

The Differences in Perception of Brand Loyalty to Coffee Shops and its Antecedents Among Customer Groups in Famagusta

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ABSTRACT

This thesis empirically studies the relationship between brand loyalty and independent factors, such as price, service quality, product quality and memorable experience via customer satisfaction. The study focused mainly on the issue of brand loyalty based on the differences of different age and gender groups. I investigated how those factors lead to the formation of the brand loyalty among coffee shop customers in Famagusta, a city in Turkish Republic of Northern Cyprus.

The data was obtained through questionnaires in 5 coffee shops of Famagusta city, TRNC. The number of people participating in the questionnaire was 250 students during the Spring 2013-14 academic term in order to analyze weaknesses and capabilities among 5 coffee shops that provide coffee drinking experience in the city of Famagusta. The participants were given 24 main questions in order to understand the determining factors in creating the brand loyalty among customers.

The descriptive results show that such variables as “attractive design effect”, “staff behavior effect”, “offering new product effect”, “attractive packaging of product and service effect” and “its price is affordable” are more important in building the overall brand loyalty than even “product quality” itself. The results also confirm that companies should use more incentive oriented programs and campaigns in order to boost up customer loyalty. In addition to this, the results display that “does brand competence of a product influence loyalty”, “I consider this brand as my first choice in this category” and “get good value for my money play the minimum role in customer brand awareness and attachment to a specific coffee shop”. Such factors as

stuff behavior and comfortable environment along with the attractive design are more important in terms of determining the influence on customer loyalty.

The empirical results of T-test show that the male and female respondents demonstrated highly differing perceptions of the factors such as “price is affordable”, “does past usage experiences influence brand loyalty?”, “do you agree that information quality affects loyalty?”, and “I consider this brand my first choice in the next few years”. The T-test proved that there is a significant difference between male and female behavior based on factors affecting brand loyalty in coffee shop such as product quality, service quality, memorable experience and price whereas Anova test also provides that customers in different age groups have significantly different opinion about the same variables investigated in the study.

Keywords: brand loyalty, coffee shops, mean scores, T-test, Anova analysis, Famagusta, North Cyprus.

ÖZ

Bu tez marka sadakati ile diğer faktörleri kullanarak Magusa’da yer alan 5 popüler Kahve dükkanı ampirik olarak inceler. Kahve dükkanı piyasasında 250 kişiyi hedef alınmıştır. Ortalama değerler, t değerleri ve anova analizi kullanılarak bu faktörlerin burada yaşayan kişiler üzerindeki etkisi mukayese edilmiştir.

Ampirik Sonuçlar genel olarak Mağusa kentinde 5 Kahve dükkanı üzerinden 250 öğrenciye anket yapılmıştır. Kahve içme deneyimini 5 Kahve dükkanı arasında zayıf yönlerini ve yeteneklerini analiz etmek için katılımcı müşteriler arasında marka sadakati nesil belirleyici faktörlerine ilişkin 24 ana soruya cevap sunulacaktır.

T-değeri ve Anova Sonuçlar ışığında cinsiyet ve yaş gruplarında farklı algılamalar olduğu görülmüştür. Bunlar ‘fiyat uygunluğu’, ‘geçmiş tecrübenin marka bağlılığını etkiler mi?’, ‘bilgi kalitesi marka bağlılığını etkiler mi?’, ‘ilgili markayı her zaman birinci seçim olarak gelecek yıllardada düşünürüm’ olarak belirlenmiştir. Ayrıca, T-test sonuçları ‘ürün kalitesi’, ‘servis kalitesi’, ‘unutulmaz tecübeler’ bağlamında kadın ve erkek davranışları arasında anlamlı farklılıklar göstermiştir.

Sonuçlar genel bağlamda, yeni ürün etkisi, ürün ve hizmet etkisi ve onun fiyat cazip ambalaj sunan çekici tasarım etkisi, personel davranış etkisi gibi değişkenler, uygun fiyatlı ürün kalitesi marka sadakati oluşturmanın önemli olduğu kanıtlandı. Ayrıca sonuçlar şirketlerin müşteri sadakatini artırmak için daha fazla teşvik odaklı programlar ve kampanyalar kullanılmasını gerektiğini göstermektedir.

Anahtar kelimeler: Ürün baęlıęı, Kahve dükkanları, T-testi, Anova analizi, Maęusa, Kuzey Kıbrıs.

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TABLE OF CONTENTS

ABSTRACT	iii
ÖZ	v
ACKNOWLEDGEMENT	vii
LIST OF TABLES	x
INTRODUCTION	1
1.2 Motivations and Objectives of This Study	8
1.3 Methodology and Hypotesis of the Study	9
1.3.1 Reliability of the research	10
1.3.2 Validity	11
1.3.3 Brand loyalty.....	11
1.3.4 Service Quality	11
1.3.5 Price	12
1.3.6 Product Quality	12
1.3.7 Customer satisfaction.....	12
1.3.8 Memorable experience.....	12
1.4 Findings of this Study.....	13
1.5 Structure of this Thesis.....	15
LITERATURE REVIEW.....	16
2.1 Introduction	16
2.2 Literature review	16
2.2.1 Brand loyalty.....	20
GENERAL IDEA OF CONCEPT OF COFFEE CONSUMPTION IN NORTH CYPRUS	21

3.1 Introduction	21
3.2 North Cyprus coffee business.....	21
THEORETHICAL MODELING AND DATA DESCRIPTION	23
4.1 Introduction	23
4.2 Survey Design	23
4.3 Data Collection.....	25
4.4 Methodology	27
EMPERICAL ANALYSIS	28
5.1 Descriptive statistics.....	28
5.2 Interpretation of the Results	28
CONCLUSION, MANAGERIAL IMPLICATIONS, RECOMMENDATION	44
6.1 Empirical findings	44
6.2 Recommendation for future studies	48
REFERENCES.....	50
APPENDIX.....	54
Appendix A: Questionnaire.....	55

LIST OF TABLES

Table 5.1: Descriptive Statistics.....	29
Table 5.2: Reliability Statistics.....	31
Table 5.3: Communities.....	31
Table 5.4: Gender.....	33
Table 5.5: Age.....	33
Table 5.6: Job Status.....	34
Table 5.7: Monthly Income Level.....	35
Table 5.8: T-test.....	35
Table 5.9: Anova.....	39

Chapter 1

INTRODUCTION

Coffee shop market has now become a fashionable trend in the global economy. Of course this development influenced North Cyprus as well. It is crucial to satisfy customer's needs in the product and sometimes even exceed their expectations, in order to be able to retain as many customers as possible in a today's highly competitive environment. In Famagusta there are two main coffee shops that offer a specialized customer experience. They are Gloria Jean's Coffees and Roberts Coffee's. They both are situated next to each other and are the most evident competitors in the market. Apart from the specializing coffee shops in Famagusta there are also some regular coffee experience providers. They are Namport, Ekor, Cacao, and Meeting Place.

We cannot deny the fact that considerable economic profits can be directly linked to the factor such as customer satisfaction. Undoubtedly customer's memorable experience, service quality and price can directly affect customer satisfaction.

