Attributes of Perceived Values towards
Coffee Shop Industry in Bangkok

Miss Orapin Siprajim

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

An Independent Study Submitted in Partial Fulfillment of the
Requirements
for the Degree of Master of Arts in Business and Managerial Economics
Field of Study of Business and Managerial Economics
FACULTY OF ECONOMICS
Chulalongkorn University
Academic Year 2019
Copyright of Chulalongkorn University

คุณสมบัติของมูลค่าการรับรู้ที่ส่งผลต่อความยั่งยืนของอุตสาหกรรมร้านกาแฟในกรุงเทพฯ

น.ส.อรพินท์ สีประจิม

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

สารนิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต
สาขาวิชาเศรษฐศาสตร์ธุรกิจและการจัดการ สาขาวิชาเศรษฐศาสตร์ธุรกิจและการจัดการ
คณะเศรษฐศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย
ปีการศึกษา 2562
ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

Independent Study Title	Attributes of Perceived Values towards Coffee Shop Industry in Bangkok
By	Miss Orapin Siprajim
Field of Study	Business and Managerial Economics
Thesis Advisor	Assistant Professor NIPIT WONGPUNYA, Ph.D.

Accepted by the FACULTY OF ECONOMICS, Chulalongkorn University in Partial Fulfillment of the Requirement for the Master of Arts

INDEPENDENT STUDY COMMITTEE

.... Chairman
(Assistant Professor SAN SAMPATTAVANIJA, Ph.D.)

.... Advisor
(Assistant Professor NIPIT WONGPUNYA, Ph.D.)

.... Examiner
(Associate Professor CHALAIPORN AMONVATANA, Ph.D.)

จุฬาลงกรณ์มหาวิทยาลัย

CHULALONGKORN UNIVERSITY

อรพินท์ สีประจิม : คุณสมบัติของมูลค่าการรับรู้ที่ส่งผลต่อความยั่งยืนของอุตสาหกรรมร้านกาแฟในกรุงเทพฯ. (Attributes of Perceived Values towards Coffee Shop Industry in Bangkok) อ.ที่ปรึกษาหลัก : ผศ. ดร.นิพิฐ วงศ์ปัญญา

-

จุฬาลงกรณ์มหาวิทยาลัย

CHULALONGKORN UNIVERSITY

สาขาวิชา	เศรษฐศาสตร์ธุรกิจและการจัดการ	ลายมือชื่อนิสิต ....
ปีการศึกษา	2562	ลายมือชื่อ อ.ที่ปรึกษาหลัก ....

Orapin Siprajim : Attributes of Perceived Values towards Coffee Shop Industry in Bangkok. Advisor: Asst. Prof. NIPIT WONGPUNYA, Ph.D.

Coffee shop or café is referred to the place where it offers coffee or drinks and some space for customers to sit and relax. It becomes the most visited place for the modern lifestyles. Coffee shops can be found easily in cities, especially Bangkok, Thailand. There are both local individual coffee houses and chained coffee brands in the market, people can choose to visit either of which or both of them. The rapid growth of coffee industry in Bangkok is affecting how each brand could compete with its rival in the market. Customers are the key driver for the business to grow. It is important for the business to continue to attract new customers and most importantly to keep or retain their existing customers. There are factors behind customers behaviour and decision that can be examined in order to help the business to stay in the market. Customer perceived values are the most direct factors that impact customer satisfaction, which lead them to be loyal coffee shop customers. A survey approach is used to observe customers perception towards the coffee shop industry in Bangkok. Logistic Binary Regression is used to compute to see the relationship between perceived values under each aspect and the probability of being coffee shop customers. Those aspects are product and service quality, price, store decoration and environment, location, and marketing and promotion. The result shows that product quality, price and store decoration and environment have the impact on probability of being café customers. Moreover, demographic data of customers can explain the chance of being café customers that coffee drinkers are more likely to visit the café than non-coffee drinkers.

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

Field of Study:	Business and Managerial Economics	Student's Signature ....
Academic Year:	2019	Advisor's Signature ....

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

จุฬาลงกรณ์มหาวิทยาลัย

CHULALONGKORN UNIVERSITY

LIST OF TABLES

Page

LIST OF FIGURES

Page

1. INTRODUCTION

1.1 Background

"Café," a French word, means coffee, sometimes it also refers to a place to sit and relax with food and *coffee.* People use these two words-café and coffee shop-interchangeably only to refer to shops that sell coffee with seats for customers to sit, to relax, and to have conversation. Clients spend their time at the coffee shop, sometimes for more than an hour and the fact that the coffee shop impresses them, they would return the next time as revisited customers. Some perceived values or customer perception are created as they were impressed by either the place, products, service, or other factors. Due to the rapid growth of coffee shops or café in Bangkok, Thailand, including both chain stores and local shops, this creates important issue of how to retain customers and to compete with other new stores.

According to Euromonitor (2018), Thailand has up to 8,000 coffee shops operating, and will continue to rise to 5% each year. Revenue in the coffee segment amounts to US$1,962m in 2020. Thailand coffee consumption is increasing by about 15% each year, approximately 300 cups per year per person; compare to that of Japan and Europe is 400 and 600 cups per person per year, respectively. The coffee consumption is expected to increase from the past decade from less than 1 kilogram of coffee ground per person per year to up to 5 kilograms of coffee ground per person per year. The main players in Thai market are Starbucks, Amazon, True Coffee, Doi Chaang, Coffee World, and All Cafe. Mr. Meechai Amornpathanakul (2018), vice-president of the Asian Coffee Federation and president of the Barista Association of Thailand, stated that the coffee shop market is estimated at 36 million baht and is expected to double over the next five years. Investors from other countries, such as South Korea, Japan, China, Australia, Singapore and Indonesia are interested in collaborated with Thai coffee players.

"The coffee business is a dream for many young generations. They want to enter the business because it is not difficult to start a business and the upfront investment cost is not high. Moreover, it has alternatives to enter the market by own

investment or on a franchise basis," said Mr. Kavin Kittiboonya (2018), managing director of Kavin Intertrade Co, the 2rganizer of a coffee, bakery and ice cream fair. Thai coffee consumption is rising as well as the expansion of the new coffee shops, this leads to the switching from the mass brands to specialty and high-end shops. New cafés can be found in Bangkok every single week even during the COVID-19 outbreak, March – June 2019) this leads to high competitiveness. The coffee roasting sector is growing as new cafés and baristas are demanding for new and unique type of coffee grounds in order to be different from competitors.

The premium coffee segment in Thailand is growing and still potential for the market to expand. There will be intense competition in the premium coffee segment because many independent coffee houses are creating specialty menus to be sold in their stores. The record made by Euromonitor showed the growth of 22% of Thai coffee market between 2016 to 2018; this is where Starbucks Coffee Thailand see opportunities in fulfilling customers demand in coffee in Thailand. Ms. Nednapa Srisamai, managing director of Starbucks Coffee Thailand, said that Marketeer has conducted a research stating Starbucks is the first brand in customer's mind when thinking of coffee retail. She also added that Starbucks offer unique experiences for their customers. Even though there are plenty of independent coffee houses or local brands that established each day, the growth rate of Starbucks is still healthy said Ms Srisamai. She mentioned that Starbucks aim to be opened on average of 30 each year and in 2022 will reach up to 600 in Thailand.

Thailand's premium coffee marketing is now attracting many coffee drinkers or even non-coffee drinkers, where local brands see opportunities in building brands in this segment. In order to compete with rivals in the coffee shop or café market, Mr. Varatt Vichit-Vadakan, founder of Roots, an independent coffee house in Thonglor and Sathorn area, Bangkok, stated that each brand has to find its own way, in this case means its competitive advantage to thrive through the high competition. He does not see the big-named chain coffee stores as his competitors as he believes that the local one offers different kind of products and experiences. In addition to Mr. Vichit-Vadakan, Mr. Natthiti Ampriwan, owner of a gallery coffee shop, see his small size

shop as the competitive advantage that the store or himself as the owner can have higher interaction with the customers.

1.2 Significant of Problem

There are many cafés or coffee shops that are opening in Bangkok recently. They have not got any unique competitive advantage to win over one another, in other words there are all quite similar in terms of products and services. According to Euromonitor (2020), café outlets by category show an increase in number gradually since 2014, and the forecast of the outlet number is shown in shaded part of Table 1. The forecast of number of specialty coffee and tea shop outlets shows a growth of 6.8% from 2019 to 2020, data is done prior to the COVID-19 outbreak. The remarkable growth is seen in the category of independent specialty coffee and tea shops, which is 8.9% from 2019, it shows relatively high growth compare to all other categories. The overall sale shows a slight decline in percentage growth, one of the reasons is because the market becomes saturated that it is harder for agents to boost their sales when they are more competitors.

