FACTORS INFLUENCING CAMBODIAN'S CUSTOMER LOYALTY IN USING THE SERVICE AT COFFEE SHOPS IN PHNOM PENH, CAMBODIA



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Sinit To

This Independent Study Presented to

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This Independent Study has been approved by the Graduate School Bangkok University

Title: FACTORS INFLUENCING CAMBODIAN'S CUSTOMER LOYALTY IN USING THE SERVICE AT COFFEE SHOPS IN PHNOM PENH, CAMBODIA

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Factors Influencing Cambodian's Customer Loyalty in Using the Service at Coffee

Shops in Phnom Penh, Cambodia (55 pp.)

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ABSTRACT

The purpose of this study were (1) To explore the Cambodian people's in Phnom Penh. As such product quality, service quality, brand innovation and physical environment, the coffee shop. (2) To explore the impact of (Independent variable), product quality, service quality, brand innovation, physical environment, on the Cambodian People's (dependent variable), on customer loyalty and found towards the coffee shop.

The research was based on primary data collected by using questionnaires. The 180 sample were randomly selected. The mean, standard deviation, and multiple regression analysis in the used for data analysis and hypothesis testing.

It was found that the factors which influenced the Cambodian's loyalty to were the service at coffee shop in Phnom Penh were service quality and physical environment.

Keywords: Product quality, Service quality, Brand innovation, Physical environment, customer loyalty.

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CHAPTER 1

INTRODUCTION

1.1 Background of Research

At the present, the trend of coffee drinking become popular in Phnom Penh city, according to the change of social structure of Cambodian people's lifestyle. Therefore, there are a lot of coffee shops competitor operating in Phnom Penh. It is very economy for those coffee shops to find the things that can motivate people to use their service in order to market the business arrival for long time. This present economic research world Like to finds the new factors in terms of product quality, service quality, brand innovation, and physical environment that have the impacts on Cambodian People's customer loyalty the benefits of the study are expected for the coffee shops in Phnom Penh, in applying the findings to equate the appropriate strategies and are it for business sustainability at the present time and in the future. The market has become expanded currently and continuously every year, furthermore, with the increase of trendy consumer bolstered by breakfast, lunch and dinner times rapid adoption of foreign ways life, coffee products and similar drinking are on high demand among young and citizens, including expatriates who work and stay in Phnom Penh, giving rise to the increasing needs for attractive and comfortable coffee shop setting where trendy consumers can enjoy talking with families, and friends for coffee food & beverage. In Phnom Penh, Cambodia has a lot of coffee shop that are highly concerned at the top market for upscale and trendy coffee shop.

1.2 Statements of Research

The currently research on business in Cambodia is relatively thin, and there is a significant knowledge gap surrounding consumer behavior currently. However, this dose not explain about product quality, service quality, brand innovation, and customer loyalty affecting customer loyalty. Because of this, it is not possible to determine from the current research what affect customer loyalty has on the opinions of repeat customer purchases in Cambodia coffee shops. however, there are models of consumer behavior and branding available in the existing literature.

This will offer insight into customer loyalty in Cambodia consumer market.

This research would be generalizable to external markets, which will help expand knowledge about these coffee shop markets. In a more general sense, it will help to determine the finding that are useful for describing Cambodian consumer behavior through the coffee shops operation. Many theories a previous researcher mentioned about the product quality, service quality, brand innovation, physical environment and customer loyalty.

For example, According to a (Korean media report), (2014), Dana Longlois, (2017), Owner of Java Café, (2016), explained about the characterization of product quality and its effect on customer loyalty. Moreover, (Emil Kastrup/The Cambodia Daily), (2017); (Rami Sharaf, CEO of RMA), (2012), Established, (2009); discussed about service quality and its effect to customer's impact of using service, 7 Makara Sky Bridge, (2017), K.E Café IFL2016, Established, (2009), explained that product innovation is one of the marketing incentive that can encourage people to use the

service again. While Sisowath Quay, (2011),PTT Gas Staions, (2014),Nak Kvorn, (2014). discussed about how physical environment influences customer's decision to buy the specific product now in the future.

1.3 Summary of Research Study

A mentioned above, the researcher world like to study the impact of product quality, service quality, brand innovation, and physical environment on customer loyalty. This in became the researcher and other people can enhance the knowledge about this relationship. Moreover, the finding of this research world be applied for business formulation and development in setting the product strategies the customer and business it self in the future.

1.4 Purposes of Study

The purposes of this study were demonstrated as follows:

- 1) To explore the Cambodian people in Phnom Penh toward. As such; Product Quality, Service Quality, Brand innovation and Physical Environment, the coffee shop.
- 2) To explore the impact of (Independent variable), Product Quality, ServiceQuality, brand innovation, Physical environment, on the Cambodian People's(Dependent Variable), on Customer loyalty and found towards the coffee shop.

1.5 Contribution of Study

Regarding the economic findings of this study, they will explain about: (1) How the Cambodian people's precious about? (2) What are relationship among? In addition, the research Findings will be applied for establishing marketing strategies of the coffee shop business in Phnom Penh for their sustainability in the future. Those of which strategies may include product innovation strategy, product quality, service quality, brand innovation, physical environment, and customer loyalty that affect the Cambodian People's on coffee Shop market in Phnom Penh.

CHAPTER 2

LITERATURE REVIEW

This study review are divide into five parts, which are product quality, service quality, brand innovation, physical environment and customer loyalty.

2.1 Product Quality

Product quality is defined as the interaction between the customer and the service provide, since the customer sees the service quality through comparing his expectation of this service with the actuals performance, and product update to market., (Parasurman,1990). it's the characteristics and specifications of a products or a service that generates the ability to fill explicit and implied needs. product quality is reaching the gap between the customer's expectation for the product's quality and their realization of the actual performance of that product. (Parasurman,et.al) & (Dade, 1994 P.3). In addition, product quality is achieved under consumer's expectations in and outside whether these expectations are explicit or implied, (Tenner, 1995) (Evans, 1997).

