. Group 1 = European; Group 2 = Maori; Group 3 = Asian; Group 4 = Pacific Peoples, Group 5 = others

ANOVA for Spending groups in CS

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
CS	Between Groups	4.971	4	1.243	2.716	.031
	Within Groups	87.830	192	.457		
	Total	92.800	196			

Multiple Comparisons

Dependent Variable		(I) Spending	(J) Spending	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
CS	LSD	1	2	.134	.128	.297	-.12	.39
			3	-.203	.137	.142	-.47	.07
			4	-.268	.179	.137	-.62	.09
			5	-.244	.489	.618	-1.21	.72
		2	1	-.134	.128	.297	-.39	.12
			3	-.337*	.120	.006	-.57	-.10
			4	-.402*	.167	.017	-.73	-.07
			5	-.378	.485	.436	-1.33	.58
		3	1	.203	.137	.142	-.07	.47
			2	.337*	.120	.006	.10	.57
			4	-.065	.174	.707	-.41	.28
			5	-.042	.487	.932	-1.00	.92
		4	1	.268	.179	.137	-.09	.62
			2	.402*	.167	.017	.07	.73
			3	.065	.174	.707	-.28	.41
			5	.024	.501	.962	-.96	1.01
		5	1	.244	.489	.618	-.72	1.21
			2	.378	.485	.436	-.58	1.33
			3	.042	.487	.932	-.92	1.00
			4	-.024	.501	.962	-1.01	.96

*. The mean difference is significant at the 0.05 level. Group 1= less than 8; Group 2=\$8-\$15; Group 3=\$16-\$30; Group 4=\$31-\$50; Group 5 = more than \$50