	2019	2020	2021	2022	2023	2024
Total Outlets						
Chain	4,892	5,210	5,545	5,894	6,262	6,648
Independent	754	821	892	968	1,049	1,135
Total	**5,646**	**6,031**	**6,437**	**6,862**	**7,311**	**7,783**
Outlet growth		**6.82%**	**6.73%**	**6.60%**	**6.54%**	**6.46%**
Sales Value (THB million)						
Chain	26,060	28,223	30,537	32,980	35,586	38,362
Independent	2,306	2,525	2,759	3,010	3,279	3,563
Total	**28,366**	**30,748**	**33,296**	**35,990**	**38,865**	**41,925**
Sales growth		**8.40%**	**8.29%**	**8.09%**	**7.99%**	**7.87%**

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 1: Growth of Coffee Shop Industry in Thailand (Euromonitor, 2020)

The table shows statistical result that there will be more players entering the café industry in Thailand; hence, higher competition in the market, how can each compete one another. The newly opened ones might be in the interests of the socials

for some time, only the one with originality or highly competitive advantage would gain the visits from the revisited customers. Customers drive the business, especially the coffee shop, which lie under the product and service industry. What impact the customer decision on visiting each café? Different types of customers prefer and value things differently. How does these values have impacts on the coffee shop industry, where market is highly competitive especially in Bangkok market? To maintain a sustained coffee shop is not easy, the result of this study could help identify the business opportunities and marketing strategies for coffee shop industry in Bangkok.

1.3 Objective and Hypothesis

This research paper is attempting to identify customers perceived values in which impact the sustainability of coffee shop industry in Bangkok. Customers' perception differs, there are many reasons behind those revisited customers; therefore, it is essential to pick up and highlight significant factors that could enhance the competitiveness of each coffee shop. The objective is to be able to point out key strategies for the firm's side in order to maintain their customers through the study of customers perceived values.

The hypothesis is that customers perceived values towards coffee shops are positively related to satisfaction and loyalty. High number of coffee shops opening in Bangkok, coffee drinkers or café hoppers are more likely to visit newly opened shops, but still revisiting the shops that highly satisfied them in different aspects. The scope of the study will be the study of factors among perceived values that make customers revisit coffee shops within Bangkok. Sample evidence will be collected among customers about their perceptions and experience on coffee shops in Bangkok.

Further, the study is efficiently chosen the strategy for coffee shops in order to retain existing customers, making them the loyal customers. With this paper, customer perceived values are identified are studied on the impact of each that could affect customer satisfaction; therefore, their decision on visiting the coffee shop in Bangkok. This paper will be useful for coffee shop owners that are looking for the study on consumer behavior.

2. LITERATURE REVIEW

Since coffee is counted as the second most essential commodity product after oil (Mohamud et al., 2017), it is interesting for most of the coffee drinkers to find a place with good coffee and suitable environment for them to sit and enjoy their drinks. It becomes a must-go place for modern-lifestyle people. Coffee shops are the member of product and service industry, the essential key for creating high comparative marketing strategies is to focus on customer brand loyalty (Fournier and Yao, 1997). However, before obtaining brand loyalty from the shop customers, it is highly important to raise their satisfaction. Grisaffe and Nguyen (2011) stated that brand satisfaction is known to be the assessment of the customers due to their overall product and service experiences. Due to the high competition in the coffee shop industry, not only in Bangkok, Thailand, but among other international coffee players, the main factor that could help all the players in the market to be sustained is the customer loyalty. Customer loyalty is the result of high satisfaction; hence, those with loyalty are those who are willing to purchase frequently.

Lewis and Mitchell (1990) claim that customer satisfaction will be reduced when their expectation of products and services is higher than what the brand can offer. An increased in customer satisfaction leads to a rise in repurchasing customer, while Han et al. (2011) also emphasize that it is the perceived value itself that increase the number of returned customers. Customer loyalty shows an important role that could have impact on all kinds of business (Han et al., 2011). Han et al. (2018) also mentioned about reasons that customers are loyal to some brands and decide to repurchase, such as affordable price, and convenient location. To build a strong brand, the main factor is to have customer loyalty as the basic element (Ailawadi and Keller, 2009); many businesses have been introducing this basic.

2.1 Perceived Values

Perceived value is the most essential tools for marketers in order to drive the behavioural outcomes (Hwang and Kandampully 2015). Customers perceived value is the factor in which their satisfaction can be raised. When customer satisfaction is

increased, they tend to return to the shop later in the future as they are somehow happy with the store; thus, their satisfaction or expectation is meet. Supported by Fornell (2001), customer satisfaction is strongly related to their perceived value for the post-consumption. Given definition by Monroe (2002), perceived value is the advantage gained from what product and service offer, in exchange with the amount money paid. Customer perceived value is an evaluation and preference of product performance and the return in which the customers received after utilizing, consuming or purchasing (Woodruff, 1997). Zeithaml (1988) points out more about customer perceived value, that it includes perceived quality and perceived costs. In addition to that, Taylor and Hunter (2002) identify the relationship between perceived quality and customer satisfaction that eventually leads to the customer loyalty.

2.2 Product Quality

According to Nadiri and Gunay (2013) and Weiss et al. (2005), food and beverage offer in-store can induce customer perception and satisfaction; hence, the retention rate of customers can be predicted from that. It is obvious that people spend for products or services would have expectation about its functions and quality; thus, if the products or services perform their tasks well enough, it would satisfy what the buyers have paid. This shows how customer perception and their behaviour are linked. Customer satisfaction is highly based on the quality of product or service he or she received. To be clear, satisfaction is to see whether customer expectation is meet. Customer satisfaction is related to their personal feeling of happiness regarding the product they purchase (Deng et al., 2010). For coffee shop industry, the product, in this case, specialty coffee, can be easily distinguished the good and bad one; therefore, customers can easily choose to visit the café or shop that offer them the good quality coffee. According to Thai premium coffee market, many local coffee brands are creating specialty coffee menu, including special coffee beans and also the process in making coffee; intense product competition occurs. Providing quality products can easily attract customers.

2.3 Service Quality

There are papers written about the relationship between customer behaviour and perceived service quality; showing positive relations, meaning that higher service quality would increase customer commitment to the brand and that would make them loyal customers. Zeithaml (1988) stated that the assessment made by customers regarding the overall excellence is based on their service quality perception. Parasuraman et al (1994) also stated that clients are more willing to recommend the brand when perceived service quality is higher. Moreover, satisfaction and industry market share are stated to be contributed by service quality, that would raise higher retention rate of customers (Anderson & Zeithaml, 1984, & Zeithaml, 1988). For the coffee shops to stay in the industry, it is highly essential to hold the concept of raising service quality to ensure their customers remain. Noted by Fornell et al (1996) that firm's profitability is strongly linked to the high number of returned clients, which is the result of having good service quality. In addition, higher service quality can raise customer loyalty and retention rate (Fornell, 2001). Coffee shops that sell specialty coffee do not only serve customers with simple or traditional way of brewing coffee, but having more complex style of introducing the menu, which this can raise the satisfaction or perception towards the quality of the service offer by the store.

2.4 Store Decoration and Environment

It is important for the coffee shops to maintain their existing customers. The most effective way is to create positive experiences either through product, service, or environment, which will later raise the loyalty of the customers. Klaus and Maklan (2012) stated that the experience can increase the retention rate; thus, the whole financial success. Physical environment in the store can impact the overall quality that customer perceive, leads to higher satisfaction of customers experience that would have impact on their decision of returning in the future (Parasuraman, Zeithaml, and Berry, 1988, Ryu and Jang, 2008). In addition, the customers may recommend the store to their love ones or even spend more time in the store than they have planned (Ryu and Jang, 2008). Ryu and Jang (2008) also mentioned about the higher customers satisfaction and their loyalty come are the result of having good

experiences. Coffee shops are now having more concern on the environment and designs of the store, to serve customers with special experiences. Customers these days prefer consuming nice atmosphere, and especially for those who love taking photos, this allows them to share the place to their friends and onto their online platform. This increases the awareness of the store and is highly exposed to new customers; may not be the coffee drinkers, but the décor consumers.

2.5 Price

Product price is another factor that can influence customers decision to spend (Herrmann et al., 2004). Customers only pay for the product if they are satisfied with the price it charges. Many papers have been written about the price of product, which if it is highly satisfied by customers; thus, repurchase occurs. This leads to higher number of loyal customers when they are happy with the price and do the repurchase. However, in the premium coffee market, it may not be very easy to charge the product at cheap price because the process in which the product is made is more complex that the normal or instant coffee market. Customers loyalty and acceptance of price are the essential elements where satisfaction is meet (Virvilaite, Saladiene & Skindaras, 2009). Jiang & Rosenbloom (2005) conducted a paper showing a positive relation of acceptance of price and the retention rate. Customers are more willing to pay for affordable and reasonable price for both products and services, if the price is acceptable, they tend to purchase more frequent.

2.6 Marketing and Promotion

Marketing strategy can help induce customer decision on consuming products and services, efficient marketing strategy can be measured by the result of higher sales or revenues of the brand. The creation of value between firm and customers has been adapted to individually customized value creation. This can be referred to one-to-one strategy introduced by Peppers, Rogers & Dorf (1999); the concept highlights the essential of retaining customers instead of acquiring new customers, that it is important to treat and service each client differently in terms of the differences in their satisfaction. This concept can be one of the key strategies adapted by coffee shop

industry in Bangkok in order to retain their customers and make the stores sustained. Coffee Club, an Australian chained coffee shop, operates in Thailand see opportunities in stimulating customers interest by launching new menu, porridge, special for Thai market. Boyy Café, a coffee shop owned by a Thai fashion designer, offers customers with special coffee menu with pandan syrup, which is hardly find elsewhere. This is because of the adaptive strategy according to Thai customer preference.