In summary, product quality is defined as the overall characteristics of a product (service or a ware) that shows and reflect the product's capacity to fulfill explicit and implied needs. (Heazer & render 2001). In summary, product quality is key variable in encouraging of customer loyalty. Studies have shown that customer loyalty with the Product quality has positive effects on customer loyalty (Baing &

Khan, 2010), & (Martisiute et al., 2010) & (Song et al., 2012) (Kapferer, 2008 & Martisiute, et al., 2010).

2.2 Service Quality

Service quality include – reliability, assurance, tangibles, empathy, and responsiveness. Are the five service dimension in which their customers (Consciously or not) evaluate business-owner. The RATER framework evolved from the SERVQUAL study psychologists A. according to (Parasurman, Zeithaml, & Leonnard, 1988). Reliability is their ability to deliver the service a customer expects, when the customer expects. Reliable service is regular, accurate, timely, and consistent. Unsurprisingly, it's the most important of all the service dimensions. Moreover, quality is a standard of correspondence between the actual performance of the service with the customer's expectations or the difference between the customers' expectation and their realization of the service's actual performance. (Hoffman, Bateson, 2011, p.4)

2.3 Brand innovation

Brand Innovation is the setting of designs innovation for product performance innovation. According to WWF, (Dutton, 2008). Brand innovation presents a given level of product quality, service quality when on consumer's term innovation is used. It means that the brand innovation represents the creation of something new by an organization that satisfy its customers and increase the market share. because the purpose of innovation is to bringing something new that is unique and competitions do not have and cased positive and good experience of customer toward the provide.

According to (Pan & Zinkhan, 2006), the innovation used for strategies orientation toward customer loyalty, can gain market potential that increase the market share of the coffee shop. So, the brand innovation can be perceived in terms of new product or new concept that has derived from systematic research and new ideas. it also defined as commercialization of creation. Brand innovation is also recognized the product quality relate to process of converting the invention or ideas into a product that customer purchase and provides financial benefit to its providers. This idea that have to convert into an innovation into a product or service must have the quality to satisfy some specific needs of the customers and can be implement at an economic cost to be covet into brand innovation according to Nemati, Khan and Iftekhar (2010).

2.4 Physical environment

According to Bitner (1992), the physical environment in which service are delivered. The term servicescapes refers to, all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer action".

The effects of physical surrounding on service quality have been studied also by Wall and Berry (2007) they stated that physical environment could essentially influenced customer' expectations of service quality and service (loyalty) because clients need tangible clue to create a picture in order to estimate the quality. Physical surrounding is one of the most important marketing tools for business-owner.

2.5 Customer Loyalty

Customers loyalty is the extent to which a defined customer loyalty as a state of mind in which the customer's needs, want, and expectations throughout the product, service, innovation or environment life have been the customer for requirements (Nemati, 2011), resulting in future repurchase loyalty, again the future (Baing &Khan, 2010; Choi, 2011; Nemati, 2011) Are also more inclined to recommend it to their friends and family (Baing &Khan, 2010; Choi, 2011).

Customer loyalty was defined by many researchers are the impression of reward received by the customer after making the sacrifice of purchasing a product according to Daniel (2001).

Moreover, loyalty is a positive impression from the customer side towards the consumed product, this impression is formed by comparing the customer expectation versus the actual product performance according to Kottler (2001).

Belin (2002) stated that loyalty was psychological state following the purchase of a product or trying a service translated by a temporary feeling resulting from the difference between the customer expectations and the actual realization.

Being parallel with the pervious time with the service.

Hesselin and Wiele, (2004) explained that loyalty was the positive impact made by rating all the aspects of a relation with another, a useful set of brand loyalty metrics is provided by Choi et al. (2011), which integrate attitudinal and behavioral loyalty characteristic. The behavioral characteristics selected by Choi (2011) include whether the person will continue to buy the product itself, which is the defining

behavioral component of customer loyalty based on the theory of Bandyopadhyay & Martell (2007).

However, as others have noted, behavioral loyalty can be influenced by other factors such as habit or convenience rather than true brand loyalty. Because of this, it is necessary to add an attitudinal component to measurement of brand loyalty, Choi et al., 2011). Choi (2011) also added that an attitudinal question to the measurement of customer loyalty, including asking about recommendation of the brand, preferred choice, positive speech, and encouragement compared to other measurements of customer loyalty make it useful for this research, despite the potential issues recognized by Soderlund (2006). Choi et al.'s (2011) measurements of attitude and customer loyalty have adapted for the current research, and these adaptations are show in Chapter 3.

2.6 The Relationship between Product Quality, Service Quality, Brand Innovation, and Physical Environment, and customer loyalty

The study of this research is include as independent variable and dependent variable, of the researcher's conducted on the interrelationships of these variables as follow:

In summary, service quality is defined as the difference on good service relationship between customer expectation and the perception of service quality, (Parasuraman, 1990 et.al, & Dade, 1994, p.3) provided a list of their focus group studies with service provider and customers: access, communication, courtesy,

competence, credibility, reliability, responsiveness, security, understanding and tangibles.

In addition, service quality defined as the whole service quality perceived by customer after suing the service quality is very important to customer's loyalty and trust. It is also one of the often studies antecedents of relationship quality. In addition, service quality was found to have a positive effect on relationship quality which include customer loyalty and trust.

Brand innovation can be defined as a positive attitude toward the brand on the part of the consumer that leads to repeated purchasing and strong support for the brand on customer loyalty (Hoyer &MacInnis, 2008) However, brand loyalty is behavioral response, expressed over time, by some decision marking unit with respect to one or more alterative brands process (Jacoby & Chestnut, 1978). Essentially, the study of researcher has agreed that brand innovation cab be measured through attitudinal loyalty and behavioral loyalty (bandyopadhyay & Martell 2007, Chaudhuri & Holbrook, 2001; Gremlera & Brown 1996; Yi&Jeo, 2009).

