



**The effect of brand experience and customer satisfaction on brand loyalty:
a case study of True Coffee in Bangkok, Thailand**

Nut-Arin Musikapart

**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of
Master of Business Administration
Prince of Songkla University**

2013

Copyright of Prince of Songkla University

Thesis Title The effect of brand experience and customer satisfaction on brand loyalty: a case study of True Coffee in Bangkok, Thailand
Author Ms.Nut-Arin Musikapart
Major Program Master of Business Administration (International)

Major Advisor :

.....
(Assoc.Prof.Sasiwemon Sukhabot)

Examining Committee :

..... Chairperson
(Dr.Walapa Patana)

.....
(Dr.Teerasak Jindabot)

.....
(Asst.Prof.Sasiwemon Sukhabot)

The Graduate School, Prince of Songkla University, has approved this thesis as partial fulfillment of the requirements for the Master of Business Administration (International Program)

.....
(Assoc.Prof.Dr.Teerapol Srichana)
Dean of Graduate School

This is to certify that the work here submitted is the result of the candidate's own investigations. Due acknowledgement has been made of any assistance received.

.....Signature

(Assoc.Prof.Sasiwemon Sukhabot)

Major Advisor

.....Signature

(Ms.Nutarin Musikapart)

Candidate

I hereby certify that this work has not been accepted in substance for any degree, and is not being currently submitted in candidature for any degree.

.....Signature

(Ms.Nutarin Musikapart)

Candidate

Thesis Title	The effect of brand experience and customer satisfaction on brand loyalty: a case study of True Coffee in Bangkok, Thailand
Author	Ms.Nut-Arin Musikapart
Major Program	Master of Business Administration (International)
Academic Year	2012

ABSTRACT

The objective of this research was to study and understand the relationships between brand experience, customer satisfaction and brand loyalty in the Thai coffee shop market. There were three main objectives in this research: 1) to investigate the effect between brand experience, customer satisfaction and brand loyalty at a True coffee chain store in Bangkok, 2) to describe the effect of brand experience on customer satisfaction and 3) to describe the effect of brand experience and customer satisfaction on brand loyalty.

The quantitative research approach was employed in this study as a research strategy. The study samples 250 consumers of one outlet of True coffee in Bangkok as the case study. Data analysis for this study was conducted using SPSS (Statistical Package for the Social Sciences) software. The analysis used descriptive statistics such as mean, frequency, percentage and standard deviation, as well as inferential statistics (regression analysis) to facilitate meaningful analysis.

The findings indicated that there was a statistically significant, predictive relationship between the brand experience ($\beta = 0.673$) of the True Coffee brand and the customer satisfaction ($R^2=.269$, $F=91.121$, $p < 0.001$). The result also showed that brand experience is a (slightly) stronger influence than customer satisfaction in formation of brand loyalty. Overall, the results of this analysis support a modest, positive predictive relationship between the two predictor variables brand experience ($\beta = 0.517$) and customer satisfaction ($\beta = 0.501$) on brand loyalty ($R^2=.359$, $F=69.233$, $p < 0.001$).

Keyword: Brand Experience; Customer Satisfaction; Brand Loyalty; Service Marketing; True Coffee; Thailand

ACKNOWLEDGEMENT

My first and profoundest gratitude goes to my thesis advisor, Professor Sasiwemon Sukhabot for her guidance during preliminary stage of this process to formulate appropriate subject. Professor Sasiwemon Sukhabot offers her unreserved help; assistance and encouragement lead me to complete this study step by step. Without her patient instruction, it is impossible for me to complete the study. Moreover, I want to express my gratitude to Professor Teerasak Jindabot and Professor Walapa Patana who give valuable suggestion during my proposal and thesis defense. I would also like to thank True Coffee at Siam Paragon in cooperating and allowing me to collect data to complete the quantitative analysis of this study.

Finally, I'm grateful to my mum who provides a carefree environment for me, so that I can concentrate on my study. Although they hardly understand about the content of this thesis but she give unconditional support to my study emotionally and financially.

Nut-Arin Musikapart

Content

	Page
Abstract.....	v
Acknowledgement.....	vi
Content.....	vii
List of Tables.....	ix
List of Figures	x
 CHAPTER	
1: INTRODUCTION.....	1
1.1 BACKGROUND OF THE RESEARCH.....	1
1.2 STATEMENT OF PROBLEM.....	7
1.3 OBJECTIVES OF THE RESEARCH.....	8
1.4 SCOPE OF THE RESEARCH.....	8
1.5 SIGNIFICANCE OF THE RESEARCH.....	8
1.6 RESEARCH OUTLINE.....	9
1.7 DEFINITION OF TERMS.....	10
2: LITERATURE REVIEW.....	11
2.1 BRAND.....	11
2.2 BRAND LOYALTY.....	12
2.3 BRAND EXPERIENCE.....	16
2.4 CUSTOMER SATISFACTION.....	18
2.5 RELATIONSHIP BETWEEN BRAND EXPERIENCE, CUSTOMER SATIAFCATION AND BRAND LOYALTY.....	19
3: RESEARCH METHODOLOGY.....	28
3.1 RESEARCH APPROACH.....	28
3.2 RESEARCH STRATEGY.....	29
3.3 DATA COLLECTION.....	29
3.4 SAMPLE AND SAMPLING PROCEDURE.....	34
3.5 DATA ANALYSIS.....	35

Content (continue)

CHAPTER	Page
4: RESEARCH FINDINGS.....	36
4.1 PILOT TEST.....	36
4.2 DESCRIPTIVE RESULTS.....	37
4.3 HYPOTHESIS RESULTS.....	45
5: DISCUSSION.....	49
5.1 DISCUSSION.....	49
5.2 CONCLUSION.....	52
5.3 RECCOMENDATIONS.....	54
REFERENCES.....	59
APPENDIX.....	66
VITAE.....	72

LIST OF TABLES

		Page
TABLE 1	Growth of coffee shop market in Thailand (Passport GMID, 2012).....	2
TABLE 2	FACTS ABOUT TRUE COFFEE.....	6
TABLE 3	QUESTIONNAIRE SCLAE AND MEASURMENT.....	32
TABLE 4	RELIABILITY RESULT.....	36
TABLE 5	DEMOGRAPHIC INFORMATION.....	37
TABLE 6	DEMOGRAPHIC INFORMATION (Continued).....	38
TABLE 7	FREQUENCY OF PURCHASING TRUE COFFEE.....	38
TABLE 8	TYPE OF COFFEE PURCHASE AT TRUE COFFEE.....	39
TABLE 9	PURCHASE OTHER BEVERAGE AT TRUE COFFEE.....	39
TABLE 10	PURCHASE COFFEE BEAN AT TRUE COFFEE FOR DRINKING AT HOME.....	40
TABLE 11	MEAN VALUE OF BRAND EXPERIENCE.....	42
TABLE 12	MEAN VALUE OF CUSTOMER SATISFACTION.....	44
TABLE 13	MEAN VALUE OF BRAND LOYALTY.....	45
TABLE 14	REGRESSION RESULT OF CUSTOMER SATISFACTION VS BRAND EXPERIENCE.....	47
TABLE 15	REGRESSION RESULT OF BRAND LOYALTY VS CUSTOMER SATISFACTION AND BRAND EXPERIENCE.....	48

LIST OF FIGURES

FIGURE	Page
1 CONCEPTUAL MODEL FOR THE STUDY.....	27

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF THE RESEARCH

Coffee served from a coffee bar or other establishment is increasingly popular in the Bangkok area, although most coffee sold in Thailand continues to be sold in instant form (Siamturakij, 2012). This change is demonstrative of the types of change that are ongoing in Thailand and how these changes could affect Thai consumer society. They are also important for the coffee business, since this affects the ways in which coffee shops and bars can compete with each other and against substitute products. By examining a single example of the coffee business, one that the researcher believes is typical for the region, this research will identify key competitive issues and determine how this competition may occur.

Northern Thailand is an agricultural region with a strong reputation for growing coffee, with products like civet coffee as well as organic and ordinary coffee being grown in the area (Angkasith, 2002). This product is both an export cash crop and, increasingly, consumed domestically at home or in coffee shops. The ready-to-drink coffee market has grown by 5% to 7% in recent years, achieving a market value of approximately 8 billion baht, with room for growth in premium blends (Food Industry Thailand, n.d.). Fierce competition is anticipated within the coffee segment, as well as an expanding customer base in the near future (Food Industry Thailand, n.d.). Coffee consumption has increased dramatically in Thailand in recent years, and this skyrocketing demand has led to the proliferation of coffee shops, particularly in larger cities and key tourist destinations. Thailand is home not only to franchises of the world's major players, but also many local coffee shops and independent chains (Discovery Thailand, 2012). Table 1 shows the growth in the number of chain and independent coffee outlets and the transaction value in these outlets from 2005-2010. This shows that there has been an overall upward trend in growth, although there was a small downturn in 2009 (probably associated with the economic downturn). As of 2010, there were almost 1,400 chain and independent coffee shops in Thailand.

TABLE 1 Growth of coffee shop market in Thailand (Passport GMID, 2012)

	2005	2006	2007	2008	2009	2010
Total Outlets						
Chain coffee shops	459	522	605	670	657	742
Independent coffee shops	440	563	676	750	690	655
Total	899	1085	1281	1420	1347	1397
Outlet growth		20.7%	18.1%	10.9%	-5.1%	3.7%
Value of Transactions (Bt mn.)						
Chain coffee shops	2,077.6	2,472.4	3,350.1	3,762.1	3,882.5	4,212.5
Independent coffee shops	853.9	1,067.3	1,259.4	1,385.4	1,246.8	1,147.1
Total	2,931.5	3,539.7	4,609.5	5,147.5	5,129.3	5,359.6
Value growth		20.7%	30.2%	11.7%	-0.4%	4.5%

American coffee shop company Starbucks, which entered Thailand in 1998, now has 82 shops in the country, mostly in and around Bangkok (James, 2009). However, Starbucks is significantly more expensive than domestic coffee chains like True Coffee, many of which have superior coffee at much lower prices (James, 2009). With a wide variety of drinks and high-quality baked goods and other foods, as well as free or inexpensive WiFi and other amenities, Thai coffee shops are increasingly competitive against Starbucks and other formulaic global brands (James, 2009).

Rapid growth in coffee sales, the proliferation of coffee shops and fierce competition in the space makes brand loyalty more important than ever for companies to compete effectively. As consumers enjoy a rapidly expanding range of options, it becomes increasingly critical for companies to differentiate their brands in order to thrive in a saturated marketplace. Thus, branding activities designed to enhance brand experience and customer satisfaction will become more necessary for the success, or even survival, of coffee shops in Thailand. This research examines how Thai coffee shops encourage repeat business, using the example of domestic chain True Coffee.

According to Kapferer (2008), selling to existing customers who make repeat purchases is the biggest source of revenue for most companies. It is not possible for a company or brand to sustain itself entirely on new customers because the supply of new customers within a focal market will eventually decline. This means that companies need customers to repeatedly buy their products rather than simply trying the products once. For this reason, companies should build a loyal customer base in order to maximize revenue and sustain businesses. Once this is established, the company will have a competitive advantage in many other areas, such as expansion into new products and markets. This is particularly important with fast-moving consumer goods for which repeat purchases and the low cost of products provide a means to penetrate a given market.

Kapferer (2008) asserts that, one of most important assets that a company can have is brand loyalty, which precedes customer repurchase behavior. Brand loyalty does not necessarily imply that a customer will purchase a given brand every time, even though some consumers may purchase the same brand constantly. Instead, it implies that a customer has positive associations with the brand and a preference for repurchasing it. The brand-loyal customer will also verbally support the brand by recommending it to others. Thus, generating brand loyalty helps companies both retain repeat business and gain new customers.

However, Bulik (2012) reports on the results of a global study of over 10,000 consumers conducted by Accenture, which found that despite increasing levels of customer satisfaction, brand loyalty has been declining. The study, encompassing 10 industries and measuring satisfaction with key attributes such as wait times, issue resolution and service hours, found that despite higher levels of satisfaction with brands overall, two-thirds of consumers had switched brands over the past year due to a bad customer experience, a significant increase over the prior year. The results of this study suggest that consumer standards are increasing and that customers are becoming more demanding. This conjecture is supported by the fact that nearly half of the survey respondents (44%) said that they expect more than they did the prior year from the same brands (Bulik, 2012). This trend suggests that businesses, particularly those providing services, must meet higher standard than they did in the past in order to promote brand loyalty.

Given the importance of brand loyalty, it is a phenomenon worth studying. For the purposes of this research, brand loyalty will be examined within the context of the Thai coffee shop market. This market was chosen because of its rapid expansion. According to a recent Euromonitor report, coffee in Thailand has continued to enjoy strong growth even during the recent economic downturn, with sustained growth forecast for the near future, which indicates the popularity of this beverage in the region. The report notes that both urban and rural Thai consumers have embraced coffee drinking culture as a social activity, and anticipates that coffee will maintain its strong growth at an 8% total volume CAGR or Compound Annual Rate Growth (Euromonitor, 2011).

Brand loyalty is, moreover, important because it can promote sustainable success to companies. Customers who are loyal to a company do not only repeatedly purchase a product, but indicating willingness to pay extra for their preferred brand (Hoyer & MacInnis, 2008; Mohammad, 2012). Those loyalties do also refer their preferred brand to peers and relatives, making the business more valuable and widely known (Mao, 2010). These benefits of achieving brand loyalty promote sustainable success for businesses. Given an example of the leading English football club such as Manchester United, the company seems to already achieve brand loyalty as it has worldwide supporters who are not only willing to repeatedly purchase its football shirt and merchandises continually, but tends to recommend the club to their friends. Luis Vuitton is also another luxury fashion brand that tends to succeed the concept of brand loyalty among Thais and global consumers, giving the point that every new collection of its products (such as handbag) will likely to be purchased by its patronages.

The coffee market in Thailand is growing at approximately 9% per year, although most of this demand is generated from at-home consumption of instant coffee (Euromonitor, 2011). The market is valued up to 8 billion baht (Food Industry Thailand, n.d.) However, a growing portion of the market is demand driven by coffee shops and sales in this area. Major competitors in the Thailand coffee shop market include Starbucks, Wawee Coffee, and True Coffee, although much of the market is taken up by independent coffee shops and small chains (Euromonitor, 2011).