Moreover, Mr. Natthiti Ampriwan (2018) also see how being close to customers will create more values, he stated that "Customers become our friends and we treat them like our family. We give them what we eat, like delicious cake served in the shop, and we give them what we drink: quality coffee." Starbucks Coffee Thailand also uses the strategy to elevate the in-store experience for all customers with different lifestyles (Srisamai, 2019). The adaptive strategy may create more work for the brand, but in exchange with higher customer satisfaction, it would be profitable.

2.7 Conceptual Framework

The conceptual framework highlights the factors that help identify the customers characteristics. It can be classified into three main groups, which are demographic information, their personal behaviour and what type of customers are they. It also shows the relation of customer perceived values towards their satisfaction and if they are customers of coffee shops. The factors that explain the customer perceived values are product and service quality, price, store location, store decoration and environment, and marketing and promotion. Having high satisfaction to each coffee shop may lead to high probability of being café customers. The coffee shop industry can raise opportunities and introduce new marketing strategies to maintain their existing customers and to seek for new customers through the study of customer behaviour.

Customers

Demographic Info

- Gender
- Age
- Education
- Occupation
- Marital Status
- Monthly Income

Types

- Coffee Lovers (come for coffee)
- Non-coffee lovers (come for other reasons)
  o Photo taking
  o Passer-by

Personal Behaviour

- One coffee and go
- One coffee for couple hours
  o Study
  o Meeting
- Coffee and photos
  o Photos of coffee
  o Photos of the store

Perceived Value

- Experience
- Quality of G&S
- Environmental
- Marketing/Promotional
- Price
- Others

Satisfaction

Coffee Shop Customers

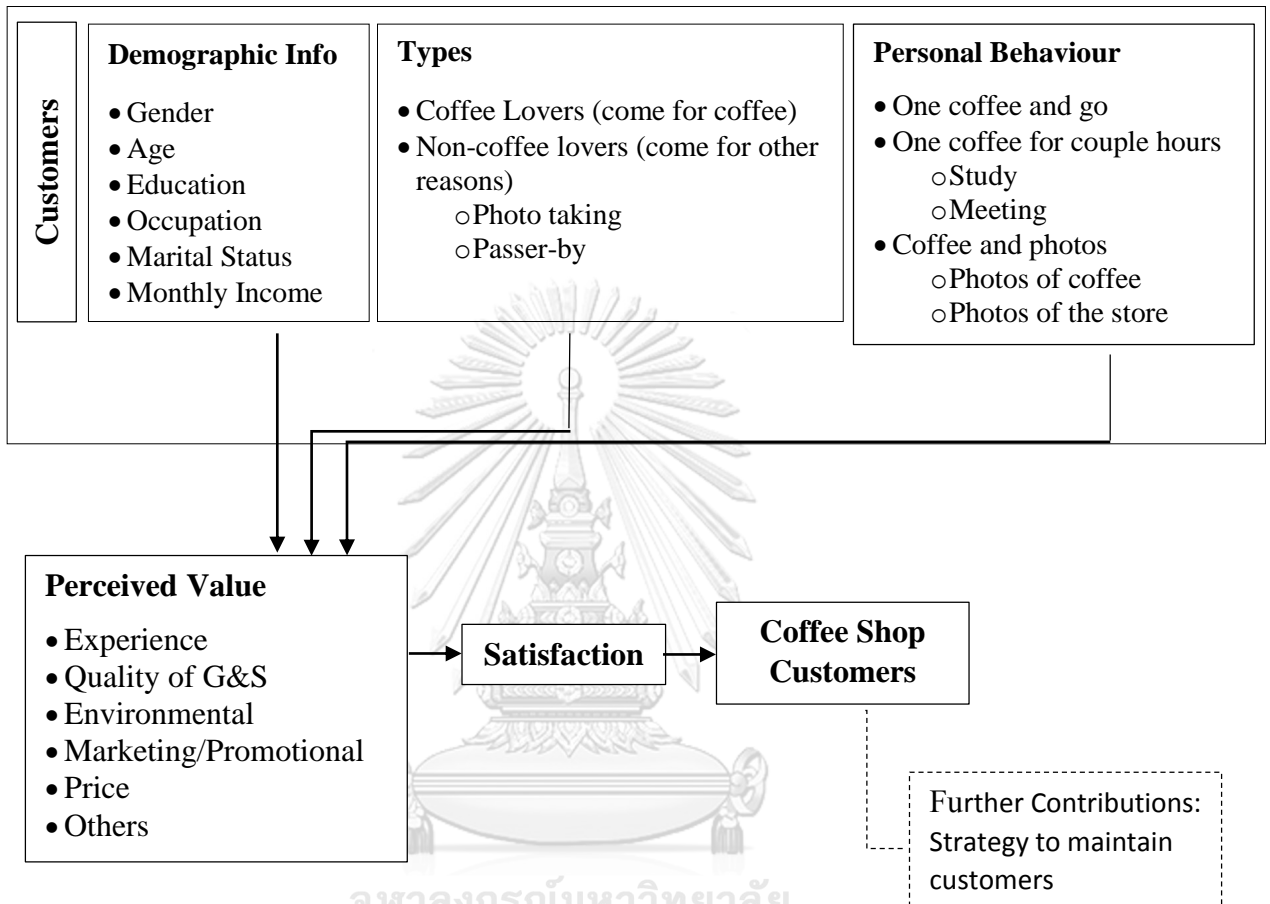Further Contributions: Strategy to maintain customers

Figure 1: Conceptual Framework

3. RESEARCH METHODOLOGY

3.1 Data Collection and Description

In addition to the literature review about factors that could impact customer perceived values towards the sustainability of coffee shop industry, due to the COVID-19 outbreak, primary data on customer behaviour and their perceptions can be collected through online questionnaire. It is distributed to some amount of the Thai coffee shop customers. The questionnaire is made up of two main parts. It contains questions regarding demographic information and the five-Likert scale questions regarding the perceived values under each factor towards the coffee shops in Bangkok which they visited. The five scales are from 1 to 5, which are the least satisfy (not satisfy at all), not quite satisfy, neutral, satisfy, and the most satisfy (highly satisfy). The factors towards the values perceived by customers that are in the questionnaire are product quality, product price, service quality, store marketing and promotion, store decoration and environment, and store location. Moreover, all the factors will be analysed with econometric method, the appropriate marketing strategies for the coffee shop side are picked through secondary data regarding the factors that impact customer decision, in order to make suggestions for the industry to be more sustainable and be able to retain their customers.

There are three hundred and forty-four respondents in total, but there are only 321 observations that are completed. From the 321 samples, the demographic data of the respondents can be classified by gender as follow, 73% of the respondents are the 234 females, 79 are male and the rest are respondents who prefer not to say about their gender. The average age of all the respondents are between twenty-one to thirty years old, and that the marital status collected by the questionnaire shows that 82% of them are single, only 15% are married and 3% are those prefer not to say about their status. For the average monthly income is between 45,001-50,000 Thai Baht, which 153 of the respondents, made up to 51%, are office workers, and 24% are business owner; the monthly income shows quite a high rate range. The rest are other occupations, such as cabin crew, professor, doctor, government officer, etc. Moreover, almost all the respondents have a bachelor's degree as their highest

education level of 86%. Two hundred and sixty-four people say that they are coffee shop or café customers, which made up 82% of the total respondents. For those who do not go to coffee shop at all said that because they are allergic to caffeine; therefore, they cannot drink neither coffee nor tea, and most of the café sell coffee and tea, so they decided not to visit.

About 80% of the coffee shop customers are coffee drinkers, while the rest of 52 people are non-coffee drinkers. Those who are the non-coffee drinkers give reason for visiting coffee shops or cafes that they purchase other kinds of products, such as bakery products or other drinks instead of coffee, and some of them prefer going to the shop to meet friends and to take photos because these days, cafés are having nice interior and architectural design, especially for these type of customers. Out of 264 coffee shop customers, 87% or 231 people say they usually visit the same café because more they like the products sold in that coffee shop they visit; 66% affirm this reason. While there are thirty-three coffee shop customers who do not visit the same café; the reason behind that is because up to 67% of the group say they want to explore other café or the newly opened one, which reassure that there are so many coffee shops opening in town. Other reasons are that they get bored easily and some does not really addict to any stores or products, only a place to purchase drinks, anywhere is fine.

Those coffee shop customers visit the shops regularly about once a week. For customers who usually go to the same coffee shop would revisit more than once a month. Most of the café customers go to local or independent coffee house to purchase their drinks, only 28% of them prefer chain coffee shops. The reason for each kind of coffee shop is because each type of customers prefers different style of product, coffee. Majority of the respondents who visit the café said they spend about 100 to 200 baht per visit on average, no matter which kind of coffee shop they visit.

3.2 Econometric Method and Model Specification

With the econometric approach, the logistic binary (multiple) regression is used to analyse the collected data, with the use of Gretl programme. Logistic binary

regression is appropriated for this study because it shows the relationship between binary dependent variable and nominal independent variables.