In production as well as in the sphere of service the researchers try to investigate the importance of such a factor as brand loyalty of the clients and try to predict his or her buying behavior and habits. In the industry of service which is intangible it is especially critical, as it is very hard to measure the outcome without concrete numbers and the lack of measurement indicators. There are many factors influencing

the customer's brand choice and his loyalty, but the ones that play an important role are memorable experience and service quality that leads the customer to the level of satisfaction based on the age and gender specifications. Coffee shop market has now become a fashionable trend in the global economy. Of course this development influenced North Cyprus as well. It is crucial to satisfy customer's needs in the product and sometimes even exceed their expectations, in order to be able to retain as many customers as possible in a today's highly competitive environment. In Famagusta there are two main coffee shops that offer a specialized customer experience. They are Gloria Jean's Coffees and Roberts Coffee's. They both are situated next to each other and are the most evident competitors in the market. Apart from the specializing coffee shops in Famagusta there are also some regular coffee experience providers. They are Namport, Ekor, Cacao, and Meeting Place.

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The aim of my study is to investigate how such factors as age and gender influence the brand loyalty choice of the coffee shop customers. I am planning to find out how age and gender of the respondents lead to different results in brand loyalty, customer satisfaction, product quality, memorable experience, service quality and price depending on which age and gender they are.

Nowadays the demand for coffee consumption triggers the emergence of more and more coffee shops and the competition rises tremendously. And of course the end goal of every business whether it is big or small is to maximize its profit and increase its market share considering the difficulty to remain on the top level of quality of the service. It is hard to keep the competitive advantage and unique service specialization for all those big, small and medium size businesses and they inevitable start to be more and more alike in their service provided and corporate strategies. In such harsh conditions it is becoming more and more difficult to be creative in the business owner's strategy regarding retaining their customers and attracting new ones. This is when the question of the customer's loyalty becomes vital in the matter of survival in such an aggressive business environment. The brand name becomes more and more important in order for a business to survive but brand loyalty is something that every company should concentrate its effort around. The customer becomes loyal when his service demands are satisfied and their expectations are met and thus, this service satisfaction causes customer loyalty. There are factors like product quality, memorable experience, service quality, customer satisfaction and price are affect the customer loyalty. So the coffee shops and other businesses specializing on coffee should consider developing their profit gaining strategies in order to incorporate those factors. Many researchers suggest developing various strategies with the purpose of gaining enough strengths and competencies. Only in

that way can a company develop a competitive advantage and make the company more competitive in the market. There can be different strategies and programs that the company can effectively use if it intends to keep its client loyal as well as enhance his or her brand loyalty level. These programs can be effective key performance indicators in order to evaluate the overall performance of the company and its financial growth. The customer loyalty can be enhanced through using the price discounts, loyalty cards, discounts and numerous other ways to attract customer towards a specific brand name. It is crucial to understand the relevance of the research of brand loyalty on the economic health indicators and overall performance of the company. Every business should make it its end goal to retain and create loyalty of as many customers as possible (Beibei et al., 2013).

But it is very important to investigate how the customer brand loyalty perception changes according to the age category they fall into; and also how males and females perceive the same project in different ways based on their gender peculiarities.

Many authors define customer loyalty as repurchasing the same product over and over again based on the high level of satisfaction with one or more brands and positive attachment to the company. There are different stages and degrees of customer loyalty and after loyalty has been achieved there are trust and buying repetition as well as cooperation stages. They are important to focus on in order to retain the loyal customers.

We can say that in the highly competitive market that we have today, it is very hard for companies to attract customers and remain competitive enough to retain them. So many companies initiate and develop different loyalty programs in order to create a

unique and long-lasting service experience and cooperation. Those loyalty programs can focus on granting their customers with different rewards and benefits. There can be differentiated soft (loyal customer service, special treatment and sometimes even regarding the customer as a VIP client) and hard (special prices, discounts, bonuses) rewards types. All of these programs focus on establishing long-lasting long-term relationship and cooperation with their customers and of course to make them purchase the service repeatedly, maybe even trying out other products and services offered by the specific company. Such campaigns have the potential to make the clients happy with the service provided by the brand possible (Beibei et al., 2013).

The brand face is usually saved in terms of severe competitive market environment. There have been many examples of customer loyalty programs given in the literature.

Mostly those programs are intended to bring financial interest to the customer by decreasing his or her amount of expenditures. They provide lower prices for their loyal customers and give various checks and coupons as a reward for repeated purchasing but of course such programs are very helpful if we think of enhancing brand loyalty and customer interest. It is necessary to develop a customized marketing strategy for a specific type of target audience and a specific market share (Sirchuk, 2012).

The aim of my study is to investigate how such factors as age and gender influence the brand loyalty choice of the coffee shop customers. I am planning to find out how age and gender of the respondents lead to different results in brand loyalty, customer satisfaction, product quality, memorable experience, service quality and price depending on which age and gender they are.

Nowadays the demand for coffee consumption triggers the emergence of more and more coffee shops and the competition rises tremendously. And of course the end goal of every business whether it is big or small is to maximize its profit and increase its market share considering the difficulty to remain on the top level of quality of the service. It is hard to keep the competitive advantage and unique service specialization for all those big, small and medium size businesses and they inevitable start to be more and more alike in their service provided and corporate strategies. In such harsh conditions it is becoming more and more difficult to be creative in the business owner's strategy regarding retaining their customers and attracting new ones. This is when the question of the customer's loyalty becomes vital in the matter of survival in such an aggressive business environment. The brand name becomes more and more important in order for a business to survive but brand loyalty is something that every company should concentrate its effort around. The customer becomes loyal when his service demands are satisfied and their expectations are met and thus, this service satisfaction causes customer loyalty. There are factors like product quality, memorable experience, service quality, customer satisfaction and price are affect the customer loyalty. So the coffee shops and other businesses specializing on coffee should consider developing their profit gaining strategies in order to incorporate those factors. Many researchers suggest developing various strategies with the purpose of gaining enough strengths and competencies. Only in that way can a company develop a competitive advantage and make the company more competitive in the market. There can be different strategies and programs that the company can effectively use if it intends to keep its client loyal as well as enhance his or her brand loyalty level. These programs can be effective key performance indicators in order to evaluate the overall performance of the company

and its financial growth. The customer loyalty can be enhanced through using the price discounts, loyalty cards, discounts and numerous other ways to attract customer towards a specific brand name. It is crucial to understand the relevance of the research of brand loyalty on the economic health indicators and overall performance of the company. Every business should make it its end goal to retain and create loyalty of as many customers as possible (Beibei et al., 2013).

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relationship and cooperation with their customers and of course to make them purchase the service repeatedly, maybe even trying out other products and services offered by the specific company. Such campaigns have the potential to make the clients happy with the service provided by the brand (Beibei et al., 2013).

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1.2 Motivations and Objectives of This Study

After having identified the main purpose of the study it is important to set the right question for the research. I think it is relevant to answer the following questions:

1. What are the most and the least important factors among the participants based on the brand loyalty issues?
2. Does the customer brand loyalty change greatly if we study it in terms of their gender?
3. Do the research participants differ in their brand loyalty choice according to the age category they fall into?