The subject of this research is True Coffee. True Coffee is unusual among Bangkok coffee shops in that it has active customer loyalty programs including customer loyalty cards, as well as active branding activities (True Coffee, 2012). True Coffee is a subsidiary of True Corporation, a conglomerate that primarily operates in television, Internet, and other communications services (True Corporation, 2012). True Coffee competes directly with Wawe Coffee and Starbucks, using a combination of company-owned and franchised stores (True Coffee, 2012). Both True Coffee and Starbucks are positioned in the market as “the third place”, or the place that one can be at home that is neither home nor work (Marketing Oops!, 2008). This means that an inviting atmosphere, combined with good quality products and service, is key to its business model (Marketing Oops!, 2008). True Coffee’s 2010 revenues were approximately 300 million Baht from its 56 outlets, with growth estimated at 20% for 2011 (Bangkok Post, 2010); detailed financial figures are not available because of True Corporation’s reporting structure. In addition to outlets in Thailand, True Coffee has also expanded into Laos in 2010 and into China with the establishment of 15 outlets in 2011 (Bangkok Post, 2010). It has also expanded slightly into Vietnam, Burma, and Cambodia (Bangkok Post, 2010). This international expansion clearly shows that True Coffee is one of the most aggressive and rapidly growing firms in the Thai market and is likely to produce strong insights into the coffee market. It also suggests that it has been highly successful in Thailand through the encouragement of repeat customers, indicating that it is likely to be a strong candidate for understanding how Thai coffee shops can encourage customer loyalty.

TABLE 2 FACTS ABOUT TRUE COFFEE

	True Corporation founded in 2006	Growth of Coffee Shop Market in Thailand
Growth Rate	45% during 2010 to 2011 20% during 2011 to 2012	4.5% in 2010 (Passport GMID, 2012) N/A
Stores	Approx. 70 in Thailand <ul style="list-style-type: none"> ● 15 in China ● 2 in Laos ● 1 each in Cambodia, Burma, and Vietnam 	9.4% of chained outlets in Thailand as of 2010 (Passport GMID, 2012)
Domestic Revenues	300 million Baht (2010)	7.12% of total transaction value as of 2010 (Passport GMID, 2012)

Source: Kasikorn Bank (2011)

True Coffee was deemed an ideal case study for this research because it is a well-known brand that has enjoyed rapid growth in recent years. Monkolporn (2007) reports that True Coffee has a growing following among Thailand's trendy set and its students. Located in prime areas and providing a variety of services such as free high-speed Internet access as well as food and beverages, True Coffee has become a popular phenomenon in Thailand. It has also expanded to other nations such as China and Laos in recent years, as well as adding to its local franchises and enjoying significant revenue growth. Given its success in this dynamic marketplace, True Coffee's strategies for promoting brand loyalty and customer satisfaction are worth examining.

1.2 STATEMENT OF PROBLEM

The current research on business in Thailand is relatively thin, and there is a significant knowledge gap surrounding consumer behavior. Currently, it is known that coffee is growing in popularity, particularly in the outside the home coffee segment (Euromonitor, 2011). However, this does not explain the effects of brand experience, customer satisfaction, and customer loyalty. In fact, the marketing research does not even explore whether customer loyalty exists, only considering the problem of market share in the aggregate. Because of this, it is not possible to determine from the current research what effect the experience of the brand and through this experience customer loyalty has on repeat customer purchases in Thai coffee shops (or any other Thai retail establishment). However, there are models of consumer behavior and branding available in the existing literature (Brakus, et al., 2009; Choi et al., 2011; Goodson, 2011), built primarily from Western brand management activities, which can potentially be used to describe this relationship. By using these existing models in the context of Thai coffee shops, this research hopes to solve the problem of how Thai consumers relate to brands and whether ensuring customer satisfaction is enough to build customer loyalty which is the foundation of successful long-term business growth as noted by Kapferer (2008). This will offer insight not just into True Coffee's operations, but also insight into the role of brand experience and customer satisfaction in all brands in the Thai consumer market. This research should be generalizable to external markets, which will help expand knowledge about these markets. In a more general sense, it will help to determine whether Western models of brand experience and customer satisfaction are useful for describing Thai consumer experience of brands. This will further insights into the Thai market, which is growing as a consumer market but is as yet under-explored as a consumer market by the academic literature.

In addition to the research issue identified above, there is a personal motivation for undertaking this research. The researcher has a desire to set up a coffee shop in Bangkok, but in order to do so, there needs to be much more information about market conditions and the effectiveness of brand experience and how to build brand loyalty available. By undertaking this research, the researcher hopes to fill this research gap in order to understand the importance of brand experience and customer satisfaction in a potential future endeavor.

1.3 OBJECTIVES OF THE RESEARCH

There are three objectives of this study:

1. To investigate the effect between brand experience, customer satisfaction and brand loyalty at a True coffee chain store in Bangkok.
2. To describe the effect of brand experience on customer satisfaction
3. To describe the effect of brand experience and customer satisfaction on brand loyalty

1.4 SCOPE OF THE RESEARCH

The main purpose of this research is to understand the relationships between brand experience, customer satisfaction and brand loyalty in the Thai coffee shop market. The study samples 250 consumers of one outlet of True coffee in Bangkok as the case study. A questionnaire survey is used as a data collection tool. The quantitative survey technique was used because it enables the researcher to generalize the findings across the population, as well as to prove or disprove hypotheses (which are posed at the end of Chapter 2). This does sacrifice the in-depth data available through the use of interviews (Sekaran, 2003), but it is also more consistent with the goals of the research.

1.5 SIGNIFICANCE OF THE RESEARCH

This study will provide valuable information for coffee retailers in Bangkok, and in Thailand generally, about what aspects of their products and services promote brand loyalty, as well as what elements of their products and services may reduce brand loyalty. The present research aims to study the effect of brand experience, customer satisfaction and brand loyalty. These factors were previously found to have a strong effect with each other (Brakus, Schmitt & Zarantonello, 2009; Choi, OK & Hyon, 2011; Martisiute, Vilutyte & Grundey, 2010; Tu et al., 2012). The understanding of such effect should provide valuable benefit to business operators, particularly in the coffee store market in Thailand. Knowing what brand experience is and how it

is connected to customer satisfaction, and ultimately create brand loyalty, for instance, should allow business operators to utilize resources more effectively and maximize their ROI. Such practice should then allow the operators to gain more loyalty customer and create competitive advantage over competitors.

The understanding of drivers of brand loyalty in Thailand coffee industry, moreover, will likely to become more important in the coming years due to the growing popularity of coffee in Thailand. According to recent Euromonitor report, coffee sales are growing at 9% per year, including retail and wholesale sales of raw beans. Although the majority of coffee sold in Thailand is instant coffee intended for at-home consumption, there is a growing demand for coffee purchased from coffee shops (Euromonitor, 2011). In order to take advantage of this growing market, retailers need to understand why consumers prefer their coffee and how they can promote their brands within a consumer community (Kapferer, 2008). This study will provide new information that can help corporations understand consumer preferences and inform promotional strategies, benefiting coffee retailers as well as other retailers in Thailand's developing consumer markets.

Scholars should also find the study useful because such study regarding measurement of brand loyalty in the market of coffee drinker in Thailand is considerably rare. During the review of previous literature, the researcher could not find any academic studies that directly examine the impact of brand experience, customer satisfaction to brand loyalty in the Thai coffee store context. Scholars then could use the information revealed by this study to either understand Thai consumer behavior in this market or develop ground theory in order to use in their future investigation in a similar context.

1.6 RESEARCH OUTLINE

There are five chapters in this research. This first chapter introduces background and overview and focus of the research, including research aim and objective, conceptual framework and definition of terms. The second chapter examines theoretical concepts related to the research as well as reviews related literature that together would lead to development of hypotheses for further investigation. The third chapter explains and discusses methods used to

conduct this study, for example, research approach, research strategy, data collection and data analysis. The fourth chapter then presents findings collected by questionnaire survey and analyzes the data. The final chapter concludes the investigation, fills in answers for research aim and objectives and offers recommendations of the research.

1.7 DEFINITION OF TERMS

1.7.1 Brand experience-encompasses the full spectrum of involvement with a product or service, ranging from the initial search for the product to the purchase, receipt and consumption of it (Choi et al., 2011). Brand experience combines with four dimensions, including sensory, affective, behavioral and intellectual (Brakus et al., 2009). Definitions of each dimension are also provided below.

1.7.1.1 Sensory-refers to any passive aspects of brand involvement that is encoded directly via the senses of sight, hearing, taste, touch and smell (Shim, 2012)

1.7.1.2 Affective-refers to the feelings provoked by brand-related stimuli (Shim, 2012)

1.7.1.3 Behavioral - involves concrete action of an individual which is likely to be activated by brand-related stimuli (Shim, 2012)

1.7.1.4 Intellectual-involves brand-related stimuli encourage thinking, problem solving and overall curiosity (Brakus et al., 2009).

1.7.2 Customer satisfaction - is the extent to which a product or service pleases the customer and satisfies his or her requirements (Nemati et al., 2011)

1.7.3 Brand loyalty - can be defined as a positive attitude toward the brand on the part of the consumer that leads to repeated purchasing and overall support for the brand (Hoyer & MacInnis, 2008).

CHAPTER 2: LITERATURE REVIEW

This preliminary literature review is divided into two parts. The first provides a definition of core concepts such as brand, brand loyalty, brand experience and customer satisfaction. The second discusses prior research that has explored the relationships among these variables.

2.1 BRAND

According to Franzen and Moriarity (2008), a basic definition of “brand” is the set of signs and symbols (such as brand name, logo and other visual characteristics) that represent a given product or set of products to consumers. However, the authors note that this definition is actually too simple because it does not reflect modern branding practices. An expanded definition of the modern-day brand is that it represents the promise of a given level of quality, service and social meaning such as status or image that a brand delivers to the consumer.

Although a brand may be associated with an array of visual symbols, its most important aspects are its intangible qualities. A brand encompasses the perceptions and expectations held by consumers that relate to a particular product or the company that produces it (Mohammad, 2012). Brands can be differentiated from products in that brands represent the unquantifiable assets that shape consumer perceptions of a given product (Martisiute et al., 2010). This indicates that in terms of branding, it is not the product, but what the product symbolizes to the consumer, that matters.

Brands go beyond the symbolic to encompass the values of the company from which they originate. When consumers choose a particular brand, they are also supporting the values that make up the corporation’s core ethos (Tu et al., 2012).

According to (Trasorras, Weinstein & Abratt, 2008), a brand’s value comprises four components: quality, image, price and customer service. Of these, there is evidence that quality is the most salient characteristic (ClickFox, 2012; Nemati, Khan & Iftikhar, 2010) although customer service, (Choi et al., 2011; Nemati et al., 2011) and image (Mao, 2010) are also important to brand value and hence, brand loyalty. Price sensitivity, by contrast, is actually reduced by brand loyalty (Baig & Khan, 2011; Mohammad, 2012). In other words, loyal

customers are willing to pay more for preferred brands. Given the importance of quality and the difficulty of providing quality at very low prices, it is obvious that creating a brand that inspires loyalty provides a significant competitive edge.

Brands are very important in marketing services because they provide differentiation in the minds of consumers, based on the information about quality, social meaning and other aspects of the brand and what the brand represents (Franzen & Moriarty, 2008). This is a significant advantage for firms operating within a competitive market who must distinguish themselves from competitors (Kapferer, 2008).

A company's brand is a key variable in determining its value as an organization within a competitive market environment, and thus is among the most valuable assets a company can develop. A brand not only drives sales in the short term, but also influences long-term relationships with customers that can drive future sales (Mohammad, 2012). However, for a brand to be effective in providing its owner with a competitive advantage, brand loyalty is required. This concept is defined in the section that follows.

2.2 BRAND LOYALTY

To understand brand loyalty, it is first important to understand what a brand is. One definition of a brand is "a set of mental associations, held by the consumer, which add to the perceived value of a product or service" (Keller, 1998, cited in Kapferer, 2008, p. 10). This definition of the brand is important, and is widely used, because it distinguishes from the external characteristics of the brand such as its signs and trademarks, and the cognitive characteristics and recognition of the brand in the mind of the consumer, which are what give the brand its power (Kapferer, 2008). More detailed definitions of the brand refer to brand image and brand identity as determining factors in the brand (Frantzen & Moriarty, 2008). In this case, brand image refers to the external definition of the brand as promoted by the brand manager, and includes aspects such as trademarks and marketing efforts. The brand identity, on the other hand, refers to the deeper definition of the brand as a set of ideals, norms, or social indicators and ideas associated with the brand (Frantzen & Moriarty, 2008). While the marketer controls brand image, brand identity is constructed between the consumer, the marketer and the employee. In many respects,

the brand identity is more important than the brand image, because the brand identity represents the fuller set of associations and cognitions that a consumer makes purchasing decisions from (Frantzen & Moriarty, 2008).

Brand loyalty can be defined as a positive attitude toward the brand on the part of the consumer that leads to repeated purchasing and overall support for the brand (Hoyer & MacInnis, 2008). A formal definition of brand loyalty is “the biased behavioral response, expressed over time, by some decision making unit with respect to one or more alternative brands out of a set of brands, and is a function of the psychological (decision-making, evaluative) processes” (Jacoby & Chestnut, 1978, cited in Anandan, 2009, p. 159). This definition makes the process of brand loyalty clearer; it is a cognitive process that results in selection of one brand over another by a given decision unit in the long term (Anandan, 2009). Thus, brand loyalty refers not just to the selection of a given brand once, but selection of the brand repeatedly over time. According to Mao (2010), four types of brand loyalty have been identified: captive, convenience, contented and committed. The first two, captive and convenience, are not driven by preference for the brand, but rather by lack of options altogether or lack of convenient options. Contented consumers, by contrast, are loyal due to a high level of customer satisfaction and positive attitude toward the brand, while committed consumers not only like the brand and the associated customer experience, but will go out of their way to consume the product.

Brand loyalty confers significant benefits for companies. A recent large-scale survey conducted by ClickFox (2012) found that 78% of brand-loyal consumers will tell others to buy (or buy more) from the corporation, 69% purchase more products from the company and 54% actively avoid buying competing products. Brand loyalty is considered a critical feature of overall brand value because loyal consumers will seek out and even pay more for their preferred brands, as well as referring additional customers (Mao, 2010). A recent survey found that 87% of consumers would pay more or drive further to obtain the brands to which they were loyal (ClickFox, 2012), and this willingness to pay more due to brand loyalty has been confirmed by other researchers (Mohammad, 2012). However, as both Anandan (2009) and Kapferer (2008) noted, brand loyalty does not guarantee the same purchase every time, particularly for fast-moving consumer goods such as dairy products and cleaning products. Consumers may be

generally loyal to a given brand, while at the same time occasionally choosing other brands because of convenience, price, or a desire for novelty.

According to Hoyer and MacInnis (2008), brand loyalty is important for consumers because it simplifies the buying decision. For instance, if individuals have had positive experiences with a branded product in the past, it is likely that they enter the store to purchase the brand that they are loyal to without long-time consideration. The authors note that brand loyalty is also important from the retailer's point of view because it increases the likelihood (though it does not make it certain) that a consumer will buy the same brand repeatedly. Thus, brand loyalty is how the branded product builds up a repeat customer base, which it needs for market growth.