Logistic binary regression is the extensive form of the simple linear regression, which the dependent variable is in binary form, one and zero, in this case probability of one is the probability of being coffee shop customers and probability of zero is the probability of being non-coffee shop customers. Hence, the simple linear regression cannot do the prediction for the case of binary dependent variable. The differences from the normal distribution is that the mean and variance are not independent. The mean and variance are denoted in form of P*(1-P)/n. where n is the number of samples and P is probability of interests.

The logistic regression is used in order to predict the categorial variable with the use of relative odds, which almost similar to correlation, that explain the association between variables. To be clear, for example, relative odds can be explained as "The probability that *A* would pass the exam is more than that of *D* by 80 percent," to see relation among *A and D* to the probability of passing the exam The model must have more than one predictor, which are the independent variables, which can be either categorial, ordinal, nominal, or continuous interval variables. The model will generate the result regarding each type of variable All independent variables in this paper are nominal variables, which will be late shown in Table 1. The assumptions for logistic binary regression are that too few or too many observations are bad for the regression, the multicollinearity is absent and there is no outlier. The regression result shows the classification prediction or in confusion matrix, depends on the programme used, which tells the efficiency of the model. The model is best used when it shows the significant chi-square result.

There are two models in this paper, which the main model, Model 1, is to explain the relationship between customer perceived values under each factor, product quality, service quality, product price, store decoration and environment, store location, marketing and promotion and the probability of them being coffee shop customers. The second model is to see the relationship of customers demographic that could affect the probability of them being coffee shop customers.

Showing below is the logistic binary regression model that will be conducted as probability of being coffee shop customers, where y^* in each model will be explained.

$$y^* = ln\left(\frac{p}{1-p}\right) \qquad (1)$$

$$p = \frac{exp(y^*)}{(1+exp(y^*))} \qquad (2)$$

The main model will later be called as Model 1, concerning on perceived values of the customers can be shown in equation as

$$y_1^* = \beta_0 + \beta_1 prodQ + \beta_2 serQ + \beta_3 dec + \beta_4\ loc + \beta_5\ price + \beta_6 mkt \qquad (3)$$

Model 2 concerning on demographic information can be written in equation as

$$y_2^* = \beta_0 + \beta_1 age + \beta_2 gen + \beta_3 marital + \beta_4\ edu + \beta_5\ occu$$
$$+\beta_6 inc\beta_7 + coffdrink \qquad (4)$$

Given both models, the result will be shown as the coefficient of each explanatory variables, while the exponential of each coefficient is expressed as odd ratios. The marginal effect can be found by the change in outcome as a function of the change in the independent variable holding all other variables constant. It can be found in the result tables as the slope of each independent variable.

3.3 Variable Description

According to the review of literature, examples of the variables that might be selected from customer perceived values are product quality, service quality, product price, and store decoration and environment, store location, and marketing and promotion. The two models are to see the relationship between these variables according to their perceived values and the probability of them being coffee shop customers and also to show the relationship whether demographic data from the observation have any impact on the chance that they are the coffee shop customers. Each model contains different independent variables which will be clarified below, accordingly.

The dependent variable or y_1^* for the Model 1 is "the probability of being coffee shop customer," which is a binary variable given that P (going to coffee shop = 1), P (not going = 0). The independent variables are nominal. They are factors under the collection of data about perceived values, which are product quality, service quality, product price, store decoration and environment, store location, and marketing and promotion as shown in the table 2.

Explanatory Variables	Stands for	Types of Variables
ProdQ	Product Quality	Nominal
SerQ	Service Quality	Nominal
Décor	Store Decoration and Environment	Nominal
Mkting	Marketing and Promotion	Nominal
Location	Store Location	Nominal
Price	Price	Nominal

Table 2: Model 1 Variable Description

"PRODQ" stands for product quality that refers to all kinds of products a coffee shop can offer, including coffee, other drinks, bakery, and food. Some cafés might sell other products, such as glasses, mugs, cups, or t-shirts. Quality of all kinds of products are in account for the values customers may perceive. For "SERQ," service quality, it refers to quality of the service staff offer to customers, or the convenience the client would receive when visiting the store. Product price charged by the store is the factor that could classify customers regarding their social status and can assure the store that whether the customers are satisfied by the price. "DÉCOR" stands for store decoration and environment, refers to the interior and exterior design and atmosphere around the store. This factor becomes the key point to attract customers because nowadays people like taking photos and post them onto social media; therefore, having beautiful shop may raise their perceived values. Store location refers to the location of the café and how convenient the customers could be when they decide to visit the shop. This includes whether or not it is possible to travel by public transport or having parking available for them or not, as Bangkok can hardly find parking and traffic in the city is not very good; hence, an important point

for customers to concern. Marketing and promotion offered by the coffee shop can highly attract both existing and new customers. Efficient marketing would increase the shop's revenue and that could influence the revisited customers, loyal customers.

Explanatory Variables	Stands for	Types of Variables
Age	Age	Nominal
Gender	Gender	Nominal
Marital	Marital Status	Nominal
Edu	Highest Education	Nominal
Occu	Occupation	Nominal
Inc	Monthly Income	Nominal
Coffdrink	Coffee Drinker	Nominal

Table 3: Model 2 Variable Description

In Model 2, it is comprised of independent variables that are demographic variables collected from the questionnaire, which are respondents' age, gender, marital status, highest education level, occupation, average monthly income, and whether or not they are coffee drinker, which these are nominal variables. The dependent variable or y_2^* will also be explaining "the probability of being coffee shop customer." It is a binary variable given that P = 1 refers to the customers who go to the coffee shops; coffee shop customers, while P = 0 are those who do not go to the coffee shops.

The explanatory variables in Model 2 can be explained as follow. The age and marital status of the respondents is the information at the time they were filling in the survey. "EDU" refers to the highest education level of the respondents. While "INC" stands for their average monthly income. The information on "COFFDRINK" is to distinguish the characteristic of people being coffee drinkers and non-coffee drinkers.

In addition to econometric approach, the descriptive approach will be used to describe the marketing strategy that may be efficient for coffee shops to retain their customers and maintain their capability as sustained shops in the industry in Bangkok.

4. RESULT AND DISCUSSION

The empirical result will be described separately according to each model mentioned in the methodology part. The first part of the result will be discussing about the probability of being coffee shop customers and factors regarding customer perceived values, while the second part will be discussing about the relationship between probability of being coffee shop customers and the result on demographic information.

4.1 Model 1: Perceived Values

Three hundred and twenty-one observations are analysed by the use of programme called Gretl, which the method that is used here is "logistic binary regression." Model 1 is the model that is testing on the perceived values of customers towards the probability of being coffee shop customers. The result shown in Figure 2 that the model is 86% correctly predicted, with the likelihood $\chi^2 = 50.06$ at p=0.0000.

	Variables	Coefficient	Slope	Exp (β)
Model 1: **Perceived** **Values**	**ProdQ**	0.9047*** (1.932)	0.1068	2.4695
	SerQ	-0.0369 (4.005)	-0.0044	0.9638
	Décor	-0.5606*** (-2.687)	-0.0662	0.5712
	Mkting	0.0786 (0.4442)	0.0093	1.0818
	Location	-0.1274 (-0.6087)	-0.015	0.8803
	Price	-0.641*** (-2.837)	-0.0757	0.5368
Observations		**321**		

Chi-square=50.06, p=0.0000, classification prediction=86%
***Significant at 1%

Table 4: Model 1 Regression Result

Table 4 shows a result where three independent variables are significant at 1%, that are product quality, store decoration and environment, and product price. These three variables of perceived values are highly related to the probability of being coffee shop customers. Product quality has a positive relation to the probability of being coffee shop customers. It can be explained as shown in the slope column that the level of satisfaction of the perceived value for product quality rises by one level, holding all other variables constant, the marginal effect is that the probability of being coffee shop customers will increase by 10.67 per cent. While store decoration and environment and the product price have negative relation to the probability of being coffee shop customers. The marginal effect of an increase in one level of perceived values towards store decoration and environment, while other independent variables are held constant, the probability of being coffee shop customers will be lowered by 6.61 percent. For product price, if the perceived value level is increased by one level, and the rest of the variables are held at constant, the probability of being coffee shop customers will be lowered by 7.56 percent.

This can be referred as if person's expectation is high about product price and store decoration and environment, they would not go to the coffee shop at all because visiting would rather lower their satisfactions instead of increasing, if the place could not offer that they expect, or not having enough the value they perceive.

By taking the exponential of all coefficients, the right-hand column of Table 4 shows the result for the odd ratios of this model. Given perceived product quality value, the probability of being coffee shop customers is greater than the probability of not being coffee shop customers by 2.4 times. While for the perceived value for store decoration and environment, the probability of being coffee shop customers is less than not being customers by 42.9 percent. The result for product price is in the same direction as the store decoration and environment that the perceived value for product price explains that the probability of people being coffee shop customers is less than not being coffee shop customers by 47.3 percent.