The data will be collected through distributing questionnaires in the different coffee shop in North Cyprus. Another aim put forward by this thesis is to empirically study market peculiarities in North Cyprus and specifically Famagusta area in terms of brand loyalty of coffee shop customers and the factors that influence their loyal behavior.

1.3 Methodology and Hypotesis of the Study

This study employs means scores, T-test and ANOVA test to find out the difference the relevant groups and genders based on the language effects on international trade whereas the hypotheses were constructed in the following way.

First Hypothesis (T-test)

H_0 = There is a significant difference between male and female behavior based on factors affecting brand loyalty in coffee shop in terms of product quality, service quality, memorable experience and price.

H_1 = Not

Second Hypothesis (Anova)

H_0 = There is a significant difference between age groups based on factors affect brand loyalty in coffee shop in terms of product quality, service quality, memorable experience and price.

H_1 = Not.¹

The current paper has a descriptive character of research. 250 participants answered the questions asked in the questionnaire and helped to determine the factors that

¹ Actually I did not test the relationships conceptually; we only constructed the relationships among the variables to get the theoretical idea.

influenced the outcome of the customer choice towards his or her brand loyalty. In this paper I used quantitative questionnaire in order to gather as well as process data and the SPSS software was utilized to analyze the information. The research is based on using the primary data. The paper capitalized greatly on the scope of the existing literature on the subject.

It is very interesting that despite the fact that coffee popularity everywhere in the world is growing every day, customer loyalty in the specialized coffee industry still does not have enough literature and existing scope of scholarly data on the matter. There is, however an urgent need to construct the study on the matter of factors influencing the formation of brand loyalty in a more thorough way especially in the sphere of coffee shops businesses (Abel, 2009).

People all over the world become more and more addicted to daily coffee consumption and thus this topic requires more and more attention from the scholars in order to increase the profitability of owners of coffee-related large and small businesses as well as other coffee-drinking experience providers.

1.3.1 Reliability of the research

It is crucial to determine whether the research is reliable at an early stage of the study. If the researcher wants to identify if the study is reliable or not he should see if his study is consistent and the same outcome repeats itself throughout the research. The data collected from the questionnaires should also be grounded with the theories proving the reliability of the research.

1.3.2 Validity

Ultimate validity reflected by results is concerned with the relation among the factors influencing the preferences of the clients of the coffee experience providers of the area (Beibei et al., 2013).

1.3.3 Brand loyalty

Nowadays it is not enough to just offer the customers a product of a high quality. The product itself has to be unique by its nature which is really hard to achieve regarding the rough competitive environment of the modern markets. The intangible factors start to play a more important role. Brand becomes more valued in strategies aimed at reaching partnership of the clients and the firm itself.

Brand loyalty can be reached only if customer starts to associate his satisfaction with the name of the service provider and makes a decision not to purchase the similar products of different companies with another brand name. It is important to form the right impression the moment when the customer enters a coffee shop. The main accent should be made on quality of the brand, the product and the service (Beibei et al., 2013).

1.3.4 Service Quality

It is very crucial to be able to provide a service of high quality if the firm wants to make the client highly satisfied. A satisfied customer will want to receive the service repeatedly and will want to share about his or her experience with friends. Service quality unlike the product quality is intangible and is much harder to measure. The way the customer perceives the quality of service is reflected by the gap in actual services that client received and his prior expectation.

1.3.5 Price

Price directly influences the customer satisfaction and thus leads to brand loyalty. It is important to satisfy the price expectations of the client so that he would come back and buy it repeatedly (Beibei et al., 2013).

1.3.6 Product Quality

Final representation of the product is also very important and of course the product quality is still the primary factor in forming the long-term partnership bond relationship between the customer and the company.

1.3.7 Customer satisfaction

People start to have more and more free time in the last years and it is becoming more and more popular to spend their free time sitting in a coffee shop and having a casual chat with a friend and what matters in the overall service encounter is not the product itself but the emotions the customer gets at the end. Increased competition has brought service quality as well as spare parts into the sector. Success of combination of product and service in this sector meet customer's needs and wants.

1.3.8 Memorable experience

The conventional marketing mix strategy has to be adapted to the competitive environment of today's world. It is more important to retain the customer and achieve repeated service encounters than generating a casual sale. Emotional aspect is important in achieving a positive impression for the customer. Aesthetic as well as memorable overall service experience determines customer's purchasing preferences and habits. In order to create a customized marketing strategy companies need to understand their clients' lifestyles and more and more business owners understand that. Brand value and prestige together the product quality itself is key factors leading to success at reaching the peak of customer loyalty. More and more strategies

are aimed at creating a long-lasting relation between the brand and the client (Ghafoorzadeh, 2013).

Creating physical and emotional attachments among the coffee shop visitors with the brand is considered to be one of the competitive advantages of a business taking into consideration the modern market environment and its dynamics.

If a coffee shop manages to provide a memorable service experience to the customer then the possibility of building strong brand loyalty increases for this particular customer. It happens because the overall atmosphere of the cafe, quality of service as well as the product itself adds to the factors that ensure that customer gets a positive overall service encounter and develops positive impression about the brand. When customers attach emotions to the brand name they start to think of a specific lifestyle associated with this particular brand and in the end they seek to have this lifestyle by choosing that brand. This is how memorable service experience is achieved. In the competitive market environment the researchers try to increase the customer satisfaction by granting them various benefits and advantages.

1.4 Findings of this Study

According to the T-test, male and female respondents demonstrated highly differing perceptions of the “price is affordable” the coefficient of the difference equals to 1.971 which is 10% difference, also the question “does past usage experiences influence brand loyalty?” showed a differing perspective by 2.537 which is 5% difference, “do you agree that information quality affects loyalty?” for this the difference showed 1.89 which constituted 5% of the difference. Also the brand choice “I consider this brand my first choice in the next few years” with the

coefficient of 1.757 which is 10%, and thus leading to a completely different outcome of the brand choice and loyalty of the customers in respect to their gender, whether it was male or female. After conducting the T-test we can conclude that the first hypothesis that proposed that there is a significant difference between male and female behaviour based on factors affecting brand loyalty in coffee shop such as product quality, service quality, memorable experience and price; was supported because the gender does determine the brand perception of the customer at the end.

Based on Anova table's information, customers in different age groups have significantly different opinion about the same variables investigated in the study.

Anova test was a significant support for the second hypothesis that states that there is a significant difference between age groups based on factors affect brand loyalty in coffee shop such as product quality, service quality, memorable experience and price. The results prove that the different age groups have a differing opinion on the "staff behavior effect", "comfortable environment effect", "attractive design effect", "offering new product effect", and "its price is affordable", as well as "attractive packaging of product and service effect".

The study found that such variables as service quality and memorable experience are more important in building the overall brand loyalty than even product quality itself. Also the results confirm that companies should use more incentive oriented programs and campaigns in order to boost up customer loyalty. The results also show that the advertisement plays the minimum role in customer brand awareness and attachment to a specific coffee shop. Such factors as staff behavior and comfortable environment

along with the attractive design are more important in terms of determining the influence on customer loyalty.

