

AN EMPIRICAL ASSESSMENT ON CUSTOMERS'
PREFERENCES TOWARDS COFFEE HOUSE

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MASTER OF BUSINESS ADMINISTRATION

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF ACCOUNTANCY AND MANAGE-
MENT

DECEMBER 2017

**An Empirical Assessment on Customers' Preferences
towards Coffee House**

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**A research project submitted in partial fulfillment of
the requirements for the degree of**

Master of Business Administration

Universiti Tunku Abdul Rahman

Faculty of Accountancy and Management

December 2017

**An Empirical Assessment on Customers' Preferences
towards Coffee House**

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ACKNOWLEDGEMENTS

First of all, I would like to express my sincere gratitude to my supervisor, Mr Sia Bik Kai for his support and guidance in the research process. Besides, I am grateful for his contribution of his time and advice.

Also, I would like to thank all my respondents for their time and feedback to complete the survey. Moreover, thanks for all my family members who have provided my support to complete this project.

Table of Contents

	Page
Copyright Page	iii
Declaration.....	iv
Acknowledgement	v
Table of Contents	vi
List of Tables	xi
List of Figures.....	xii
Abstract	xiii
 Table of Contents	 vi
 Chapter 1: Research Overview	 1
1.1 Introduction.....	1
1.2 Background of the Study	2
1.2.1 Definitions of coffeehouses	3
1.3 Problem Statement.....	4
1.4 Research Objectives.....	5
1.5 Research Question	5
1.6 Hypotheses of the Study	5
1.7 Significance of the Study	6
1.8 Conclusion	6
 Chapter 2: Review of Literature	 7
Introduction.....	7
2.1 Literature Review	7
2.1.1 Customers Decision Process	7
2.1.2 Customers' Preferences	9
2.1.3 Customers' Satisfaction	10
2.1.4 Environment.....	11
2.1.5 Price	12

2.1.6 Service Quality	13
2.1.7 Food Quality	15
2.1.8 Location	16
2.1.9 Word of Mouth	17
2.2 Research Gap	18
2.3 Conclusion	18
Chapter 3: Research Methodology	19
Introduction.....	19
3.1 Research Design	19
3.1.1 Proposed Theoretical/ Conceptual Framework.....	20
3.1.2 Hypotheses Development	21
3.2 Data Collection Method.....	24
3.3 Sampling Design.....	25
3.3.1 Target Population.....	25
3.3.2 Sampling Frame and Sampling Location.....	25
3.3.3 Sampling Elements	26
3.3.4 Sampling Technique	26
3.3.5 Sampling Size	26
3.4 Research Instrument	27
3.4.1 Questionnaire Design.....	27
3.5 Construct Measurement	28
3.5.1 Origin of Construct	29
3.6 Data Processing.....	33
3.6.1 Data Checking.....	33
3.6.2 Data Editing	34
3.6.3 Data Coding	34
3.6.4 Data Transcribing	34
3.6.5 Data Cleaning	34
3.7 Data Analysis	34
3.7.1 Descriptive Analysis	35
3.7.2 Scale Measurement	35
3.7.2.1 Normality Test	35
3.7.2.2 Reliability Test.....	35
3.7.3 Inferential Analysis	36

3.8 Conclusion	38
Chapter 4 Research Result.....	39
Introduction.....	39
4.1 Descriptive Analysis	39
4.1.1 Demographic Profile.....	39
4.1.2 Customer Background	41
4.2 Factor Analysis	44
4.3 Reliability Analysis.....	48
4.4 Regression Model	48
4.4.1 Assumptions for Model 1	48
4.4.2 Assumptions for Model 2	52
4.4.3 Hypotheses Testing for Model 1.....	55
4.4.4 Multiple Linear Regression Model 1	57
4.4.5 Hypotheses Testing for Model 2.....	58
4.4.6 Simple Linear Regression Model 2	59
4.5 Conclusion	60
Chapter 5 Discussion and Conclusion.....	61
Introduction.....	61
5.1 Summary of Result	61
5.2 Discussion of Major Findings.....	63
5.3 Implications of Study.....	66
5.3.1 Environment.....	66
5.3.2 Food Quality	67
5.3.3 Word of Mouth	67
5.4 Limitation of Study.....	68
5.5 Recommendations.....	68
5.6 Conclusion	69
REFERENCES.....	70

LIST OF TABLES

	page
Table 3.1: 5- POINT Likert Scale.....	29
Table 3.2: Origin of Construct	29
Table 3.3: Rule of Thumb for Cronbach’s Alpha Result.....	36
Table 4.1: Respondents Demographic Profile	40
Table 4.2: Customers’ Background	41
Table 4.3: Types of coffeehouse you prefer to eat at most of the time?.....	42
Table 4.4: Main reasons for eating out	42
Table 4.5: Top 10 reasons choosing a coffeehouse	43
Table 4.6: Top 10 reasons not choosing a coffeehouse	44
Table 4.7: Factor analysis	46
Table 4.8: Outliers (Casewise Diagnostics).....	49
Table 4.9A: Model 1 summary	57
Table 4.9B: Model 1 summary (Excluded construct).....	57
Table 4.10: Model 2 summary	59
Table 5.1: Summary of Hypotheses.....	63

LIST OF FIGURES

	page
Figure 2.1: Customer Decision Making Process	8
Figure 3.1: Proposed Conceptual Framework	21
Figure 4.1: Normality	50
Figure 4.2: P-Plot	51
Figure 4.3: Scatterplot	52
Figure 4.4: Normality	53
Figure 4.5: P-Plot	54
Figure 4.6: Scatterplot	55

Abstract

As Malaysians purchasing power and social activities engagement increase, coffeehouses in the country showed significant level of demand. Coffee house nowadays, not only serve coffee, other than coffee, they also served other beverages and a full menu. Moreover, they will offer free internet access and set meal to attract more customers as their gathering places with family and friends. The purpose of this research is to investigate and understand factors that affect customers' preferences of coffeehouse and their satisfaction towards the coffee house. There are 6 factors identified in this study which is believed to have an impact on customers' preferences towards coffee house. A survey with 173 respondents has been conducted in order to investigate the factors that influence customers' preferences. It can be concluded that environment, food quality and word of mouth have significant positive impact on customers' preferences towards coffee house.

Chapter 1: Research Overview

1.1 Introduction

Nowadays, people are busy with their daily life activities like studying, working, and socializing. Dining out became popular among Malaysians. Instead of cooking themselves, they choose to consume food in restaurant as it not only helped them save time, joining the social attraction also one of the reason people choose to dining outside. According to Robson (2004), the real reason people dining out in a restaurant are because they want to relax, to socialize or to entertain. People also have a wide range to choose where to eat and what to eat. Restaurant or food and dining industry not only sell foods and drinks to customers, people able to choose the restaurant based on the service, price and others criteria as they have a lot of choices. There are total 44,118 restaurants established in Malaysia in 2010 (*"Food & dining market Malaysia: an overview"*, 2015). Dining industry is considered as a competitive market.

Restaurants are majorly divided into 2 types which are full- service restaurants and quick service restaurants. Full service restaurant is explained as a place where food is served directly to the customers' table (Franchise Direct, 2010). These restaurants may be family-style eatery or fine dining restaurants. However, for quick service restaurants, it offered fast food comes by limited menu and minimum table service. Convenient and fast are the sales point to attract customers to consume their service (Stewart et al., 2004). In this research, researcher is going to investigate in the coffeehouse which is categorized as a full service restaurant. The purpose of this research is to investigate and understand factors that affect customers' preferences of coffeehouse and their loyalty towards the coffeehouse.

1.2 Background of the Study

In the past, coffee shops or coffeehouses was opened for men of different social classes to drink coffee, play board games, listen to the music exchange news and read books but not to woman. In 17th century, it becomes very popular to the western countries like Middle East, Europe, England and more. In the past, coffeehouses were meeting places for business and leisure time, their customers came for different purpose and having different occupations. Nowadays, coffeehouse not simply a relax place for people to spend time with family and friends, it also offer an inspiring environment for people to come out with creativity ideas or thought, a bonus for a long day or a must have item for workers and students (Desai, 2011). Today, coffee shops which also called as café, not only serve coffee, other than coffee, they also served other beverages and a full menu. Their menu may include cake, sandwiches, spaghetti, pizza and other desserts. Moreover, they will offer free internet access and set meal to attract more customers as their gathering places with family and friends.

As Malaysians purchasing power and social activities engagement increase, coffeehouse in the country showed significant level of demand (Hui et al., 2014). In the other hands, lifestyle and trends changed in Malaysia cause café/ bars growth in 2015. According to Khor (2015), she stated that “the seemingly never-ending flurry of cafés popping up all over Malaysia may mean more competition, but the roasters think it's good for the culture and also for the coffee industry” in her article and it able to show us how popular is the coffee culture since that time. More and more people are willing to dine in at coffeehouses as it's not only they provide full sets of menu, and because the changes in lifestyle and trends in Malaysia. Most of the teenagers nowadays also tend to choose doing homework and work discussions in coffeehouse instead of traditional food stall or restaurant.

Every country have their own coffee culture, some will localize to local taste while some didn't and Malaysia does have its own taste when we talk about coffee culture - kopi 'o', kopi 'c' and others (Khor, 2015). Besides these traditional local taste, in Malaysia, we also able to enjoy other latest coffee trend, for example, lat-

te art. An art drew on a cup of coffee able to fulfill customers “visual satisfaction” and able to attract customers to consume coffee and learn more about coffee when they drink different types of coffee.

1.2.1 Definitions of coffeehouses

Due to the absence of an official definition to standardized define the term “coffeehouse”, it not only hard for consumers to identify the differences between coffeehouse and other likes cafe, it also makes consumers feel confuse among coffee shop, coffeehouse, cafe, and even more term about a coffee business. Before consumers decide to consume or dining in a coffee shop, they should determine which coffee shop concept suit them best.

According to “*7 Coffee Business Types You Can Start*” (n.d.), there are total 7 types of coffee business in the market, these included:

I. Cafes

Usually cafes focus on selling off drinks with lunch and dinner menus. Services provided by cafes are more like a full service restaurant.

II. Coffee Bars

Coffee bars usually sell brewed coffee and baked goods like muffins, cookies, cakes and others. For coffee bars, they will only offer a few tables and seats.

III. Coffeehouses

For coffeehouses, they generally offer comfortable seats (sofas and arm-chairs) and some with bookshelves. It is a favorite hangout place for friends to gather and kill time.

IV. Retail Coffee Shops

Retail coffee shops sell coffee beans and product and gift related to coffee - cups, mugs and coffee related items. Some coffee bars will set up a standalone coffee retail shop or gift shop.

V. Drive Thru Coffee Shops

For drive thru coffee shops, customers are able to buy coffee on the way they go work without leaving their car and consuming much time. It usually brings convenience for going-to-work worker.

VI. Coffee Carts and Trucks

Coffee carts and coffee trucks provide mobile coffee service, mostly events during festival or a fair, to customers with brewed coffee and some others pastry.

VII. Roaster/ Retailers

Roasters produce their own roasted beans and sell the beans and other related coffee products.

The context of this study will revolve around coffeehouses that provide coffee, lunch and dinner menu service with comfort seats for customers.

1.3 Problem Statement

Malaysia has a dynamic hotel and restaurant industry because of the changing lifestyles and increase in demand from middle class. These will increase demand in food service sector. Besides, marketing strategy nowadays is more focus on customers-oriented rather than those traditional strategies that only focus on the cost, price, or sales oriented. People today are more focus on customers services that provided by the market. Customers' expectation towards value and service quality is very important as it lead to successful for a firm (Azim et al., 2014). So in this research paper, researcher will investigate and understand the factors that influence customers' choices towards coffeehouses.

Furthermore, research that study on customers selection towards fast food restaurant or fine dining restaurants (Akbar & Alaudeen, 2012; Azim et al., 2014; Chow et al, 2013; Hui et al., 2014) are numerous but those that focus on coffeehouses

are limited especially that focus in Malaysia as coffeehouses culture is considered new in Malaysia. This research study will fill in the gap by identify and examine the factors that will influence customers' preferences towards coffeehouse in Malaysia.

1.4 Research Objectives

To determine the factors that influence customers' preferences towards coffeehouse in Malaysia.

1.5 Research Question

What are the factors that affect customers' preferences towards coffeehouse in Malaysia?