4.2 Model 2: Demographic

Model 2 is tested on the relationship of customers demographic data and the probability of being coffee shop customers. The model likelihood ratio test shows $\chi^2 = 40.05$ at p=0.0000 and it is correctly predicted at 80.7%. Table 5 shows the result where only one variable that is highly significant at 1 per cent level, while two demographic independent variables are significant at 10%, which are marital status and average monthly income. Highest education level is the variable that is significant at 5%.

The marginal effect of each significant independent variable can be seen in the result as slope and can be explained as follow. The information on marital status shows a negative relation to the probability of being coffee shop customers, that if the marital status is shifted by one category, given that 0 is for single, 1 is for married, and 2 is for prefer not to say, and hold all other variables constant, the probability of being coffee shop customers will fall by 6.56%.

While average monthly income has a positive relationship, if it increases by one range of income, other variables are held at constant, the probability of being coffee shop customers will rise by 1.73%. When the highest education level is shift by one category, and the rest are held constant, the probability of being coffee shop customers would increase by 8.42%: showing positive relationship. For the variable of coffee drinkers, it also shows a positive relationship with the probability of being coffee shop customers, that if he or she is a coffee drinker, the probability of being the coffee shop customer would rise by 21.10%, when holding other variables constant.

Showing in Table 5 the exponentials of all coefficients are calculated. Given that marital status factor shows that the probability of being coffee shop customers is less than the probability of not being coffee shop customers by 41.92 per cent. While the average monthly income would have a chance of being coffee shop customers greater than not being the coffee shop customers by 1.15 times. The exponentiated coefficient for the highest education level variable shows that the probability of people being coffee shop customers is greater than not being coffee shop customers

by 2 times. For the most influential factor is being coffee drinkers will lead the probability of being coffee shop customers to be larger than the probability of not being coffee shop customers by 3.99 or almost 4 times.

	Variables	Coefficient	Slope	Exp (β)
Model 2: Demographic	**Age**	0.52221 (-1.624)	0.0311	1.6856
	Gender	0.2574 (0.7498)	-0.0629	1.2936
	Marital	-0.5434* (-1.931)	-0.0656	0.5808
	Edu	0.698** (2.345)	0.0842	2.0097
	Occu	-0.012 (-0.2110)	-0.0015	0.9881
	Inc	0.1436* (1.799)	0.0173	1.1544
	Coffdrink	1.3842*** (4.169)	0.2111	3.9916
Observations			**321**	

Chi-square=40.04, p=0.0000, classification prediction=80.07%

***Significant at 1%, **Significant at 5%, *Significant at 10%

Table 5: Model 2 Regression Result

5. CONCLUSION AND RECOMMENDATION

To conclude the result computed in logistic binary regression, it shows that there are three main factors that customer perceived values would impact the probability if being coffee shop customers, which are product quality, store decoration and environment, and product price. These three would affect how people would decide to go or not to visit coffee shops. Customer perceived values towards store decoration and environment and product price have negative relationships with the direction of how customers decision on visiting the café would be. While the product quality shows positive relation, that it could affect the chance of customers visiting the store than not visiting by over 2.4 times. If these factors are clearly examined by each store owner, it could increase the chance of retaining their customers; therefore, more revisited customer or another words, loyal customers. Moreover, the result from Model 2 gives a sensual relationship that people who are coffee drinkers tend to visit the coffee shops than those who do not drink coffee. Customers are expecting much on what they would get in return if they have to spend some amount of money, or even waste their time at some places; hence, the store may have to come up with strategies that are able to serve as much customers as possible.

As the competition in coffee shop market in Bangkok is very high, customers are the key driver for the business to continue to operate. To sum up, the study of customer perceived values towards the coffee shop industry in Bangkok can induce the store side to leverage its competencies in the market; hence, raising customers satisfaction at the same time. This study helps identify and understand more about customers behaviour that could affect the sustainability of the industry, coffee shop. Besides encouraging the industry to develop its strategy, this can also serve the customers on all aspects according to their perceived values, that their expectation will be met.

5.1 Recommendation and Contribution

According to the result from Model 1 that people who perceive the value of product quality very high would visit the coffee shops, in order to retain customers,

the store owner could enrich the menu. Instead of innovating new coffee menu, it is possible to add new food menus such as dessert and some bakery. Moreover, adding other drinks menu would also be another way to attract new customers who are non-coffee drinkers. Having more choices for the customers will persuade them to come back or revisit or even inspire them to spend more money and time at the shop.

To emphasise on the store decoration and environment, the brand could be stand out with the brand identity, that could bring out most of the brand characteristics in order to inspire the customers. To achieve this point is to shift the focus from the products that are sold in-store to the brand experience that can be provided through store environment and interior design. This can create values that can raise customer satisfaction. In addition, it is essential for the brand to add its own tone or the identity to the coffee or products that are sold in the store, this can be used in the communication and marketing campaign as well.

Under the aspect of product price, most customers are willing to pay for the products that are charged reasonably. Sometimes when the products are charged at high prices, but the products themselves tend to have high values for example, specialty coffee that the beans are the rare kind and all the roasting and grinding process are not as simple as others; this can be charged at higher price, and customers will be happy to pay at high price as it is reasonable. Price is one main determination for when the customers will or will not return to the store, as it is the part where the customers have to exchange with; therefore, it is important that the coffee shops have to have high concern on product price.

Besides all three main points of the perceived values that are highly impact on the chance of visit or not visit the coffee shop, other aspects such as service quality can also be improved to make the store more attractive. To obtain and retain staff is highly important, as the staff members are the main driving force behind the brand success and also represent the brand identity. Therefore, investing in staff training and branding is also an important part for the business. Customers will be willing to revisit if the staff made them feel comfortable or offer them with quality service. Adding more value to the service provided could raise customer satisfaction.

According to Zeithaml, Berry, and Parasuraman (1996), staff are important factor that affect customers satisfaction as they are the players who make the customers expectation meet.

Sometimes customers convenience was forgotten, customers always seek for convenience, if the coffee shop can provide them with some useful tools that leverage their experience in-store would also raise their satisfaction. Example of tools that help increase customers convenience is the use of technology and automation. These days people rely much on the use of technology; it reduces time and money, which later lift up satisfaction. Invest in new type of machine at the point of sale; this reduces customers time and effort when coming to the shop. In addition to the technology service, it allows the store to collect customers data or even help the store on marketing aspects.

Moreover, the marketing strategy that is in the interest is to be adaptive; to see the differences among the customers and try to customise the strategy to fit them. According to Peppers, Roger & Dorf (1999), the use of one-to-one strategy is vital that the store can serve their customers differently regarding their satisfactions that are differed. Especially for customer living in Bangkok metropolitan, the city itself is very busy, and that customers are in rush; therefore, they might demand for service and products that can serve their characteristics, such as delivery service or coffee-grab for daily routine.

REFERENCES

Ailawadi, K. L., and K. L. Keller. "Understanding Retail Branding: Conceptual Insights and Research Priorities." [In English]. *Journal of Retailing* 80, no. 4 (2004): 331-42. https://doi.org/10.1016/j.jretai.2004.10.008. <Go to ISI>://WOS:000226335100008.

Anderson, C., & Zeithaml, C. . "Stage of the Product Life Cycle, Business Strategy, and Business Performance.". *The Academy of Management Journal* 27, no. 1 (1984): 5-24. www.jstor.org/stable/255954.

Chen, P. T., and H. H. Hu. "The Effect of Relational Benefits on Perceived Value in Relation to Customer Loyalty: An Empirical Study in the Australian Coffee Outlets Industry." [In English]. *International Journal of Hospitality Management* 29, no. 3 (Sep 2010): 405-12. https://doi.org/10.1016/j.ijhm.2009.09.006. <Go to ISI>://WOS:000278694700009.

Deng, Z. H., Y. B. Lu, K. K. Wei, and J. L. Zhang. "Understanding Customer Satisfaction and Loyalty: An Empirical Study of Mobile Instant Messages in China." [In English]. *International Journal of Information Management* 30, no. 4 (Aug 2010): 289-300. https://doi.org/10.1016/j.ijinfomgt.2009.10.001. <Go to ISI>://WOS:000279623700002.

Euromonitor. "Cafes/Bars in Thailand." (2020). http://www.portal.euromonitor.com/.

Fornell, C. "The Science of Satisfaction." [In English]. *Harvard Business Review* 79, no. 3 (Mar 2001): 120-21. <Go to ISI>://WOS:000167207700014.

Fornell, C., M. D. Johnson, E. W. Anderson, J. S. Cha, and B. E. Bryant. "The American Customer Satisfaction Index: Nature, Purpose, and Findings." [In English]. *Journal of Marketing* 60, no. 4 (Oct 1996): 7-18. https://doi.org/Doi 10.2307/1251898. <Go to ISI>://WOS:A1996VL33900003.

Fournier, S., and J. L. Yao. "Reviving Brand Loyalty: A Reconceptualization within the Framework of Consumer-Brand Relationships." [In English]. *International Journal of Research in Marketing* 14, no. 5 (Dec 1997): 451-72. https://doi.org/Doi 10.1016/S0167-8116(97)00021-9. <Go to ISI>://WOS:000071421300005.

Grisaffe, D. B., and H. P. Nguyen. "Antecedents of Emotional Attachment to Brands." [In English]. *Journal of Business Research* 64, no. 10 (Oct 2011): 1052-59. https://doi.org/10.1016/j.jbusres.2010.11.002. <Go to ISI>://WOS:000293432900005.