Finally, physical environment for customer's loyalty is very high. (Lloyd, 2002), & (Auld Siegrist, 2002). From the other side in the shops, physical environment is extremely important because creating just with service is a challenge. One could create a great atmosphere, a nice experience with service, it is necessary to have a proper physical environment for customer to perceive the coffee shop.

2.7 The hypothesis:

Regarding the service above, the hypothesis of this present research are as follows

H1: Product quality will have positive relationship effect customer loyalty for the coffee shops in Phnom Penh, Cambodia, (Parasurman, 1990 & Dade, 1994), Heazer, 2001).

H2: Service quality will have positive relationship effect customer loyalty for the coffee shops in Phnom Penh, Cambodia, (Parasurman, Zeithaml, & Leonnard, 1988). (Hoffman, & Beteson, 2011).

H3: Brand innovation will have positive relationship effect customer loyalty for the coffee shops in Phnom Penh, Cambodia, (Nemati, Khan & Iftekhar, 2010; Hausam, 1995).

H4: Physical environment will have positive relationship effect customer loyalty for the coffee shops in Phnom Penh, Cambodia, (Loloyd, 2002 & Auld Siegrist, 2002).

The relationships among those factors which are product quality, service quality, brand innovation, physical environment, and customer loyalty are those in figure as follows:

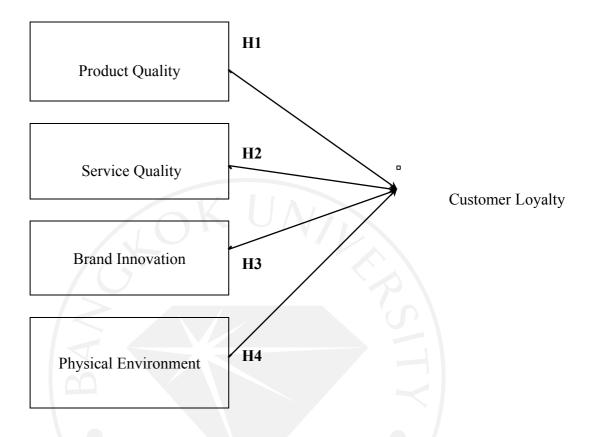


Figure 2.1: The relationship between independent variable and dependent variable

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design

The present research has applied the technique of quantitative research to attain the purposes of the study. The questionnaire, which was used as the research instrument, was constructed by applying the related theories and was approved by the expertise. The samples of the research were selected from the people who had the direct experiences of consuming the coffees at different coffee shop in Phnom Penh, the capital of Cambodia. Moreover, the samples were randomly selected regarding conveniere/ purposive sampling method. The statistical techniques used for data analysis and interpretation included descriptive and inferential statistics. The details as mentioned above were described as these followings.

3.2 Research Instrument

The research designed the questionnaire as the research instrument by applying the explanations and evidences of the related theories and the precious research findings. The questionnaire which consisted of four parts were as follows:

- Part 1: The close-ended demographic questions consists of questions to of gender, age, education, occupation, income.
- Part 2: The close-ended questions about IV./DV. Consisted of (product quality) statements and were divided into (4) hoardings as follows:
 - 2.1 The coffee shop you often attend has high quality of materials.

- 2.2 The coffee shop often attend has varieties of coffee.
- 2.3 The taste of coffee at the coffee shop that you often attend is strongly delicious.
 - 2.4 The aroma of coffee in the coffee shop that you often attend is good.
- Part 3: The close-ended questions about IV./DV. Consisted of (service quality) statements and were divided into (5) hoarding as follow:
 - 3.1 The coffee shop that you often close and open at appropriate time.
 - 3.2 Staff are welcoming when serving customers.
 - 3.3 Staff can solve the customer's complaint immediately.
 - 3.4 Staff take care of customers in a polite manner.
 - 3.5 The service is providing quickly.
- Part 4: The close-ended questions about IV./DV. Consisted of (brand innovation) statements and were divided into (5) hoarding as follow:
 - 4.1 The coffee shop that you attend always provide a new menu of coffee.
 - 4.2 The coffee shop that you attend always provide a new service to customers.
 - 4.3 The coffee shop that you attend always promotion to attract customers.
- 4.4 The coffee shop that you attend always provide a new time of close and open for customer's availability.
- 4.5 The coffee shop that you attend always provide a new marketing media to communicate with customers.
- Part 5: The close-ended questions about IV./DV. Consisted of (physical environment) statements and were divided into (5) hoarding as follow

- 5.1 The coffee shop that you attend is located in a convenient place.
- 5.2 The coffee shop that you attend has good decoration inside the shop.
- 5.3 The coffee shop that you attend is clean and tidy.
- 5.4 The coffee shop that you attend has enough seats for customers.
- 5.5 The coffee shop that you attend has good atmosphere making you want to stay longer.
- Part 6: The close-ended questions about IV./DV. Consisted of (customer loyalty) statements and were divided into (5) hoarding as follow:
- 6.1 You always feel good when you attend the coffee shop that you visit frequently.
- 6.2 You think it is the right decision to be a customer of the coffee shop you mostly visit.
- 6.3 When you need to drink coffee outside, the coffee shop that you mostly visit is your preferred choice.
- 6.4 You would recommend the coffee shop that you mostly attend to friends and relatives.
- 6.5 You insist that you would stay longer at the coffee shop that you mostly visit in the future.