It is difficult to objectively measure brand loyalty due to the fact that various definitions have been used by writers and researchers. Some popular methods of measuring brand loyalty objectively have included purchasing behaviors and price sensitivity (Mohammed, 2012). Brand loyalty can be measured more informatively by surveying consumers to determine their commitment to the brand based on key variables such as bias in favor of the product (or against it) and stability of consumers' opinions over time. These factors measure attitudinal loyalty, which often predicts purchasing behavior (Mohammad, 2012). Mao (2010) provides a simple method for measuring brand loyalty empirically using a survey methodology. Consumers are divided into three groups depending on whether their scores on a given measure identify them as promoters (those with a positive image of the brand), passives (those who are indifferent to the brand) or detractors (those who dislike the brand). Then the percentage of the entire subject pool that the promoter group represents is calculated to determine the overall level of brand loyalty. Mao (2010) notes that the majority of companies receive scores of 10% to 20% on this measure.

However, a number of researchers have agreed that brand loyalty can be measured through attitudinal loyalty and behavioral loyalty (Bandyopadhyay & Martell 2007, Chaudhuri & Holbrook, 2001; Gremler & Brown 1996; Yi & Jeon – 2009). Attitudinal loyalty can be recognized when an individual expresses a positive feeling, opinion or view toward a brand itself or products offered by such brand (Gremler & Brown 1996). It is also related to commitment toward a brand. This positive attitude usually indicates an individual preference or intention to support the brand. Behavioral loyalty, on the other hand, is defined as purchase behavior or repeated purchase of a product offered by the same brand over time (Gremler &

Brown 1996; Chaudhuri & Holbrook, 2001). Bandyopadhyay and Martell (2007) suggested that attitudinal loyalty is an aspect that a brand marketer should carefully monitor because it can explain reasons why an individual expresses behavioral loyalty (or repurchase behavior). For example, if a consumer perceives that True coffee offers high quality of coffee bean, he/she would likely to purchase products offered by the brand, and if the perception of such quality is stable overtime, he/she would likely to be a repeated consumer. Thus, brand loyalty is created. Although Mao (2010) did provide a method of how to measure brand loyalty, the present study would consider attitudinal loyalty and behavioral loyalty as the component for measuring brand loyalty based on the reason that these two components have been widely used by other researchers as measurement for brand loyalty. However, this combined approach does need to be critiqued, as it can easily lead to the researcher missing unique facets of the development of brand loyalty between attitudinal (recommendation) and behavioral (repurchase) behaviors (Söderlund, 2006). This creates a one-dimensional view of consumer loyalty that may miss subtleties in aspects of brand loyalty (for example, purchase as a preferred brand). Another potential problem with a combined measurement approach for brand loyalty is that it does not take into account the developmental aspect of consumer loyalty, where consumers grow gradually more loyal to a brand based on repeated experience (McMullan, 2005).

A useful set of brand loyalty metrics is provided by Choi et al. (2011), which integrate attitudinal and behavioral loyalty characteristics. The behavioral characteristics selected by Choi et al. (2011) include whether the person will continue to buy the product itself, which is the defining behavioral component of customer loyalty (Bandyopadhyay & Martell 2007, Chaudhuri & Holbrook, 2001; Gremler & Brown 1996; Yi & Jeon, 2009). 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 measure brand loyalty (Choi et al., 2011). Choi et al. (2011) add four attitudinal questions to the measurement of brand loyalty, including asking about recommendation of the brand, preferred choice, positive speech, and encouragement of the brand to others. The relative simplicity and comprehensiveness of this measurement compared to other measurements of brand loyalty make it useful for this research, despite the potential issues recognized by Söderlund (2006). Choi et

al.'s (2011) measurements of attitudinal and brand loyalty have been adapted for the current research, and these adaptations are shown in Table 3 in Chapter 3.

2.3 BRAND EXPERIENCE

Brand experience can be defined simply as the consumer's interaction and engagement with the brand and associated products on multiple levels (Brakus, et al., 2009). Brand experience encompasses four dimensions: sensory, affective, behavioral and intellectual (Brakus et al., 2009; Choi et al., 2011). Sensory brand experience refers to any passive aspects of brand involvement that is encoded directly via the senses of sight, hearing, taste, touch and smell (Shim, 2012). Exciting design elements and other tangible qualities of a product are most likely to trigger sensory effects. However, aspects of design may evoke feelings, trigger behaviors or even tap into the intellectual dimension as with designs that use complex patterns (Brakus et al., 2009). This suggests that there are spill-over effects from one dimension to the next. Affective experience refers to the feelings provoked by brand-related stimuli (Shim, 2012). This domain can be simply defined as emotional response and arousal, but its effects can be profound. In fact, attitudes toward a product are largely based on affective reactions to that product or its brand-related stimuli (Brakus et al, 2009). In other words, if elements associated with the brand trigger positive feelings, the brand experience will be enhanced. The behavioral domain, which encompasses concrete actions, may be activated by various brand-related stimuli. For example, a slogan that encourages action, such as Nike's "Just Do It," appeals to the behavioral dimension (Brakus et al., 2009), which can encompass anything from a single action to an entire lifestyle change (Shim, 2012). The intellectual dimension, like the behavioral dimension, represents an active rather than passive reaction. However, the activity takes place in the mind rather than overtly. This domain is activated when brand-related stimuli encourage thinking, problem solving and overall curiosity (Brakus et al., 2009). There are many factors that may influence brand experience, including name, symbols, design elements, packaging, marketing materials and environments and others (Shim, 2012). More intangible brand-related stimuli such as the company's core ethos and the beliefs and attitudes it promotes are also elements of the brand experience that can significantly influence brand loyalty (Goodson, 2011).

Brand experience is important because it provokes positive feeling among customers toward a brand (Brakus et al., 2009). Consumers with positive brand experience better remembers the brand than those who do not positively experience the brand. Companies attempt to create brand experience as they believe that it could lead to positive attitude toward the brand and eventually encourage purchase behavior (Goodson, 2011; Mao, 2011). Brand experience comprises the feelings, cognitions, sensations and behavioral responses triggered by brand-related stimuli, which may include everything from slogans to brand mascots to symbols (Brakus, et al., 2009). Brand experience encompasses the full spectrum of involvement with a product or service, ranging from the initial search for the product to the purchase, receipt and consumption of it (Choi et al., 2011).

There are a number of studies that have demonstrated the empirical importance of brand experience. One study focused on the importance of brand experience of a parent brand in the willingness of consumers to try brand extensions and to continue to purchase them (Kim & Sullivan, 1998). This study compared consumer response across three consumable goods items, finding that in each case there was an increased willingness to try brand line extensions (which are different, though often related, products sold under the same brand) and to keep buying them (Kim & Sullivan, 1998). The importance of this study is that it supports the relationship between brand experience and brand loyalty. Another theoretical discussion that is particularly relevant for this research found that emotional brand experience is very important for developing a service brand (Morrison & Crane, 2007). This discussion pointed out that consumers engage with service brands in large part because of emotional engagement, such as comfort or familiarity with service workers and service offerings, and not necessarily so much because of differences in the service offering or quality (Morrison & Crane, 2007). This means that for service brands (such as coffee shop brands), it is particularly important to encourage the development of positive emotional brand experience in order to encourage brand loyalty for service brand customers. This both supports the relationship between brand experience and brand loyalty and reinforces the importance of emotional brand experience for the service setting. A third study of Harley-Davidson consumers in Australia suggests that brand experience represents part of the formation of identity for consumers (Schembri, 2009). In other words, the act of consuming the brand (or the experience with the brand) becomes part of how the consumer defines herself or himself as a

social person (Schembri, 2009). The Harley-Davidson consumer experiences the brand not individually, but as part of a particular social group and setting (Schembri, 2009). Although motorcycles and coffee are not highly similar, this is still relevant because of the social setting of the coffee house and the social aspect of coffee consumption. Simply, it is possible that part of the emotional experience of the True Coffee brand, like Harley-Davidson, is associated with its social nature and formation of identity, which will need to be considered.

Measurement of brand experience was most clearly undertaken by Brakus et al. (2009). Brakus et al. (2009) offered a series of 12 items, or three items for each of the four domains mentioned above (sensory, affective, behavioral and intellectual), that showed significant connections to the dimensions of brand experience. The modification of the Brakus et al. (2009) scale for coffee house experience as used in this study is shown in Table 3 in Chapter 3. This scale was not further modified because few researchers in brand experience have clearly identified their scaling mechanisms or items.

2.4 CUSTOMER SATISFACTION

Customer satisfaction is the extent to which a product or service pleases the customer and satisfies his or her requirements (Nemati et al., 2011). Customer satisfaction has two aspects – the affective and the cognitive. The former relates to a subjective feeling that the product, service or overall experience in dealing with the company has been positive, while the latter encompasses thoughts and judgments about the product or service, and by extension, the brand (Tu et al., 2012). Given that a company's success depends on its ability not only to attract customers, but also to satisfy and therefore retain them (Martisiute et al., 2010), the importance of customer satisfaction is obvious. Retaining customers is particularly beneficial because it costs far less to serve returning customers than to attract new ones (Baig & Khan, 2010; Tu et al., 2012). Therefore, in competitive marketplaces, customer satisfaction is a critical differentiating factor.

There are two types of customer satisfaction that can be measured by researchers: transaction-specific satisfaction and cumulative satisfaction (the degree to which the consumer is pleased with the product or experience after consumption has occurred). The latter is more often the focus of research studies (Tu et al., 2012).

Customer satisfaction can promote brand loyalty because satisfied customers are not only more likely to purchase the product or service again the future (Baig & Khan, 2010; Choi et al., 2011; Nemati et al., 2011), they are also more inclined to recommend it to their friends and family (Baig & Khan, 2010; Choi et al., 2011). Bain and Company's Net Promoter Score, a measure of the willingness of customers to recommend a brand to others, is positively correlated with profit growth in the long term (Pringle, 2009). This indicates a direct relationship between customer satisfaction and company success. How can customer satisfaction be increased? Mao (2010) makes two overarching recommendations: make customer care a bigger priority and be honest with consumers. The former can be done by asking customers open-ended questions to learn about their experiences with the brand and using this feedback to improve customer care in the future. The second involves being forthright about the things that matter to customers. Although customer satisfaction is a subjective reaction, it is relatively easy to measure with questionnaires. As with the other interrelated branding dimensions, researchers tend to measure customer satisfaction using Likert-scale instruments (Brakus et al., 2009; Nemati et al., 2011). For the purpose of this study, customer satisfaction will be measured through affective and cognitive dimensions as these two variables have already been validated by several previous studies (Homburg, Koschate, & Hoyer, 2006; Oliver, 1993; Tu et al., 2012).

2.5 RELATIONSHIP BETWEEN BRAND EXPERIENCE, CUSTOMER SATISFACTION AND BRAND LOYALTY

The key variables in this study include brand experience, customer satisfaction and brand loyalty. There has been a large amount of research conducted on the interrelationships of these factors. The following are some of the more noteworthy recent studies.

The Relationship between Brand Experience and Customer Satisfaction

The findings of a study conducted by Choi et al. (2011) indicate that the relationship between brand experience and customer satisfaction is bidirectional. The authors found that brand experience, which encompasses various factors including perception of brand prestige and trustworthiness, significantly impacts customer satisfaction, and customer

satisfaction impacts brand experience as well. This relationship is positive, in that a more satisfactory brand experience will result in a positive increase in brand satisfaction. Similarly, a positive increase in customer satisfaction also results in a positive increase in brand experience. Thus, this is a positive feedback loop, with good or bad brand experience resulting in good or bad brand satisfaction and vice versa.

Some dimensions of brand experience may have a greater influence on customer satisfaction, and by extension, brand loyalty, than other aspects. In particular, consumers' positive or negative experiences with a particular product or service trigger emotional responses that profoundly influence satisfaction. This is a positive relationship. That is, the positive or negative experience influences satisfaction in the same direction; a positive experience will increase satisfaction, while a negative experience will decrease satisfaction.

Furthermore, affective customer satisfaction increases the likelihood that consumers will be willing to pay higher prices and provide free advertising by recommending the product or service to others (Baig & Khan, 2010). Thus, the affective dimension of brand experience may play a more important role in customer satisfaction and brand loyalty than other dimensions such as the sensory, behavioral and intellectual. This is supported by research showing that people are more loyal to products when the company supports a good cause, even to the point of enduring inconvenience or higher prices (Crain, 2010). However, other aspects of brand experience should not be underestimated, particularly for technology-focused products, as the research conducted by Nemati et al. (2010) has shown.

Using a Likert-scale questionnaire to gauge customer satisfaction, Nemati et al. (2010) found a positive correlation between corporate innovation and customer satisfaction among mobile phone consumers. That is, higher levels of satisfaction among mobile phone consumers were associated with higher levels of corporate innovation and vice versa. This is unsurprising, given that innovative new products target all of the senses, providing new sights and sounds, the excitement of novelty and pleasure of owning something new and therefore prestigious, the behavioral urge to acquire and interact with cutting-edge products and the intellectual stimulation of learning about a new technological offering. It could also reflect decreased satisfaction associated with poor innovation which may result in poor products or services offered by some firms. However, it should be noted that despite the power of brand

experience in influencing customer satisfaction, the researchers found that price was still the most salient factor in the purchase, rather than customer satisfaction. Therefore, the affective dimension (the good feeling that comes from obtaining a great deal) may be the most potent force shaping customer satisfaction, since affective brand experience results in increased customer satisfaction. Also, the researchers found that innovation does not positively affect brand loyalty, even though it does influence customer satisfaction. In other words, although customers appear to be more pleased with innovative mobile phone products, this does not mean that they will necessarily purchase the same brand in the future. However, this could be due to the rapid innovation associated with mobile phones and their development

Suh and Yi (2006) conducted a study to evaluate the mediating effect of an aspect of brand experience (product involvement) on the relationship between customer satisfaction and brand loyalty among Korean consumers. The authors defined brand experience primarily as product involvement, although it should be noted that this is not the definition used by most studies. Product involvement is a degree of consideration a consumer spends before making a purchase of a particular product (Suh & Yi, 2006). This study focused on household products and cosmetics. Using a series of Likert scales, the researchers examined aspects of brand experience such as feelings and attitudes about the brand. They found that there was a positive relationship between brand experience and brand loyalty, with an increase in brand loyalty associated with an increase of brand experience. Indicators of brand loyalty included intention to purchase the brand again and willingness to recommend it to others. As expected, the researchers found that the relationship between customer satisfaction and brand loyalty was stronger when brand involvement was low. In other words, when brand experience was not as important, customer satisfaction was the primary motivator for brand loyalty in the market of household goods and cosmetics. However, when there was a high level of product involvement, brand experience played a greater role in the promotion of brand loyalty. This suggests that enhancing brand experience may be more critical for some products and services than others. This is a complex relationship, but ultimately it suggests that high-involvement products (which are commonly more expensive, more indicative of social status, or for some other reason require an expanded consideration set for consumers) may be more vulnerable to negative brand experience than those that are not as expensive or relevant.