Gwinner, K. P., D. D. Gremler, and M. J. Bitner. "Relational Benefits in Services Industries: The Customer's Perspective." [In English]. *Journal of the Academy of Marketing Science* 26, no. 2 (Spr 1998): 101-14. https://doi.org/Doi 10.1177/0092070398262002. <Go to ISI>://WOS:000073832000002.

Han, H., Y. Kim, and E. K. Kim. "Cognitive, Affective, Conative, and Action Loyalty: Testing the Impact of Inertia." [In English]. *International Journal of Hospitality Management* 30, no. 4 (Dec 2011): 1008-19. https://doi.org/10.1016/j.ijhm.2011.03.006. <Go to ISI>://WOS:000293207400026.

Han, H., H. N. Nguyen, H. Song, B. L. Chua, S. Lee, and W. Kim. "Drivers of Brand Loyalty in the Chain Coffee Shop Industry." [In English]. *International Journal of Hospitality Management* 72 (Jun 2018): 86-97. https://doi.org/10.1016/j.ijhm.2017.12.011. <Go to ISI>://WOS:000435061500010.

Hu, H. H., J. Kandampully, and T. D. Juwaheer. "Relationships and Impacts of Service Quality, Perceived Value, Customer Satisfaction, and Image: An Empirical Study." [In English]. *Service Industries Journal* 29, no. 2 (2009): 111-25. https://doi.org/10.1080/02642060802292932. <Go to ISI>://WOS:000266035200001.

Hwang, J. Y., and J. Kandampully. "Embracing Csr in Pro-Social Relationship Marketing Program: Understanding Driving Forces of Positive Consumer Responses." [In English]. *Journal of Services Marketing* 29, no. 5 (2015): 344-53. https://doi.org/10.1108/Jsm-04-2014-0118. <Go to ISI>://WOS:000360578900003.

Jang, Y. J., W. G. Kim, and H. Y. Lee. "Coffee Shop Consumers' Emotional Attachment and Loyalty to Green Stores: The Moderating Role of Green Consciousness." [In English]. *International Journal of Hospitality Management* 44 (Jan 2015): 146-56. https://doi.org/10.1016/j.ijhm.2014.10.001. <Go to ISI>://WOS:000347365100015.

Jiang, P. J., and B. Rosenbloom. "Customer Intention to Return Online: Price Perception, Attribute-Level Performance, and Satisfaction Unfolding over Time." [In English]. *European Journal of Marketing* 39, no. 1-2 (2005): 150-74. https://doi.org/10.1108/03090560510572061. <Go to ISI>://WOS:000209058800009.

Klaus, P., and S. Maklan. "Exq: A Multiple-Item Scale for Assessing Service Experience." [In English]. *Journal of Service Management* 23, no. 1 (2012): 5-33. https://doi.org/10.1108/09564231211208952. <Go to ISI>://WOS:000302497600002.

Lewis, B.R. & Mitchell, V.W. . "Defining and Measuring the Quality of Customer Service." *Marketing Intelligence & Planning* 8, no. 6 (1990): 11-17. https://doi.org/https://doi.org/10.1108/EUM0000000001086.

Mohamud, S.S., Khalifa, G. S. A. Abuelhassan, E. A., Kaliyamoorthy, S. . "Investigating the Antecedents of Coffee Shop Customers' Behavioural Intentions in Kuala Lumpur. ." *International Journal on Recent Trends in Business and Tourism* 1, no. 4 (2017). http://ejournal.lucp.net/index.php/ijrtbt/article/view/237/194.

Monroe, A. "Consumer Involvement - a Vital Piece of the Quality Quilt: The California Healthcare Foundation's Strategy for Engaging California Consumers." [In English]. *Quality & Safety in Health Care* 11, no. 2 (Jun 2002): 181-85. https://doi.org/DOI 10.1136/qhc.11.2.181. <Go to ISI>://WOS:000177054000023.

Nadiri, H., and G. N. Gunay. "An Empirical Study to Diagnose the Outcomes of Customers' Experiences in Trendy Coffee Shops." [In English]. *Journal of Business Economics and Management* 14, no. 1 (2013): 22-53. https://doi.org/10.3846/16111699.2011.631742. <Go to ISI>://WOS:000315390600002.

Parasuraman, A., V. A. Zeithaml, and L. L. Berry. "Alternative Scales for Measuring Service Quality - a Comparative-Assessment Based on Psychometric and Diagnostic-Criteria." [In English]. *Journal of Retailing* 70, no. 3 (Fal 1994): 201-30. https://doi.org/Doi 10.1016/0022-4359(94)90033-7. <Go to ISI>://WOS:A1994QE61400001.

Peppers, D., M. Rogers, and B. Dorf. "Is Your Company Ready for One-to-One Marketing? Response." [In English]. *Harvard Business Review* 77, no. 3 (May-Jun 1999): 198-+. <Go to ISI>://WOS:000079984100029.

Ryu, K., and S. Jang. "Influence of Restaurant's Physical Environments on Emotion and Behavioral Intention." [In English]. *Service Industries Journal* 28, no. 8 (2008): 1151-65. https://doi.org/Pii 90334436710.1080/02642060802188023. <Go to ISI>://WOS:000260644700007.

Taylor, S. A., and G. L. Hunter. "The Impact of Loyalty with E-Crm Software and E-Services." [In English]. *International Journal of Service Industry Management* 13, no. 5 (2002): 452-74. https://doi.org/10.1108/09564230210447931. <Go to ISI>://WOS:000179804900003.

Ting, H., and R. Thurasamy. "What Matters to Infrequent Customers: A Pragmatic Approach to Understanding Perceived Value and Intention to Revisit Trendy Coffee Cafe." [In English]. *Springerplus* 5 (May 17 2016). https://doi.org/ARTN 65110.1186/s40064-016-2259-5. <Go to ISI>://WOS:000376453700022.

Virvilaite, R., V. Saladiene, and D. Skindaras. "The Relationship between Price and Loyalty in Services Industry." [In English]. *Inzinerine Ekonomika-Engineering Economics*, no. 3 (2009): 96-104. <Go to ISI>://WOS:000267789700011.

Weiss, M. R., and A. J. Amorose. "Children's Self-Perceptions in the Physical Domain: Between- and within-Age Variability in Level, Accuracy, and Sources of Perceived Competence." [In English]. *Journal of Sport & Exercise Psychology* 27, no. 2 (Jun 2005): 226-44. https://doi.org/DOI 10.1123/jsep.27.2.226. <Go to ISI>://WOS:000229862600007.

Woodruff, R. B. "Customer Value: The Next Source for Competitive Advantage." [In English]. *Journal of the Academy of Marketing Science* 25, no. 2 (Spr 1997): 139-53. https://doi.org/Doi 10.1007/Bf02894350. <Go to ISI>://WOS:000071596700006.

Yu, H. J., and W. C. Fang. "Relative Impacts from Product Quality, Service Quality, and Experience Quality on Customer Perceived Value and Intention to Shop for the Coffee Shop Market." [In English]. *Total Quality Management & Business Excellence* 20, no. 11 (2009): 1273-85. https://doi.org/Pii 91766479210.1080/14783360802351587. <Go to ISI>://WOS:000272681100009.

Yuan, Y. H., and C. K. Wu. "Relationships among Experiential Marketing, Experiential Value, and Customer Satisfaction." [In English]. *Journal of Hospitality & Tourism Research* 32, no. 3 (Aug 2008): 387-410. https://doi.org/10.1177/1096348008317392. <Go to ISI>://WOS:000207753900006.

Zeithaml, V. A. "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence.". *Journal of Marketing* 52, no. 3 (1988): 2-22. https://doi.org/https://doi.org/10.1177/002224298805200302.

Zeithaml, V. A., L. L. Berry, and A. Parasuraman. "The Behavioral Consequences of

Service Quality." [In English]. *Journal of Marketing* 60, no. 2 (Apr 1996): 31-46. https://doi.org/Doi 10.2307/1251929. <Go to ISI>://WOS:A1996UD08800003.

APPENDICES

Appendix A
Questionnaire

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

A Survey on How the Customers Perceived Values Impact the Sustainability of Coffee Shop Industry in Bangkok.

This online questionnaire is a part of student's Individual Study from the Master of Arts in Business and Managerial Economics (MABE), Faculty of Economics, Chulalongkorn University. The objective of this survey is to study the impact of customers perceived values towards coffee shop industry in Bangkok. This is to suggest the useful marketing strategies to maintain the sustainability of the coffee shop industry in Bangkok.

The information you answered in this survey will be kept confidential and will not be disclosed to the public. The researcher will use the information for the purpose of academic research only. Please kindly fill in this survey based on your true behaviour.