Regarding parts 2 to part 6, the researcher exercised on the liker's 5- scale for measuring the statistical mean interpretation as follows:

Range =
$$\frac{\text{Maximum-Minimum}}{\text{Scale level}}$$

= $\frac{5-1}{5} = 0.80$

Table 3.1: The range of mean interpretation:

Range	Interpretation
1.00 – 1.80	Strongly disagree
1.81 - 2.61	Rather disagree
2.62 - 3.42	Moderate
3.43 - 4.23	Rather agree
4.24 - 5.00	Strongly agree

3.3 Measurement of Instrument

1. Content Validity

The researcher has measured the content the validly by considering the comments of advisor specialized in the fields of this study. The validity was calculated by considering the mean value of the 5 opinions toward each stamen of questionnaire. The value of validity was more was approved and be able to was toward for this study. The statements of questions in the questionnaire developed according to those comments.

2. Reliability

The value of Cronbach's alpha coefficient was conducted for measuring the reliability of the questionnaire. Consequently, the questionnaire would be approved when the alpha value must be 0.7-1.00 according to Tavakol (2018). The researcher conducted a pilot kept for this concerns by using 40 qualified people who were not in the group of samples of this study.

Table 3.2: illustrated that each parts of the questionnaire had accepted value of the Cronbach's alpha coefficient. The results indicated that the questionnaire had an acceptable reliability value which was equal to or more than 0.7 according to Selmon (2015).

Statements of each part	Alpha coefficient	Accepted/ Not
Product Quality	.568	(Not) accepted
Service Quality	.714	(Not) accepted
Brand Innovation	.496	(Not) accepted
Physical Environment	.667	(Not) accepted
Customer Loyalty	.537	(Not) accepted
Total Value	.795	(Not) accepted

3.4 Population and Sample

1. Population

Population included the individuals who had the direct experience of using or well understanding of the product/series specified by this of study.

2. Sample and Sampling Method

The (180) of samples were assigned by using the G*Power method (Cohen, 1977). All of samples size of this study is calculation from research population that derives from the number of people who had the direct experience of using or well understanding of the product/series specified by this of study. The specific locations where the research chose were illustrated in Table 3.1

Table 3.3: The locations of data collection

Locations	Quota (n = 5)
Place 1 Royal Palace of Phnom Penh	36
Place 2 International Airport of Phnom Penh	36
Place 3 Eon Mall of Phnom Penh	36
Place 4 Royal University of Phnom Penh	36
Place 5 Train station of Phnom Penh	36
Total	180

3.5 Data Analysis

The statistical techniques applied for data analysis were as follows:

- 1. Descriptive Statistics. It was used for analyzing the following data
- 1.1 Demographic data including gender, age, income, education background, and occupations would be measured by using percentage ratio and frequency counting

1.2 Respondents' attitudes toward dependent "(customer loyalty)" and "(product quality, service quality, brand innovation, physical environment") independent variables of this study which were measured by using the value of mean and standard deviation

Table 3.3: illustrated the summary of descriptive statistics for data analysis of each variable.

Table 3.4: Summary of descriptive statistics for data analysis

Independent Variable	Type of Variable	Descriptive Statistics
Demographic	Independent	Percentage / Frequency
Product Quality	Independent	Mean and Standard Deviation
Service Quality	Independent	Mean and Standard Deviation
Brand Innovation	Independent	Mean and Standard Deviation
Physical Environment	Independent	Mean and Standard Deviation
Dependent Variable	Type Dependent of Variable	Descriptive Statistics
Customer Loyalty	Dependent	Mean and Standard Deviation

3.6 Inferential Statistics Multiple Regression technique was used for analyzing the relationship between independent variables and dependent variable. The purpose of conducting this relationship analysis was to find out the degree of influence of the (4) independent variables on the dependent variable However, such relationship was proposed in each hypothesis of this study Moreover, the analysis was conducted at .05 level of statistical significance.

CHAPTER 4

RESEARCH FINDING

4.1 Data Analysis

The research findings which derived from data analysis were presented in 4 parts as follows:

Part 1: Demographic data

Part 2: Attitude toward product quality

Part 3: Attitude toward service quality

Part 4: Attitude toward brand innovation

Part 5: Attitude toward physical environment

Part 6: Relationship between independent variable and dependent variable

Part 1: Demographic Data

The research findings of this part presented the respondents' personal data including gender, age, income, education background, and work experience. The statistical techniques used for data analysis were percentage ratio and frequency counting. The findings were presented in Table 4.1 as follows:

Table 4.1: Summary of demographic data (n = 11)

Demographic Data	Frequency	Percent
Gender:		
Male	85	47.2
Female	95	52.8
Age: (Years)		
17 – 25	114	63.3
25 - 30	54	30.0
30 – 35	9	5.0
more than 35	3	1.7
Marriage:	,26/	
Single	144	80.0
Married	36	20.0
Devoted		
Occupation:		
Banking/Financial	13	7.2
Employee of Private company	40	22.2
Students	59	32.8
Business Owner	26	14.4
Sale/Marketing	39	21.7
Other	3	1.7

(Continued)

Table 4.1 (Continued): Summary of demographic data (n=11)

Education of background:		
Below bachelor's degree	23	12.8
Bachelor's degree	136	75.6
Mater's degree	20	11.1
Doctoral degree	1	.6
Monthly income: (Dollar)		
less than \$180-\$250	95	52.8
\$250 - \$300	22	12.2
\$350 - \$400	15	8.3
\$400 – \$450	16	8.9
more than \$500	32	17.8
Which is the most appropriate to	ima for the coffee shop to	onon?
0:5.00am	3	1.7
0:6.00am	23	12.8
0:7.00am	36	20.0
0:8.00am	52	28.9
0:9.00am	65	36.1
Other	1	.6
		(Continued)

(Continued)

Table 4.1 (Continued): Summary of demographic data (n=11)

Frequency of visiting coffee shop?

riequency of visiting confects	mop.			
Daily or almost	25	13.9		
Times a week	10	5.6		
2-3 times a week	25	13.0		
3-4 times a week	31	17.2		
one a week	34	18.9		
Rarely go to coffee shops	52	28.9		
Amount of coffee drinking co	offee a day?			
One	123	83.67		
Two	20	13.60		
Three	3	2.04		
Four	1	0.6		
Factors attracting for using coffee shop service?				
Coffee tastes	127	70.6		
Nice decoration	12	6.7		
Location	9	5.0		
Price	10	5.6		
Good service	15	8.3		
Other	7	3.9		

(Continued)

Table 4.1 (Continued): Summary of Demographic data (n=11)

Times spend for using service at coffee shop?