Brand experience is certainly more relevant for some industries than others. For example, customers tend to visit coffeehouses more frequently than the purveyors of many other types of goods and services, which increase interaction with the brand and brand-related stimuli (Choi et al., 2011). This suggests that the affective dimensions of brand experience may be particularly relevant in this case, especially since consumers will have extensive contact with the brand's representatives (employees), tangible evidence and so on (Morrison & Crane, 2007). The brand experience may be more based on convenience and emotional comfort rather than on an absolute assessment of customer satisfaction or quality in this case. Therefore, those in certain industries will need to pay more attention to building their brands and providing appealing brand-related experiences. In the case of a service firm such as True Coffee, this means that the firm will need to focus on providing positive affective and sensory brand experience in particular (good coffee and good service) in order to make sure that there are positive reactions in customer satisfaction and brand loyalty.

The Relationship between Customer Satisfaction and Brand Loyalty

Customer satisfaction is a key variable in encouraging brand loyalty. Studies have shown that customer satisfaction with the brand experience and the product itself has positive effects on brand loyalty through both direct and indirect routes (Baig & Khan, 2010; Choi et al., 2011; Martisiute et al., 2010; Song et al., 2012; Suh & Yi, 2006), and that customer satisfaction precedes brand loyalty (Kapferer, 2008; Martisiute et al., 2010).

A large-scale brand loyalty survey conducted by ClickFox (2012) found that customer satisfaction was second only to product quality in encouraging brand loyalty, and that the largest percentage of consumers cited excellent customer service as the greatest motivator to remain loyal to a brand. This survey used a simple questionnaire in which respondents either agreed or disagreed with statements about brand perceptions and loyalty-related behaviors such as repurchase intentions and telling others about the product.

Brakus et al. (2009), using their own rigorously tested scale covering various aspects of brand experience, found that brand experience directly affects brand loyalty and brand experience also indirectly affects brand loyalty through customer satisfaction. Their study emphasizes that brand experience and customer satisfaction are two powerful determinants of

brand loyalty in the U.S. market and the present study will determine whether this claim can be applied in the Thai coffee market.

Tu et al. (2012) conducted a study of Starbucks coffee drinkers in Taiwan to examine the relationships between customer satisfaction and brand loyalty. They administered a questionnaire (a five-point Likert scale) to volunteers at the main entrance of a Taipei Starbucks. Unsurprisingly, the researchers found that customer service was positively correlated with brand loyalty. However, they also found that brand image impacted both customer satisfaction and brand loyalty, which suggests a more complex interplay of factors. Unfortunately, it is difficult to determine whether the results of this study would be generalizable to other brands, particularly those that are not as prominent as Starbucks. It is possible that brand image is more or less salient for lesser known brands than for those that are well-established on a global scale.

According to Suh and Yi (2006), customer service has a much stronger effect on brand loyalty overall than do advertisements, corporate image and other influences on brand experience, given that the latter exert only indirect effects. This suggests that ensuring customer satisfaction, especially with the substantive product offering of the brand, is highly important for promoting brand loyalty.

With service-based products such as those offered by coffee shops, customer satisfaction must extend beyond the tangible product to the service offering as well (Morrison & Crane, 2007). In cases where the service becomes a significant part of the brand experience, encouraging brand loyalty requires more than simply offering a good product at a reasonable price.

The Relationship between Brand Experience and Brand Loyalty

Many studies have identified a positive correlation between favorable brand experience and brand loyalty (Biedenbach & Marell, 2010; Brakus et al, 2009; ClickFox, 2012; Nemati et al., 2010; Shim, 2012), and the affective dimension of brand experience appears to be particularly critical to brand loyalty in the modern marketplace. The results of a recent survey of 48,000 consumers conducted by Brand Keys found that among 83 different product and service categories, emotional response rather than rational analysis was the critical driver of brand loyalty (Lukovitz, 2012). Another comprehensive study also found that brand experience (specifically

personal experience with a given brand and its parent company, rather than second-hand knowledge gained from marketing or word of mouth) was one of the key factors in the formation of brand loyalty (Kim et al., 2008). Kim et al., (2008), comparing consumer responses across eight categories, found that the influence of brand experience on brand loyalty grew over time as the consumer gained more positive experiences with the brand. This builds affective and cognitive connections to the brand, including rational recognition of factors such as the quality of the brand or its suitability for a given purpose and emotional connections and identification with the brand (Kim et al., 2008). Thus, not only brand loyalty is based on brand experience, it grows over time based on the growth of brand experience. This suggests that the relationship between brand experience and brand loyalty is a self-reinforcing feedback relationship, where long positive experience of a brand will lead to increasingly intense loyalty to the brand.

Mohammad's (2012) research found a significant correlation between trust in a particular brand (which arises as a result of brand experience) and brand loyalty. The study also found that brand loyalty positively influences perceived value of a product. As with others in the field, Mohammad used a Likert-scale questionnaire with items adapted from the measurement instruments of prior researchers. Items designed to measure brand loyalty included statements such as "The next time I need that product, I will buy the same brand" (Mohammad, 2012: 119).

In the modern marketplace, positive affective experience appears to provide a competitive edge. The results of the large Brand Keys survey suggest that it is no longer sufficient to have a solid core value proposition to provide a useful, quality product at a reasonable price. Consumers want something beyond the rational – they want the brand to evoke positive feelings via emotional meaningfulness (Lucovitz, 2011). Other surveys have yielded similar results. The Edelman Goodpurpose survey of 6,000 consumers found that more than half would stay loyal to a brand, even paying more for it during a recession, if it was associated with a good cause (Crain, 2010).

How does being associated with a good cause build brand loyalty? Crain (2010) argues that consumers have become more cynical. They are less responsive to slogans that increasingly resemble those of corrupt politicians. Modern consumers require evidence that a company has good intentions. In this era of increasing skepticism, a company that allocates some

of its profits to support a good cause is far more likely to create a positive association for its brand, and hence, a positive brand experience.

Of particular interest in this case is the influence of brand experience in the service brand. One study suggests that the emotional or affective experience of a service brand is particularly important for building brand loyalty (Morrison & Crane, 2007). This study found that for service brands particularly, creating a particular emotional experience associated with the brand was the major factor in introducing brand loyalty to the service brand. These emotional factors include good service, especially the feeling that the consumer is recognized and valued by the provider of the service (Morrison & Crane, 2007). This could be particularly true for a coffee shop environment, given that emotional factors (as identified by True Coffee's "third place" position) are a significant part of the differentiation of the coffee shop. For example, being recognized as a regular by coffee shop attendants may increase loyalty not just to the brand, but to the individual shop itself, which will be important for introducing brand loyalty.

Despite the importance of the affective dimension of brand experience, there are a number of other factors influencing brand loyalty such as cost, as well as perceived quality and value (Mohammad, 2012). Perceived quality is particularly important because it touches upon all four components of brand experience. Consumers may gauge quality based on a product's sensory attributes (appearance, auditory qualities, smell, taste and or texture), its affective attributes (how owning or consuming the product makes them feel), its behavioral attributes (what the brand or its provider actively does for them, as well as how they behave in response to the brand) and intellectual attributes (rational analysis of a brand's features and benefits). Given that quality encompasses all aspects of the brand experience, it is unsurprising that it has been identified as the primary influence on brand loyalty by various researchers (ClickFox, 2012; Nemati et al., 2010).

Song et al. (2012) used a Likert-scale instrument to examine the relationship between brand experience and brand loyalty, with a focus on male consumers and luxury brands. Their scale encompassed a number of dimensions, including utilitarian value, hedonic value, brand satisfaction, brand trust, brand affect, brand loyalty and brand risk. Unlike many other studies, the researchers did not identify a direct positive correlation between brand affect on its own and brand loyalty, but they did find that positive affect significantly increased brand trust,

which in turn increased brand loyalty. The implication is that brand trust is a mediating factor between brand experience and brand loyalty. This suggests that it is not enough for a company's brand to generate positive emotions; it must also promote trust. However, given that the sample used for this study comprised only well-educated, high-earning males, the results may not be generalizable to other populations.

A study of brand experience and brand loyalty in e-tailing highlights the complexities of building brand loyalty (Ha & Perks, 2005). This study found that online retailers (or e-tailers) made a significant effort to influence consumer behaviors regarding purchases by managing their brands as carefully as did physical retailers. However, this study also found that there were several key factors that related brand experience to the construction of brand loyalty. The first of these factors was simply brand familiarity; consumers had to recognize the brand and be familiar with it in order for the brand to build customer loyalty. However, customer satisfaction was also required to build brand loyalty; it was not enough for customers to know about the brand (which they could do from second-hand information) but also to have personal, positive experiences with the brand and its outcomes. This satisfaction was based on both cognitive and affective factors about the brand. Thus, brand experience did lead to brand loyalty, but brand recognition was also a required prerequisite.

According to Morrison and Crane (2007), research indicates that in service industries, the brand comprises not just the tangible aspects of the product (in the case of this research, a cup of coffee), but also intangible and emotional aspects of the brand. As such, it is not sufficient to ensure that the brand reflects a high quality product; brand managers must also promote the development of a strong emotional connection to the brand. The authors assert that the emotional connection or attachment of the consumer is stronger with service brands than product brands. Thus, paying attention to the brand experience, especially its personal and emotional aspects, is particularly critical to promoting brand loyalty for industries where service is a part of the product offering.

It should be noted that most studies of brand loyalty, brand experience and customer satisfaction must by necessity make use of self-report instruments, which have a number of inherent limitations, such as the possibility that subjects will provide dishonest answers. They also must use volunteers, which may lead to a self-selection bias, given that people who are

willing to take the time to fill out a questionnaire may be different in some ways from those who are unwilling to do so (Olsen, 2008). However, given the large number of studies that have been conducted in the field, some of which have used large populations, the results of this overall body of work can still be considered informative.

Based on the review of previous related studies, brand experience, customer satisfaction and brand loyalty are interrelated in a variety of complex ways. Brand experience, comprising the sensory, emotional, behavioral and intellectual responses to brand-related stimuli, influences customer satisfaction (the extent to which customers are pleased with the product or service). Both brand experience and customer satisfaction impact brand loyalty, which encompasses the likelihood of repurchasing the same brand, willingness to tolerate higher prices or inconvenience to obtain the brand and motivation to recommend the brand to others. Therefore, two hypotheses and conceptual model are developed as below:

- H1: Brand experience has a positive effect on customer satisfaction
- H2: Brand experience and customer satisfaction has a positive effect on brand loyalty

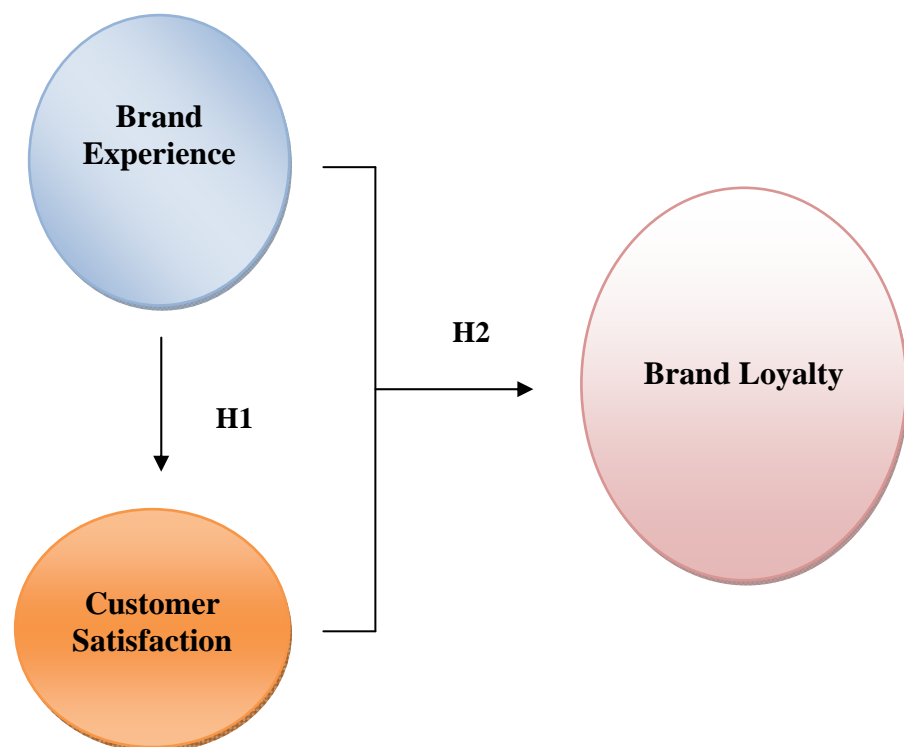


FIGURE 1 CONCEPTUAL MODEL FOR THE STUDY

CHAPTER 3: RESEARCH METHODOLOGY

This methodology chapter discusses methods used to construct the research. The information related research approach and research strategy is provided as the first two sections. Then, how data is collected, who are the samples of this research and how the data will be analyzed are subsequently enlightened.

3.1 RESEARCH APPROACH

According to Trochim (2006), inductive reasoning involves using specific observations to generate theories or broader generalizations. It tends to be an exploratory, open-ended process that is more inclined to invoke new questions than to provide precise, quantifiable answers to existing ones. Deductive reasoning, by contrast, starts with the review of related theories. The researcher using deductive reasoning begins with a theory about the topic of interest, narrows the focus down to formulate a more specific and testable hypothesis, narrows the field still further by collecting observations related to the hypothesis and finally gathers data that can confirm or disconfirm the original theory.

This study will adopt a deductive approach because it involves the collection of primary data and supplementary secondary research to test two hypotheses regarding the relationships among three variables: brand experience, customer satisfaction and brand loyalty. These variables were chosen based on an extensive literature review encompassing past research and expert observations in the field. Therefore, this methodology represents a progression from a general search to a theoretical position and finally the collection of data designed to test several hypotheses. A deductive approach was deemed most suitable for this study because the goal is to provide definitive answers to specific research questions rather than to generate new theories or conduct exploratory research.

3.2 RESEARCH STRATEGY

This study will employ a quantitative research strategy. Quantitative research generates a numerical representation of a particular phenomenon. It is an empirical research method that provides a quantifiable description of the way something is in the real world (Sukamolson, n.d.).

Quantitative research has a number of advantages, as well as a few limitations. According to Sukamolson (n.d.), it can quantify attitudes, opinions and behaviors, which makes it very useful for social research. It can be used to test hypotheses, provide specific answers in the form of numerical summaries for analysis and statistical comparison, identify trends, measure occurrences and explain certain phenomenon in an objective manner. Ultimately, it is a more precise, standardized and definitive approach than qualitative research. However, Sukamolson (n.d.) notes that it is not particularly useful for exploring a topic in depth or generating new theories. It is often possible to conduct a more meaningful analysis using qualitative methods, because the quantitative approach is too shallow for more comprehensive exploration.

There are four commonly used quantitative research methods: survey research, correlational research, experimental research and causal-comparative research (Sukamolson, n.d.). This study will use a survey-style questionnaire to collect data. This method was chosen for a number of reasons. It is a popular and effective method that is used by the majority of other researchers in the field and it is inexpensive and easy to undertake. Using this approach enables a research to be conducted that might otherwise be impossible due to cost and logistical constraints.