1.5 Structure of this Thesis

Chapter 1 contains introduction. Chapter 2 gives a comprehensive summary of the existing academic research studying brand loyalty among coffee shop customers. Chapter 3 is a general idea of the level of development of the coffee shop business in TRNC and in Famagusta in particular. Chapter 4 talks about the Data collection method, methodology and tools that are applied in this thesis. Chapter 5 contains the empirical results. Chapter 6 provides conclusions, managerial implications as well as additional remarks and recommendations.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

Chapter 2 gives a thorough review of the literature of the topic connected with brand loyalty to coffee shops and academic studies that conducted an investigation of customer behavior. It is one of the main important topics in order to be prosperous among the business tycoons in the world market. Manufactures and business owners must be able to awareness about driving forces behind consumer purchase decisions. Such information is very important for marketing managers, since customer behavior assists to specify why consumers select special brands over others and how they take these selections.

2.2 Literature review

A study conducted by Shoham and Brencie concluded that suggests that the consideration of gender is an internal part of any comprehensive research which aims to identify the perceptions and the preferences of brand loyalty. Their research suggests that women are significantly more price sensitive than men and they value the small details and memorable experiences in the service encounters much higher than men do (Birol, 2003).

In order to understand the topic deeply and get the full picture of the scope of the research a researcher needs to capitalize on the existing literature and studies and

understand which aspects of the relevant issue have been studied enough and which ones are still lacking some areas of research.

The existing papers of the issue of brand loyalty provide useful recommendations to the coffee business owners and help them to develop their corporate strategies accordingly. A large number of pieces of academic literature prove that customer satisfaction leads to higher profits of the service providing company. But lately the focus of studies has become not customer satisfaction, but customer loyalty as it is gaining more and more common acceptance that retaining a customer is the ultimate goal of the service encounter. Now, the researchers go further by adding more conditions to the study thus making the results more complex. That is why I chose to regard age and gender groups as the center of my research.

The existing scope of studies on the topic of customer loyalty and its relation with various factors provides the understanding of the gaps and benefits of the knowledge of the issue and gives a guideline of which areas to focus on when doing the academic research of the topic. The research in this area is needed not only for the customer to understand his own pattern of behavior, but it is crucial for the coffee shop service provider in order to understand the increase profitability and competitiveness as well as effectively measure the success of the service operations and customers attraction and retaining.

A lot of recently written academic pieces investigate the factors that affect people in their choice of a coffee shop. But still the area of expertise is not wide enough in order to get the full essence of brand loyalty of coffee shops clients as well as other factors that are affecting this brand loyalty. A more thorough and detailed research is

needed focused on factors like product quality, memorable experience, service satisfaction; customer satisfaction and price are affect the customer loyalty.

We live in the world where information collected and processed decades ago becomes irrelevant and out of date very soon because of the rapidly growing technological opportunities. The word of mouth becomes filled with a new sense and the connection between customers all over the globe gets on a new level and the notion of profitability and competitiveness becomes impossible without brand loyalty.

There has been conducted a plenty of research regarding which factors actually affect the customer loyalty in service industries in particular. For example a scholar Bodet in his work in 2008 tested the hypothesized interdependence between the two variables such as customer satisfaction and it directly affecting the customer loyalty. In findings of his work he underlined the effect of customer satisfaction with the service as a mediator of loyalty. It is not only a one-time experience that leads to satisfaction, but also all the previous service encounters and the overall outcome of a service encounter. There can be outlined at least two main variables defined as important in this relationship. They are the satisfaction with the previous service encounter of the client with the company, the general attitude of the customer to the company and his overall satisfaction customer's feelings towards the organization. The findings of the previous research concluded that a firm should try to focus on the strategies that are concerned with involving the customer into as much interaction with the brand as possible. The main goal of the coffee shop managers should be to achieve the maximum possible level of the satisfaction of the customer. Apart from

this existing literature there are many other pieces of academic literature examining the impact of factors such as customer satisfaction and brand loyalty (Abel, 2009).

Another author who contributed to the study is Gustafson, who concluded that there exists a great deal of programs aimed at enhancing brand loyalty especially in service sphere. Such campaigns and programs focus of increasing customers' attraction by providing them with membership discounts etc. Some credible literature sources argue that such programs are not enough in order to achieve the optimal level of brand loyalty (Sirchuk, 2012).

There are many different classifications of perception of the service value perceived by a customer. Different authors and scholars in their academic research have come up with functional, emotional, and social value perceptions and other. But if we want to consider the universal opinion of the scholars towards the brand loyalty, in order to gain a competitive advantage for a firm as well as gain sufficient economic benefits, the customer perception of the service should be taken into consideration (Chen and Hu, 2010).

So we can conclude that customer loyalty can be described as emotional attachment influencing the customer to repeat purchases and prefer the brand over others due to positive previous experience.

This paper used such factors as customer satisfaction, product quality, memorable experience, service quality and price that directly influence brand loyalty based on their age and gender.

2.2.1 Brand loyalty

There was a Brand Loyalty Survey conducted in 2012 which aimed to identify the brands that consumers are most loyal to, why, and how they show their loyalty. As this survey concluded the role of reliability of the products as well as the level customer service and different rewards and loyalty programs have a direct effect on the customers purchasing behavior, consumer perceptions, as well as loyalty (Sirchuk, 2012).

Brand loyalty is considered to be a key variable in this study. It directly influences the profit generation as well as the possibility of the customer choosing the brand repeatedly over and over again. Word of mouth as well as the reputation is the key factors to success. Literature mostly studied brand loyalty broken down into two categories. One is attitudinal whereas the second one is behavioral. Attitudinal approach mainly studies the attitude of the customer towards the brand and the positive references the customer is ready give. As for behavioral type it is considered to be the number of repeated purchases that is a defined measure in this approach. Both types of loyalty study approaches complement each other and provide the opportunity to fully study the scope of client's behavior choice to a specific name. Brand loyalty mainly focuses on making the client want to return with likelihood of word-of mouth along with reference.

Chapter 3

GENERAL IDEA OF CONCEPT OF COFFEE CONSUMPTION IN NORTH CYPRUS

3.1 Introduction

This chapter is talking about the importance to further develop the coffee business in North Cyprus especially in Famagusta, the city highly populated with students coming from different countries around the globe and bringing the coffee drinking culture deeper into the daily lives of North Cypriots.

It is important to understand that people drink coffee everywhere in the world and coffee has become an important aspect of our everyday lives. Especially, in Famagusta where the majority of population are students, who have to study hard for their exam periods as well as throughout the semester it is hard to imagine their lives without coffee drinking. Their choice of a coffee shop and future loyalty to it are directly related to the service provided to them as well as overall customer experience. There are many tangible as well as intangible factors that contribute to this customer experience and help to construct the general as well as detailed picture. When this picture is formed the customers decide whether they wish to continue their customer experience with the particular coffee shop and remain loyal to it or to abandon it and move forward to another rivaling service provider.