\$3-5or less	160	88.9
\$5-7 \$7-10	16 1	8.9 .6
\$20 or more than	3	1.7

Table 4.1 Should that total target population 180 respondents, illustrated that almost 95 respondents are female (52.8%), and also have found the left is total 85 male (47.2%), have found that almost of respondents are aging between 17 - 25 years consisted of response 114 (63.3%), were 54 of the respondent in the between 25-30 years (30.0%), and 9 of the respondents have found that between 30-35 years (5.0%) the last only 3 of the respondents have between more than 35 years (1.7%), have found that mostly of the respondents 144 are be still single (80.0%), were 30 of the respondents have a married status (20.0%), have that did not response divorced are fill on (00.0%), show occupation of the respondents 59 that were student (32.8%), with 40 response have that were Employee of private company (22.2%), and have 26 response answered of business owner (14.4%), also have 39 response of worked in sale/marketing (21.7%) only 13 of the respondents banking/financial (7.2%), for last only 3 answered with is filling on at Other (1.7%), Moreover, it was also found that most respondents' education background were are from of the respondent 136 in bachelor's degree, for (75.6%), of the respondent 23 under bachelor's, with (12.8%), also have the response 20 for master degree (11.1%), and last counted of the response (only 1 person doctor degree) for (.6%),

show that the frequency and respondents 95 with monthly is income between \$180 – \$250 (52.8%), and the respondents 22 were those who between income rage \$250 - \$300 for (12.2%), of the respondents 15 between income \$300-\$350 for (8.3%), the 16 people answered between income \$400 - \$450 for (8.9%), and only 32 response answered between income more than \$500 per monthly (17.8%), show the largest of times the 65 of respondents people appropriate for to open on time go to coffee shop at 9:00am (36.1%), have found that were 52 the respondent all of them went to coffee shops at 8.00am (28.6), 36 of people respondents went to coffee shops at 0:700am (20.0%), also have found that were 23 of respondents went to coffee shops at 0:600am (12.8%), and also have 3 only the respondents of people went to coffee shop at 0:500am (1.7%), the last only 1 person at other times (.6%), show in preferable in a week 52 the respondents were rarely go coffee shop (28.9), have found that 34 people of the respondents go to coffee shop one a week (18.9%), and have 31 the respondents go to coffee shop 3-4 times a week (17.2%), 25 of people answers go to coffee shop 2-3 times a week (13.0%), and also have daily or almost 25 the respondents go to coffee shop (13.9%), only 10 people of the response go to coffee shop (5.6%), and also have 3 people were answer of them went to coffee shop (1.7%), also have want to shows that 123 of respondents drank one cup of coffee per day (68.3%), only 33 people answered were the respondents all of them (did not or None coffee) (18.3%), and 20 people were answered drinker two cup of per day (11.1%), also have only 3 people of them drinker three cups of coffee per day (1.7%), only 1 people would like to drinking more 3 cups of coffee per day (.6%), 127 of the respondents would like use coffee tastes (70.6%), also have a 12 were the respondents nice decoration (6.7%).

have found that were 9 people of the response in location (5.0%), 15 the respondents of them would like good service (8.3%), with 10 respondents a prices (5.6%), with 7 the last of response answer people attract to drinker would like at Other___ (3.9%), the last have found that are 160 of the respondents spend price \$3-\$5 to \$5-\$7 or (88.9%), also have 16 the respondents spend is a price \$7-\$10 or (8.9%), the last have found that only 1 person respondents spend more than price \$20 or (.6%).



Part 2: Attitude toward product quality

The research findings of this part presented the respondents' attitudes toward product quality The values of mean and standard deviation were used for data analysis of the attitudes. The findings were shown in Table 4.2 - 4.3 as follows:

Table 4.2: Mean and standard deviation of attitudes toward product quality

-			
Product Quality	Mean \bar{x}	S.D.	Interpretation
The coffee shop you often has high quality of	3.93	.85	Rather Agree
materials			
	′		
The coffee shop you often attend has varieties	4.08	.86	Rather Agree
0 00			
of coffee			
	4.12	00	D 41 4
The taste of coffee at the coffee shop that you	4.13	.89	Rather Agree
often ettend is strongly delicious			
often attend is strongly delicious			
The aroma of coffee in the coffee shop that	3.91	1.02	Rather Agree
The aroma of correct in the correct shop that	5.71	1.02	Rather Agree
you often attend is good			
you often attend is good			
		<u> </u>	
Total	4.01	.905	Rather Agree
			-

Table 4.2: showed that (most respondents rather agreed that product quality should be concerned with customer loyalty ($\bar{x} = 4.13$, S.D. = .89) the tastes of coffee shop that you often attend is strongly delicious ($\bar{x} = 4.08$, S.D. = .86) and ($\bar{x} = 3.93$, S.D. = .85) respectively. Moreover, the respondents rather agreed that the aroma of coffee in the coffee shop that you often attend is good should be concerned with customer loyalty ($\bar{x} = 3.91$, S.D. = 1.02).

Part 3: Attitude toward service quality

Table 4.3: Mean and standard deviation of attitudes toward service quality

Service Quality	Mean \bar{x}	S.D.	Interpretation
The coffee shop that you often attend close and open at appropriate time	4.11	.93	Rather Agree
Staffs are welcoming when servicing customers.	3.89	.93	Rather Agree
Staffs can solve the customer's complaint immediately	3.93	.98	Rather Agree
Staffs take care of customers in a polite manner	4.06	.91	Rather Agree
The service is provided quickly	4.17	.91	Rather Agree
Total	4.032	0.932	Rather Agree

Table 4.3: showed that (most respondents rather agreed that service quality should be concerned with customer loyalty ($\bar{x} = 3.93$, S.D. = .98) staffs can solve the customer's complaint immediately ($\bar{x} = 3.89$, S.D. = .93) and ($\bar{x} = 4.11$ S.D. = .93) respectively.