1.6 Hypotheses of the Study

- H1: There is positive significant relationship between environment and customers' preferences towards coffeehouse in Malaysia
- H2: There is positive significant relationship between price and customers' preferences towards coffeehouse in Malaysia
- H3: There is positive significant relationship between service quality and customers' preferences towards coffeehouse in Malaysia
- H4: There is positive significant relationship between food quality and customers' preferences towards coffeehouse in Malaysia
- H5: There is positive significant relationship between location and customers' preferences towards coffeehouse in Malaysia
- H6: There is positive significant relationship between word of mouth and customers' preferences towards coffeehouse in Malaysia

H7: There is a positive significant relationship between customers' preferences and customers' satisfaction

1.7 Significance of the Study

This study is to understand the factors that affect customers' preferences towards coffeehouse in Malaysia. As the food industry growth rapidly nowadays, marketers need to know what is affecting the customers' selection when doing decision. Besides, in this competitive market, coffeehouse owner will benefit from this study as it helps them understand the customers' needs and what are the factors that will affect their selection. This study can serve as a reference for all restaurant marketers to understand their competitors. Other than coffeehouse operators, fast food restaurants, and other food services also can understand their competitors' advantage, and made improvement based on customers' preferences in order to reach their expectation.

1.8 Conclusion

In summary, this chapter provides a foundation on the background of this study. It also includes problem statement, research objective, hypotheses of the study and significance of the study.

Chapter 2: Review of Literature

Introduction

This chapter provides reviews of the factors influence customers' preferences towards coffeehouses. This chapter begins by providing information about how customers make their decision and discussion about relevant variables.

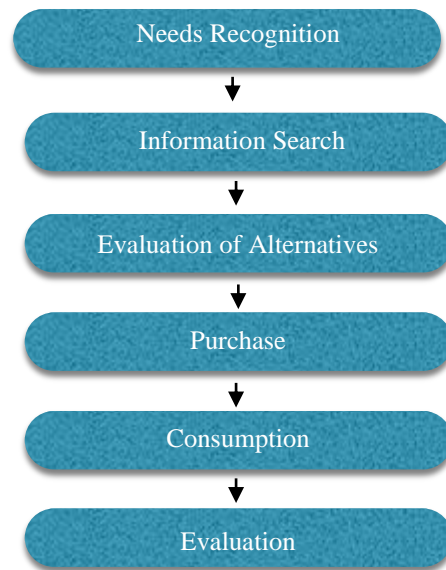
2.1 Literature Review

2.1.1 Customers Decision Process

Before customers make decision or do selection on buying something or do something, they go through several steps. Consumer behavior is able to explain as it explain why customers purchase the product they do, and how they made their decision on selecting a product or service. Bray (2008) claimed that customers' behavior explained "the mental, emotional and physical activities that people engage in when selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires". Bray also explained that, buyer behavior will influence by different social, psychological and marketing factors. Before consumers consider further purchase, they will go through a learning process and seek for new information.

Therefore, below are the steps of consumer decision process before consuming a product or service that suggested by Engel (1965):

Figure 2.1: Customer Decision Making Process



The consumer decision making process start after a need has been found out and consumer will involve in search for information for based on their need or problem. The moment before consumers make decision, it will influence by many factors like individual preferences, resources, culture differences and family. It is same when comes to choosing a coffee shop or other service (Bray, n.d.).

According to Akbar & Alaudeen (2012), in order to ensure business survival in today's situation, able to meet consumers' basic expectations is crucial. A restaurant that able to understand customers' need and exceed their expectation will able to success and outstanding. Furthermore, this study also suggested six factors that will affect consumers' choices. These factors included price, quality of service, food quality, location, restaurant environment, and trustworthiness (halal status) (Longart, 2015; Akbar & Alaudeen, 2012; Azim et al., 2014). Besides, some researchers also suggested that, word of mouth also a influential factor that affect customers selection especially in service industry (Buttle, 1998; Hui et al., 2014; Naz, 2014).

Haverila (2011) study on the relationship between preferences factors and customers' satisfaction claimed that they have a positive relationship. The result

showed that just partially factors able to support the relationship as only few preferences factors are significant to customers' satisfaction.

2.1.2 Customers' Preferences

In economic, consumers' preferences are different based on an individual judgment towards a particular thing or service. People will rank the goods or services based on his/ her like or dislike, and it's not affected by level of income and the price of the goods and services ("*consumer preferences*", n.d.; Ubeja & Jain, 2013; Thiagaraj, 2015). According to Fife- Schaw et al. (2007), consumer preferences tend to recognise the choices of consumer among neutral and more value options between few goods or services. They further explain that, consumer preference is affected by consumers' desirable level. Customers have different needs and desires when decide what to eat and where to dine out; these differences will lead customers to choose a restaurant that best fit their requirements and preferences (Choi & Zhao, 2010).

Ubeja & Jain (2013) and Adebiyi et al. (2016) also agreed that statement and explained that consumer preferences is measured by the degree of satisfaction the consumer get from using or consuming a product or service. Preferences are very subjective and may vary due to individual tastes and individual will rank the goods and services based on the utility level they provide to customers. In other words, it depends on customers' satisfaction. Moreover, according to Cao et al. (2011), customer's preferences for a product able to reflect to his or her inner world as customer's preferences are depend on customer's behavior and intention. This paper stated that, customers preferences are affected by few issues, for examples, environment, cost, performance and more.

Nowadays, the analysis on customers' preferences has become an extreme important criterion for business to improve their product quality in order to get competitive advantage (Pagliuca & Scarpato, 2011).

2.1.3 Customers' Satisfaction

Customers' satisfaction is created when a product or service provided by a company is able to meet or surpass customers' expectation. Satisfaction is an outcome from buyer after purchased and used, comparison between the reward and cost of the purchase, in relation to the anticipated consequences (Churchill & Surprenant, 1982). According to Singh & Saluja (2013), they defined customers' satisfaction as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals". To what extent a firm able to fulfill a customer's needs, expectation and desire, and it's better than the competitors also able to explain customers' satisfaction. Nowadays, customers' satisfaction is a key element to differentiate a company to another in this competitive marketplace and it also a key element in every companies' business strategy (Adebisi et al., 2016; Homburg et al., 2005; Singh & Saluja, 2013). Customers' satisfaction also claimed as a key indicator of company's future profit by Anderson & Sullivan (1993).

According to Abdullah et al. (2011) paper, they stated that, since year 1980, several scholars started to recognized that, traditional financial accounting systems no longer enough to manage a company to competing in the modern markets. At the same time, they realized that, non-financial business performance, that focus on customers satisfaction, service quality, customers complaints and others, started to take place in a company in order to compete in modern markets.

In Homburg et al. (2005) research paper, they also explained that why customers' satisfaction will link to a company profit. In the research paper, it stated that customers' satisfaction have positive impact on company profitability. They further explained satisfied customers able to provide positive word of mouth to new referrals and it will able to increase the firm profitability. Abdullah et al. (2011) also agreed that, highly satisfied customers are willing to return to buy the products or services that provided by the company. These repeat and referral business are able to improve company profitability. Besides that, satisfied customers will create loyalty customers (Hampshire, n.d.).

2.1.4 Environment

Environment of every coffeehouse are different based on different premise design. It can create by using different lighting, colors, sound or music, temperature and layout. These could affect customers' emotion and might affect their behavior, claimed by Jin (2015). Alonso & O'Neill (2010) further opine that customers dining experience depends on the value for money of the food and service provided but an ideal environment can improve dining experience and taken it to higher level of experience.

Ryu and Han (2010) stated that, people nowadays pay more attention on better eating environment and it becomes as important as saving time compare to earlier time. Thus many coffeehouses owner may design and decorate their coffeehouse in order to provide a comfortable and relaxing place for the customers. It helps them to retain and attract new customers. Nowadays, not only the food and beverages that provided will affect customers' preferences, an enjoyable dining atmosphere also important (Jin, 2015). Alonso & O'Neill (2010) and Abdullah et al. (2013) found that customers last and crucial perception of a dining experience may not essentially is from the plate they served or service quality but restaurant's environment and its style can be differential aspect in customers' key decision to choose a restaurant over others. Physical environment represent restaurant image and affect customers' perception of the restaurant image. According to Abdullah et al. (2013), factors that will affect the perception are higher ceilings, large openings with a view to the outdoor and others.

Ryu & Han (2010) claimed that physical environment is important as it affects customers' satisfaction, patronage, preference and it might affect customers' word of mouth. Desai (2011) stated that, "experience selling" is crucial in creating coffeehouse and comfort is the key. Many researchers agreed that, better dining environment is very important (Ryu & Han, 2010; Jin, 2015; Pecotic et al., 2014), as it satisfied customers' desire of comfortable and belongingness when settling down in a coffee shop (Desai, 2011). Besides, a study by Horng et al. (2013) suggested that, physical environment of a restaurant able to increase restaurant performance

and create a competitive advantage to the owner. Besides, Petzer et al. (2014) stated that design in store able to increase customers' purchase probability.

2.1.4.1 Background Music

According to Pecotic et al. (2014), by adjusting the music played in the restaurant according to restaurant image, it might increase the profits of the restaurant. This statement also agreed by Ryu & Han (2010), they claimed that atmospheric music may influence customers in many area especially affect their emotions, relaxation, satisfaction, dining, and waiting time. Harrington et al. (2014) further greed that music will influence customers' dining behavior and their preference if the music made them feels comfortable. In the research it stated that music will affect the average staying duration with the consideration of different dining time.

In Milliman (1986) research, the result showed that background music of a restaurant was able to significantly affect customers' behavior regardless music tempo. However, Caldwell and Hibbert (1999) and North et al. (2003) claimed that classic music are able to increase spending intentions effectively as it changed the restaurant atmosphere and promoted spending. They stated that by using different background music in different occasion it will increase customers' spending and classical music bring the most effective result as classical music able to create a upmarket environment and enhance purchase intentions. While Pecotic et al. (2014) stated that pleasant music like slow and soft music also can increase consumers' willingness to spend money and buy. Musinguzi (2010) also further explained that customers are able to eat more and spend more money in less noisy restaurants as it makes them feel relax and willing to stay longer time in the restaurant.

2.1.5 Price

From consumers' point of view, price is what consumers give or pay as an exchange for a product or service (Haghighi et al., 2012). Besides, the researchers

also claimed that, fairness of price is important to customers from psychological side. Hui, et al. (2014) also agreed that, if the perceived price is unfair, it will affect their willingness to buy or to consume and their perception value. Chaiyasoonthorn & Suksa-ngiam (2011) explained perceived price is the degree of customers seen the price of a product or service sold as high-priced or inexpensive. However, the researchers also claimed that, different customers with different cultures and different timing to consume will results different value. They claimed that perception value is very subjective and it different based on ever individual.

According to Hui et al. (2014), consumers are price conscious. They will compare the sacrifices they paid and the value that they will receive from the food they ordered and it will affect their decision making especially for value seeker. Brunsø et al. (2002) also stated that, price is the most important factor of purchase intention depends on product or service characteristic. Furthermore, they also claimed that, some consumer use price as an indicator of quality. They will value the product or service quality with price. Some consumers think that, higher price means better quality. Abdullah et al. (2013) agreed and stated that, promotions for limited time periods for the restaurants' such as new products were able to boost up sales and increase the customers' frequency of visits.

2.1.6 Service Quality

Marković et al. (2011) stated that in order to gain competitive advantages and assure business performance sustainable one of the methods is focus on service quality. The researchers further explained that, high quality services able to maintain customers' satisfaction and will lead to business success. Today's, the number of restaurant grows more and more, therefore, different restaurant tries to promote their differentness either in their service delivery style or in their special offered menu (Yulisetiari, 2014). Ghimire (2012) also agreed that organization or restaurant have the responsibility to offer good service for customers by providing their wants and desires and make them satisfied. Customers and business organi-

zation as well as restaurant owner have a give and take relationship. With provide good service quality, it able to attract more customers (Yulisetiari, 2014).

Parasuraman et al. (1988) established SERVQUAL to measure service quality. It measures the gap between the service that customers think the service provider should provide and what services they think they actually received. This instrument divided into 5 dimensions which are tangibles, reliability, responsiveness, assurance, and empathy (Markovic et al., 2013). The researchers stated that, among variety of measuring technique and tools to access the service quality, SERVQUAL is the most widely used and popular instrument.

In addition, Chow et al. (2013) proposed that among these five dimensions, reliability and responsiveness are more applicable in restaurant context. This statement also agreed by Doukoure & Supinit in 2016 as they found that customers view highest expectation scores on reliability and responsiveness among five dimensions of SERVQUAL. Rao (2014) explained that, reliability represents the ability of the service provider to perform promised service accurately, while responsiveness is the willingness to help customers and provide prompt service. It means that, the attitude of the staffs of a restaurant and how they deliver are very important to customers.