3.3 DATA COLLECTION

Types of Data

This research will make use of both primary and secondary data. Primary data is information that comes directly from the source. It can be obtained from a questionnaire, letter, diary or other first-person source. Secondary data is information that comes from secondary sources, typically peer-reviewed journal articles, textbooks, news stories and other media in

which the purveyors of the information often provide interpretation or even analysis as well (Library and Archives Canada, 2010).

This study will derive its primary data from a questionnaire designed to gather information regarding brand loyalty among coffee drinkers in Thailand, with a particular focus on the popular True Coffee chain. Secondary data regarding brand loyalty, brand experience, customer satisfaction and the Thailand coffee shop market will be drawn from peer-reviewed journal articles, books and other respected sources. The primary data will provide direct information regarding consumer opinion in a form that allows for the quantification of subjective opinion. The secondary data will provide context in the form prior research findings, established theories and expert analysis of factors affecting brand loyalty, brand experience and customer satisfaction. Secondary data is freely available and easy to collect, so it enables a more comprehensive analysis of the phenomenon of interest. Both forms of data are essential to this research because the primary data directly answers the research questions, while the secondary data enables the results to be analyzed within the framework of accepted theories and facilitates comparison with prior research findings.

While primary, quantitative data can identify a particular phenomenon or trend, secondary data can often provide some insight as to why it occurred. This is important when conducting social research because it is often as useful to identify the social forces that generate a result as it is to discover the result itself. Essentially, secondary data, particularly sources that provide qualitative analysis, enable the researcher to explore aspects of a phenomenon that would not be identified by quantitative primary data (Ospina, 2004).

Research Instrument

Questionnaires designed to record and quantify subjective perceptions are often used to measure brand experience, along with overall brand loyalty. Researchers typically use Likert scales that provide a numeric range covering strong agreement through strong disagreement with statements designed to gauge consumers' subjective impressions of the brand and brand-related stimuli (Brakus et al., 2009; Choi et al., 2011; Mohammad, 2012). A 5-point Likert scale questionnaires will be used to measure the impact between variables. This technique is typically used to quantify subjective opinions about brand loyalty, as in the research of Brakus

et al., 2009; Choi et al. 2011; Nemati et al., 2011; Song, Hur and Kim, 2012, and many others. Therefore, it is considered reliable for this research.

This study will use a self-administrative questionnaire to gather primary data. This is a commonly used measurement instrument for studies of brand loyalty, brand experience and customer satisfaction. Prior researchers in the field such as Brakus et al. (2009), Choi et al. (2011), Nemati et al. (2010), Song et al. (2012) and others have used similar instruments.

Self-report instruments have a number of benefits and limitations. Using a questionnaire is a cost-effective and straightforward way to collect primary data and convert it into useful quantitative information. A questionnaire is a flexible measurement instrument that can easily be administered to a relatively large sample of people. Questionnaires can also be coded rather than using the names of subjects to ensure privacy, and important aspect of research ethics. However, with self-report instruments, there is a risk that subjects will not answer honestly for some reason. Also, consulting only subjects willing to complete questionnaires may lead to self-selection bias (Olsen, 2008). These limitations are factors that the researcher will be concerned when collecting the primary data.

Moreover, a set of questions used in the survey that relate to brand experience, customer satisfaction and brand loyalty is directly adopted from the study by Choi et al. (2011). These researchers previously investigated a similar subject with the present study and their questionnaire was already validated using confirmatory factor analysis. Like most other researchers in the field, Choi et al. (2011) used a Likert-scale self-report instrument to collect their data. Questions were designed to gather information based on each of the brand experience dimensions. For example, questionnaire statements related to the affective domain included “I have strong emotions for this coffeehouse brand” and those related to the intellectual domain included “This coffeehouse brand makes me think,” while customer satisfaction was measured with statements such as “Using this coffeehouse brand has been a good experience” (Choi et al., p. 6). Thus, it is considered reliable for examining consumer behavior in this study. The table below summarizes questionnaire scale and measurement.

TABLE 3 QUESTIONNAIRE SCLAE AND MEASURMENT

Variable	Indicator	Measurement	References	Questionnaire scale
Brand experience	● Sensory	1. This coffeehouse brand makes a strong impression on my visual sense or other sense.	Choi et al. (2011)	Likert Scale
		2. I find this coffeehouse brand interesting in a sensory way.		
		3. This coffeehouse brand appeals to my senses.		
	● Affective	1. This coffeehouse brand induces feeling and sentiments.	Choi et al. (2011)	Likert Scale
		2. I have strong emotions for this coffeehouse brand.		
		3. This coffeehouse brand is an emotional brand.		
	● Behavioral	1. This coffeehouse brand reminds me of actions and behaviors when I use this brand.	Choi et al. (2011)	Likert Scale
		2. This coffeehouse brand results in bodily experience.		
		3. This coffeehouse brand is action oriented.		
	● Intellectual	1. I engage in a lot of thinking when I encounter this coffee house brand.	Choi et al. (2011)	Likert Scale
		2. This coffeehouse brand makes me think.		
		3. This coffeehouse brand stimulates my curiosity and problem solving.		

TABLE 3 QUESTIONNAIRE SCLAE AND MEASURMENT (Continued)

Variable	Indicator	Measurement	References	Questionnaire scale
Customer Satisfaction		<ol style="list-style-type: none"> 1. I am satisfied with my decision to buy coffee at this coffee house brand. 2. I have truly enjoyed this coffeehouse brand. 3. I feel good about my decision to buy coffee at this coffeehouse brand. 4. Using this coffeehouse brand has been a good experience. 5. I am sure it was the right thing to be a customer of this coffeehouse brand. 	Choi et al. (2011)	Likert Scale
Brand Loyalty		<ol style="list-style-type: none"> 1. I would recommend this coffeehouse brand to friends and relatives. 2. I intend to keep buying coffee at this coffeehouse brand. 3. If I need coffee, this coffeehouse brand would be my preferred choice. 4. I will speak positively about this coffeehouse brand. 5. I intend to encourage other people to buy coffee from this coffeehouse brand. 	Choi et al. (2011)	Likert Scale

Reliability Test of the Questionnaire

According to Trochim (2006), when a research instrument produces consistent outcomes, either on test and retest of the same person, among multiple raters or internally (items designed to measure the same construct generate similar results), it is said to be reliable. Cronbach's alpha, a commonly used measure of internal consistency for questionnaire items, will be used to test the reliability of the research instrument for this study. A Cronbach's alpha value for the research instrument will be generated using SPSS software. The reliable questionnaire should indicate Cronbach's alpha value of 0.8 (Hill & Lewicki, 2006). This will be the acceptable value for the questionnaire survey of this research. Moreover, 30 sets of questionnaire will be distributed in the Bangkok area in order to test reliability of the question.

3.4 SAMPLE AND SAMPLING PROCEDURE

The target population of this study will be customers (including loyal customers, first-time visitors, and others) of True Coffee in Thailand. The target population will not be differentiated by demographic or other characteristics. The sample will be selected at True Coffee, Siam Paragon branch. This branch is selected because it is located in one of the busiest shopping malls in Bangkok, Thailand. The sample will be chosen using convenience sampling technique. In other words, participants are selected based on their readily and availability (Wilson, 2010). This sampling technique is chosen as it is the most convenience sampling technique and it is less time-consuming and cost-effective (Wilson, 2010).

Moreover, according to Roscoe (1975 cited in Sekaran, 2003, p.295 and Wilson, 2010), the appropriate sample size for most of quantitative researches are between 30 and 500. For instance, two previous academic studies by Tu et al. (2012) and Phau and Teah (2009) considered a total number of 206 and 211 respondents as appropriate sample size for their study, respectively. Due to time and budget constraint and evidence of appropriate sample size from these scholars, the present study then aims to gather information from 250 respondents who purchase True coffee.

3.5 DATA ANALYSIS

Data analysis for this study will be conducted using SPSS (Statistical Package for the Social Sciences) software. The analysis will use descriptive statistics such as mean, frequency, percentage and standard deviation, as well as inferential statistics to facilitate meaningful analysis.

Descriptive statistics, which simply describe a phenomenon of interest, are regularly used in quantitative research because they convert large amounts of numeric data into useful summaries that enable them to be compared with other measures as required. Essentially, they provide a base from which more meaningful analysis can be undertaken (Trochim, 2006). The descriptive statistics for this study will be derived from the questionnaire scores.

Inferential statistics enable researchers to identify significant effect between variables and draw conclusions from the data set (Trochim, 2006). Because this study aims to examine the effect of brand experience on customer satisfaction and the effect brand experience and customer satisfaction on brand loyalty – Single and Multiple Regression was deemed appropriate for the analysis. This method is useful for evaluating the effect of independent variable on dependent variable (single regression) and the effect of a set of dependent variable on a dependent variable (multiple regression). It indicates whether there is a significant effect from one variable on another (Devonish, n.d.). Two hypotheses developed for the purpose of this study are also shown below;

- H1: Brand experience has a positive effect on customer satisfaction
- H2: Brand experience and customer satisfaction has a positive effect on brand loyalty

CHAPTER 4: RESEARCH FINDINGS

4.1 PILOT TEST

The pilot test of the questionnaire was undertaken to ensure that the scales were appropriate and were strong enough based on the Cronbach's alpha score to be significant. The pilot test was conducted with the first 30 questionnaires that were collected. Using Hill and Lewicki's (2008) criteria, a minimum Cronbach's alpha score of 0.8 or higher was targeted for reliability of the scales. The table below shows a summary of the scales and Cronbach's alpha coefficients derived from the pilot test. This shows two independent variable scales (Brand Experience and Customer Satisfaction), as well as the dependent variable scale (Brand Loyalty). There were 12 items included in the Brand Experience scale, while five items each were included in Customer Satisfaction and Brand Loyalty. All three of the scales reached an appropriate level of reliability without elimination of any items. Of these Brand Experience ($\alpha = 0.802$) was the weakest scale, while Brand Loyalty ($\alpha = 0.849$) was the strongest scale. However, all of these scales can be considered reliable under the testing criteria established in the Methodology chapter. Following the Cronbach's alpha testing, the 30 pilot test questionnaires were included in the main pool of responses for further descriptive analysis.

TABLE 4 RELIABILITY RESULT

Scale	Number of Items	Cronbach's Alpha Coefficient
Brand experience	12	.802
● Sensory	3	.688
● Affective	3	.706
● Behavior	3	.764
● Intellectual	3	.804
Customer satisfaction	5	.826
Brand loyalty	5	.849

4.2 DESCRIPTIVE RESULTS

The descriptive statistics were calculated based on a sample of $n = 250$. This section provides insight into the descriptive questionnaire and its outcomes. Results are presented as a combination of tables, graphs, and textual description.

Demographic Profiles

The first type of data collected was demographic data from the respondents. This information is presented in Table 5. As can be seen, the majority of respondents were female (63.2%), and the most common age group was 20-39 years old (38.4%). Monthly income was most commonly between 15,000 and 25,000 Baht, but almost all respondents (85.2%) had income above 15,000 Baht. Office workers (52.4%) and students (21.2%) were the most frequent occupations in the response group.

TABLE 5 DEMOGRAPHIC INFORMATION

Detail	Frequency (n=250)	Percentage (%)
Gender		
Male	92	36.8
Female	158	63.2
Age		
Less than 20 year old	66	26.4
20 to 39 year old	96	38.4
40 to 60 year old	70	28
More than 60 year old	18	7.2
Monthly Income		
Lower than 15,000 baht	37	14.8
Between 15,000 and 25,000 baht	90	36
Between 25,001 and 35,000 baht	71	28.4
More than 35,000 baht	52	20.8

TABLE 6 DEMOGRAPHIC INFORMATION (Continued)

Detail	Frequency (n=250)	Percentage (%)
Occupations		
Student	53	21.2
Office worker	131	52.4
Government agency	26	10.4
Unemployed	8	3.2
Business owner	23	9.2
Others	9	3.6

Consumer Behaviors at True Coffee

The second group of questions focused on consumer behaviors at True Coffee (shown in Table 7 through 10). Most participants (55%) purchased True Coffee less than two times a week, while 32% of respondents purchased it two to four times per week. Only 9% purchased it more than five times a week (which could be considered a daily basis). This suggests that consumers view the product as an occasional treat, rather than a part of the daily routine, and that it is not a regular visit for most of them.

TABLE 6 FREQUENCY OF PURCHASING TRUE COFFEE

Detail	Frequency (n=250)	Percentage (%)
Less than 2 times per week	137	55
2-4 times per week	81	32
More than 5 times per week	23	9
Others	9	4

The next question is about the favorite drinks of visitors. This shows that traditional drinks are most popular. The café latte (coffee with warm milk) was the most popular drink (29%), followed by Americano (a shot of espresso watered down with hot water) (26%), cappuccino (a shot of espresso with steamed milk) (15%), and espresso (a small amount of very

strong steam-extracted coffee) (12%). Less traditional drinks like café mocha and caramel macchiato had much less support.

Most consumers (66%) purchase only coffee at True Coffee, while only 34% routinely purchase other drinks like tea or juice

Most consumers are also most interested in purchasing coffee for immediate consumption, as only 38% indicated that they purchase True Coffee beans or other products for preparation at home. The focus on traditional coffee house drinks prepared in the store, rather than any of the other options offered by the True Coffee chain, suggests that consumers are very interested not just in the coffee product, but also the coffee house experience offered.

TABLE 7 TYPE OF COFFEE PURCHASE AT TRUE COFFEE

Detail	Frequency (n=250)	Percentage (%)
Espresso	29	12
Americano	66	26
Café latte	73	29
Cappuccino	37	15
Café Mocha	22	9
Caramel Macchiato	8	3

TABLE 8 PURCHASE OTHER BEVERAGE AT TRUE COFFEE

Detail	Frequency (n=250)	Percentage (%)
Yes	85	34
No	165	66

TABLE 9 PURCHASE COFFEE BEAN AT TRUE COFFEE FOR DRINKING AT HOME

Detail	Frequency (n=250)	Percentage (%)
Yes	95	38
No	155	62

The final question in this section was an open-ended question about the reasons for purchasing True Coffee products. There were a variety of responses to this question, which highlighted a number of aspects of the True Coffee brand. The most frequently cited reasons for purchasing True Coffee included:

- Price: True Coffee is not the least expensive coffee in the market, but it is much less expensive than some competitors like Starbucks, a reason that was widely cited as a reason for purchasing it;
- Quality: The quality of True Coffee products was said to be consistent and high, letting customers know what they would get;
- Sensory experience: The taste and smell of the coffee, which are its main sensory characteristics, were routinely cited as reasons for selecting True Coffee products; and
- Convenience: Proximity to workplaces, schools and homes and the large number of outlets was routinely cited as a reason that customers chose True Coffee.