Moreover, the respondents rather agreed that staffs take care of customers in a polite manner should concern with customer loyalty ($\bar{x} = 4.06$, S.D. = .91), and the service is provide quickly ($\bar{x} = 4.17$, S.D. = .91).

Part 4: Attitude toward brand innovation

Table 4.4: Mean and standard deviation of attitudes toward brand innovation

Brand Innovation	Mean \bar{x}	S.D.	Interpretation
The coffee shop that you attend always provide	3.63	1.00	Rather Agree
a new menu of coffee			
The coffee shop that you attend always provide	3.92	.97	Rather Agree
a new service to customer			
The coffee shop that you attend always provide	3.56	.93	Rather Agree
a new promotion to attract customers			
The coffee shop that you attend always provide	3.52	1.01	Rather Agree
a new time of close and open for customer's			
availability			
The coffee shop that you attend always provide	3.62	1.04	Rather Agree
a new marketing media to communicate with			
customers			
Total	3.65	0.99	Rather Agree

Table 4.4: showed that (most respondents rather agreed that brand innovation should be concerned with customer loyalty ($\bar{x} = 3.92$, S.D. = .97) the coffee shop that you attend always provide a new service to customer ($\bar{x} = 3.56$, S.D. = .93) and ($\bar{x} = 3.63$, S.D. = 1.00) respectively. Moreover, the respondents rather agreed that the coffee shop that you attend always provide a new times of close and open for customer's availability should be concerned with customer loyalty ($\bar{x} = 3.52$ S.D. = 1.01), and the coffee shop that you attend always provide a new marketing media to communicate with customers ($\bar{x} = 3.62$, S.D. = 1.04).

Part 5: Attitude toward physical environment

Table 4.5: Mean and standard deviation of attitudes toward physical environment

Physical Environment	Mean \bar{x}	S.D.	Interpretation				
The coffee shop that you attend is located in a	4.12	.83	Rather Agree				
convenient place							
The coffee shop that you attend has	4.01	.83	Rather Agree				
decoration inside the shop							
The coffee shop that you attend is clean and	4.26	.77	Strongly Agree				
tidy							
The coffee shop that you attend has enough	4.11	.88	Rather Agree				
seats for customers							
The coffee shop that you attend has good	4.20	.80	Rather Agree				
atmosphere marking you want to stay longer							
Total -	4.14	0.822	Rather Agree				

Table 4.5: showed that (most respondents strongly agreed that physical environment should be concerned with customer loyalty (\bar{x} = 4.26, S.D. = .77) the coffee shop that you attend is clean and tidy (\bar{x} = 4.12, S.D. = .83) and (\bar{x} = 4.01, S.D. = .83) respectively. Moreover, the respondents strongly agreed that the coffee shop that you attend is clean and tidy should concern with the coffee shop that you attend has good atmosphere marking you want to stay longer (\bar{x} = 4.20, S.D. = .80), and the coffee that you attend has enough seats for customers (\bar{x} = 4.11, S.D. = .88) respectively.

Part 6: Attitude toward customer loyalty

Table 4.6: Mean and standard deviation of attitudes toward customer loyalty

-							
Customer loyalty	Mean \bar{x}	S.D.	Interpretation				
The coffee shop that you often attend close and	3.97	.89	Rather Agree				
open at appropriate time.							
Staffs are welcoming when servicing	3.81	.86	Rather Agree				
customers.							
Staffs can solve the customer's complaint	3.92	.92	Rather Agree				
immediately							
Staffs take care of customers in a polite manner	3.55	1.04	Rather Agree				
The service is provided quickly	3.63	1.05	Rather Agree				
Total	2.77	0.95	Rather Agree				

Table 4.6: showed that (most respondents rather agreed that customer loyalty should be concerned with staff can solve the customer's complaint immediately ($\bar{x} = 3.92$, S.D. = .92) the coffee shop that you often attend close and open at appropriate time ($\bar{x} = 3.97$, S.D. = .89) and ($\bar{x} = 3.81$, S.D. = 86) respectively. Moreover, the respondents rather agreed that the service is provide quickly should concern with staff take care of customers in a polite manner ($\bar{x} = 3.55$, S.D. = 1.04), and ($\bar{x} = 3.63$, S.D. = 1.05) respectively.

Part 6: Relationship between independent variable and dependent variable

The research findings of this part presented the relationship in terms of the degree of the effect of customer loyalty on product quality, service quality, brand innovation, physical environment. The Multiple Regression Analysis was used for analyzing such relationship. The findings were presented in Table 4.7 - 4.8 as follows.

Table 4.7: The relationship between independent variable and dependent variable

b	Beta	T	Sig
060	064	774	.440 (not affected)
.270	.305	3.700	.000 *(affected)
.043	.043	.606	.545 (not affected)
.266	.225	3.241	.001* (affected)
b	Beta	T	Sig
	060 .270 .043 .266	060064 .270 .305 .043 .043 .266 .225	060 064 774 .270 .305 3.700 .043 .043 .606 .266 .225 3.241

Adjusted R-square = .169, F = .29.754, *p ≤ 0.05

Table 4.7 showed that service quality & physical environment affected by customer loyalty (Beta = -.305, 3.700, Sig = .000) & (Beta = -.225, 3.241, Sig = .001) at 0.05 level of statistical significance. This finding supported the research hypothesis which was proposed that product quality & brand innovation not affected While it was found that did not affect by customer loyalty (Sig > 0.05) That was interpreted that the finding did not support the hypothesis which was proposed that service quality & physical environment affected by customer. The summary of the results of hypothesis testing was illustrated in Table 4.8.