1. Gender*

   ☐ Male
   ☐ Female
   ☐ Prefer not to say

2. Age*

   ☐ ≤ 20
   ☐ 21-30
   ☐ 31-40
   ☐ 41-50
   ☐ 51-60
   ☐ ≥ 61

3. Marital Status*

   ☐ Single
   ☐ Married
   ☐ Prefer not to say

4. Highest Education*

	Primary School
	Junior High School
	High School
	Vocational School
	Bachelor's degree
	Master's Degree
	Doctoral Degree
	Others

5. Occupation*

	Business owner
	Office worker
	Teacher/professor
	Government officer
	Doctor/nurse
	Cabin crew
	Legal occupation
	Architecture or engineer
	Student
	Other

6. Income per month (Baht)*

	≤ 15,000
	15,001-25,000
	25,001-35,000
	35,001-45,000
	45,001-55,000
	55,001-65,000
	65,001-75,000
	≥ 75,001

7. Are you a coffee drinker*

	Yes
	No

8. Do you often go to a coffee shop or café?

	Yes (Skip to question 9)
	No (Skip to question 32)

Coffee Shop Visitors

9. How often do you visit coffee shop?

Once in couple months
Once a month
Once a week
twice a week
everyday

10. How much do you normally spend in coffee shop? (Baht)

≤ 50
51-100
101-200
≥ 201

11. Please identify your best reason for visiting coffee shop, by ranking from 1 to 5, (1 is the least and 5 is the most).

To buy coffee/other drinks
To check in or to take photos
To have a meeting (no personal preference)
To work or to study
To sit and wait before going somewhere else

12. Among these factors, what can impress you when visiting coffee shop. Please identify by ranking from 1 to 6, (1 is the least and 6 is the most).

Product
Service
Marketing/Promotion
Price
Store Décor/Environment
Location

13. Which kind of coffee shop do you visit the most?

Local brands coffee shop ex. Pacamera, Red Diamond, Roots, etc.
Chain coffee shop ex. Starbucks, Amazon, etc.

14. According to the previous question, why do you prefer that kind of coffee shop to the other? Please identify by ranking from 1 to 6, (1 is the least and 6 is the most).

	Good coffee/other drinks/bakery/other products
	Store décor/environment
	Good service
	Good price (affordable and reasonable)
	Location/parking available
	Efficient marketing/promotion

15. Do you normally go to the same coffee shop or café?

	Yes (Skip to question 16)
	No (Skip to question 24)

Revisited Coffee Shop Customers

16. How often do you revisit coffee shop?

	More than once a week
	More than once a month
	Once in a while, but revisiting

17. Why do you revisit the same coffee shop? Choose only 1 answer

	Good coffee/other drinks/bakery/other products
	Store décor/environment
	Good service
	Good price (affordable and reasonable)
	Location/parking available
	Efficient marketing/promotion

Please answer the following questions based on your perception about coffee shop that you visit frequently.

18. How much can "Coffee/Product Quality" impact your decision of revisiting. Choose only 1 answer.

      1 2 3 4 5

The least ☐☐☐☐☐ The most

19. How much can "Service Quality" impact your decision of revisiting. Choose only 1 answer.

      1 2 3 4 5

The least ☐☐☐☐☐ The most

20. How much can "Store Décor/Environment" impact your decision of revisiting. Choose only 1 answer.

           1   2   3   4   5

The least | | | | | The most

21. How much can "Marketing/Promotion" impact your decision of revisiting. Choose only 1 answer.

           1   2   3   4   5

The least | | | | | The most

22. How much can "Store Location/parking available" impact your decision of revisiting. Choose only 1 answer.

           1   2   3   4   5

The least | | | | | The most

23. How much can "Product Price" impact your decision of revisiting. Choose only 1 answer.

           1   2   3   4   5

The least | | | | | The most

Non-Revisited Coffee Shop Customers

24. Why do you NOT go to the same coffee shop? (Choose only 1 answer)

☐	I prefer exploring new stores
☐	I get bored easily
☐	I am not addicted to/do not care much about the taste of coffee/drinks/other products
☐	Other

25. To make you want to revisit the café, what can impact your decision the most? Please identify by ranking from 1 to 6, (1 is the least and 6 is the most).

☐	Good coffee/other drinks/bakery/other products
☐	Store décor/environment
☐	Good service
☐	Good price (affordable and reasonable)
☐	Location/parking available
☐	Efficient marketing/promotion

Please answer the following questions based on your perception about coffee shop. What factors among these can affect your decision to revisit the same coffee shop?

26. How much can "Coffee/Product Quality" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

27. How much can "Service Quality" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

28. How much can "Store Décor/Environment" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

29. How much can "Marketing/Promotion" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

30. How much can "Store Location/parking available" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

31. How much can "Product Price" impact your decision of revisiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

Non-Coffee Shop Customers

32. Why do you NOT go to coffee shops? (Choose only 1 answer)

	I prefer making my own coffee
	I do not like going to places with many people
	I think it is costly to go to coffee shop
	Other

33. To make you want to visit the café, what can impact your decision the most? Please identify by ranking from 1 to 6, (1 is the least and 6 is the most).

	Good coffee/other drinks/bakery/other products
	Store décor/environment
	Good service
	Good price (affordable and reasonable)
	Location/parking available
	Efficient marketing/promotion

Please answer the following questions based on your perception about coffee shop. What factors among these can affect your decision to visit coffee shops?

34. How much can "Coffee/Product Quality" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

35. How much can "Service Quality" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

36. How much can "Store Décor/Environment" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

37. How much can "Marketing/Promotion" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

38. How much can "Store Location/parking available" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

39. How much can "Product Price" impact your decision of visiting. Choose only 1 answer.

	1	2	3	4	5	
The least						The most

Appendix B
Logit Regression Empirical Result

The result for Model 1: Perceived Values

```
Model 1: Logit, using observations 1–321
Dependent variable: Gotocoffeeshop
Standard errors based on Hessian

                   coefficient  std. error     z        slope
  ----------------------------------------------------------------
  const               2.43561     1.26044     1.932
  ProductQuality      0.904704    0.225898    4.005     0.106777
  ServiceQuality     -0.0369222   0.225642   -0.1636   -0.00435773
  StoreDecor         -0.560638    0.208613   -2.687    -0.0661690
  MarketingPromoti~   0.0786681   0.177099    0.4442    0.00928477
  StoreLocation      -0.127490    0.209460   -0.6087   -0.0150470
  ProductPrice       -0.641031    0.225940   -2.837    -0.0756574

Mean dependent var   0.822430   S.D. dependent var   0.382747
McFadden R-squared   0.166724   Adjusted R-squared   0.120097
Log-likelihood      -125.0982   Akaike criterion     264.1965
Schwarz criterion    290.5965   Hannan–Quinn         274.7374

Number of cases 'correctly predicted' = 276 (86.0%)
f(beta'x) at mean of independent vars = 0.118
Likelihood ratio test: Chi-square(6) = 50.0598 [0.0000]

          Predicted
            0    1
  Actual 0  12   45
         1   0  264

Model 2: Logit, using observations 1–321
Dependent variable: Gotocoffeeshop
Standard errors based on Hessian

                   coefficient  std. error     z      p-value
  ----------------------------------------------------------------
  const               2.43561     1.26044     1.932   0.0533   *
  ProductQuality      0.904704    0.225898    4.005   6.20e-05 ***
  ServiceQuality     -0.0369222   0.225642   -0.1636  0.8700
  StoreDecor         -0.560638    0.208613   -2.687   0.0072   ***
  MarketingPromoti~   0.0786681   0.177099    0.4442  0.6569
  StoreLocation      -0.127490    0.209460   -0.6087  0.5427
  ProductPrice       -0.641031    0.225940   -2.837   0.0046   ***

Mean dependent var   0.822430   S.D. dependent var   0.382747
McFadden R-squared   0.166724   Adjusted R-squared   0.120097
Log-likelihood      -125.0982   Akaike criterion     264.1965
Schwarz criterion    290.5965   Hannan–Quinn         274.7374

Number of cases 'correctly predicted' = 276 (86.0%)
f(beta'x) at mean of independent vars = 0.118
Likelihood ratio test: Chi-square(6) = 50.0598 [0.0000]

          Predicted
            0    1
  Actual 0  12   45
         1   0  264
```

The result for Model 2: Demographic Information

```
Model 3: Logit, using observations 1–321
Dependent variable: Gotocoffeeshop
Standard errors based on Hessian

              coefficient   std. error      z         slope
        ─────────────────────────────────────────────────────────
        const     −2.43602      1.46616     −1.661
        Gender     0.257441     0.343349     0.7498    0.0310521
        Age       −0.522100     0.321523    −1.624    −0.0629749
        Marital   −0.543499     0.281457    −1.931    −0.0655561
        Edu        0.698087     0.297654     2.345     0.0842023
        Occu      −0.0120533    0.0571367   −0.2110   −0.00145385
        Inc        0.143629     0.0798532    1.799     0.0173243
        Coffdrink  1.38428      0.332027     4.169     0.211057

Mean dependent var    0.822430    S.D. dependent var    0.382747
McFadden R−squared    0.133368    Adjusted R−squared    0.080081
Log−likelihood       −130.1058    Akaike criterion      276.2115
Schwarz criterion     306.3830    Hannan−Quinn          288.2583

Number of cases 'correctly predicted' = 259 (80.7%)
f(beta'x) at mean of independent vars = 0.121
Likelihood ratio test: Chi−square(7) = 40.0447 [0.0000]

          Predicted
             0    1
   Actual 0  0   57
          1  5  259


Model 4: Logit, using observations 1–321
Dependent variable: Gotocoffeeshop
Standard errors based on Hessian

              coefficient   std. error      z       p−value
        ─────────────────────────────────────────────────────────
        const     −2.43602      1.46616     −1.661   0.0966   *
        Gender     0.257441     0.343349     0.7498   0.4534
        Age       −0.522100     0.321523    −1.624    0.1044
        Marital   −0.543499     0.281457    −1.931    0.0535   *
        Edu        0.698087     0.297654     2.345    0.0190   **
        Occu      −0.0120533    0.0571367   −0.2110   0.8329
        Inc        0.143629     0.0798532    1.799    0.0721   *
        Coffdrink  1.38428      0.332027     4.169    3.06e−05 ***

Mean dependent var    0.822430    S.D. dependent var    0.382747
McFadden R−squared    0.133368    Adjusted R−squared    0.080081
Log−likelihood       −130.1058    Akaike criterion      276.2115
Schwarz criterion     306.3830    Hannan−Quinn          288.2583

Number of cases 'correctly predicted' = 259 (80.7%)
f(beta'x) at mean of independent vars = 0.121
Likelihood ratio test: Chi−square(7) = 40.0447 [0.0000]

          Predicted
             0    1
   Actual 0  0   57
          1  5  259
```