2.1.6.1 Reliability

Rahim & Nasir (2011) explained that the meaning of reliability is “the ability to perform the promised service dependably and accurately”. It is very important for service provider to accomplish their promised especially for a restaurant. According to Doukoure & Supinit (2016), an excellent restaurant able to perform promised service accurately. Nduba & Supinit (2015) and Doukoure & Supinit (2016) proposed that reliability of the customers towards restaurants’ workers is the most important for customers to visit the restaurants. Reliability not only plays an important role in restaurant, it also important to coffee shop in Thailand. Customers always hoped that restaurants are able to provide promised service accurately. In the study of Sabir et al. (2014), they claimed that reliability is important to full

service restaurant industry in Pakistan. The more reliable the customers are, the more the customers will be satisfied with the restaurant.

According to Rahim & Nasir (2011), service reliability can be measured by the accuracy of service provided by the workers. Fresh food is delivered at right temperature to the correct table was one of the ways customers review the restaurants' reliability.

2.1.6.2 Responsiveness

Responsiveness as defined by Chingang & Lukong (2010) is the willingness of workers to assist customers and provide responsive service. Customers able to obtain information they want and employees always able to serve customers promptly upon their request are categories in responsiveness of the employees. According to Andaleeb & Conway (2006) responsiveness of employees are just as important as food quality and price to the customers. This statement is supported by Marković et al. (2010). However a study by Ramseook-Munhurrin (2012) mentioned that responsiveness, assurance and empathy are categories in one dimension as restaurant staff should show that they care about the customers (empathy), and provide responsive service (responsiveness) to the customers with trust (assurance).

2.1.7 Food Quality

Mhlanga & Tichaawa (2016) stated that special food taste and health ingredients play an important role when customers selecting a restaurant. That's the reason why restaurant often offer new menus or different selection to increase customers frequent. Rosalin & Soetanto (2006) also claimed that customers' preferences always changed and every consumer has different requirement and preference on food characteristics and food nutritional value. Ryu et al. (2012) further explained that, excellent food quality with good environment and service quality will satisfied the customers' needs from all aspects. Ha & Jang (2012) also agreed and sup-

ported that food quality is a critical element that will affect customers' future behavioral intentions in restaurant context. Food quality was found to be the most important factor that influences customers' restaurant selection, explained by Wang & Chen (2012).

According to Petzer & Mackay (2014), quality food can be described as well present, tasty and fresh food. Ryu et al. (2012) also agreed that, the taste of food, freshness and attractiveness of the food are very important to customers. Longart (2015) suggested that the quality of food can be attributed into food freshness, colour and taste. Researcher also explained that these factors will affect the food appeal and affect customers' appetite. Food that looks fresh will make customers feel that the quality of food is really good. It showed that, the appearance of the food is really important factor for a quality food. Akbar & Aladeen (2012) also concluded that some consumers more emphasize on food quality compare with price. Past study also state that quality food and taste is the main reason motivating customers' selection of a restaurant.

2.1.8 Location

Although some researchers suggested that location of the restaurant no longer the important factor that affect customers selection on restaurants, as people nowadays willing to travel longer distance if there are a full service restaurants that with tasty food, good service and at reasonable price (Eliwa, 1993). Haghighi et al. (2012) research paper also stated that the impact of restaurant location is not confirmed. Some customers think that the taste of food and good environment are more important and location is not significant in affecting their selection.

However, according to Yulisetiari (2014), restaurants should locate in a strategic location and easy to access. Chaiyasoonthorn & Suksa-ngiam (2011) explained that location must be strategic so that customers easy to reach. Far distance will affect the selection of the customers as it's far and will reduce their frequency of visiting there. Longart (2015) also explained from customers' point of view, location also consider the convenience of the public transport and parking slot.

Medeiros & Salay (2013) also supported that location is important in the selection of food service, especially for those restaurants that located close to work place or residence. Besides, the researchers stated that location is a important attribute especially for customers with no information concerning. Most of the consumers will choose restaurants that convenient located and nearby them especially they didn't do online searching for restaurants, looking for review of particular restaurant.

2.1.9 Word of Mouth

For recent years, word-of-mouth (WOM) has been recognised as a major influence on what people feel, know, and do (Buttle, 1998). Buttle (1998) stated that WOM was more effective than advertising in raising awareness and affecting the decision to try particular product or service. In past thirty years, internet innovation created different way for people to communicate with each other's. It is easier and more efficient for people to share information (Naz, 2014). Nowadays, people can easily find a product or service recommendation or opinion online. The way people using online network to spread information and critique called electronic word of mouth and it's known as strongest and essential element of business to influence customers' selection.

Word of mouth can be categories as positive and negative word of mouth. Regarding to positive word of mouth and negative word of mouth, it generated base on customers' satisfaction and their experience. An explanation from Naser et al. (1999), satisfied customers likely to share their favorable experiences to others and it will be positive word of mouth advertising for a firm. On the other hand, dissatisfied customers will engage in negative word of mouth advertising and most probably will likely to switch brand. Longart (2010) stated that positive word-of-mouth is a restaurant's useful and free promotion. It's from past consumers' experience and opinion and it's based on their investigation on dining and service provided. Longer (2010) further explained, if positive recommendations

are provided, it will increase the intention towards eating out in a particular restaurant as it created referent beliefs.

In order for consumers to reduce perceived and uncertainty risk, consumers will search for WOM when making purchase decision.

2.2 Research Gap

Impact of word of mouth on coffeehouse

There are bunches of research paper examining the impact of positive and negative word of mouth towards brand preferences, customers decision making and others (East et al.,2008; Ahmad et al., 2014; Basri et al., 2016; Lerrthaitrakul & Panjakajornsak, 2014) . As word of mouth as an important marketing tool in this century, it influences customers' preferences directly. This study hopes to provide marketers with some knowledge on literacy that are inadequate and fill in the research gap related to impact of word of mouth towards customers' preferences of coffeehouses in Malaysia.

2.3 Conclusion

Literature reviews of independent and dependent variables had been discussed in this chapter. In chapter 3, proposed conceptual model and research methodology will be examined.

Chapter 3: Research Methodology

Introduction

Proposed conceptual framework and hypotheses development will be discussed in this chapter. Besides, methodology used to design the research question and collect data will be presented in this chapter. In addition, construct measurement and data processing process will be explained in this chapter.

3.1 Research Design

The type of research method used in this research paper will be quantitative research method. This method is used to analyze hypotheses and collect data. According to Williams (2007), quantitative research includes the action of collecting, examining and determining and recording the results of a research. Quantitative method also known as a systematic way to investigate the relationships between measurable variables. Therefore, by using quantitative method in the paper, researcher is able to investigate and analyze the relationship between variables along with this paper's research objective.

Moreover, descriptive research is conducted to investigate the factors that affect customers' preferences towards choosing a coffeehouse. This type of research aimed to define the characteristic of the variables and examine correlations relationship between two or more variables. Descriptive research included three methods which are observation studies, correlation research and survey research. In this paper, researcher will use survey research, distribute questionnaire to a sample of population, and summarize and analyze their response.

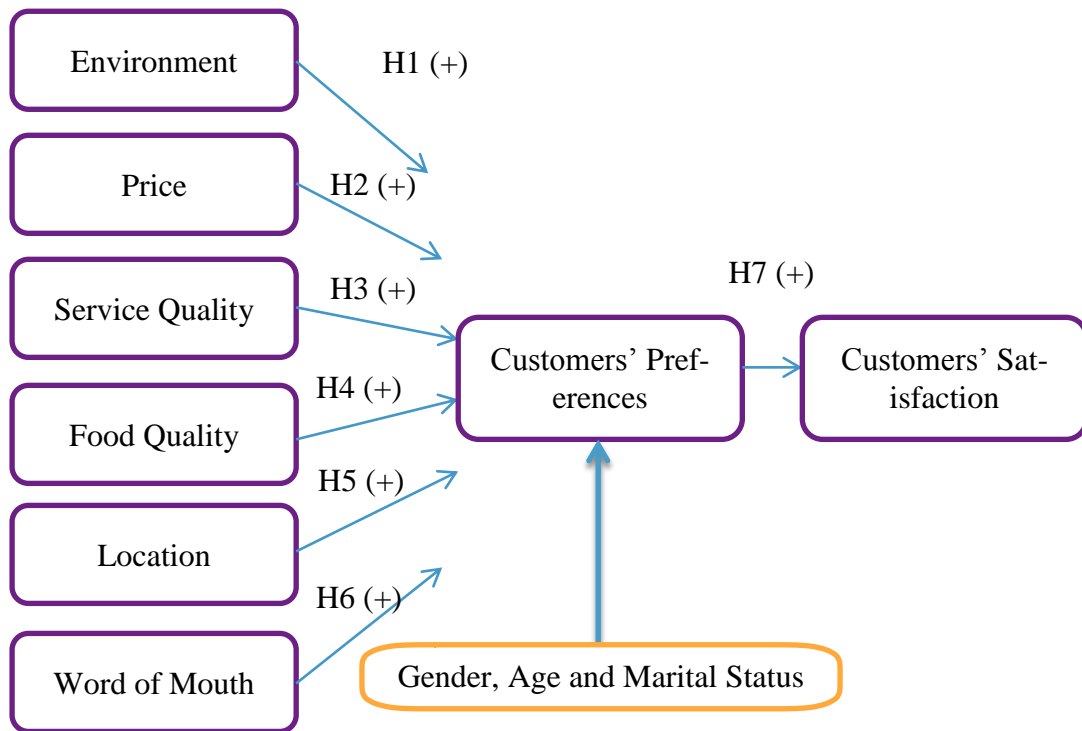
3.1.1 Proposed Theoretical/ Conceptual Framework

Figure 3.1 below shows the proposed conceptual framework will be used in this study. Various models and frameworks were used to explore customers' satisfaction, customers' preferences and its variables. In this study, the customer decision model (also known as the Engel-Blackwell-Miniard Model) is used as a guideline for this paper. This model was proposed by Engel-Kollat-Blackwell in 1968 to explain how customers decide and pick an alternative when facing choices.

Figure 3.1 show that six variables included environment, price, service quality, food quality, location and word of mouth as independent variables that will affect customers' preferences on coffeehouse. At the same time, demographic variables such as gender, age and marital status also illustrated as variables that will affect customers' preferences towards coffeehouse.

Besides, customers' preferences act as an intermediate variable that will affect customers' satisfaction. The conceptual framework is proposed to identify the dependent and independent variables and understand their expected relationship. The dependent variable and independent variables were discussed in previous section.

Figure 3.1: Proposed Conceptual Framework



3.1.2 Hypotheses Development

Hypothesis 1

When customers buying and consuming a product in a restaurant, the most significant feature that will affect customers are the ability to provide a good environment for the customers, as Pecotic et al. (2014) cited. According to Abdullah et al. (2013), “differences in environmental setting that influence customer preference in different ways”. With good environment and atmosphere, for examples, design of space and the interior design, it will affect customers’ behavior and increase their satisfaction. A good environment for customers to feel comfortable and relax may enhance their preference and satisfaction towards the coffeehouse.

H1: There is positive significant relationship between environment and customers’ preferences towards coffeehouse in Malaysia

Hypothesis 2

Abdullah et al. (2011) found that price will significantly affect customers' preferences as perceived price fairness and promotions are able to attract and increase customers' visits frequency and fuel up sales. When coffeehouses increase their menu's price, it will cause customers' preferences level lower. However, Koo et al. (1999) stated that when customers took their family meals, customers are more concerned with price. They are least concern when having business meals as most of the time business meals are paid by employer.

H2: There is positive significant relationship between price and customers' preferences towards coffeehouse in Malaysia

Hypothesis 3

When perceived service quality is high, it will affect customers' preferences and it will also increase customers' satisfaction. Azim et al. (2014) explained that, most of the people are more conscious about the manner of employees when serving them. If a coffeehouse staff able to serve customers nicely, it will increase their preferences level towards the coffeehouse. Kontot et al. (2016) agreed that service quality is important factors that affect customers' selection and preferences.

H3: There is positive significant relationship between service quality and customers' preferences towards coffeehouse in Malaysia

Hypothesis 4

Food quality is important and will significantly affect customers' preferences. According to Joshi (2012), it also rated as most important factor that will influence customers' decision and patronage. Besides, Azim et al. (2014) also stated that a good food quality and taste will have positive impact to customers. Freshness of food, variety of menu, attractiveness of the food will level up customers' preferences towards a particular coffeehouse.

H4: There is positive significant relationship between food quality and customers' preferences towards coffeehouse in Malaysia

Hypothesis 5

Convenience of location of a restaurant have positive impact to the customers. According to Kim et al. (2010), restaurant that located near the place they live or work will be the reason they dining in there and patronage. The more convenience is a coffeehouse location (easy to get parking, nearby workplace and others), it will make customers more prefer the coffeehouse. Moreover, Akbar & Alauddeen (2012) found that Chinese are more concern on the restaurant location compared to the other groups (Malay, Indian and others).