Brand Experience, Customer Satisfaction and Brand Loyalty

The final section of the descriptive analysis is the mean characteristics for each of the scales (Brand Experience, Customer Satisfaction, and Brand Loyalty). As previously noted, each of these sections is made up of Likert-scale questions (ranging from 5 questions for Customer Satisfaction and Brand Loyalty to 12 questions for Brand Experience). The interpretation of these questions is based on the formulation below;

$$\text{“The width of each level} = \frac{\text{Highest score} - \text{Lowest score}}{\text{The number of level}} = \frac{5 - 1}{5} = 0.8$$

The average of 1.00-1.79 means a very low level of agreement

The average of 1.80-2.59 means a low level of agreement

The average of 2.60-3.39 means a moderate level of agreement

The average of 3.40-4.19 means a high level of agreement

The average of 4.20-5.00 means a very high level of agreement (Güven, n.d.)

Brand Experience

The first section of descriptive Likert attitudes is based on brand experience. This was the most complex section because it comprises four different aspects of experience (including Sensory, Affective, Behavioral, and Intellectual). Each of these items has three associated Likert scale items. Each of these four aspects of experience is summarized in Table 11, including mean, standard deviation, and interpretation of the finding.

The Sensory aspect of brand experience was weakest overall ($M = 3.07$, $SD = .8248$). Particular weak points included visual sense, which was not highly ranked (falling slightly on the disagree side of neutral). The second weakest aspect of the brand experience was the behavioral aspect ($M = 3.08$, $SD = .9704$). However, this could have been due to inappropriate or vague definition of questions, which could have confused some customers. Overall, these scales were just on the numerical side of agreement, but given the standard deviation associated with them they should be understood as neutral.

The stronger aspects of the brand experience included Affective and Intellectual aspects of the brand. The Affective subscale was the strongest ($M = 3.38$, $SD = .7497$), especially with customers agreeing that the coffee house brand *induces feelings and sentiments* (though customers were far less likely to admit to strong emotions for the coffee house brand). This suggests that the Affective aspect of the brand experience for True Coffee is strong, although it is still in the neutral interpretation band. The second strongest aspect was the Intellectual brand experience ($M = 3.36$, $SD = .7016$). The Intellectual experience was marked by particularly strong agreement that *“This coffee house stimulates my curiosity and problem solving”*,

suggesting that people are intellectually involved with the True Coffee brand and enjoy the intellectual and curiosity stimulation offered by the brand.

Although there are some points of agreement, overall the brand experience of the True Coffee shop seems to be relatively neutral for most respondents (though not negative). This neutrality could be due to the design of the brand, but it could also be due to comparison with other brands and other aspects of the brand. Thus, the overall customer experience of the True Coffee brand is not negative, but it is perhaps not as clearly defined as the brand owners would prefer it to be.

TABLE 10 MEAN VALUE OF BRAND EXPERIENCE

No.	Brand Experience	Mean	S.D.	Mean Interpretation
Sensory		3.07	0.82	Moderate
2.1	This coffeehouse brand makes a strong feeling on my visual sense or other sense.	2.98	1.04	Moderate
2.2	I think this coffeehouse brand is interesting in a sensory way.	3.10	1.08	Moderate
2.3	This coffeehouse brand appeals my senses.	3.13	0.98	Moderate
Affective		3.38	0.75	Moderate
2.4	This coffeehouse brand induces feelings and emotions	3.94	1.02	High Level
2.5	I have strong feelings for this coffeehouse brand.	2.97	1.00	Moderate
2.6	This coffeehouse brand is an expressive brand.	3.26	0.90	Moderate

TABLE 11 MEAN VALUE OF BRAND EXPERIENCE (Continued)

No.	Brand Experience	Mean	S.D.	Mean Interpretation
Behavioral		3.08	0.97	Moderate
2.7	This coffeehouse brand reminds me of actions and behaviors when I use this brand.	3.14	1.06	Moderate
2.8	This coffeehouse brand results physical experiences.	2.87	1.18	Moderate
2.9	This coffeehouse brand is action oriented.	3.23	1.17	Moderate
Intellectual		3.36	0.70	Moderate
2.10	I'm in connects on a lot of thinking when I encounter this coffeehouse brand.	3.31	1.12	Moderate
2.11	This coffeehouse brand makes me think.	3.30	0.91	Moderate
2.12	This coffeehouse brand encourages my curiosity and problem solving.	3.46	0.899	High level (agree)
Overall		3.22	0.48	Moderate

Customer Satisfaction

The second aspect of consumer experience at True Coffee that was measured was customer satisfaction (items 2.13 through 2.17). The mean, standard deviation, and mean interpretation of this aspect of consumer experience for each item is shown in Table 8 below. This shows that the customer satisfaction ratings for True Coffee are considerably higher than the Brand Experience ratings. The highest ranked questions include “*I am satisfied with my decision to buy coffee at this coffee house brand*” (M = 3.90, SD = .8114) and “*I feel good about my decision to buy coffee at this coffee house brand*” (M = 3.86, SD = .8426). All items in this section ranked as agreement, though none tipped into strong agreement. The overall mean value of the Customer Satisfaction scale (M = 3.69, SD = .6288) suggests that customers have a high

level of customer satisfaction associated with True Coffee. Thus, regardless of the relatively neutral Brand Experience, it is clear that customers are generally satisfied with the brand.

TABLE 12 MEAN VALUE OF CUSTOMER SATISFACTION

No.	Customer Satisfaction	Mean	S.D.	Mean Interpretation
2.13	I am satisfied with my decision to buy coffee at this coffeehouse brand.	3.90	0.81	High level
2.14	I have truly enjoyed this coffeehouse brand.	3.65	1.00	High level
2.15	I feel good about my decision to buy coffee at this coffeehouse brand.	3.86	0.84	High level
2.16	Using this coffeehouse brand has been a good experience.	3.52	1.13	High level
2.17	I am sure it was the right thing to be a customer of this coffeehouse brand.	3.54	1.18	High level
Overall		3.69	0.63	High level

Brand Loyalty

The final group of items was the items devoted to Brand Loyalty, the outcome variable (Items 2.18 to 2.22). The overall interpretation of this scale was neutral, with the only question that garnered absolute agreement was “*I would recommend this coffee house brand to friends and relatives*” (M = 3.52, SD = 1.2725). This suggests that the True Coffee chain can expect to gain benefits from word of mouth advertising. However, the other questions were primarily neutral in response. A particularly poor result was *I intend to keep buying coffee at this coffee house brand* (M = 2.93, SD = 1.1242), which is low enough that it could actually be trending away from brand loyalty. This has some potentially damaging implications for the long-term brand loyalty of the True Coffee brand. Overall, the responses in this area do not support a very strong degree of brand loyalty to True Coffee, although responses were cautiously positive. The average results across the scale (M = 3.12, SD = .8234) suggest that there is a general position of

neutrality surrounding the coffee brand. Considering the effort that True Coffee has gone to in improving its brand loyalty, including the True Coffee Club and other efforts, this suggests that consumers are not necessarily responding positively to the brand's loyalty-building efforts. Thus, overall brand loyalty can be said to be neutral in this case.

TABLE 13 MEAN VALUE OF BRAND LOYALTY

No.	Brand Loyalty	Mean	S.D.	Mean Interpretation
2.18	I would recommend this coffeehouse brand to friends and relatives.	3.52	1.27	High level (agree)
2.19	I intend to keep buying coffee at this coffeehouse brand.	2.93	1.12	Moderate
2.20	If I need coffee, this coffeehouse brand would be my preferred choice.	3.07	0.99	Moderate
2.21	I will speak positively about this coffeehouse brand.	3.04	1.10	Moderate
2.22	I intend to encourage other people to buy coffee from this coffeehouse brand.	3.01	1.00	Moderate
Overall		3.12	0.82	Moderate

4.3 HYPOTHESIS RESULTS

In this section, the outcomes of hypothesis testing are presented. The two key hypotheses (described in Chapter 2, Section 2.4, which includes the Hypotheses and Conceptual Framework) were tested using regression analysis to determine the predictive strength of each of the relationships. Sections 4.3.1 and 4.3.2 describe the outcomes of the tests for Hypotheses 1 and 2 respectively. The overall results of these hypothesis tests indicate that brand experience does have a positive effect on customer satisfaction, and that a combination of brand experience and customer satisfaction has a positive effect on brand loyalty. This indicates that both of the

hypotheses posed in Section 2.4 following a comprehensive review of the literature can be accepted in the case of True Coffee. This section includes discussion of the outcomes, including regression line equations as well as estimates of variation of outcomes, and a full reporting of the linear regression outcomes from the statistical analysis. This presentation serves to demonstrate the positive outcomes as well as the procedures used to gain them.

Hypothesis 1

Hypothesis 1 stated, “Brand experience has a positive effect on customer satisfaction.” This was based on a selection of research (reported in Section 2.4) that demonstrates that there is a connection between these two characteristics in the existing literature, and assumption that this would be the case in True Coffee’s customer base as well. This was tested using simple linear regression, which determines the likelihood of a given outcome (the outcome variable) based on the predictor variable.

The R^2 shown is the prediction of future outcome on the basis of other related information (dependent and independent variables). R^2 ranges between 0 and 1. It uses for describing how well a regression line fits a set of data. $R^2=1.0$ indicates that a regression line fits the data well, while an R^2 closer to 0 indicates a regression line does not fit the data very well. As Table 10 shows ($R^2=0.269$, $F [1, 248] = 92.121$, $p<0.001$) suggests that 26.9% of the variation in customer satisfaction can be explained by brand experience.

The p-value or Sig. is the significance value that uses for confirming or rejecting hypothesis (in this case a relationship between variables). One often confirm the relationship when the p-value is less than the significance level, which is often 0.05. As shown in Table 10, this is a significant influence ($p < 0.001$ and $F=91.121$) which means that brand experience has a positive effect on customer satisfaction.

TABLE 14 REGRESSION RESULT OF CUSTOMER SATISFACTION VS BRAND EXPERIENCE

<i>Variables</i>	Model Hypothesis 1		
	<i>B</i>	<i>SE B</i>	<i>Beta</i>
Constant	1.522	0.230	
Brand Experience	0.673 ^{***}	0.071	0.518 ^{***}

$R^2 = 0.269^{***}$; $F = 92.121$

Note. *B* = Unstandardized regression coefficient; *Beta* = Standardized regression coefficient

*** $p < 0.001$

Finally, Coefficients enables construction of the linear regression equations that can be derived to describe this relationship. The unstandardised regression equations of the relationship between customer satisfaction and brand loyalty can be defined as follow:

$$\text{Customer satisfaction} = 0.673 (\text{Brand experience}) + 1.522$$

This means that for each increase point on the brand experience, the level of customer satisfaction increased by 0.673 points.

These findings suggest that there is a modest, though statistically significant, predictive relationship between the brand experience of the True Coffee brand and the customer satisfaction. Given the findings of the regression analysis, **Hypothesis 1 is proved**. It can be said that the extent of brand experience with the True Coffee brand influences the customer satisfaction with the brand.

Hypothesis 2

The second hypothesis posed for the research was “Brand experience and customer satisfaction has a positive effect on brand loyalty.” This analysis was undertaken using multiple linear regression analysis, with Brand Experience and Customer Satisfaction being the predictor variables and Brand Loyalty being the outcome variable. The results of this analysis are

included in Tables 11 showing that ($R^2=0.359$, $F [2, 247] = 69.233$, $p<0.001$) this model accounts for 35.9% of the variation in brand loyalty responses.

TABLE 15 REGRESSION RESULT OF BRAND LOYALTY VS CUSTOMER SATISFACTION AND BRAND EXPERIENCE

<i>Variables</i>	Model Hypothesis 1		
	<i>B</i>	<i>SE B</i>	<i>Beta</i>
Constant	-0.400	0.306	
Brand Experience	0.517 ^{***}	0.101	0.304 ^{***}
Customer Satisfaction	0.501 ^{***}	0.078	0.382 ^{***}

$R^2 = 0.359^{***}$; $F = 69.233$

Note. *B* = Unstandardized regression coefficient; *Beta* = Standardized regression coefficient

^{***} $p < 0.001$

The result also shows that with the model does describe a statistically significant relationship between independent variable brand experience and customer satisfaction on brand loyalty. Using the unstandardised coefficients *B*, a description of the regression line associated with these variables is as follow:

$$\text{Brand Loyalty} = 0.517(\text{Brand Experience}) + 0.501(\text{Customer Satisfaction}) - 0.400$$

This means that for each increase point on the brand experience and customer satisfaction, the level of brand loyalty increased by 0.517 and 0.501 points respectively.

This shows that Brand Experience is a (slightly) stronger influence than Customer Satisfaction in formation of brand loyalty. Overall, the results of this analysis support a modest, positive predictive relationship between the two predictor variables (Brand Experience and Customer Satisfaction) and the outcome variable (Brand Loyalty). Thus, **Hypothesis 2 is proved.**

CHAPTER 5: DISCUSSION

5.1 DISCUSSION

The hypothesis results can be summarized as follows:

- Hypothesis 1: Brand experience has a positive effect on customer satisfaction

– **Proved.**

- Hypothesis 2: Brand experience and customer satisfaction has a positive effect on brand loyalty – **Proved.**

In this section, each of these two relationships is discussed in some detail, demonstrating that these findings were consistent with the expected outcomes and identifying potential reasons why these findings may have been seen.

The first hypothesis was that brand experience would have a positive effect on customer satisfaction. This hypothesis was posed based on the bulk of the research that supported the positive relationship between brand experience and customer satisfaction (Baig & Khan, 2010; Choi et al, 2011; Crain, 2010; Nemati et al, 2010; Suh & Yi, 2006). However, the relationships identified in the literature were not straightforward and had a number of different dependencies that need to be taken into account to fully understand the situation in regard to this relationship. First, as Choi et al (2011) noted, this is not a one-way relationship; brand experience influences customer satisfaction, which in turn encourages the consumer to return and have more exposure to brand experience. Thus, this can be described as a reinforcement or feedback loop between brand experience and customer satisfaction. The strength of the affective aspect of True Coffee's brand experience is also supported in the literature (Baig & Khan, 2010). The affective and intellectual aspects were the strongest aspects of brand experience in this case, which is consistent with Baig and Khan's (2010) assertion and finding that affective dimensions of the brand experience are some of the strongest predictors of customer satisfaction. This is also consistent with the findings of Nemati et al (2010), who found that innovation and the attendant mental stimulation and excitement associated with the new products or services increased the affective dimension of brand experience. Overall, these findings support the idea that brand experience and customer satisfaction are related, with brand experience having a positive impact

on customer satisfaction. These findings are entirely consistent with the expectations set with the literature regarding this relationship.

The second hypothesis was based on the body of research that indicated that brand experience and customer satisfaction both had positive effects on customer loyalty, and that they are in fact antecedents to brand loyalty (Baig & Khan, 2010; Biedenbach & Marell, 2010; Brakus et al, 2009; Choi et al., 2011; ClickFox, 2012; Crain, 2010; Ha & Perks, 2005; Kapferer, 2008; Kim et al, 2008; Lukovitz, 2012; Martisiute et al., 2010; Mohammad, 2012; Morrison & Crane, 2007; Nemati et al., 2010; Shim, 2012; Song et al., 2012; Suh & Yi, 2006; Tu et al, 2012). This body of research all supported the positive relationship between brand experience and customer loyalty and customer satisfaction and customer loyalty. A summary of the reasons for this relationship according to the literature is that in order to build customer loyalty, customers must have repeated, satisfactory experience with the brand and its characteristics. Thus, there is a clear causal relationship between these variables. Of particular interest is the need to build affective relationships for the service brand (Morrison & Crane, 2007). This finding is particularly relevant for the coffee shop, which is intended to be a place of friendliness and comfort rather than simply a service situation. It is particularly notable that the affective aspects of brand experience are associated with competitive advantages (Lukovitz, 2011). Overall, these findings suggest that the relationship between brand experience and customer satisfaction on one hand and brand loyalty are as predicted based on existing models of this relationship in the academic literature.