Appendix C
Cafés and Bars in Thailand Report by Euromonitor

จุฬาลงกรณ์มหาวิทยาลัย

CHULALONGKORN UNIVERSITY

Cafés/Bars by Category: Units/Outlets 2014-2019

outlets

	2014	2015	2016	2017	2018	2019
Bars/Pubs	8,165	8,329	8,469	8,554	8,657	8,740
- Chained	-	-	-	-	-	-
- Independent	8,165	8,329	8,469	8,554	8,657	8,740
Cafés	2,740	2,829	2,887	2,973	3,055	3,137
- Chained	486	515	518	533	543	553
- Independent	2,254	2,314	2,369	2,440	2,512	2,584
Juice/Smoothie Bars	425	453	472	492	513	536
- Chained	88	102	107	109	112	117
- Independent	337	351	365	383	401	419
Specialist Coffee and Tea Shops	3,569	3,828	4,235	4,698	5,256	5,646
- Chained	2,950	3,196	3,590	4,027	4,544	4,892
- Independent	619	632	645	671	712	754
Chained Cafés/Bars	3,524	3,813	4,215	4,669	5,199	5,562
Independent Cafés/Bars	11,375	11,626	11,848	12,048	12,282	12,497
Cafés/Bars	14,899	15,439	16,063	16,717	17,481	18,059

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Sales in Cafés/Bars by Category: Foodservice Value 2014-2019

THB million

	2014	2015	2016	2017	2018	2019
Bars/Pubs	204,430.6	212,607.8	220,049.0	225,293.2	230,930.8	237,868.8
- Chained	-	-	-	-	-	-
- Independent	204,430.6	212,607.8	220,049.0	225,293.2	230,930.8	237,868.8
Cafés	9,077.4	9,455.3	9,898.4	10,460.9	11,053.3	11,780.5
- Chained	1,431.1	1,495.5	1,529.9	1,575.6	1,630.1	1,700.2
- Independent	7,646.4	7,959.9	8,368.5	8,885.4	9,423.2	10,080.2
Juice/Smoothie Bars	1,195.4	1,378.1	1,454.4	1,496.4	1,571.6	1,690.6
- Chained	849.4	1,018.3	1,076.2	1,093.7	1,144.0	1,233.5
- Independent	346.0	359.8	378.3	402.8	427.6	457.1
Specialist Coffee and Tea Shops	13,294.2	16,136.1	19,255.8	22,164.2	26,167.6	28,366.4
- Chained	11,501.9	14,272.1	17,321.0	20,146.2	24,019.4	26,060.0
- Independent	1,792.3	1,864.0	1,934.8	2,018.0	2,148.2	2,306.4
Chained Cafés/Bars	13,782.4	16,785.9	19,927.0	22,815.4	26,793.6	28,993.8
Independent Cafés/Bars	214,215.2	222,791.4	230,730.6	236,599.3	242,929.7	250,712.4
Cafés/Bars	227,997.6	239,577.3	250,657.7	259,414.8	269,723.3	279,706.2

Cafés/Bars by Category: % Units/Outlets Growth 2014-2019

% Units/Outlets growth

	2018/19	2014-19 CAGR	2014/19 Total
Bars/Pubs	1.0	1.4	7.0
- Chained	-	-	-
- Independent	1.0	1.4	7.0
Cafés	2.7	2.7	14.5
- Chained	1.8	2.6	13.8
- Independent	2.9	2.8	14.6
Juice/Smoothie Bars	4.5	4.8	26.1
- Chained	4.5	5.9	33.0
- Independent	4.5	4.5	24.3
Specialist Coffee and Tea Shops	7.4	9.6	58.2
- Chained	7.7	10.6	65.8
- Independent	5.9	4.0	21.8
Chained Cafés/Bars	7.0	9.6	57.8
Independent Cafés/Bars	1.8	1.9	9.9
Cafés/Bars	3.3	3.9	21.2

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Forecast Cafés/Bars by Category: Units/Outlets 2019-2024

outlets

	2019	2020	2021	2022	2023	2024
Bars/Pubs	8,740	8,816	8,885	8,947	9,004	9,060
- Chained	-	-	-	-	-	-
- Independent	8,740	8,816	8,885	8,947	9,004	9,060
Cafés	3,137	3,219	3,300	3,381	3,463	3,545
- Chained	553	562	570	577	584	591
- Independent	2,584	2,657	2,730	2,804	2,879	2,954
Juice/Smoothie Bars	536	561	587	613	639	666
- Chained	117	125	133	142	151	161
- Independent	419	436	454	471	488	505
Specialist Coffee and Tea Shops	5,646	6,031	6,437	6,862	7,311	7,783
- Chained	4,892	5,210	5,545	5,894	6,262	6,648
- Independent	754	821	892	968	1,049	1,135
Chained Cafés/Bars	5,562	5,897	6,248	6,613	6,997	7,400
Independent Cafés/Bars	12,497	12,730	12,961	13,190	13,420	13,654
Cafés/Bars	18,059	18,627	19,209	19,803	20,417	21,054

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Forecast Sales in Cafés/Bars by Category: Foodservice Value 2019-2024

THB million

	2019	2020	2021	2022	2023	2024
Bars/Pubs	237,868.8	242,154.4	246,081.0	249,672.2	252,951.4	256,214.5
- Chained	-	-	-	-	-	-
- Independent	237,868.8	242,154.4	246,081.0	249,672.2	252,951.4	256,214.5
Cafés	11,780.5	12,416.7	13,071.0	13,743.4	14,434.3	15,143.8
- Chained	1,700.2	1,750.6	1,797.2	1,840.3	1,880.0	1,919.0
- Independent	10,080.2	10,666.2	11,273.8	11,903.2	12,554.4	13,224.8
Juice/Smoothie Bars	1,690.6	1,799.5	1,913.0	2,028.5	2,148.9	2,272.0
- Chained	1,233.5	1,317.0	1,405.0	1,495.0	1,590.0	1,688.0
- Independent	457.1	482.5	508.0	533.5	558.9	584.0
Specialist Coffee and Tea Shops	28,366.4	30,748.0	33,296.6	35,990.9	38,865.6	41,925.3
- Chained	26,060.0	28,223.0	30,537.0	32,980.0	35,586.0	38,362.0
- Independent	2,306.4	2,525.0	2,759.6	3,010.9	3,279.6	3,563.3
Chained Cafés/Bars	28,993.8	31,290.6	33,739.2	36,315.3	39,056.0	41,969.0
Independent Cafés/Bars	250,712.4	255,828.1	260,622.4	265,119.7	269,344.3	273,586.6
Cafés/Bars	279,706.2	287,118.7	294,361.5	301,435.0	308,400.3	315,555.6

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Forecast Cafés/Bars by Category: % Units/Outlets Growth 2019-2024

% Units/Outlets growth

	2019/2020	2019-24 CAGR	2019/24 Total
Bars/Pubs	0.9	0.7	3.7
- Chained	-	-	-
- Independent	0.9	0.7	3.7
Cafés	2.6	2.5	13.0
- Chained	1.6	1.3	6.9
- Independent	2.8	2.7	14.3
Juice/Smoothie Bars	4.7	4.4	24.3
- Chained	6.8	6.6	37.6
- Independent	4.1	3.8	20.5
Specialist Coffee and Tea Shops	6.8	6.6	37.8
- Chained	6.5	6.3	35.9
- Independent	8.9	8.5	50.5
Chained Cafés/Bars	6.0	5.9	33.0
Independent Cafés/Bars	1.9	1.8	9.3
Cafés/Bars	3.1	3.1	16.6

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

VITA

NAME   Orapin Siprajim

DATE OF BIRTH   16 July 1992

PLACE OF BIRTH   Bangkok, Thailand

INSTITUTIONS   Chulalongkorn University
ATTENDED
HOME ADDRESS   39 Ramkhamhaeng 80 Huamark Bangkapi Bangkok,
                             Thailand 10240