H5: There is positive significant relationship between location and customers' preferences towards coffeehouse in Malaysia

Hypothesis 6

Word of mouth from others will have positive impact toward customers' preferences. From Tung (2003) research, they found out that, single individuals are more concerned about recommendation from others than married respondents. Single individuals will be more reliable on recommendations, they feel a successful dining experience is important for them as they spent more time alone. They may obtain reviews via online or referral from friends and family.

H6: There is positive significant relationship between word of mouth and customers' preferences towards coffeehouse in Malaysia

Hypothesis 7

When customers' preferences towards a coffeehouse increase, it will lead to higher customers satisfaction. According to Seo (2012), it is crucial for service providing companies realized that customers preferences in order to satisfy their custom-

ers more effectively. Furthermore, in Ji & He (2013) research, customers' preferences presented positive relationship to customers' satisfaction.

H7: There is a positive significant relationship between customers' preferences and customers' satisfaction

3.2 Data Collection Method

There are two types of data which are primary data and secondary data. For primary data, it can be collected by using questionnaire, interviews, focus group interview, observation and other methods. While for secondary data, it's the data collected earlier by other researchers or for other purpose such as administrative records, official satisfies and more (Hox & Boeij, 2005).

For this paper, structural questionnaire were delivered to respondents to collect primary data as this method can easily reach a large number of people by using email and smartphone through online Google form. However, it might takes longer time and response rate from respondent might be low (aitrs, n.d.). Although questionnaire method can be conducted easily as it is very convenience by using internet nowadays, but not everyone interest to help and finish the questionnaire sincerely.

Besides, secondary data which includes data that collected and analysed by past researchers also used in this research. Sources of secondary data are able to obtain from internet like published journals and articles as well as book references. These information usually ready to use and easy to obtain although the accuracy and reliability of the data might be doubt.

3.3 Sampling Design

Under sample design, it presents the information and provides descriptions about this research paper sampling frames and their coverage, selection probabilities, sampling units and sample sizes (Mohadjer et al., 2013). Sampling design able the researcher to consider how many respondents are required in order to obtain accurate result in more efficient way (Geneva, 2003).

3.3.1 Target Population

In order to make sure that interested population is adequately covered, researcher need to make a clear and precise definition of the target population (Mohadjer et al., 2013). The objective of this paper is to explore factors that affect customers' preferences towards coffeehouse in Malaysia, therefore, targeted respondents for this research's questionnaire were consumers who have visited coffeehouse in Malaysia at least once without races and age restriction among male and female.

3.3.2 Sampling Frame and Sampling Location

According to Mohadjer et al. (2013) sampling frame is very important for a research paper, the quality if sampling frame will affect the quality of sample as sampling frame is the sample selected list. Moreover, sufficient information on the sampling frame must be provided in order to conduct sampling, data collection and other analyses. However, the sampling frame is no available in this study. Thus, non-probability sampling technique is applied in this research.

Sampling location is the place where data will be collected. The sampling location will be focused in Klang Valley area. The reason to choose Klang Valley area because it covered Selangor district and Federal Territory (ExpatriateGo Staff, 2014).

3.3.3 Sampling Elements

For sampling elements, the targeted respondents of the questionnaire must be those who visited and consumed in a coffeehouse before. As it is easier for the respondents to evaluate and comment what the reason they prefer a coffeehouse among other coffeehouses based on past dining experience in the coffeehouse. Besides, these respondents are selected regardless gender, age and races. These respondents also consist of different study background and income level. Thus, we are able to obtain more common and accurate results.

3.3.4 Sampling Technique

Sampling techniques are categorized into two major types which are probability sampling and non-probability sampling methods. In this paper, non-probability sampling technique is used. For non-probability sampling, every people in the population wouldn't get an equal chance to participate in the investigation. The selection of sample is based on *investigator* (researcher) subjective judgment.

Under non-probability sampling method, convenient sampling method is used to select respondents as anyone who is available among target population will be approached. By using this method, researcher able to done research quickly and economically as it able the researcher to collect data conveniently to the people they met and qualified for the questionnaire easily.

3.3.5 Sampling Size

According to Roscoe's simple rules of thumb that suggested in year 1975, sample size should be in between 30 to 500 cases. This is because researcher will be benefit from central limit theorem and able to convince the sample error will not more than 10% of standard deviation. In this research, 200 sets of questionnaire were sent to public in at a collection stage.

3.4 Research Instrument

Questionnaire was used as research instrument in this study to get primary data from target population. The questionnaire of this study is distributed to respondents by sending email and message with Google docs' link in order to complete online survey.

3.4.1 Questionnaire Design

As the questionnaire will be sent to respondents through internet, the questionnaire design is very important for the respondents understanding and clarification. The question of the questionnaire is from adaption of the questionnaire of previous researches.

The layouts of the questionnaire are divided into five sections. Before start with section A questions, the cover page is provided with the introduction and the purpose of conducting this research. Then, it will start with first section, Section A, which measure all the variables of the research includes environment, price, service quality, food quality, location and word of mouth. The purpose of the section is to obtain information from respondents and examine the relationship of each variable.

Next, it asked on the intermediate dependent variable and dependent variables, customers' preferences and satisfaction. Section A is aimed to investigate the relationship among independent and dependent variables. For section B, it required background study of respondents, their preferences towards coffeehouses and lastly in section C, demographic information of the respondents is collected. Questions such as age, gender, occupation, income, education level and others will be ask to collect profiles of respondents.

3.5 Construct Measurement

Measurement scales are used to measure each type of variables' unit. Generally, measurement scales can be divided into four types which are nominal, ordinal, interval and ratio. Nominal scale is used for qualitative variables and respondents are classified into different groups. It is usually used in sex, race and religion. In the questionnaire, section C is using nominal scale to measure respondents such as gender, race, marital status and others. For example, gender:

Male = 1

Female = 2

Ordinal scale is used to observe rank order, opinion or attitude towards an object. Besides, ordinal scale also will be used to place objects in order. However, the differences among the numbers on the scale don't carry any information. Therefore, in section B ordinal scale is used in some questions like "What are your top THREE (3) reasons for NOT choosing a coffeehouse?".

Moreover, according to "*Measurement*" (2006), an interval scale has a constant interval but lacks a true 0 point. Hence, interval scale is used in section A of the questionnaire. In the questionnaire, 5-point Likert scale is used to measure and capture the degree of agreement of the respondents towards independent and dependent variables. The 5-point Likert scale is ranked from strongly disagree (1) to strongly agree (5) as shown below (Table 3.1):

Table 3.1: 5-point Likert scale

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a. The background music is pleasant.	1	2	3	4	5
b. Seating arrangement makes me feel comfortable.	1	2	3	4	5
c. The facility layout allows me to move around easily.	1	2	3	4	5
d. Table/seating arrangement gives me enough space.	1	2	3	4	5
e. Attractive interior design.	1	2	3	4	5

3.5.1 Origin of Construct

Table 3.2 below lists questions for different independent and dependent variables.

Table 3.2: Origin of Construct

Construct	Items	Source
Environment	1. The background music is pleasant. 2. Seating arrangement makes me feel comfortable. 3. The facility layout allows me to move around easily. 4. Table/ seating arrangement gives me enough space. 5. Attractive interior design.	Muhammad & Lee (2015) Abdullah, Abdurahman & Hamali (2013)

Construct	Items	Source
Price	<ol style="list-style-type: none"> 1. The coffeehouse offered good value for the price. 2. The experience on coffee-house was worth the money. 3. This coffeehouse provides me great value as compared to other coffeehouses. 4. Special pricing for regular customers. 5. Charging reasonable price. 	<p>Ryu, Lee & Kim (2012)</p> <p>Abdullah, Abdurahman & Hamali (2013)</p>
Service Quality	<ol style="list-style-type: none"> 1. Employees give prompt service to customers. 2. Employees are able to provide good and friendly answer for customer's complaint. 3. Well-trained, competent and experienced staff. 4. Delivering customers' orders accurately. 5. Employees made me feel comfortable when dealing with them. 	<p>Rao (2014)</p> <p>Abdullah, Abdurahman & Hamali (2013)</p>

Construct	Items	Source
Food Quality	<ol style="list-style-type: none"> 1. The coffeehouse offered fresh food. 2. The coffeehouse offered a variety of menu items. 3. The coffeehouse offered good and unique taste food. 4. The food presentation was visually attractive. 5. The food portion in the coffeehouse was enough, satisfying my hunger. 	<p>Ryu, Lee & Kim (2012)</p> <p>Ha & Jang (2012)</p>
Location	<ol style="list-style-type: none"> 1. The coffeehouse location is easily accessible. 2. I select this coffeehouse because it's near to my workplace or home. 3. I select this coffeehouse because it's not far away from prime location. 4. The parking lot is safe. 5. Wide parking area. 	<p>Azim et al. (2014)</p>

Construct	Items	Source
Word of Mouth	<ol style="list-style-type: none"> 1. I will say positive things about this coffeehouse to other people. 2. Word of mouth provides helpful information. 3. I will encourage relatives and friends to visit the coffeehouse. 4. When I choose to dine in a coffeehouse, the reviews presented on the website are helpful. 5. When I choose to dine in a coffeehouse, the reviews presented on the website make me confident in dining in the coffeehouse. 	Babin et al. (2005)
Customers' Preferences	<ol style="list-style-type: none"> 1. I can do many activities here instead of drinking coffee. 2. This place is comfortable either alone or group meeting. 3. I came here because other people recommendation. 4. I came here because I want to try new place. 5. The appealing is attractive. 	Muhammad & Lee (2015)

Construct	Items	Source
Customers' Satisfaction	<ol style="list-style-type: none"> 1. Service provided by the coffee shop exceeds my expectations. 2. I think that I made the right decision after I dine in this coffee shop. 3. My experience has been positive in general. 4. The service is well managed. 5. Overall, I am satisfied with the coffee shop. 	

3.6 Data Processing

Before analyzed collected data, these data are needed to organize and generate into a useful way. In order analyzed, these data need to go through few processes which are data checking, editing, coding, transcribing, and cleaning.

3.6.1 Data Checking

Data checking is the first and major step before researcher run and analyze collected data. It is important to check the completeness and accuracy of the data in order to minimize the error occur. Errors such as mistake during key in the data, or typo are crucial and need to take immediate action to correct it so that it wouldn't affect the result.

3.6.2 Data Editing

When found any error in the data checking process, the data will be review and adjust to ensure the collected data are consistently and accurately key in and recorded.

3.6.3 Data Coding

A set of data is necessarily included different codes as it represents data value and meaning, so that the set of data are clearer and more compact (*"Data processing"*, n.d.). In the questionnaire, respondents' responses are coded accordingly, for example: male will be code as 1 while female coded as 2.

3.6.4 Data Transcribing

In this process, data collected will be transferred and recorded in SPSS software in order to process and analyze.

3.6.5 Data Cleaning

Data cleaning which also named as data cleansing or scrubbing. In this process, errors and inconsistencies that detected from data collected will be removed to improve data quality. Error such as duplicate information, invalid data and more should be detected and eliminated (Rahm & Do, 2000).

3.7 Data Analysis

After data collected from respondents been processed and cleaning, it will analyse by using software called Statistical Package for the Social Sciences (SPSS). SPSS

will be used to perform data entry and analysis process, and generate result using graphs and tables.

3.7.1 Descriptive Analysis

Descriptive analysis refers to the process that raw data collected is arranged and summarized into a form that easy to understand and explain. This helps researchers able to use the result to explain the current phenomena and able to predict future trends by using summaries from the samples and measures collected (*“Descriptive analysis”*, n.d.). Central tendency (mean, median and mode), variability, normality and probability will be measured, analyzed and the conclusion will be showed mostly in graphic form so that it will be more understandable and concrete.

3.7.2 Scale Measurement

3.7.2.1 Normality Test

Before testing the correlation, regression of the collected data, we need to make sure that, our observations are normally distributed. SPSS will be used to run normality test to confirm that it's normally distributed. The easiest way is by looking at the histogram. If the graph shows bell-shaped curve, it means to be normally distribution or to be normally distributed (Das & Imon, 2016). Besides, we also can observe the distribution from the skewness and kurtosis.

3.7.2.2 Reliability Test

Reliability is one of the most crucial parts to test quality. It is affected by consistency and performance of the test. Furthermore, reliability of the data is closely affected towards its validity. According to Tavakol & Dennick (2011), they

claimed that “an instrument cannot be valid unless it is reliable”. In order to measure the reliability, Cronbach’s alpha will be used.