Table 4.8: Summary of hypothesis testing.

Hypothesis	Result
Hypothesis 1: Attitudes towards product quality	Not Supported
were a strongly are not affected by customer	
Hypothesis 2: Attitudes towards service quality	Supported Sig≤0.05
were a rather are disagree by customer loyalty	
Hypothesis 3: Attitudes toward brand innovation	Not Supported
were a strongly are not affected by customer loyalty	
Hypothesis4: Attitudes toward physical	Supported Sig≤00.5
environment was a disagree by customer loyalty	

Table 4.8 showed that both hypothesis 1 and hypothesis 3 were not supported, is while hypothesis 2 and hypothesis 4 were supported.

CHAPTER 5

DISCUSSION

5.1 Conclusion and Discussion

The purpose of this study was to explore the relationship in terms of the effect of the independent variable which were product quality, service quality, brand innovation, and physical environment on the dependent variable which was customer loyalty. As this study was quantitative research, the close-ended questionnaire were designed to collect the data. The (180) of the respondents were randomly selected from the customers in Cambodia, who were live in Phnom Penh city. Regarding the purpose of the study, Multiple Regression Analysis technique was used to analyze the hypotheses. Moreover, percentage, frequency, mean, and standard deviation were also applied to analyze the demographic data, and the samples' altitudes toward the independent and dependent variables. The research finding of the study were concluded in this chapter. Moreover, the discussion of research finding, the recommendation for managerial implication and future research were also included

5.2 Conclusion

1. Demographic Data

According to statistics, the total target population 180 respondents, show most important are female the age is between 17-25 years. the statues is Most of them are students group studying in bachelor's degree. The average monthly incomes are between \$180 - \$250. The frequency of using coffee shop is 9:00am at the coffee shop. And drink one cup of coffee per day. Mostly the coffee shops because coffee

tastes The largest respondents suggest the range of should be \$3–\$5. All of them expected to get the product quality and brand innovation which with the average and the high level of agreement on customer's.

- 2. Attitudes towards variables
- 2.1 Regarding the attitudes toward the product quality, the coffee shop has been able to provide strongly delicious taste of coffee.
- 2.2 Regarding the attitudes toward the service quality, the coffee shop has been able to provide the service provided quickly.
- 2.3 Regarding the attitude toward brand innovation, the coffee shop has been to provide a new a service customer.
- 2.4 Regarding the attitudes toward physical environment, the coffee shop has been providing a new marking media to communicate with customer.
- 3. Hypothesis results of researcher summarized as follows:

 According to consumer's hypothesis four of independent variable difference type the relationship between from perspective an information in using the service concerned on Cambodian' customer loyalty at the coffee shops.
- Product quality business-owner was found the affect positively on Cambodian's customer loyalty strong agree supported in using the at coffee shops in Phnom Penh.
- 2. Service quality business-owner do not support agreed the affect positively on Cambodian's customer loyalty in using the service at coffee shops in Phnom Penh.
- 3. Brand innovation business-owner was found the affect positively on Cambodian's customer loyalty strong agreed in using the service brand innovation of products at the coffee shop in Phnom Penh.

4. Physical environment business-owner do not support agreed the affected positively on Cambodian's customer loyalty in using the service at the coffees hops in Phnom Penh.

5.3 Discussion

This paper is trying to find out factors positively influence customer loyalty who lived in Phnom Penh, Cambodia. Consumers may consider factors as such product quality, service quality, brand innovation and physical environment can positively contribute to consumers to loyal to a coffee shop.

In overall, this paper found that service quality and physical environment perceived by customers have no positive relationship with customer loyalty.

Based on the analysis that hypothesis 2----service quality has the positive relationship with customer loyalty for the coffee shops. This finding was related to the explanation of Parasurman, &Valarie Zeeithaml, & Leonnard (1988).

According to the hypothesis 4----physical environment has the positive relationship with customer's loyalty for the coffee shops. the finding was related to the study of Loloyd,(2002) & Auld Siegrist (2002).

5.4 Recommendations for managerial implication

The recoupment of this study and based on the researcher findings of this present study. they could be managerially utilized for the coffee shop in Phnom Penh. The details the recommendation are as follows:

1. Regarding the findings which was found that service quality and physical environment affected the customer's loyalty of visitor using the service of the

- coffee shop, it means that the owner would consider a bout how to develop service quality and physical environment to keep their customer loyalty to visit the coffee shop eventually.
- 2. Regarding the service quality spotted by this present study, the coffee shop owners should strongly focus on the quick service, the appropriate time of closing and operating the shop, and staff's polite manner.
- 3. According to the physical environment, the coffee shop owner that to focus on the cleanlier and tidier of the shop, the good atmosphere to make the client stay longer, the shop location inside the shop, the enough seats for customer, and the good deconation inside the shop.
- 4. Regarding the different levels of influence between the service quality and the physical environment, the coffee shop owner must consider to implement the service quality as the priority mission, It will be more significant in allocation the business operating budget appropriately. Moreover, there are some consideration about product quality in terms of the strong delicious, and the varieties of coffee taste, Rewarding the brand innovation, what the coffee shop must mostly focus is to provide a new service to customer.

5.5 Recommendation for future research

1. According to the product quality and brand innovation, both of them do not effect Cambodian customer's loyalty the further research will be recommended to find out the fact. It will be beneficial in enhancing the new knowledge for academic discovery in the new future.

2. It is very interesting to study the other factors which could affect the Cambodian customer's loyalty. This is became the factors studied for their present research have been effect on customer's loyalty. The further study of the new factors is useful for the coffee shop business-owner in setting the appropriate strategies maintaining customer to use the service again eventually.