3.2 North Cyprus coffee business

North Cyprus is a republic since 1983. There are many financial difficulties the island experiences currently. There various problems with exporting to other

countries directly, so it is mainly done to Turkey. Also Turkey is the main supporter of North Cyprus financially and politically. The island only produces a limited variety of household items such as olives, lemons oranges and mandarins. Famagusta is located in the coastal area of the eastern part of TRNC. Famagusta represents a potential tourist attraction and destination as it has the landscapes of untouched beaches stretching along the whole coast until the cape Karpaz. The population of Famagusta is over 40 000 people who are potential customers to coffee shop businesses. North Cyprus traditionally specializes on the consumption of Turkish traditional coffee and promoting this culture to tourists and visitors. There are various restaurants and bars offering this experience to foreign visitors as well as representatives of the local population. But we should not forget about the global coffee consumption tendency which also doesn't leave Cypriots aside. Coffee consumption in a specialized place becomes a culture or a lifestyle. Now the new generation of young North Cypriots cannot imagine spending their evening in Gloria Jeans for example where all visitors are having a light chat sipping a cup of latte and casually reading a magazine. Due to its economic peculiarities North Cyprus does not have the representation of global brands such as Starbucks or Dunkin Donuts and it gives an opportunity for local brands to become popular and successful.

Chapter 4

THEORETHICAL MODELING AND DATA DESCRIPTION

4.1 Introduction

Chapter 4 is talking about theoretical implications of this thesis. The theoretical modeling chapter described the design of the questionnaire conducted, as well as the data collection method used. It is important to create a comprehensive questionnaire in order to answer my research question and support my hypothesis accurately.

4.2 Survey Design

Apart from the factors that can be speculated on by the planners and strategy makers in the company such as service quality and the interior design, there are also predetermined factors that also influence the buying habits of the customers. They are age, gender, cultural, social, personal, demographic, psychological characteristics etc. It is very important to keep these factors in mind during the analysis of the findings of the paper and planning a marketing strategy.

Statistically the participants of the survey comprised of 250 people. 156 of them were male and 94 people were female, which means 62.4% of the questionnaire participants were male and 37.6% female. Their age ranged from 18-27. The majority of the respondents of the questionnaire ranged in their monthly income between 0 dollar and 999 dollar. The highest number of the respondents categorized themselves as full-time working people. The people who have a constant income are more likely to provide unbiased information not restricted by the financial

constraints. Thus it is important to adequately segment the market in order to obtain more accurate information typical of a specific buyer's category.

Qualitative method is a method which tries to study the given phenomenon from the perspective of the primary sources involved, whereas quantitative research design studies the relationship in the data systematically. Quantitative and qualitative research methods are radically different regarding the perspective of their primary aims and research questions. They use different data collection tools.

Relationship of customer loyalty through satisfaction cannot be separated. After enough data from the questionnaires is collected it is processed and analyzed with statistical means. The hypothesis testing is the final step of the research. And finally in the section of results and findings the future implications for other scholars further pursuing the matter are proposed.

The questions that the questionnaire consists of have been created in accordance with the experience of relevant research. Likert Scale was used as a measure which contains the numbers starting from 1 (Not important at all) and going up to 5 (Very important). The second section of the questionnaire used the scale in order to calculate the measure of determining factors influencing the customers' choice of behavior.

To investigate whether the variables are stationary or not we have to conduct panel unit root tests. There are some approaches that analyse unit roots such as PP - Fisher Chi-square, Im, Pesaran and Shin, W-stat, Levin, Lin & Chu Breitung t-stat and ADF-Fisher Chi-square for the benefit of variables.

4.3 Data Collection

In this paper the data was collected from people representing local population in Famagusta, North Cyprus as well as the representatives of foreign countries both males and females. A specific age and income category as well as working status was selected in order to ensure the results are accurate and constant.

The data was collected in order to satisfy the objective stated in this paper, which was to identify how such independent variables as price, product quality, service quality, customer satisfaction and memorable experience influence dependent variable which is brand loyalty. The data collection method is questionnaire that contains following questions apart from the demographic profile discussed above. (See appendix)

10. Which brand do you prefer to use in terms of loyalty? (the options given are Robert's coffee, Gloria Jean's coffees, Cacao, Meeting place, Ekor and Namport – the places providing the coffee drinking experience in Famagusta)

11. How often do you go to the coffee shop in a week?

Customers were asked to evaluate following statements using Likert's scale ranging from 1 (Not important at all) to 5 (Very important).

- 1) Its price is affordable.
- 2) Its current advertising effect.
- 3) Attractive packaging of product and service effect.
- 4) Comfortable environment effect.
- 5) Attractive design effect.

- 6) Switching cost effect.
- 7) Service quality effect
- 8) Staff behavior effect.
- 9) Offering new product effect.
- 10) Product quality effect.
- 11) Does past usage experiences influence brand loyalty?
- 12) Does brand competence of a product influence loyalty?
- 13) Brand reputation influences brand loyalty?
- 14) Does Consistency in quality affect brand loyalty?
- 15) Do you agree that information quality affects loyalty?
- 16) I consider this brand as my first choice in this category.
- 17) The next time I need that product, I will buy the same brand.
- 18) I will continue to be loyal customer for this brand.
- 19) I would only consider purchasing this brand again, if it would be substantially cheaper.
- 20) I say positive things about this brand to other people.
- 21) I recommend this brand to someone who seeks my advice.
- 22) I intend to recommend this brand to other people.
- 23) I consider this brand my first choice in the next few years.
- 24) I get good value for my money.

4.4 Methodology

The scholars define two broad categories of research style. They call them deductive and inductive style. Deductive style of approaches moves from detailed to general data. Deductive approach usually takes a certain theory and tries to prove it valid under certain conditions and mainly uses quantitative research style. It moves from general to specific. Inductive style of the research usually in contrast tries to give detailed information and then proceeds to general data.

In this study, there were applied various statistical methods for the case. In such data analysis, some important information like table of frequency, standard deviation and mean table were prepared by the software and also, each question was run and analyzed individually. One sample T-test and one-way Anova analyses were also conducted.

Chapter 5

EMPERICAL ANALYSIS

5.1 Descriptive statistics

The descriptive statistics and the other methods were used to pressure crucial factors on the subject. Descriptive statistics for research studies deliver valuable information and important consequences for policy implications (see Table 1). According to this table, which 250 participants answered 24 questions, the mean score of some factors of brand loyalty are higher than the others, showing they are more significant, compared to the other factors. Table 1 shows the categories of factors, based on mean score of each question.

5.2 Interpretation of the Results

Table 1 displays the mean score, maximum, minimum and standard deviation of each question. According to the table, the most significant factor compared to other factors is “service quality” (4.16), while the least score is allocated to factor such as “current advertisement” with 3.21 mean score among 250 respondents. In addition, the other significant factors are “comfortable environment” (4.07), “stuff behavior” (4.02), “product quality” (3.92) and “attractive design” (3.90).