There are few papers stated that Cronbach’s alpha range between 0 to 1 and the acceptable value of Cronbach’s alpha is ranging from 0.70 to 0.95, while 0.90 has been recommended as maximum alpha value this is because if alpha value is too high, it might involve in redundant error in the report (Tavakol & Dennick, 2011). Besides, score that more than 0.70 is acceptable generally (Glen, 2014).

Table 3.3: Rule of Thumb for Cronbach’s Alpha result

Cronbach’s Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Glen (2014)

3.7.3 Inferential Analysis

Inferential analysis help to conclude the populations by data collected. Statistical analysis used and the data collected will be described based on statistical measurement provided by researchers (“*Inferential analysis of data*”, n.d.).

3.7.3.1 Multiple Linear Regression

Multiple Linear Regression (MLR) is carried out to estimate and predict the values and relationship of dependent and independent variables. According to Tranmer & Elliot (n.d.), multiple linear regression is to estimate the relationship between a dependent variable and each independent variables.

The relationship of variables will be represented by the following equation:

$$Y = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + e_i$$

Where

Y = dependent variable

β_0 = constant term

β_i = coefficients of the related independent variables

X_i = independent variables

In this research study, MLR is adopted to investigate the impact of the independent variables: environment, price, service quality, food quality, location and word of mouth, towards the dependent variable: customers' preferences towards coffee-houses.

The MLR is formed as below:

$$CP = \beta_0 + \beta_1 ENV + \beta_2 P + \beta_3 SQ + \beta_4 FQ + \beta_5 L + \beta_6 WOM$$

Where

CP = Customers' Preferences

ENV = Environment

P = Price

SQ = Service Quality

FQ = Food Quality

L = Location

WOM = Word of Mouth

With above equation, researcher is able to examine and determine prediction from different variables and effect towards customers' preferences.

Moreover, in order to investigate the relationship and effect of customers' preferences towards customers' satisfaction, Simple Linear Regression (SLR) is adopted and formed as below:

$$CS = \beta_a + \beta_b CP$$

Where

CS = Customers' Satisfaction

CP = Customers' Preferences

3.8 Conclusion

This chapter outlined the chapter the method adopted to carry out this study. In chapter 4, result of the study will be discussed.

Chapter 4 Research Result

Introduction

This study reports the result of the survey conducted through survey questionnaire. 173 responses from different demographic background are analyzed by using SPSS software. The result are presented and discussed in this chapter.

4.1 Descriptive Analysis

Descriptive analysis is run to organize and summarize the data collected by showing in tables, charts, and others form. Frequency distribution, mean and more are examined in this section.

4.1.1 Demographic Profile

In section C, respondents' personal information like age, gender, marital status, ethnicity, educational level and employment status are collected. Data collected are shown in table form so that it's easier to understand.

Based on the table 4.1, it shown that female respondents (61.8%) are slightly more compare to male respondents (38.2%). Most of the respondents are less than 25 years old. There are 63% of respondents are under 25 years old while 37% of respondents are 25 years old or elder. Besides, majority of respondents are Chinese which consists 94.8%. About 87.3% of respondents are single while 12.7% of the respondents are married.

Table 4.1 Respondents' Demographic Profile

	Percent (%)	Sample (n)
Gender		
Female	61.8	107
Male	38.2	66
Age Group		
< 25 years old	63.0	109
≥ 25 years old	37.0	64
Ethnicity		
Chinese	94.8	164
Others	5.2	9
Marital Status		
Single	87.3	151
Married	12.7	22
Educational Level		
Secondary school & Pre-U	12.1	21
Diploma & Degree	71.7	124
Others	16.2	28
Employment Status		
Unemployed	16.8	29
Employee	41.0	71
Employer	5.8	10
Full Time Student	36.4	63

In addition, in table 4.1, it displays that the highest education level of respondents' majority is Diploma or Degree holders, which is 71.7%, followed by others which included postgraduate or professional certificate holders, 16.2% and secondary school and pre-U holder, 12.1%. For respondents' employment status, 41% of respondents currently working, and 5.8% of respondents work as employer. Besides, 36.4% full time students and followed by 16.8% respondents are unemployment.

4.1.2 Customer Background

In the questionnaire, section B was created to capture respondents characteristic to dine in a coffeehouse. In this section, 7 questions are asked: 1.) How often do respondents eat in a coffeehouse, 2.) What time of the day, 3.) When, 4.) Types of coffeehouse they prefer, 5.) The main reasons for eating out, 6.) Top 10 Reasons choosing a coffeehouse and 7.) Top 10 Reasons not choosing a coffeehouse.

Table 4.2 Customers' Background

	Percent (%)	Sample (n)
How often do you eat in a coffeehouse?		
Infrequently	34.7	60
Occasionally	34.7	60
Regularly	21.4	37
Frequently	9.2	16
What time of the day do you eat in coffee-house?		
Breakfast	10.4	18
Lunch	49.1	85
Dinner	39.9	69
When do you dine out the most?		
Weekdays	39.9	69
Weekends	60.1	104

The number of times of respondents dining in a coffeehouse varied from once a month or less (infrequently) to five times or more per week (frequently). The responses distribute evenly among infrequently and occasionally, which are both 35%. 21% of respondents went to dine in a coffeehouse regularly, while 9% of respondents will dine in a coffeehouse frequently.

From table 4.2, it shows that around half of respondents will choose to eat on coffeehouse in lunch time, followed by dinner (40%), and then only breakfast (11%). In addition, more than half of the respondents (60%) will choose to eat in a coffeehouse during weekends and others will go during weekdays.

Table 4.3: Types of coffeehouse you prefer to eat at most of the time?

	Percent (%)
Cafe	53%
Roaster/ retailers	31%
Coffeehouse	29%
Retail coffee shops	21%
Coffee bar	21%
Coffee carts and trucks	17%
Drive thru coffee shop	6%

n = 173

From table 4.3, it tells that more than half of respondents prefer to dine in cafe. The popularity of the types of coffeehouse based on respondents' preferences follow accordingly from roaster or retailers (31%), coffeehouse (29%), retail coffee shops (21%), coffee bar (21%), coffee carts and trucks (17%), and lastly drive thru coffee shop (6%).

Table 4.4: Main reasons for eating out

	Percent (%)
Meeting friends/ entertaining	80%
A treat	38%
Convenience	34%
Family occasions	29%
Business dining	13%

n = 173

Moreover, among 173 respondents, 80% of them stated that the main reasons they eating out are because of entertaining or meeting up with friends. There are 28% out of 173 respondents agree that they eating out as a treat for themselves. In addition, 34% think that it's more convenience to eating out, followed by eating out because of family occasions (29%) and business dining (13%).

Table 4.5: Top 10 reasons choosing a coffeehouse

	Percent (%)
Food quality	66%
Value for money/ deals and offers	43%
Menu variety	36%
Cleanliness	35%
Service quality	34%
Location	34%
Personal recommendation	21%
Decoration	20%
Reputation	19%
Reviews	18%

n = 173

Referring to table 4.5, the top main reason respondents choosing a coffeehouse is because of the food quality (66%). Value for money/deals and offers that offered by a coffeehouse are the second reason why respondents prefer a particular coffeehouse. Other than that, menu variety offered, cleanliness of the coffeehouse, service quality provided and others also the main reason for choosing a coffeehouse.

Table 4.6: Top 10 reasons not choosing a coffeehouse

	Percent (%)
Poor food quality	62%
Poor service quality	49%
Poor cleanliness	46%
Previous bad experience or bad reputation	41%
Inconvenient location	28%
Poor reviews	24%
Poor menu variety	23%
No deals and offers/ value for money	21%
Limited table available	18%
Limited drinks list	13%

n = 173

On the other hand, the top main reason why respondents don't choose a coffeehouse is also because of the food quality. Besides, around 50% of the respondents agreed that poor service quality and poor cleanliness of the coffeehouse are the reasons why they don't choose that coffeehouse. Other reasons like previous bad experience, inconvenient location, poor reviews, poor menu variety and others are also the reasons respondents choose not to dine in that coffeehouse.

4.2 Factor Analysis

The Kaiser-Meyer-Olkin (KMO) measure should be bigger than 0.7, and is inadequate if the measure is less than 0.5, which means that the factors have not enough items to predict. Result from SPSS shows that, the KMO measure is 0.872, shows that the result is meritorious, enough items are predicted for each factors. Besides, the Bartlett test result is significant ($P=0.000$) as it less than the significant level ($P<0.05$) and it means that variables are highly correlated.

From table 4.7 below, it shows that 35 items are categorized into 9 factor loadings. SERQ3 with high loading is loading in factor 1 followed by SERQ1, SERQ2, SERQ4 and SERQ5. The second factor, which seemed to index customers' satisfaction, was composed items CS5, CS4, CS3, CS2 and CS1 with loading in factor 2 of the table. The third factor, which represents location of a coffee-house, brought five items L2, L1, L5, L4 and L3 loading in factor 3 column. L3 with the lowest loading from the location factor had a cross-loading on factor 4.

In factor 4, which index reviews from others, was composed only 2 items which are WOM4 and WOM5 loading in factor 4. However, for WOM1, WOM2 and WOM3 are loading in factor 9 as they both explain word of mouth of customers. Next, ENV4, ENV2, ENV1 and ENV3 are loaded in factor 5 that explained the environment of a coffeehouse. For sixth factor, that explained customers' preferences, loaded CP2 and CP1 in sixth factor column. In addition, FQ3, FQ2, FQ1, FQ5 and FQ4 that indicate food quality are loaded in factor 7. Lastly, P2, P3, P1 and P5 that measure value of money that provided by a coffeehouse are loaded in factor 8.

Table 4.7: Factor analysis

	Factor									<i>α</i>	mean	SD
	1	2	3	4	5	6	7	8	9			
Service Quality										0.867	4.180	0.592
SERQ3	.743											
SERQ1	.633											
SERQ2	.631											
SERQ4	.599											
SERQ5	.496											
Customers' Satisfaction										0.901	3.897	0.586
CS5		.880										
CS4		.823										
CS3		.763										
CS2		.747										
CS1		.625										
Location										0.801	3.757	.673
L2			.765									
L1			.643									
L5			.462				-.382					
L4			.457				-.342					
L3			.454	-.365								
Reviews from other customers										0.82	3.841	.815
WOM4				-.829								
WOM5				-.774								
Environment										0.743	4.025	.522
ENV4					.681							
ENV2					.639							
ENV1					.490							
ENV3					.404							
Customers' Preferences										0.615	3.954	.659
CP2						.536						
CP1						.525						

	Factor									α	mean	SD
	1	2	3	4	5	6	7	8	9			
Food Quality										0.814	4.000	.656
FQ3							-.793					
FQ2							-.635					
FQ1							-.564					
FQ5							-.512					
FQ4							-.321					
Price										0.839	3.945	.719
P2								.664				
P3								.540				
P1								.443				
P5								.413				
Word of Mouth										0.719	3.994	.583
WOM1									-.858			
WOM2									-.490			
WOM3									-.373			
Eigenvalues	11.526	2.618	2.088	1.588	1.517	1.406	1.330	1.223	1.062			
% of Variance	31.837	6.483	4.871	3.388	3.146	2.787	2.667	2.192	2.017			
Cumulative %	31.837	38.320	43.191	46.579	49.725	52.513	55.179	57.371	59.388			

4.3 Reliability Analysis

According to Tavakol & Dennick (2011), Cronbach alpha is used to provide a measure of the internal consistency of a test. It is expressed in number among 0 to 1. Based on the result shown on table 4.7, all items are considered as variables because all of the alpha value is more than 0.6. The dependent variable customers' satisfaction has the highest alpha value of 0.901 and followed by an independent variable, service quality with alpha value 0.867, and they both have 5 items loading.

Moreover, price has alpha value 0.839 with 4 items, followed by reviews from other customers with alpha value 0.82 that have only 2 items. However, customers' preferences that also consist of 2 items have the lowest alpha value 0.615. In addition, food quality and location have a very close alpha value which is 0.814 and 0.801, both with 5 items loading. Environment with 4 items loading have alpha value of 0.743 while word of mouth with 3 items loading have an alpha value of 0.719.

4.4 Regression Model

4.4.1 Assumptions for Model 1

There are several assumptions need to consider for a multiple linear regression model which include the linear relationship between each independent variables and dependent variable, whether error is normally distributed and the correlation. According to Ballance (n.d.), the assumptions of MLR especially linearity of the model, independence of errors, homoscedasticity, collinearity, and normality, are primary concern in the research.