The strength of the relationships between brand experience, customer satisfaction, and loyalty are similar to the strengths of the relationships found within the literature, insofar as these can be compared directly with R^2 values. In this study, the relationships included brand experience and customer satisfaction ($R^2=0.269$) and brand experience and customer satisfaction and customer loyalty ($R^2=0.359$). Both of the relationships in this study are higher than those found by Nemati et al (2011) for innovation ($R^2=0.091$), which makes sense since innovation is just one part of brand experience. They are also around the same or higher than the values found by Mohammed (2012) for brand trust and perceived value ($R^2=0.275$), a model which was consistent with the dimensions used for both studies. It is much lower than Oliver (1993) ($R^2=0.815$), but Oliver used one of the most complete and multi-dimensional models of

customer satisfaction. Finally, the relationship between brand experience and customer satisfaction and customer loyalty was around the same as Trasorras et al (2009) ($R^2 = 0.357$), who tested the relationship between perceived value and satisfaction and customer loyalty, a similar relationship. This suggests that the findings are approximately in line with what was expected from similar analyses in the literature. Although, the R^2 value is significant in this study, it also suggested that there is high possibility of existence of other variable in predicting customer satisfaction and brand loyalty. A review of literature discovered that there is more on brand other than brand experience affect customer satisfaction and brand loyalty, namely brand personality, brand prestige, brand trust (Choi *et al.*, 2011), innovative, (Nemati et al, 2011) and perceived value (Mohammed, 2012).

One question is whether there can be said to be an indirect influence between brand loyalty and brand experience. The relationship between brand experience and brand loyalty (with customer satisfaction as a moderate variable) was $R^2=0.269$, which is a moderate regression result and does suggest that there is a relationship of brand experience and brand loyalty. Customer experience is known to be a major factor in the formation of positive brand equity (Bidenbach & Marell, 2010), and under the brand equity model the customer experience is the main determinant of the formation of brand loyalty (Chaudhuri & Holbrook, 2001). This strongly suggests that there is a reason to believe that brand experience does have a direct effect on brand loyalty. Brand experience is also routinely found to have an effect on brand loyalty (Brakus, et al., 2009). However, it should be noted that other studies have also found that brand experience (and brand experience plus customer satisfaction) are not sufficient to maintain total brand loyalty, since consumers are also driven by budget constraints, novelty, and other factors (Bulik, 2012). This could be one reason why this relationship is not stronger than it is, given that there are many other factors.

The findings showed that by adding customer satisfaction to brand experience there was a much stronger relationship to brand loyalty. This is also consistent with the previous literature, which has found that it is brand loyalty plus customer satisfaction, rather than either in isolation, that leads to brand loyalty (Baig & Khan, 2010; Caruana, 2002; Chaudhuri & Holbrook, 2001; Choi, et al., 2011; Ha & Perks, 2005; Kim, et al. 2008; Lucovitz, 2012; Mao, 2010; Mohammed, 2012). These studies all show a similar relationship between brand experience and

customer satisfaction and brand loyalty as was shown in this research. This suggests that brand experience and customer satisfaction are paired or complementary constructs, and that without customer satisfaction the brand experience is not enough to promote loyalty. This has implications because it suggests that while brand building is important, it is equally as important to ensure customer satisfaction and meet expectations if the company wants to build a long-term brand loyal customer base.

5.2 CONCLUSION

This research was undertaken to explore the relationship between brand experience, customer satisfaction, and brand loyalty in a Thai retail service context (the coffee shop). This is an area where there has not been a substantial amount of research, as Thailand is generally under-studied in the academic press in terms of business and consumer practices. The research objectives that were posed for this study were:

1. To investigate the effect between brand experience, customer satisfaction and brand loyalty at a True coffee chain store in Bangkok.
2. To describe the effect of brand experience on customer satisfaction
3. To describe the effect of brand experience and customer satisfaction on brand loyalty

These objectives were undertaken using a quantitative survey of 250 customers of a single True Coffee outlet in Bangkok, using data collected over a period of several days. The quantitative survey was first analysed descriptively. This determined that customers appeared to consider True Coffee an occasional treat rather than routine, with most visiting less than twice a week, and that customers preferred traditional coffee house drinks (like café latte, Americano, and cappuccino) and did not routinely purchase other products. The findings suggested that while Customer Satisfaction was strong for True Coffee visitors, Brand Experience could be best described as Neutral. Brand Loyalty was also Neutral, although relatively positive. Reasons for visiting the True Coffee chain included price, quality, sensory qualities (like taste and smell), and convenience.

Objectives 2 and 3 were achieved using linear regression between predictor variables (Brand Experience and Customer Satisfaction) and the outcome variable (Brand Loyalty). Hypotheses were posed based on the existing literature on the relationships between these variables.

Hypothesis 1 proposed a positive relationship between Brand Experience and Customer Satisfaction. This relationship was shown to be positive, though only moderately strong. This indicated that Brand Experience did influence Customer Satisfaction. The literature further suggested that this could be a two-way relationship, with Customer Satisfaction also building on Brand Experience as customers return to have further experiences with a brand found to be satisfactory. Thus, this relationship was consistent with the expectations set by the literature.

Hypothesis 2 proposed a positive relationship between Brand Experience and Customer Satisfaction as predictor variables and Brand Loyalty as the outcome variable. This relationship was also based on existing literature, which showed that both of these aspects of experience and emotional interaction were required to build customer loyalty. Once again, linear regression showed a modest positive relationship between these two variables and customer loyalty (with brand experience being slightly more important than customer satisfaction). However, the literature review once again suggested that this could be a two-way or feedback relationship, with customer loyalty behaviours such as repeat purchase increasing both customer satisfaction and brand experience. Thus, these findings were consistent with the expectations of the literature.

Overall, the objectives of the research were effectively accomplished using a combination of literature search and quantitative research. The findings offered some important insights into the nature of brand loyalty for the True Coffee chain, as well as findings that could apply to other areas. The most important finding was of course that brand experience was important for developing customer satisfaction and brand loyalty. However, perhaps the more important finding is that brand loyalty, customer satisfaction, and brand experience are not independent of each other. Instead, they are mutually constituted – it is not possible to build brand loyalty without brand experience and customer satisfaction, and behaviours associated with brand loyalty (such as repeated purchases from a given brand) build both brand experience and, if the brand is properly managed, increased customer satisfaction. This mutually constituted

relationship means that the relationship between brand loyalty and the customer experience is particularly important. As the literature showed (Morrison & Crane, 2007), the affective aspect of the customer relationship to the brand is very important for the coffee shop. This has particular implications for True Coffee, which has pursued an approach of building a “third place” for customers to be at home. In particular, there is a need to build and encourage the formation of an affective relationship between True Coffee as a brand and its visitors. This is an area of particular importance for True Coffee and for coffee shops generally.

5.3 RECCOMENDATIONS

5.3.1 Recommendations for business

This research enables the researcher to generate a number of recommendations for business, especially for use of True Coffee and other companies in Thailand that are currently operating in the coffee shop business. The first recommendation is that it is clear that the quality and sensory aspects of the coffee, convenience, and price are all key aspects of business competition and coffee shops should focus on these areas as areas for customer improvement. Without these basic aspects of the coffee shop experience, it could be difficult for coffee shops to continue to compete, particularly larger brands that must establish multiple presences. Maintaining these basic competitive advantages will be key to growing coffee shop chains in a period of intense competition and growth of the industry.

A second and more subtle suggestion generated by this research is that True Coffee (and perhaps other coffee shop chains) need to find a way to improve the brand experience of customers in order to generate increased customer loyalty. Currently, True Coffee ranks well in customer satisfaction, with particularly high ratings for its quality of the coffee. Regardless, the brand loyalty descriptive figures suggest that something is still missing to really bring customers into the chain and make them loyal to True Coffee. Of particular concern is that the sensory aspects of the coffee and related products seem to be mediocre or neutral. In order to generate true customer loyalty, True Coffee needs to be really good in the substantive product they are offering. This implies that the taste and smell of the coffee should be improved. Furthermore, the affective rankings of the coffee chain could also be improved, perhaps by

encouraging workers to recognize and greet regulars or by improving the physical environment of the coffee shop in order to really encourage visitors to view it as a “third place”.

The viewpoints of customers and their experience of the chain is obviously the most important factor in recommendations for the firm. In addition to the regression data, there was also interesting statistical data that was derived. The survey questions 1.5 to 1.9 were specifically targeted to finding out how consumers purchased True Coffee and what their preferences were in regard to purchasing. This offers some information on how True Coffee can more carefully target its buyers and how it can provide them with more relevant offerings. One of the most important pairs of findings in this area was that while consumers were very fond of traditional coffee house drinks like café latte, Americano, cappuccino, and espresso, they were not as fond of more elaborate drinks like café mocha (which includes chocolate). Most consumers also did not purchase many of the non-coffee beverages available at True Coffee like fruit juices or tea. This suggests that consumers have a strong image of True Coffee as a traditional coffee shop, rather than as a general meeting place. True Coffee could use this strong image as a means of differentiating themselves from competitors. For example, the American chain Starbucks is well known for having a long menu of non-coffee and elaborated coffee drinks. By focusing on and expanding their Italian-style coffee line, True Coffee could improve their position in the market as a *real coffee shop*. Some drinks that True Coffee does not currently offer include ristretto (or a ‘short’, stronger espresso shot) and caffè macchiato (espresso with a small amount of milk). By expanding these offerings, True Coffee could build a much stronger brand image. Eliminating its tea and juice beverage lines would not be desirable, since it would remove options for social use of the True Coffee space by those that do not care for coffee. However, there is no real way to differentiate the brand by building on these areas, and they should not be a focus of the True Coffee brand development.

Furthermore there is a question of whether True Coffee merchandise products, such as grounded coffee has effective branding mechanism. Most consumers considered True Coffee Shop as “Third Place” for social experience, merchandise product may not be consumers’ requirements or intention for patronized. This could be particularly true for consumers who intended to consume freshly brewed coffee at the shop and not a routine coffee drinker at home. As consequence of ineffectiveness in term of product branding mechanism, the

company should seriously evaluate the worthiness of maintaining merchandise product in the shop. One option that True Coffee Shop could consider is placing its merchandise products on supermarkets and hypermarkets shelves. This will both increase the brand's national profile and reduce the amount of space used in its (relatively small) shops for products that do not encourage satisfaction with the brand.

Another recommendation for the business is to consider the reasons that customers visit the shop. The four most-cited reasons for visiting True Coffee included moderate price, consistent quality, the sensory experience (taste and smell), and convenience (proximity to workplaces and schools). Obviously, the True Coffee can use these characteristics to achieve competitive advantage and attract more customers but careful consideration is needed. For example, lowering price is a positive encouragement to buyers but this should not be done to the point that detriment quality or taste of the coffee. Similarly, opening more shops could make the chain even more convenient, but in return increase operating cost. The most important factor is balancing the elements that customers find to be important.

The final recommendation of this report for True Coffee is to continue building strong brand experience. This can be built with an authentic in-store coffee house experience, highly quality brewed coffee, consistent taste, and convenience. However, it should also focus on building a community around the brand and encouraging identification of its consumers with the brand, rather than just encouraging a functional relationship. True Coffee has the opportunity to become an international or even global coffee brand if it refines its offering and improves the quality of its service delivery and other aspects of its brand. By continuous development of brand image and brand experience, training of staff to achieve high service quality and product quality.

5.3.2 Recommendations for future research

One recommendation for future research is the issue of the "third place" and what it means in Thai culture. The third place concept is derived from European (especially French) coffee house culture, where the coffee house is treated as a place outside the work or home for socialization. How does this translate to the Thai cultural experience? It is uncertain (even though it has been adopted by both True Coffee and Starbucks as an aspect of their brand

experience). Determining what the role of the coffee shop is in the Thai social life, and particularly whether Thai visitors to coffee shops actually view the coffee shop as a third place (and if so how) could be a base for future market research in this area. In particular, it could provide a deep foundation for theorizing about the coffee market in Thailand and its development, as well as provide information to marketers that are undertaking positioning of the coffee shop in Thailand. This type of information could be best collected using an ethnographic approach, combining participant observation and interviews in coffee shops in order to understand the experience of visitors and the meaning attributed to the coffee shop by these visitors.

A second recommendation for future research is engaging in true market segmentation and targeting research in order to determine who True Coffee's customers are and what their needs are. For example, this research could collect data about demographic information (like age, occupation, gender, educational level, and so on) in order to determine whether there is a specific demographic profile that True Coffee could target with its products or branding. The analysis could also focus on identifying attitudes and issues shared by True Coffee drinkers, likes and dislikes, and other information that could help improve the True Coffee brand and customer service experience for customers. This type of research is important because it is specific to the company involved and could help identify the specific needs of the company. However, it could also be more generally relevant because by tying aspects of this study, like brand experience, customer satisfaction, and brand loyalty or brand equity, to the demographic and psychographic profiles of coffee drinkers, it will become easier to understand the implication and meanings of the coffee shop phenomenon in Thailand.

A third recommendation for future research is to investigate the indirect impact between brand experience and brand loyalty (customer satisfaction as a moderator) with the use of Sobel Test. It is a method of testing the significance of a mediation effect.

A related area of research that could be undertaken is comparing coffee shops to determine differences in brand preference; for example, Starbucks (which has a very well-established and formulaic global brand) and True Coffee (which is more local, quirkier, and less well-established). This comparison could help to determine how consumers form opinions about coffee shops, how they experience different brands, and the role that is played by various aspects of customer satisfaction and the brand experience on the formation of the brand. It could

also help determine if there are differences between preferences for global and local brands in the same consumer, which could be useful information for Thai brands generally who have to compete with international firms using more established brands.

REFERENCES

- Anandan, C. (2009). *Product management* (2nd ed.). Delhi, India: Tata McGraw-Hill.
- Angkasith, P. (2002). *Coffee production status and potential of organic Arabica coffee in Thailand*. Retrieved from http://www.journal.au.edu/au_techno/2002/jan2002/article3.pdf
- Baig, E., & Khan, S. (2010). Emotional satisfaction and brand loyalty in hospitality industry. *International Bulletin of Business Administration*, 62-66.
- Bandyopadhyay, S., & Martell, M. (2007). Does attitudinal loyalty influence behavioural loyalty?: A theoretical and empirical study. *Journal of retailing and consumer services*, 14, 35-44.
- Biedenbach, G., & Marell, A. (2010). The impact of customer experience on brand equity in a business-to-business services setting. *Journal of Brand Management*, 17(6), 446-458.
- Brakus, J.J.; Schmitt, B.H.; & Zarantonello, L. (2009). Brand Experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*, 73, 52-68.
- Bulik, B. (2012). Why brand love, satisfaction aren't keeping shoppers faithful. *Advertising Age*, 83(7), 8.
- Caruana, A. (2002). Service Loyalty: The Effects of Service Quality and the Mediating Role of Customer Satisfaction. *European Journal of Marketing*, 36(7/8), 811-828.
- Chaudhuri, A. & Holbrook, M.B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65, 81-93.