Table 5.1: Descriptive Statistics

No	Questions	N	Minimum	Maximum	Mean	Std. Deviation
1	Its price is affordable	250	1	5	3.34	1.09
2	Its current advertising effect	250	1	5	3.21	1.133
3	Attractive packaging of product and service effect	250	1	5	3.71	1.067
4	Comfortable environment effect	250	1	5	4.07	1.037
5	Attractive design effect	250	1	5	3.9	1.044
6	Switching cost effect	250	1	5	3.53	1.061
7	Service quality effect	250	1	5	4.16	1.011
8	Staff behavior effect	250	1	5	4.02	1.088
9	Offering new product effect	250	1	5	3.58	1.089
10	Product quality effect	250	1	5	3.92	1.065
11	Does past usage experiences influence brand loyalty?	250	1	5	3.68	1.149
12	Does brand competence of a product influence loyalty?	250	1	5	3.54	1.038
13	Brand reputation influences brand loyalty?	250	1	5	3.54	1.079
14	Does Consistency in quality affect brand loyalty?	250	1	5	3.83	1.092
15	Do you agree that information quality affects loyalty?	250	1	5	3.59	1.069
16	I consider this brand as my first choice in this	250	1	5	3.59	1.061

	category					
17	The next time I need that product, I will buy the same brand	250	1	5	3.74	1.013
18	I will continue to be loyal customer for this brand.	250	1	5	3.58	1.073
19	I would only consider purchasing this brand again, if it would be substantially cheaper	250	1	5	3.47	1.094
20	I say positive things about this brand to other people	250	1	5	3.86	0.953
21	I recommend this brand to someone who seeks my advice	250	1	5	3.9	0.948
22	I intend to recommend this brand to other People	250	1	5	3.75	1
23	I consider this brand my first choice in the next few years	250	1	5	3.5	1.08
24	I get good value for my money	250	1	5	3.66	1.064
	Valid N (listwise)	250				

Table 5.2 illustrates that Cornbrash's estimate coefficient, which indicates that 24 questions, asked in the questionnaire are consistent (0.851 is greater than 0.6). The table also indicates whether the questions are individually consistent or not, by conducting factor analysis.

Cornbrash's alpha was used by the SPSS software to evaluate the reliability of the questions, and its value was equal to 0.851. as result the reliability of the questionnaire

was confirmed, according to the statistical fact that the amount of Cornbrash's alpha should be more than 0.6, See Nunnally, J. C. (1978).

Table 5.2: Reliability Statistics

Cornbrash's Alpha	N of Items
.851	24

Table 5.3 displays the commonalities of each factor. As can be seen in Table 5.3, extractions of questions are 0.4 and above, so they were employed to use within all analyses, because it is usually suggested in the literature to drop those factors that are less than 0.5.

Table 5.3: Communities

Communities			
NO	Questions	Initial	Extraction
1	Its price is affordable	1	0.649
2	Its current advertising effect	1	0.636
3	Attractive packaging of product and service effect	1	0.551
4	Comfortable environment effect	1	0.577
5	Attractive design effect	1	0.552
6	Switching cost effect	1	0.662
7	Service quality effect	1	0.644
8	Staff behavior effect	1	0.636
9	Offering new product effect	1	0.625
10	Product quality effect	1	0.55

11	Does past usage experiences influence brand loyalty?	1	0.525
12	Does brand competence of a product influence loyalty?	1	0.639
13	Brand reputation influences brand loyalty?	1	0.662
14	Does Consistency in quality affect brand loyalty?	1	0.595
15	Do you agree that information quality affects loyalty?	1	0.416
16	I consider this brand as my first choice in this category	1	0.572
17	The next time I need that product, I will buy the same brand	1	0.631
18	I will continue to be loyal customer for this brand.	1	0.494
19	I would only consider purchasing this brand again, if it would be substantially cheaper	1	0.601
20	I say positive things about this brand to other people	1	0.702
21	I recommend this brand to someone who seeks my advice	1	0.596
22	I intend to recommend this brand to other People	1	0.503
23	I consider this brand my first choice in the next few year	1	0.603
24	I get good value for my money	1	0.577
Extraction Method: Principal Component Analysis.			

The first part of questionnaire is about general information such as: age, gender, job status, monthly income level, education level, work experience, nationality, occupation family size and family background. The answers frequency and percentage of each question were also estimated. Table 5.4 displays the frequency and percentage of question one that is about gender. Column of frequency represents

that 156 of 250 people were male and 94 people were female, that means and 37.6% were female 62.4% of respondents were male.

Table 5.4: Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	156	62.4	62.4	62.4
	Female	94	37.6	37.6	100
	Total	250	100	100	

Table 5.5 shows the frequency and percentage of another question, related to ages of respondents. The highest frequency and percentage was found at the age interval of 18-27. Frequency was 176 and the percentage is 70.4.

Table 5.5: Age

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-27	176	70.4	70.4	70.4
	28-37	67	26.8	26.8	97.2
	38-47	6	2.4	2.4	99.6
	48-57	1	0.4	0.4	100
	Total	250	100	100	

In Table 5.6, in which the job-status was estimated, more participants were found out as full-time working people. This is really a excellent indicator that people have job, to answer the questions about factors influence to choose coffee shop without consider financial limitation.

Table 5.6: Job Status

Job status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	full time	59	23.6	23.6	23.6
	part time	54	21.6	21.6	45.2
	Unemployed	137	54.8	54.8	100
	Total	250	100	100	

Table 5.7 illustrates the information about monthly income level which is amount between 0 to over 3000 dollars. These indicators reveal that participants, who earn an amount between 0 dollar and 999 dollar, were determined as the highest group, to answer the questions about factors in choosing coffee shop.

Table 5.7: Monthly Income Level

Monthly Income Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 – 999	146	58.4	58.4	58.4
	1000 – 1999	75	30	30	88.4
	2000 – 2999	22	8.8	8.8	97.2
	3000 and over	7	2.8	2.8	100
	Total	250	100	100	

Table 5.8: T-test

T_test						
No	Questions	Gender	Mean	N	t	Sig
1	Its price is affordable	Male	3.28	156	1.971	0.074
		Female	3.37	94		
2	Its current advertising effect	Male	3.29	156	-0.666	0.506
		Female	3.17	94		
3	Attractive packaging of product and service effect	Male	3.69	156	0.814	0.416
		Female	3.72	94		
4	Comfortable environment effect	Male	4.12	156	0.829	0.408
		Female	4.04	94		
5	Attractive design effect	Male	3.91	156	-0.236	0.814
		Female	3.88	94		

6	Switching cost effect	Male	3.46	156	-0.231	0.818
		Female	3.58	94		
7	Service quality effect	Male	4.16	156	0.579	0.563
		Female	4.17	94		
8	Staff behavior effect	Male	4.06	156	0.587	0.558
		Female	3.99	94		
9	Offering new product effect	Male	3.61	156	0.222	0.825
		Female	3.56	94		
10	Product quality effect	Male	3.98	156	0.219	0.827
		Female	3.88	94		
11	Does past usage experiences influence brand loyalty?	Male	3.76	156	2.537	0.035
		Female	3.63	94		
12	Does brand competence of a product influence loyalty?	Male	3.6	156	-0.892	0.373
		Female	3.51	94		
13	Brand reputation influences brand loyalty?	Male	3.64	156	-0.054	0.957
		Female	3.49	94		
14	Does Consistency in quality affect brand loyalty?	Male	3.94	156	-0.055	0.956
		Female	3.77	94		
15	Do you agree that information quality affects loyalty?	Male	3.63	156	1.89	0.062
		Female	3.57	94		
16	I consider this brand as my first choice in this	Male	3.65	156	0.505	0.614

	category	Female	3.55	94		
17	The next time I need that product, I will buy the same brand	Male	3.9	156	0.342	0.733
		Female	3.65	94		
18	I will continue to be loyal customer for this brand.	Male	3.49	156	0.35	0.727
		Female	3.63	94		
19	I would only consider purchasing this brand again, if it would be substantially cheaper	Male	3.41	156	0.676	0.5
		Female	3.5	94		
20	I say positive things about this brand to other people	Male	3.82	156	0.689	0.492
		Female	3.88	94		
21	I recommend this brand to someone who seeks my advice	Male	3.95	156	0.847	0.398
		Female	3.88	94		
22	I intend to recommend this brand to other people	Male	3.87	156	0.828	0.409
		Female	3.67	94		
23	I consider this brand my first choice in the next few years	Male	3.48	156	1.757	0.103
		Female	3.51	94		
24	I get good value for my money	Male	3.63	156	0.656	0.513
		Female	3.69	94		