Based on Ballance (n.d.), the researchers stated that, the rule of thumb of VIF value is less than ten. Small value of tolerance and VIF value that more than 10 will indicate the presence of multicollinearity. From SPSS output, after checked tolerance and VIF values in the coefficients table for the multicollinearity, it doesn't exist this issue as all of the VIF values are less than 10 (appendix B). Furthermore, one of the assumptions for MLR model is the independence of the error. According to Krieger (n.d.), if the Durbin-Watson value is between 1.5 and 2.5, there is no correlation among the variables. From the result, Durbin-Watson value for model 1 is 1.987, so there is no autocorrelation in our model.

Moreover, the multiple linear regression is very sensitive to outliers. Outliers can affect both Type I and Type II errors and the accuracy of the results (Ballance, n.d.). The result from table 4.10 shows that there is only one outlier for customers' preferences which is case 56.

Table 4.8: Outliers (Casewise Diagnostics)

Case Number	Std. Residual	CP_V2	Predicted Value	Residual
56	-3.292	2.00	3.9893	-1.98927

Besides, cook's distance is tested in order to examine whether the data included any unusual or influential data ("*SPSS regression diagnostics*", nude). Cook and Weisberg (1982) have suggested that cook's distance value should less than 1 as it examines the effect of each case towards the model. From appendix II, the result shows that the maximum cook's distance for this model is 0.053 which is lesser than 1. It represents that there are no unusual and influential data in this model.

Based on figure 4.14, it showed a bell shaped histogram with highest frequency in the middle and moderate tail distributed, it represents that it is normally distribut-

ed. Besides, based on the p-plot shows in figure 4.15, it can tell that it is normally distributed as it is linear. Based on “*Histogram Interpretation: Normal*” (n.d.), it stated that “if the normal probability plot is linear, then the normal distribution is a good model for the data”.

Figure 4.1: Normality

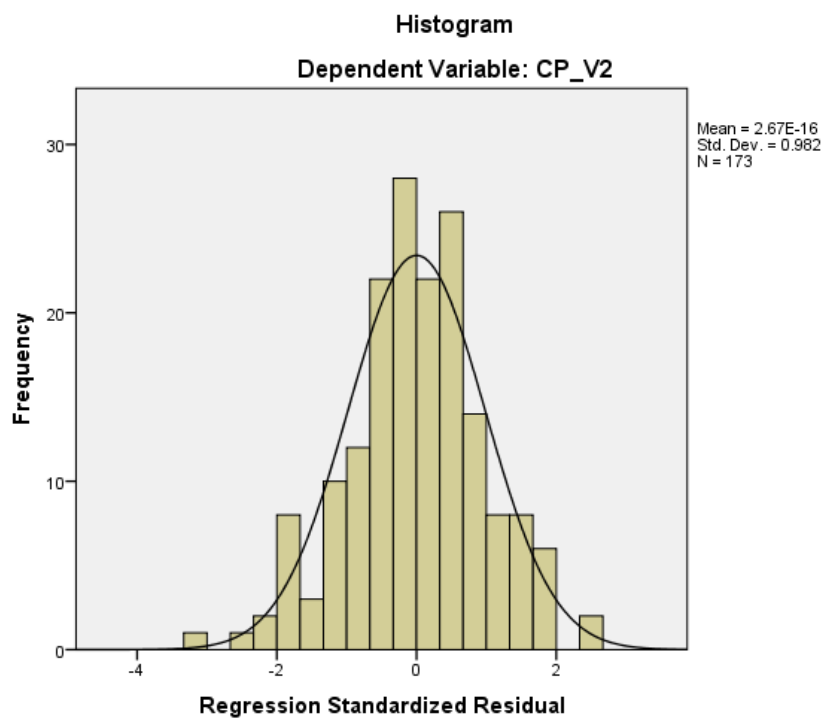
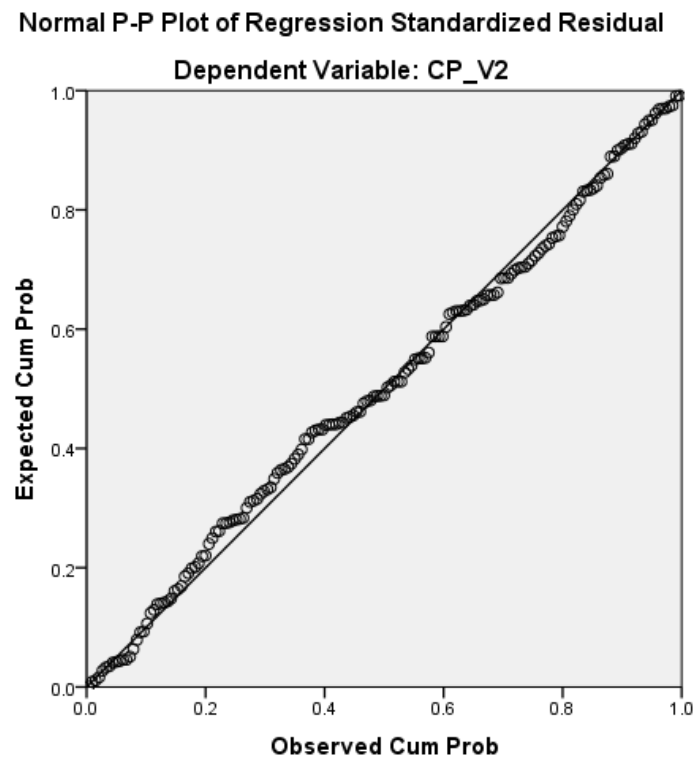
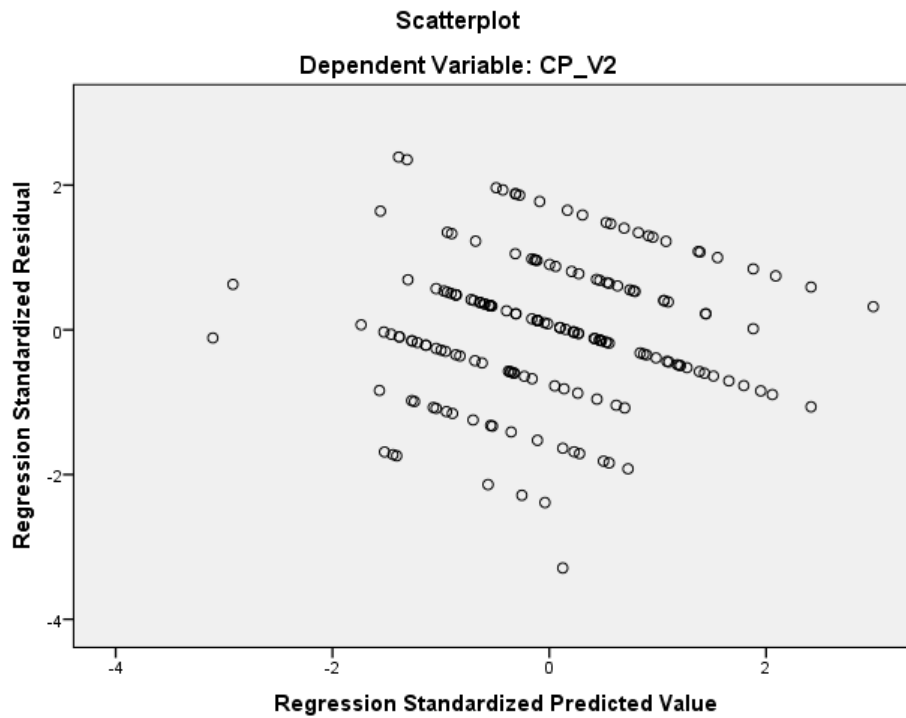


Figure 4.2: P-Plot



Besides, according to Leetch et al. (2005), if the dots on the scatterplot showed a pattern, this would be because the residuals are not normally distributed, or correlated with the independent variables, or not constant of the variances of the residuals. From figure 4.3, scatterplot shows no clear relationship between the standardised residual by predicted value. The model is linear and homoscedasticity.

Figure 4.3: Scatterplot



4.4.2 Assumptions for Model 2

From appendix D, the result shows that the maximum cook's distance for this model is 0.057 and it is less than 1. It means that there are no unusual and influential data in this model 2. In the other hands, according to "*Assumptions of Linear Regression*" (n.d.), it is critical for linear regression to check for outliers, after run through SPSS by data collected, there is no outliers for this model. Furthermore, there is no autocorrelation in this model as the Durbin-Watson value is 1.810, which is among 1.5 to 2.5.

Based on figure 4.4, it showed normally distributed for the residual as there is a bell shaped histogram with highest frequency in the middle and moderate tail distributed. Besides, based on the p-plot shows in figure 4.5, it can tell that it is nor-

mally distributed as there is almost straight linear line from left bottom to right top. Moreover, figure 4.6 indicates that there is homoscedasticity in this model 2.