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Questionnaire

On

Factors influencing Cambodian's customer loyalty in using the service coffee shops in Phnom Penh, Cambodia

My name is Sinit To. I am a student of International business at the Bangkok University in Thailand. I am conducting a research to fulfill my Master Degree. As my independent study, this questionnaire is designed to collect information of consumer or customer in selecting coffee shops. The questionnaire will be utilized by a student of the Master of Business Administration (M.B.A) Program of Bangkok University Graduate School of Business (International Program) as part of the independent study course. Your information will be treated with strict Confidentiality; the researcher is thankful for your time in completing the survey.

Please choose your most favorite coffee shops brand in Phnom Penh. (Choose only one by marking $(\sqrt{})$

☐ 1.) Brown Coffee	2.) True Coffee
☐ 3.) Amazon Coffee	4.) Costa Coffee

Part 1: Demographic and Behavioral Data

1.	Gende	r					
		Male	□ Fen	nale			
2.	Age (Y	Years)					
		17 - 25	□ 25	- 30	□ 30 -	35	35 + older
3.	Marria	ge Status					
		Single	□ Mar	ried	□ Dev	oted	
4.	Occup	ation					
		Banking /Fina	ncial \square	Employ	ee of Priva	ate Compar	ny
		Student	KC	Business (Owner [□ Sales/ N	Marketing
		Other					
5.	Educat	cion					
		High School	□ Bac	helor's Deg	gree \Box	Master's	Degree
		Doctoral degre	e				
6.	Incom	e/ monthly					
		Less than \$180	- \$250 p	er monthly	S \$2	250 - \$300 ן	er monthly
		\$300 - \$350 pe	r monthl	y	\$4	-00 - \$450 p	er monthly
		\$500 + more pe	r monthl	y			
7.	Which	is the most appr	ropriate t	ime for the	Coffee Sh	op to Oper	1?
		05.00am		06.00am			07.00am
		08.00am		9.00am			Other
	-			上レ			
8. 1	Frequen	cy of visiting co					
		Daily or almos	st \square	Times a w	eek \square	2-3 times	a week
		3-4 times a we	eek \square	one a weel	k 🗆	Rarely go	to coffee shops
		never go to co	ffee shop	os			
)	A mome	ent of drinking	coffee da	y?			
		None		One		Two	
		Three		Fours		Five	

10. factors attracting for using coffee shop service?

		Coffee taste		Nice decorati	ion		good s	servic	e
		Locate		Price			other		
11. Tir	nes sp	pend for using s	ervice	at coffee shop	p?				
		\$3 - 5 or less		\$5 - \$ 7		\$7 -	- \$10		\$20 or more
Prart2: Iı	ndepe	endent variable a	and D	ependent Varia	able				
T	his se	ction comprises	of qu	estions on pro	duct (Qual	ity of o	offee	shops. Please
use the f	ollow	ing scale rangin	g froi	m 5= Strongly	agree	e, 4=	Rather	r agre	e, 3=
Moderat	e, 2=	Rather disagree	, 1=st	rongly disagre	ee				

OKI	JN/				
		Leve	el of Agreem	ent	
Statement	1	2	3	4	5
Statement	Strongly	Rather	Moderate	Rather	Strongly
	Disagree	Disagree		Agree	Agree
Part1. Product Quality					
12) The coffee shop you often attend has high					
quality of materials.					
13) The coffee shop you often attend has		6//			
varieties of coffee					
14) The coffee shop you often attend has					
varieties is strongly delicious					
15) The aroma of coffee in the coffee shop that					
you often attend is good					

	ĺ		J		
Statement	1	2	3	4	5
Statement	Strongly	Rather	Moderate	Rather ⁵¹	Strongly
	Disagree	Disagree		Agree	Agree
Part2 Service Quality					
16) The coffee shop that you often attend close					
and open at appropriate time					
17) Staffs are welcoming when servicing					
customers					
18) Staffs can solve the customer's complaint					
immediately.					
19) Staffs take care of customers in a polite					
manner					
20) The service is provides quickly					

	I				
		Level	of Agreem	ent	
Statement	1	2	3	4	5
	Strongly	Rather	Moderate	Rather Agree Str	Strongly
	Disagree	Disagree		rigice	Agree
Part3 Brand innovation					
21) The coffee shop that you attend always		(A)			
provide a new menu of coffee.					
22) The coffee shop that you attend always provide a new service to customers.	D				
23) The coffee shop that you attend always					
provide a new promotion to attract					
customers.					
24) The coffee shop that you attend always					
provide a new time of close and open for					
customer's availability.					
25) The coffee shop that you attend always					
provide a new marketing media to					
communicate with customers.					

g	Level of Agreement				
Statement	1	2	3	4	5
	Strongly	Rather	Moderate	Rather	Strongly
	Disagree	Disagree		Agree	Agree
Part4: Physical Environment	•	•	•		
26) The coffee shop that you attend is located in					
a convenient place.					
27) The coffee shop that you attend has good					
decoration inside the shop.					
28) The coffee shop that you attend is clean and	I A				
tidy.					
29) The coffee shop that you attend has enough	,				
seats for customers.					
30) The coffee shop that you attend has good					
atmosphere making you want to stay longer.			1		

	Level of Agreement				
	1	2	3	4	5
Statement	Strongly	Rather	Moderate	Rather	Strongly
	Disagree	Disagree		Agree	Agree
Part5 : Customer loyalty	nt	9	L		L
31) you always feel good when you attend the					
coffee shop that you visit frequently.					
32) you think that it is the right decision to be a					
customer of the coffee shop mostly visit.					
33) when you need to drink coffee outside, the					
coffee shop that you mostly visit is your preferred choice.					
34) you would recommend the coffee shop that					
you mostly attend to friends and relatives.					
35) you insist that you would stay longer at the coffee shop that you mostly visit in the future.					

Please recommend other factors influencing that might positively affect the Cu	stomer
loyalty in using service coffee shop.	
OK UAA	
/O' %/	
Thank you for your as	sistant
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