T-test is usually used for the variables which are divided into just two groups. Since, gender variable is divided into just male and female; I performed T-test for finding

the meaningful and significant relationships between the gender and brand loyalty. Table 5.8 displays the result of T-test. It shows four situations that customers act different based on their gender. T-test table shows that males and females have significantly different opinions about “price is affordable” ($t=1.971$; 10%), “does past usage experiences influence brand loyalty?” ($t= 2.537$; 5%), “do you agree that information quality affects loyalty?” ($t= 1.89$; 5%) and “i consider this brand my first choice in the next few years” ($t= 1.757$; 10%), all have positive and statistically significant effects on coffee shop selection criteria, whereas the other criteria are insignificant factors compared to the previous ones. In other words, the four factors have the highest impact on coffee shop selection criteria, whilst the others have no influence.

Anova is usually used for the variables which are divided into more than two groups. According to the second stage of research questionnaire, participants are divided into four groups based on their ages. Table 5.9 shows the result of one-way Anova analysis based on these four groups. The result shows six meaningful relationships between the age variable and brand loyalty. Based on Anova table's information, customers in different age groups have significantly different opinion about “staff behavior effect” ($F=2.457$; 5%), “comfortable environment effect” ($F= 2.055$, 10%) “attractive design effect” ($F= 2.432$, 5%), “offering new product effect” ($F=2.397$; 5%), and ‘its price is affordable’ ($F= 2.09$ 10%), as well as “attractive packaging of product and service effect” ($F= 2.24$ 10%). However, the others were not found as significant for be loyal to coffee shop.

Table 5.9: Anova

Anova						
No		Age	N	Mean	F	Sig.
1	Its price is affordable	18-27	176	3.34	2.09	0.101
		28-37	67	3.21		
		38-47	6	3.71		
		48-57	1	4.07		
		Total	250	3.9		
2	Its current advertising effect	18-27	176	3.53	1.889	0.132
		28-37	67	4.16		
		38-47	6	4.02		
		48-57	1	3.58		
		Total	250	3.92		
3	Attractive packaging of product and service effect	18-27	176	3.68	2.245	0.084
		28-37	67	3.54		
		38-47	6	3.54		
		48-57	1	3.83		
		Total	250	3.59		
4	Comfortable environment effect	18-27	176	3.59	2.055	0.107
		28-37	67	3.74		
		38-47	6	3.58		
		48-57	1	3.47		
		Total	250	3.86		

5	Attractive design effect	18-27	176	3.9	2.432	0.074
		28-37	67	3.75		
		38-47	6	3.5		
		48-57	1	3.66		
		Total	250			
6	Switching cost effect	18-27	176	3.58	0.277	0.842
		28-37	67	3.47		
		38-47	6	3.86		
		48-57	1	3.9		
		Total	250	3.75		
7	Service quality effect	18-27	176	3.5	1.432	0.234
		28-37	67	3.66		
		38-47	6	4.02		
		48-57	1	3.61		
		Total	250	3.46		
8	Staff behavior effect	18-27	176	4	2.457	0.044
		28-37	67	3		
		38-47	6	3.58		
		48-57	1	3.94		
		Total	250	3.88		
9	Offering new product effect	18-27	176	3.86	2.397	0.056
		28-37	67	3.85		
		38-47	6	4.09		
		48-57	1	3.67		
		Total	250	3		

10	Product quality effect	18-27	176	3.9	0.957	0.415
		28-37	67	3.75		
		38-47	6	3.76		
		48-57	1	3.67		
		Total	250	4.44		
11	Does past usage experiences influence brand loyalty?	18-27	176	4.25	3.038	0.31
		28-37	67	4.26		
		38-47	6	2.88		
		48-57	1	3.09		
		Total	250	2.78		
12	Does brand competence of a product influence loyalty?	18-27	176	1.75	0.89	0.448
		28-37	67	2.87		
		38-47	6	3.73		
		48-57	1	4.45		
		Total	250	4.67		
13	Brand reputation influences brand loyalty?	18-27	176	4.25	0.79	0.501
		28-37	67	3.84		
		38-47	6	3.62		
		48-57	1	3.64		
		Total	250	4.67		
14	Does Consistency in quality affect brand loyalty?	18-27	176	3.9	0.486	0.692
		28-37	67	2.87		
		38-47	6	3.45		
		48-57	1	3.67		
		Total	250	3		

15	Do you agree that information quality affects loyalty?	18-27	176	2.95	0.13	0.942
		28-37	67	3.83		
		38-47	6	4.07		
		48-57	1	4.14		
		Total	250	3.44		
16	I consider this brand as my first choice in this category	18-27	176	3.33	0.178	0.911
		28-37	67	4.1		
		38-47	6	4.14		
		48-57	1	3.7		
		Total	250	2.81		
17	The next time I need that product, I will buy the same brand	18-27	176	4.13	0.084	0.969
		28-37	67	3.68		
		38-47	6	3.37		
		48-57	1	3.42		
		Total	250	3.89		
18	I will continue to be loyal customer for this brand.	18-27	176	2.82	0.59	0.622
		28-37	67	3.33		
		38-47	6	4.1		
		48-57	1	4.14		
		Total	250	3.7		
19	I would only consider purchasing this brand again, if it would be substantially cheaper	18-27	176	2.81	0.512	0.675
		28-37	67	4.13		
		38-47	6	2.66		
		48-57	1	3.68		
		Total	250	3.37		

20	I say positive things about this brand to other people	18-27	176	3.42	1.191	0.315
		28-37	67	3.89		
		38-47	6	2.82		
		48-57	1	4.1		
		Total	250	4.14		
21	I recommend this brand to someone who seeks my advice	18-27	176	3.7	0.203	0.894
		28-37	67	2.81		
		38-47	6	4.13		
		48-57	1	2.66		
		Total	250	3.68		
22	I intend to recommend this brand to other People	18-27	176	3.37	0.599	0.616
		28-37	67	3.42		
		38-47	6	3.89		
		48-57	1	2.82		
		Total	250			
23	I consider this brand my first choice in the next few years	18-27	176	3.27	0.1	0.96
		28-37	67	3.32		
		38-47	6	4.12		
		48-57	1	4.12		
		Total	250	4.9		
24	I get good value for my money	18-27	176	3.8	0.54	0.656
		28-37	67	3.76		
		38-47	6	3.04		
		48-57	1	3.89		
		Total	250			

Chapter 6

CONCLUSION, MANAGERIAL IMPLICATIONS, RECOMMENDATION

6.1 Empirical findings

T-test is a test that is widely spread among the researchers who study the variables by assigning them to two different groups. The T-test was suitable for studying the gender factor that influences the proposed variables. So, it was useful to categorize them into male and female groups. As the aim was to investigate the influence of the variables on the actual brand choice of the customer by taking into consideration the age category as well, it appeared to be more practical to apply Anova test, which is suitable for two or more categories of different variables. The paper focused on four main age groups in our questionnaire.