Figure 4.4: Normality

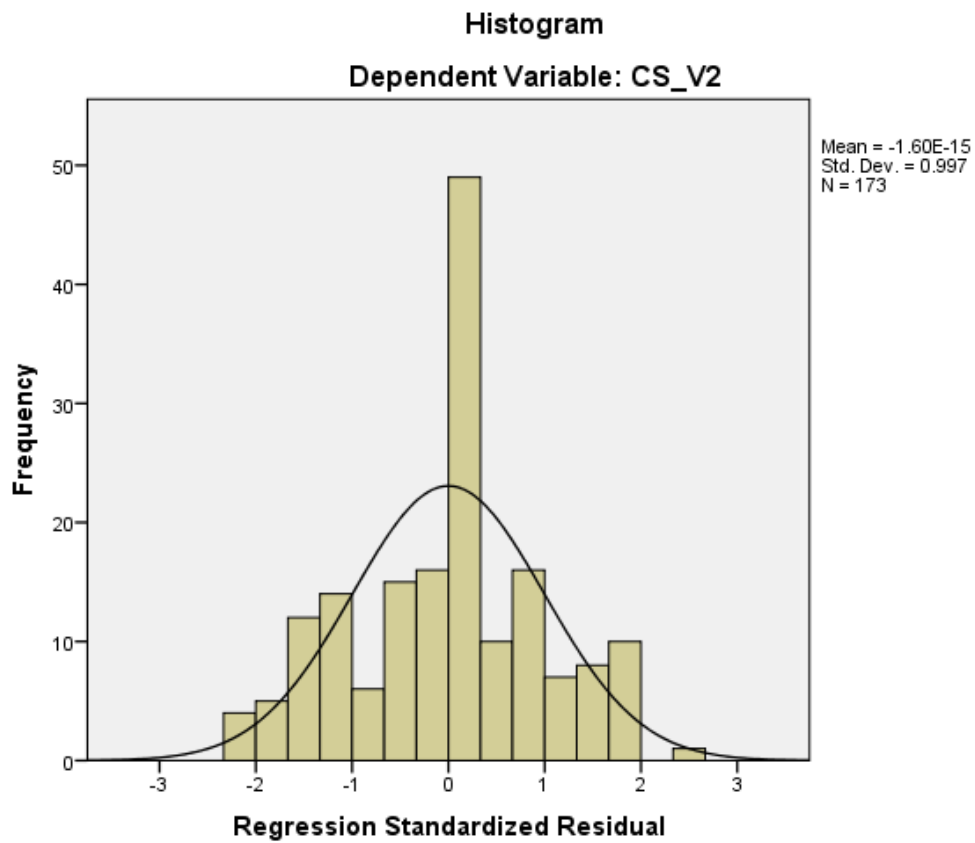


Figure 4.5: P-Plot

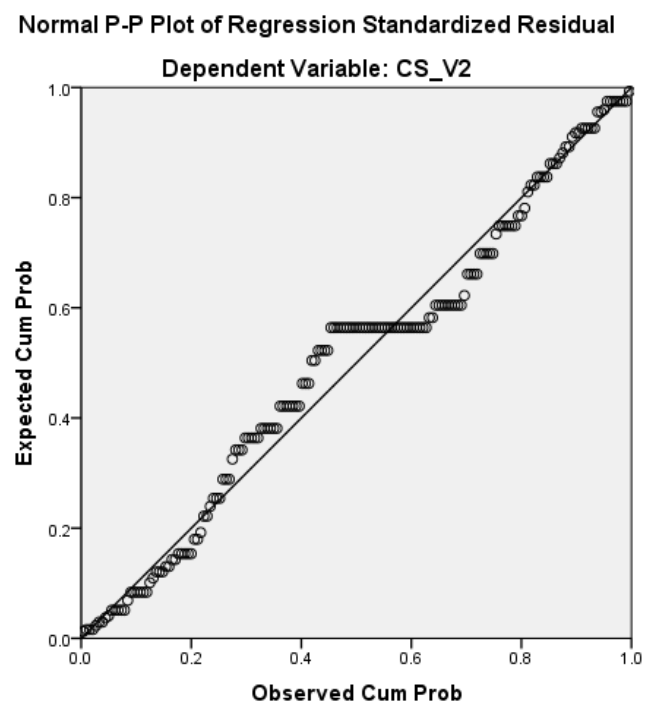
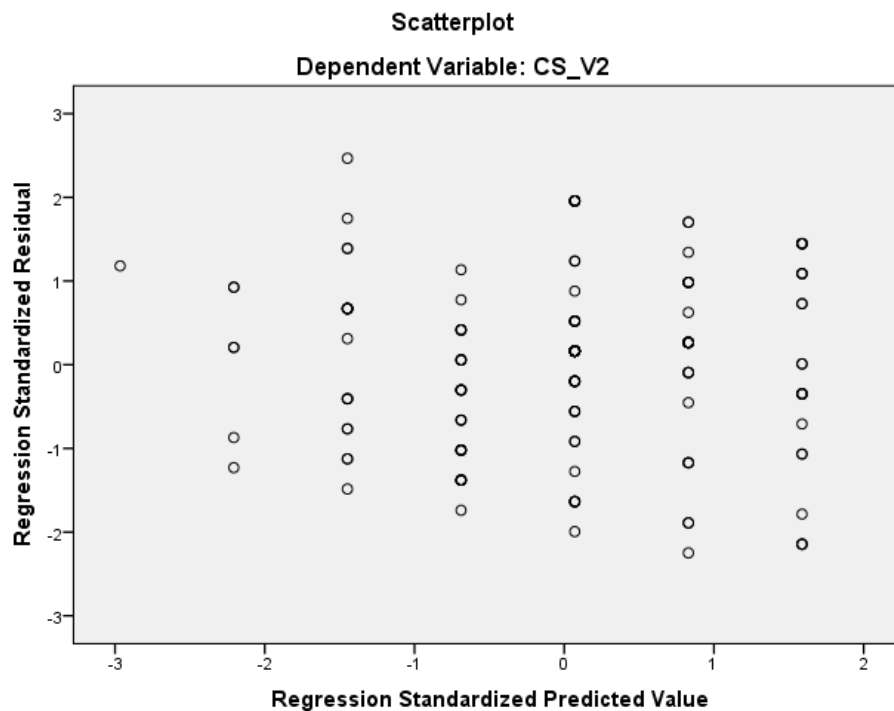


Figure 4.6: Scatterplot



4.4.3 Hypotheses Testing for Model 1

In this study, hypotheses H1, H2, H3, H4, H5 and H6, are tested using Multiple Linear Regression

- H1: There is positive significant relationship between environment and customers' preferences towards coffeehouse in Malaysia**
- H2: There is positive significant relationship between price and customers' preferences towards coffeehouse in Malaysia**
- H3: There is positive significant relationship between service quality and customers' preferences towards coffeehouse in Malaysia**
- H4: There is positive significant relationship between food quality and customers' preferences towards coffeehouse in Malaysia**

- H5: There is positive significant relationship between location and customers' preferences towards coffeehouse in Malaysia**
- H6a: There is positive significant relationship between word of mouth and customers' preferences towards coffeehouse in Malaysia**
- H6b: There is positive significant relationship between reviews from other customers and customers' preferences towards coffeehouse in Malaysia**

Table 4.8 below shows the result of the hypotheses testing based on backward method. The significant value of Model 1. H1, H4 and H6a are supported while H2, H3, H5 and H6b are not supported.

Table 4.9A: Model 1 summary

Hypothesis	Model	Unstandardized Coefficients		β	t	p-value
		B	Std. Error			
	(Constant)	1.650	.419		3.933	.000
H1	Environment	.227	.102	.180	2.238	0.013
H4	Food Quality	.148	.084	.148	1.771	0.039
H6a	Word of Month	.193	.096	.171	2.000	0.024
	Gender	.164	.096	.121	1.712	0.044
	Age	-.227	.113	-.167	-2.013	0.023
	Marital Status	.379	.160	.192	2.368	0.009

R²= 0.188, F= 6.397(p<0.001).

Table 4.9B: Model 1 summary (Excluded construct)

Hypothesis	Model	Beta In	t	p-value
H2	Price	-.054	-.587	0.279
H3	Service Quality	.065	.686	0.247
H5	Location	.100	1.140	0.128
H6b	Reviews from other customers	.070	.883	0.189

4.4.4 Multiple Linear Regression Model 1

From table 4.8 above, it shows that the R square for this model is 0.188 (18.8%), which mean that, only 18.8% variance of this model, can be predicted by above variables. Besides, it shows that F= 6.397 and is significant as the p-value of the model (p=0.000^f) is less than 0.05, it means that the combination of these 6 variables, includes environment, food quality, word of mouth, gender, age and marital

status, are significantly affects the dependent variable, customers' preferences. The model is also adjusted by demographical variables such as, gender, age, and marital status. The regression model equation is formed by the unstandardized beta coefficient value stated above table 4.8. The model equation for customers' preferences towards coffeehouses is stated as follow:

$$CP = 1.65 + 0.227ENV^{**} + 0.148FQ^{**} + 0.193WOM^{**} + 0.164G^{**} - 0.227A^{**} + 0.379MS^{**}$$

Where:

CP	= Customers' Preferences
ENV	= Environment
FQ	= Food Quality
WOM	= Word of mouth
G	= Gender
A	= Age
MS	= Marital Status
** P	< 0.05

The t value and sig value column shows whether each independent variable is significant to the dependent variable. Thus, only above variables are significant to this model.

4.4.5 Hypotheses Testing for Model 2

In this study, hypothesis H7 is tested using Simple Linear Regression.

H7: There is a positive significant relationship between customers' preferences and customers' satisfaction

Table 4.9 below shows that H7 is supported, there is a positive significant relationship between customers' preferences towards customers' satisfaction.

Table 4.10: Model 2 summary

Hypothesis	Model	Unstandardized Coefficients		β	t	p-value
		B	Std. Error			
H7	(Constant)	2.775	.258		10.745	.000
	Customers' Preferences	.284	.064	.319	4.403	.000

R²= 0.102 F= 19.388 (p<0.001).

4.4.6 Simple Linear Regression Model 2

From table 4.9 above, it shows that the R square for this model 2 is 0.102 (10.2%), which mean that, only 10.2% variance of this model, can be predicted by above variables. Besides, it shows that F= 19.388 and is significant as the p-value of the model (p=0. 000^b) is less than 0.05, it means that customers' preferences is significantly affects the dependent variable, customers' satisfaction.

The regression model equation is formed by using the unstandardized beta coefficient value stated above table 4.9. The model equation that shows the relationship between customers' preferences towards customers' satisfaction is stated as below:

$$CS = 2.775 + 0.284CP^{***}$$

Where:

CS = Customers' Satisfaction

CP = Customers' Preferences

*** P < 0.01

4.5 Conclusion

As conclusion, results that relevant to the research and hypotheses are discussed. Two models seven hypotheses are tested, four hypotheses were supported in this study. Besides, relationship between variables are shown and examined.

Chapter 5 Discussion and Conclusion

Introduction

In the beginning of this chapter, summary of the result and validate of hypotheses are discussed. Implications of the study as well as limitation and recommendation of this study are explained in the last part of this chapter.

5.1 Summary of Result

The purpose of this study is to examine effect of customers' preferences towards coffeehouse. The variables in this study included environment, price, service quality, food quality, location and word of mouth, how they affect customers' preferences towards coffeehouses anyhow customers' preferences will lead to customers' satisfaction. Questionnaires are distributed through online Google form. This study consisted of 173 of respondents, out of 173 respondents, 62% were female and 38% were male. Besides, 63% of respondents are less than 25 years old while the rest where more than 25 years old. Among 173 respondents, 95% are Chinese. Moreover, the marital status showed that, 87% of the participants are single or others like divorced, while 13% of respondents are married. In term of education level, 72% of them completed their diploma and degree, 12% are completed secondary school and Pre-U, 16% of respondents are either post-graduate or having professional certificate. While for employment status, in 47% of respondents, 41%

of them work as employee while 6% of them work as employer; 36% of respondents are full time students, and 17% are unemployed.

In the study background, more than half of the respondents eat in a coffeehouse infrequently and occasionally, which are both 35%. 21% of respondents went to dine in a coffeehouse regularly, while 9% of respondents will dine in a coffeehouse frequently. In addition, 49% of respondents will eat in a coffeehouse in lunch time, followed by dinner (40%), and then only breakfast (11%). Furthermore, more than half of the respondents (60%) will choose to eat in a coffeehouse during weekends and 40% of them prefer to go during weekdays. Among different types of coffeehouse, for examples, coffee bar, cafe, retail coffee shops, cookhouse and others, cafe is the most popular type of coffeehouse respondents will go for. Most of the time, they go to eat in a coffeehouse is because meeting up with friends and for entertaining. Additionally, food quality that provided by a coffeehouse is the main reason they go to.

5.2 Discussion of Major Findings

The objective of this study is to determine the factors that influence customers' preferences towards coffeehouse in Malaysia.

Table 5.1: Summary of Hypotheses

Hypotheses	Results
H1: There is positive significant relationship between environment and customers' preferences towards coffeehouse in Malaysia	Supported
H2: There is positive significant relationship between price and customers' preferences towards coffeehouse in Malaysia	Not Supported
H3: There is positive significant relationship between service quality and customers' preferences towards coffeehouse in Malaysia	Not Supported
H4: There is positive significant relationship between food quality and customers' preferences towards coffeehouse in Malaysia	Supported
H5: There is positive significant relationship between location and customers' preferences towards coffeehouse in Malaysia	Not Supported
H6a: There is positive significant relationship between word of mouth and customers' preferences towards coffeehouse in Malaysia	Supported
H6a: There is positive significant relationship between customers' reviews and customers' preferences towards coffeehouse in Malaysia	Not supported
H1: There is a positive significant relationship between customers' preferences and customers' satisfaction	Supported

H1: There is positive significant relationship between environment and customers' preferences towards coffeehouse in Malaysia

The study confirmed that there is a positive significant relationship between the environment and customers' preferences towards coffeehouse. This relationship is in line with previous studies (Ryu & Han, 2010; Jin, 2015; Pecotic et al., 2014; Harrington et al., 2014). This means that with a good environment provided, it will increase customers' preferences and willingness to go to a coffeehouse that they preferred. In contrast, if the environment of a coffeehouse is poor, for example noisy music, uncomfortable layout arrangement, it will cause customers' less prefer to go to that coffeehouse.

H4: There is positive significant relationship between food quality and customers' preferences towards coffeehouse in Malaysia

Food quality has a positive influence towards customers' preferences towards coffeehouse. This is in line with the past studies that examined the relationship between food quality and customers' preferences (Rosalin & Soetanto, 2006; Ryu et al. 2012; Akbar & Alauddin, 2012). Good taste of food and attractive presentation, fresh ingredients provided by the coffeehouse will increase customers' preferences towards a coffeehouse. However, food that doesn't taste good will give negative impact to customers and affects their preferences.

H6a: There is positive significant relationship between word of mouth and customers' preferences towards coffeehouse in Malaysia

The study found that positive word of mouth will have positive impact on customers' preferences. The past studies (Naser et al., 1999; Longart, 2010; Levy, 2012) agreed that word of mouth is a powerful tool that affects customers' preferences. When customers listen to word of mouth, it will affect their decision; good experience from a coffeehouse will create a good word of mouth and perception towards the coffeehouse and directly influence customers' preferences in future. In contrast, negative word of mouth will have negative impact towards customers' preferences. Customer wouldn't prefer a coffeehouse that with negative word of mouth.

H7: There is a positive significant relationship between customers' preferences and customers' satisfaction

The findings of this study suggested that customers preferences will bring positive impact towards customers' satisfaction. This result is identical with past studies (Chow et al., 2013; Joshi, 2012; Ji & He, 2013). With better understanding on customers preferences will lead to customers satisfaction, there is a positive significant relationship between these two variables.

5.3 Implications of Study

There are few implications for stakeholders in the coffeehouse industry. Generally, there are seven types of coffeehouse business available in Malaysia, and according to respondents responses, there are few types of coffeehouse business, for examples cafe, roaster, coffeehouse and others, are consuming by customers frequently. Entrepreneurs that hope to join this industry should realize the current trends and types of coffeehouses that customers prefer to attract customers.

Environment, food quality and word of mouth were found to be determinants of affecting customers' preferences towards coffeehouses. Logically, existing coffeehouses owner should be more concern on their environment of the coffeehouse and food quality provided to the customers, so that it able to create a good experience for customers, and able to create a positive word of mouth among the customers' in order to increase their preferences and satisfaction.

Moreover, this study findings could be used as a guide for food industry especially restaurants owner to update current customers' preferences, with more understanding on customers preferences, make improvement based on that, might lead to satisfied customers and maybe will lead to higher customers' retention rate and attract more customers.