- Choi, Y.; Ok, C.; & Hyon, S.S. (2011). *Evaluating Relationships among Brand Experience, Brand Personality, Brand Prestige, Brand Relationship Quality, and Brand Loyalty: An Empirical Study of Coffeehouse Brands*. The 16th Annual Graduate Education and Graduate Students Research Conference in Hospitality and Tourism. Retrieved from http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1283&context=gradconf_hospitality
- ClickFox. (2012). Brand Loyalty Survey. Retrieved from <http://www.securebiz.com/sites/default/files/actualites-fichiers/cf-survey-results-brand-loyalty.pdf>
- Crain, R. (2010). Consumer mistrust of politics spills over to brands, leading marketers to play it safe. *Advertising Age*, 81(15), 15.
- Devonish, D. (n.d.). Exploring relationships using SPSS inferential statistics (Part II). Retrieved from [http://www.onecaribbean.org/content/files/exploring RelationshipsSPSS.pdf](http://www.onecaribbean.org/content/files/exploring_RelationshipsSPSS.pdf)
- Discovery Thailand. (2012). Coffee shops in Thailand. Retrieved from http://www.0000.discoverythailand.com/directory_coffee_shops_restaurants_and_bars.asp.
- Euromonitor International. (2011). Coffee in Thailand. Retrieved from <http://www.euromonitor.com/coffee-in-thailand/report>.
- Euromonitor. (2011). *Coffee in Thailand*. Retrieved from <http://www.portal.euromonitor.com>
- Food Industry Thailand. (n.d.). 7 most valuable of Thai's beverage market. Retrieved from http://www.foodindustrythailand.com/v17/index.php?option=com_content&view=article&id=1039:yeast&catid=34:branding-and-marketing&Itemid=138

- Frantzen, G., & Moriarity, S. (2008). *The Science and Art of Branding*. Armonk: M.E. Sharpe, Inc. Frantzen, G., & Moriarty, S. (2008). *The science and art of branding*. London: ME Sharpe.
- Goodson, S. (2011). Is brand loyalty the core to Apple's success? *Forbes*. Retrieved from <http://www.forbes.com/sites/marketshare/2011/11/27/is-brand-loyalty-the-core-to-apples-success-2/>.
- Gremler, D. D. & Brown, S. W. (1996). Service loyalty: Its nature, importance, and implications. *USA: International Service Quality Association Inc*. Retrieved from http://www.gremler.net/personal/research/1996_Service_Loyalty_QUIS5.pdf
- Guven, I. (n.d.). *Is there any change?: follow-up findings of preservice science teachers attitudes towards technology*. Retrieved from <http://www.ietc2008.anadolu.edu.tr/online.php>
- Ha, H., & Perks, H. (2005). Effects of consumer perceptions of brand experience on the web: brand familiarity, satisfaction and brand trust. *Journal of Consumer Behaviour*, 4(6), 438-452.
- Hill, T., & Lewicki, P. (2006). *Statistics methods and applications*. Tulsa, OK: Statsoft.
- Homburg, C., Koschate, N.; & Hoyer, W. D. (2006). The role of cognition and affect in the formation of customer satisfaction: A dynamic perspective. *Journal of Marketing*, 70 (July), 21-31.
- Hoyer, W., & MacInnis, D. (2008). *Consumer Behaviour*. Boston: South-Western College Publishing.
- James, C. (2009). *Starbucks in Bangkok, Thailand Vs Thai Coffee Shops - Which is the Best Choice?* Retrieved from <http://voices.yahoo.com/starbucks-bangkok-thailand-vs-thai-coffee-shops-4068851.html>

- Kapferer, J. N. (2008). *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*. London: Kogan Page.
- Kasikorn Bank (2011). *True Coffee prepares for China boom*. Retrieved from [http://www.thailand-china.com/Home/TotalNews/newsthai/2009-GDP-target-improved-\(720\).aspx?lang=en-GB](http://www.thailand-china.com/Home/TotalNews/newsthai/2009-GDP-target-improved-(720).aspx?lang=en-GB)
- Kim, J., Morris, J. D., & Swait, J. (2008). Antecedents of true brand loyalty. *Journal of Advertising*, 37(2), 99-117.
- Kim, B., & Sullivan, M. W. (1998). The effect of parent brand experience on line extension trial and repeat purchase. *Marketing Letters*, 9(2), 181-193.
- Library and Archives Canada. (2010). Toolkit defining primary and secondary sources. Retrieved from <http://www.collectionscanada.gc.ca/education/008-3010-e.html>
- Lucovitz, K. (2012). Brand experience, values increasingly drive loyalty. *Marketing Daily*. Retrieved from <http://www.mediapost.com/publications/article/167095/brand-experience-values-increasingly-drive-loyalt.html>
- Mao, J. (2010). Customer brand loyalty. *International Journal of Business Management*, 5(7), 213-217.
- Marketing Oops! (2008, November 4). *True Coffee vs. Starbucks*. Retrieved from <http://www.marketingoop.com/brand-marketing/strategy-brand-marketing/true-coffee-vs-starbucks-%E0%B8%81%E0%B8%B2%E0%B9%81%E0%B8%9F%E0%B9%84%E0%B8%97%E0%B8%A2%E0%B9%84%E0%B8%AE%E0%B8%AA%E0%B8%9B%E0%B8%B5%E0%B8%94%E0%B8%8A%E0%B8%99%E0%B8%81%E0%B8%B2%E0%B9%81%E0%B8%9F/>

- Martisiute, S.; Vilutyte, G.; & Grundey, D. (2010). Product or brand? How interrelationship between customer satisfaction and customer loyalty work, *European Journal of Interdisciplinary Studies*, 1(2), 5-15.
- McMullan, R. (2005). A multiple-item scale for measuring customer loyalty development. *Journal of Services Marketing*, 19(7), 470-481.
- Mohammad, A. A. S. (2012). The value of brand trust and perceived brand value in building brand loyalty. *International Research Journal of Finance and Economics*, 85, 111-126.
- Mongkolporn, U. (2007). True Coffee expands into China and Laos. *The Nation*. Retrieved from http://www.nationmultimedia.com/2007/08/14/business/business_30044885.php
- Morrison, S., & Crane, F. G. (2007). Building the brand by creating and managing an emotional brand experience. *Journal of Brand Management*, 15(5), 410-421.
- Nemati, A. R.; Khan, K.; & Iftikhar, M. (2011). Impact of innovation on customer satisfaction and brand loyalty: A study of mobile phone users in Pakistan. *European Journal of Social Sciences*, 16(2), 299-306.
- Oliver, R.L. (1993). Cognitive, Affective, and Attribute Bases of the Satisfaction Response. *Journal of Consumer Research*. 20, 418-430.
- Olsen, R. (2008). Self-selection bias. In P. J. Lavrakas (Ed.). *Encyclopedia of Survey Research Methods*. Thousand Oaks: Sage Publications.
- Ospina, S. (2004). Qualitative research. In G. R. Goethals, G.S. Sorenson & J. M. Burns (Eds.) *Encyclopaedia of Leadership*. Thousand Oaks: Sage Publications Inc.

- Passport GMID. (2011). *Cafes/bars in Thailand*. From <http://www.euromonitor.com/Portal/Handlers/accessPDF.ashx?c=66\PDF\&f=S-189220-20489566.pdf&code=6IOZpUFueHO9vVKJVsa3QxVDiKc%3d>
- Phau, I. & Teah, M. (2009). Devil wears (counterfeit) Prada: a study of antecedents and outcomes of attitudes towards counterfeits of luxury brands. *Journal of Consumer Marketing*, 26(1), 15-27.
- Pringle, H., & Field, P. (2009). Why customer loyalty isn't as valuable as you think. *Advertising Age*, 80 (10), 22.
- Schembri, S. (2009). Reframing brand experience: The experiential meaning of Harley-Davidson. *Journal of Business Research*, 62 (12), 1299-1310.
- Sekaran, U. (2003). *Research methods for business: a skill building approach* (4th Eds.). NY, USA: John Wiley & Sons, Inc.
- Shim, S. I. (2012). *Enhancing Brand Loyalty Through Brand Experience: Application of Online Flow Theory*. Auburn: Auburn University.
- Siamturakij. (2012). *Real Taste, Thai Coffee*. Retrieved from http://www.siamturakij.com/home/news/display_news.php?news_id=413359530
- Söderlund, M. (2006). Measuring customer loyalty with multi-item scales: A case for caution. *International Journal of Service Industry Management*, 17(1), 76-98.
- Song, Y.; Hur, W.; & Kim, M. (2012). Brand trust and affect in the luxury brand-customer relationship. *Social Behaviour & Personality: An International Journal*, 40(2), 331-338.

- Suh, J., & Yi, Y. (2006). When brand attitudes affect the customer satisfaction-loyalty relation: The moderating role of product involvement. *Journal of Consumer Psychology* 16(2), 145-155.
- Sukamolson, S. (n.d.). Fundamentals of quantitative research. Retrieved from Chulalongkorn University: <http://www.culi.chula.ac.th/e-Journal/bod/Suphat%20Sukamolson.pdf>
- Trasorras, R.; Weinstein, A.; & Abratt, R. (2009). Value, satisfaction, loyalty and retention in professional services. *Marketing Intelligence & Planning*, 27(5), 615-632.
- Trochim, W.M. (2006). *The Research Methods Knowledge Base, 2nd Edition*. Retrieved from <http://www.socialresearchmethods.net/kb/>
- True Coffee. (2012). *True Coffee*. Retrieved from <http://www.truecoffee.com/html/index.php>
- True Corporation. (2012). *At a glance*. Retrieved from http://www.truecorp.co.th/eng/about/about_history_2006.jsp
- Tu, Y.; Wang, C.; & Chang, H. (2012). Corporate brand image and customer satisfaction on loyalty: An empirical study of Starbucks Coffee in Taiwan. *Journal of Social and Development Sciences*, 3(1), 24-32.
- Wilson, J. (2010). *Essentials of business research: a guide to doing your research project*. London, UK: SAGE.
- Yi, Y. & Jeon, H. (2009). Effects of loyalty programs on value perception, program loyalty and brand loyalty. *Journal of the Academy of Marketing Science*. 31(3), 229-240.

APPENDIX

APPENNDIX A: QUESTIONNAIRE

“Measurement of Brand Loyalty: A Case Study of True Coffee in Bangkok, Thailand”

This questionnaire survey is developed as partial completion of Master degree dissertation of a student at Prince of Songkhla University. The questions aim to gather information related factors that affect brand loyalty of True coffee consumers. It should be noted that all information gathered by this survey will be treated confidentially and will be used for academic purpose only.

The survey contains two parts, please tick in the box that is mostly suit your answer and fill in the blank where requires.

Part 1: Demographic Information

1.1 Gender

Male

Female

1.2 Age

Less than 20 years old

20 to 39 years old

40 to 60 years old

More than 60 years old

1.3 Monthly income

Lower than 15,000 baht

Between 15,000 and 25,000 baht

Between 25,001 and 35,000 baht

More than 35,000 baht

1.4 Occupation

Student

Office worker

Government agency

Unemployed

Business owner

Others (Please specify)

1.5 How often do you purchase True Coffee?

Less than 2 times per week

2-4 times per week

More than 5 times per week

Others (please specific).....

1.6 What types of coffee do you usually consume at True Coffee?

- Espresso Americano Café Latte
 Cappuccino Cafe Mocha Caramel Macchiato
 Others (Please indicate) _____

1.7 Do you also purchase other beverages at True Coffee?

- Yes (Please specify) _____ No

1.8 Do you purchase coffee bean at True Coffee for drinking at home as well?

- Yes (Please specify) _____ No

1.9 What is the reason for purchase products at True Coffee?

Part 2: The Effect between Brand Experience, Customer Satisfaction and Brand Loyalty

In this section, a five-point Likert scale with anchors ranging from strongly disagree (1) to strongly agree (5) is used. The items were adopted from previous studies which most of them adapted from Choi et al. (2011).

Item	Statement	Agreement level				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Brand experience						
<i>Sensory</i>						
2.1	This coffeehouse brand makes a strong impression on my visual sense or other sense.					
2.2	I find this coffeehouse brand interesting in a sensory way.					
2.3	This coffeehouse brand appeals to my senses.					
<i>Affective</i>						
2.4	This coffeehouse brand induces feelings and sentiments					
2.5	I have strong emotions for this coffeehouse brand.					
2.6	This coffeehouse brand is an emotional brand.					

Item	Statement	Agreement level				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
<i>Behavioral</i>						
2.7	This coffeehouse brand reminds me of actions and behaviors when I use this brand.					
2.8	This coffeehouse brand results in bodily experiences.					
2.9	This coffeehouse brand is action oriented.					
<i>Intellectual</i>						
2.10	I engage in a lot of thinking when I encounter this coffeehouse brand.					
2.11	This coffeehouse brand makes me think.					
2.12	This coffeehouse brand stimulates my curiosity and problem solving.					
Customer satisfaction						
2.13	I am satisfied with my decision to buy coffee at this coffeehouse brand.					
2.14	I have truly enjoyed this coffeehouse brand.					

Item	Statement	Agreement level				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
2.15	I feel good about my decision to buy coffee at this coffeehouse brand.					
2.16	Using this coffeehouse brand has been a good experience.					
2.17	I am sure it was the right thing to be a customer of this coffeehouse brand.					
Brand loyalty						
2.18	I would recommend this coffeehouse brand to friends and relatives.					
2.19	I intend to keep buying coffee at this coffeehouse brand.					
2.20	If I need coffee, this coffeehouse brand would be my preferred choice.					
2.21	I will speak positively about this coffeehouse brand.					
2.22	I intend to encourage other people to buy coffee from this coffeehouse brand.					

VITAE

Name Ms. Nut-Arin Musikapart

Student ID 5310520006

Educational Attainment

Degree	Name of Institution	Year of Graduation
Bachelor of Economics	Prince of Songkhla University	2009

Work – Position and Address (If Possible)

Trade Manager, 111 Fishery Co. Ltd., 1/8 Kamphangphet Road, T. Boyang, A. Muang, 90000 Songkhla, Thailand

List of Publication and Proceeding (If Possible)

Musikapart, N., Sukhabot, S., The Effect of Brand Experience and Customer Satisfaction on Brand Loyalty: A Case Study of True Coffee in Bangkok, Thailand, *International Conference on Economics & Business Research*, May 15-16, Penang, Malaysia