5.3.1 Environment

In this study, coffeehouses environment found as one of the important determinants that able to affect customers' preferences towards the coffeehouses and customers' satisfaction. The environment of a coffeehouse is important to customers as usually customers willing to spend more than an hour in a coffeehouse to meet-

ing up with friends, enjoying their food and others relaxing activity. Therefore, the comfortable of the seats, pleasant background music, layout, decorations and interior design of a coffeehouse must be taken note by the owner in order to provide customers a better environment. A good environment for customers to feel comfortable and relax may enhance their preference and satisfaction towards the coffeehouse.

5.3.2 Food Quality

From data collected, no matter is top reason customers choosing a coffeehouse or top reason they do not choosing a coffeehouse, it all related to the food quality provided by the coffeehouses. Ingredients of the food provided, freshness of the food, variety if menu, taste of the food and presentation of the food, are all important for a customers. Owner of the coffeehouses have to keep monitoring their quality of foods that provides to customers. Therefore, cooperation from ingredient suppliers, kitchen staff, workers are important in order to provide and maintain high food quality standard to meets customers' preferences.

5.3.3 Word of Mouth

Besides that, among the variables tested in this study, word of mouth also one of the contributing variable that affect customers preferences. According to Taghizadeh et al. (2013), word of mouth is important especially for service providers as it created based on intangible service provided and past experience. In order to create positive word of mouth from customers, it is very important how and what a coffeehouse provided to the customers. With good past experience from the coffeehouse, a customer able to tell the advantage of the coffeehouse to

their friends and family, it also will be his preferences and is satisfied with the coffeehouse. It is very important for coffeehouses owner to create positive word of mouth among customers as they will spread their words to potential customers and affect their preferences also.

5.4 Limitation of Study

There are several limitations found in this research study. First of all is the residing area of respondents are not capture in the questionnaire. Thus, the result from this study is not advisable to represent the overall Malaysians' preferences towards coffeehouse as different people from different parts of the country might have different preferences. Besides, the results of this study may be limited as the sample size that studied is relatively small.

5.5 Recommendations

According to the limitations, future researchers are suggested to broaden the sample size with different geographical regions which including East Malaysia. These may help in better and more accurate understanding customers' preferences towards coffeehouse in Malaysia. Moreover, bigger sample size may help in providing a more reliable result. Besides, future researchers can also collaborate with coffeehouses owner to carry out related study. As researchers able to get more information regarding the customers from the owner database and perspectives, at the same time, benefit to the owners as they will more understand their customers and their preferences and expectations.

5.6 Conclusion

This research examines the factors that affect customers' preferences towards coffeehouses in Malaysia and how customers' preferences will lead to customers' satisfaction. Based on the findings, environment, food quality and word of mouth have positive significant effect towards customers' preferences for coffeehouses in Malaysia. Moreover, customers' preferences have a positive relationship with customers' satisfaction.

Furthermore, the results in this research are in line with art literature results. However, few variables (price, service quality, location) are found not significant affect the customers preferences towards coffeehouse. This might because of the small sample size in this study.

Nevertheless, implications like providing better environment, good food quality and creating positive word of mouth had been discussed and these can be suggested to coffeehouses owner in providing a better place for customers and hopefully able to attract more customers.

Overall, based on this study, environment, food quality and word of mouth are identified as the determinants that will influence customers' preferences towards coffeehouses in Malaysia and how customers preferences will lead to customers' satisfaction.

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Appendix A: Questionnaire
Survey Questionnaire - An Empirical Assessment on
Customers' Preferences towards Coffee Houses

Dear respondent,

I am currently pursuing my Master of Business Administration (MBA) study in University Tunku Abdul Rahman (UTAR). As part of the requirements to fulfill the completion of my postgraduate course, I'm conducting a study on "An Empirical Assessment on Customers' Preferences towards Coffee Houses" for the research project.

This research is important in order to understand the customers' preferences towards coffee houses. The knowledge will be very useful for the service providers in understanding factors that affect customers' preferences. Hence, I would appreciate if you could participate in this research by completing the attached survey.

The survey may take about 10 - 15 minutes. Please be assured that all the information that you provide in this survey is **STRICTLY CONFIDENTIAL** and only be used for the purpose of this research. Your response will be used in an aggregate form and your identity will not be revealed. Your participation in this research is completely voluntary.

Thank you again for your time and cooperation

Yours faithfully,

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Section A: Customers' Preferences towards Coffee Houses

In this section, we seek for your opinions regarding your opinion when choosing a coffee house.

A1. Please indicate your level of agreement with the following statements using the scale given below (kindly circle **only one option** for each statement).

Question	Strongly Disagree ----- Strongly Agree				
1. Environment					
a. The background music is pleasant.	1	2	3	4	5
b. Seating arrangement makes me feel comfortable.	1	2	3	4	5
c. The facility layout allows me to move around easily.	1	2	3	4	5
d. Table/seating arrangement gives me enough space.	1	2	3	4	5
e. Attractive interior design.	1	2	3	4	5
2. Price					
a. The coffee house offered good value for the price.	1	2	3	4	5
b. The experience on coffee house was worth the money.	1	2	3	4	5
c. This coffee house provides me great value as compared to other coffee houses.	1	2	3	4	5
d. Special pricing for regular customers.	1	2	3	4	5
e. Charging reasonable price.	1	2	3	4	5
3. Service Quality					

Question	Strongly Disagree ----- Strongly Agree				
a. Employees give prompt service to customers.	1	2	3	4	5
b. Employees are able to provide good and friendly answer for customer's complaint.	1	2	3	4	5
c. Well-trained, competent and experienced staff.	1	2	3	4	5
d. Delivering customers' orders accurately.	1	2	3	4	5
e. Employees made me feel comfortable when dealing with them.	1	2	3	4	5
4. Food Quality					
a. The coffee house offered fresh food.	1	2	3	4	5
b. The coffee house offered a variety of menu items.	1	2	3	4	5
c. The coffee house offered good and unique taste food.	1	2	3	4	5
d. The food presentation was visually attractive.	1	2	3	4	5
e. The food portion in the coffee house was enough and satisfying my hunger.	1	2	3	4	5
5. Location					
a. The coffee house location is easily accessible.	1	2	3	4	5
b. I select this coffee house because it's near to my workplace or home.	1	2	3	4	5
c. I select this coffee house because it's not far away from prime location.	1	2	3	4	5
d. The parking lot is safe.	1	2	3	4	5
e. Wide parking area.	1	2	3	4	5
6. Word of Mouth					

Question	Strongly Disagree ----- Strongly Agree				
a. I will say positive things about this coffee house to other people.	1	2	3	4	5
b. Word of mouth provides helpful information.	1	2	3	4	5
c. I will encourage relatives and friends to visit the coffee house.	1	2	3	4	5
d. When I choose to dine in a coffee house, the reviews presented on the website are helpful.	1	2	3	4	5
e. When I choose to dine in a coffee shop, the reviews presented on the website make me confident in dining in the coffee house.	1	2	3	4	5
7. Customers' Preferences					
a. I can do many activities here instead of drinking coffee.	1	2	3	4	5
b. This place is comfortable either alone or group meeting.	1	2	3	4	5
c. I came here because other people recommendation.	1	2	3	4	5
d. I came here because I want to try new place.	1	2	3	4	5
e. The appealing is attractive.	1	2	3	4	5
8. Customer Satisfaction					
a. Service provided by the coffee shop exceeds my expectations.	1	2	3	4	5
b. I think that I made the right decision after I dine in this coffee shop.	1	2	3	4	5
c. My experience has been positive in general.	1	2	3	4	5

Question	Strongly Disagree ----- Strongly Agree				
d. The service is well managed.	1	2	3	4	5
e. Overall, I am satisfied with the coffee shop.	1	2	3	4	5

Section B: Background Study

B1. On average, how often do you eat in a coffee house? (**Choose One only**)

1. Infrequently - once a month or less
2. Occasionally - about once a fortnight
3. Regularly - an average of once a week
4. Frequently - two to three times a week
5. Very frequently - five times or more per week

B2. At what time of the day do you eat out the most in coffee house? (**Choose One only**)

1. Breakfast
2. Lunch
3. Dinner

B3. When do you dine out the most? (**Choose One only**)

1. Weekdays
2. Weekends

B4. Which types of coffee house you prefer to eat at most of the time? (**You may choose more than one**)

1. Café (Antipodean Cafe, Stage Cafe, The Owls Cafe)
2. Coffee Bar (The Library Coffee Bar, Zouk Cafe Bar)
3. Coffeehouse (Coffee Société, San Francisco Coffee)

4. Retail Coffee Shops (Old town White Coffee, dr.CAFE®)
5. Drive Thru Coffee Shops (Starbucks Coffee Drive- Thru)
6. Coffee Carts and Trucks (Lokka Café & Food Trucks)
7. Roaster/Retailers (Cuppa, The Coffee Bean & Tea Leaf)
8. Other, please specify _____

B5. What are the main reasons for you eating out? (**You may choose more than one**)

1. Business dining
2. Meeting friends/entertaining
3. Family occasions
4. Convenience
5. A treat
6. Other, please specify _____

B6. What are your top **THREE (3)** reasons for choosing a coffee house? (**You may choose more than one**)

1. Food quality
2. Menu variety
3. Good options for people with special dietary needs
4. Personal recommendation
5. Suggestions via online restaurant booking website
6. Reviews
7. Online instant booking is available
8. Reputation
9. Service quality
10. Drinks list
11. Decoration

- 12. Value for money/ deals and offers
- 13. Cleanliness
- 14. Known celebrity chef
- 15. Location
- 16. Family friendly
- 17. Good updated website
- 18. Other, please specify _____

B7. What are your top **THREE (3)** reasons for NOT choosing a coffee house?

(You may choose more than one).

1. Poor food quality
 2. Poor menu variety
 3. Limited or no choice for people with special dietary needs
 4. Previous bad experience or bad reputation
 5. Poor reviews
 6. No online instant booking is available
 7. Poor service quality
 8. Limited drinks list
 9. Dislike the decoration
 10. Limited table available
 11. No deals and offers/ value for money
 12. Poor cleanliness
 13. Inconvenient location
 14. Not Family friendly
 15. Out of date website
 16. Other, please specify _____
-

Section C: Demographic Profile

Please circle the one statement that applies.

C1. Gender

1. Male
2. Female

C2. Age Group

1. < 20 years old
2. 20 - 24 years old
3. 25 - 29 years old
4. 30 - 34 years old
5. 35 - 39 years old
6. 40 - 44 years old
7. 45 - 49 years old
8. \geq 50 years old

C3. Ethnicity

1. Malay
2. Chinese
3. Indian
4. Other

C4. Marital Status

1. Single
2. Married
3. Divorced/ Widowed/ Separated

C5. Highest Educational Level Completed

- | | |
|----------------------------------|-----------------------------|
| 1. No formal education | 6. Bachelor Degree |
| 2. Primary School | 7. Post- Graduate Degree |
| 3. Secondary School | 8. Professional certificate |
| 4. Pre University/ Matriculation | 9. Others specify |
| 5. Diploma/Advance Diploma | _____ |

C6. Employment Status

- | | |
|------------------------------|-----------------------|
| 1. Unemployed | 6. Housewife |
| 2. Employee - Private Sector | 7. Full- time Student |
| 3. Employee - Public Sector | 8. Retired |
| 4. Self Employed | 9. Other, specify |
| 5. Employer | _____ |

C7. Monthly income range (personal)

- | | | |
|-------------------|---------------------|----------------------|
| 0 No income | | |
| 1 ≤ RM1000 | 6 RM9,001 – 11,000 | 10 RM18,001 – 20,000 |
| 2 RM1,001 – 3,000 | 7 RM11,001 – 14,000 | 11 RM20,001 – 30,001 |
| 3 RM3,001 – 5,000 | 8 RM14,001 – 16,000 | 12 RM30,001 – 40,000 |
| 4 RM5,001 – 7,000 | 9 RM16,001 – 18,000 | 13 RM40,001 – 60,000 |
| 5 RM7,001 – 9,000 | | 14 > RM 60,000 |

Thank you for the time to complete this questionnaire.
Your responses will remain confidential and anonymous.

Appendix B: Collinearity Statistic for Model 1

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
1		
(Constant)		
SQ_V2	.470	2.129
ENV_V2	.671	1.490
P_V2	.494	2.023
FQ_V2	.515	1.943
L_V2	.649	1.541
WOM_V2	.614	1.628
WOM_V3	.752	1.331

a. Dependent Variable: CP_V2

Appendix C: Cook's Distance for Model 1

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Cook's Distance	.000	.053	.006	.009	173

Appendix D: Cook's Distance for Model 2

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Cook's Distance	.000	.057	.006	.010	173