In the thesis the main focus was made on the investigation of the variables such as price, product quality, service quality and memorable experience in terms of different age groups and gender of the respondents based on the research question stated at the beginning of the paper. The study found that, according to the T-test male and female respondents demonstrated highly differing perceptions of the “price is affordable” the coefficient of the difference equals to 1.971; which is 10% difference, also the question “does past usage experiences influence brand loyalty?” showed a differing perspective by 2.537; which is 5% difference, “do you agree that information quality affects loyalty?” for this the difference showed 1.89; which constituted 5% of the difference. Also the brand choice “I consider this brand my first choice in the next

few years” with the coefficient of 1.757; which is 10%, and thus leading to a completely different outcome of the brand choice and loyalty of the customers in respect to their gender, whether it was male or female.

After conducting the T-test we can conclude that the first hypothesis that proposed that there is a significant difference between male and female behaviour based on factors affecting brand loyalty in coffee shop such as product quality, service quality, memorable experience and price; was supported because the gender does determine the brand perception of the customer at the end.

Based on Anova table`s information, customers in different age groups have significantly different opinion about the same variables investigated in the study.

Anova test was a significant support for the second hypothesis that states that there is a significant difference between age groups based on factors affect brand loyalty in coffee shop such as product quality, service quality, memorable experience and price. The results prove that the different age groups have a differing opinion on the “staff behavior effect” (F=2.457; 5%), “comfortable environment effect” (F= 2.055,10%) “attractive design effect” (F= 2.432, 5%), “offering new product effect” (F=2.397; 5%), and “its price is affordable” (F= 2.09 10%), as well as “attractive packaging of product and service effect” (F= 2.24 10%) which at the end lead to overall differences in the brand preferences of the different age groups.

To summarize the descriptive results obtained from the study we should note that factors such as staff behavior and comfortable environment play vital role in the coffee shop selection by the customers. Also, “attractive design effect”, “affordable

price”, “offering new product effect”, and “attractive packaging of product and service effect” are statistically significant have the highest influences on choice of coffee shop and customers brand loyalty. Personalization of customers is important. Managers should think of providing a great variety of diversified products along with services able to satisfy a wide range of customers and their needs. Findings of this thesis with regard to customers ’ characteristics may have considerable practical use mainly for Coffee shops in order to draw attention of the strategy makers and planners to the persona factors that are likely to affect the buying decision. The most significant factor proved to be “service quality” whereas the least important factor was “current advertisement”. Also these factors that proved to be important are “comfortable environment”, “staff behavior”, “product quality” and “attractive design”.

Coffee drinkers all over the world become more and more addicted to certain brands and companies due to various reasons and it is vital to track those reasons and influence them. Competitiveness of the business is directly linked to the richness of the study of the customer satisfaction and the factors determining the satisfaction and leading to future customer loyalty. What influences customer’s decision to purchase coffee in a particular place with a particular name has to be studied a lot and only after that a comprehensive strategy can be developed.

The customer loyalty programs examples could be price discounts for loyal customers and other financial incentives. Considering all these aspects of the importance of customer loyalty, the final goal of the service improvement should be the customer satisfaction. It is important to understand the theoretical part of this research as well as the practical implications of the factors given in the study. It has

been proven by the study that brand loyalty is influenced directly by customer satisfaction.

This thesis studied the factors that influence the loyal behavior of customers towards a specific brand empirically based on age and gender peculiarities. There are some outcomes and recommendations that have been found as a result of this study. Competition is the major generator of different loyalty programs. The study of behavioral loyalty of the customers summarizes that brand loyalty is a more common phenomenon for the existing market. The first-mover advantage is important but not the only option to secure a significant share of the market in the competitive world. It is important to give importance to the personalization of the service. Also in my opinion the companies should consider targeting a specific age group by means of for example altering their pricing quality in order to meet the needs and expectations of a particular age group. As for gender, the study found that women tend to react more to the price and they pay more attention to the details of the design and friendly environment. Also the attractive packaging of the product and service should be very helpful in order to influence the female perceptions of the service and thus lead to a higher brand loyalty. The managers should take it into consideration and try to compensate their price sensitivity with attractive design for example. In this way they can increase the brand loyalty coefficient among the female group of customers. Also the Anova test proved that many variables are assigned completely different values if compared to the different age groups. For example “comfortable environment effect” proved to be the most important for the group age of 28 – 37 years old, whereas “attractive design effect” was the most meaningful for the respondents of 18-27 years old, “offering new product effect” turned out to play the biggest importance for the age between 38 and 47 years, and ‘its price is affordable’

for the age of 38-47, as well as “attractive packaging of product and service effect” for 18-27 years old. The managers can effectively apply this data in order to increase the effectiveness of the promotional campaigns and programs. By considering the age groups as separate segments of the target audience. They can target a narrower groups thus increasing their level of customer satisfaction by meeting their individual wants and needs.

Product quality is the key variable that affects customer satisfaction. Coffee providers are able to retain their customers if they give them the product of the highest quality. At the same time it is the memorable experience that clients come for when they make a decision to visit a coffee shop. These places are perceived as an opportunity to relax and have a sip of favorite coffee in a chilled friendly atmosphere. Comfort and peace is what affects their choice of the brand. Price is definitely a variable that helps us determine the behavior of the students who participated in the questionnaire. Of course it is recommended for coffee shops to use loyalty programs in order to enhance brand loyalty (Beibei et al., 2013).

In the traditional marketing mix there is a new variable to consider. There is an urgent need to add the customer into the mix of product, price, place, promotion (Ghafoorzadeh, 2013).

6.2 Recommendation for future studies

The first recommendation would suggest for future researchers to focus on studying good case practices from abroad. Many different examples from the cases of coffee shop businesses that managed to generate the brand loyalty among their customers would be a good issue to focus on. It would provide the scholars with broader

examples involving cultural and geographical differences as well as peculiarities. Also the questionnaire might be more inclusive. It could include more than one target group of potential customers in order to afford to develop a more comparative character of the research. There is a need to more deeply investigate the company's social responsibility and its stand in global events and how it affects the customers brand preferences based on their gender and age.

Also it would be useful to add more variables to the model of the research and try to analyze a more complex picture of the correlation of factors that influence the coffee shop choice by customers.

Also personal as well as situational variables should be added to the research and studied how the findings of the study will change. It is strongly recommended that customer loyalty programs are researched more thoroughly in future studies. Such decision can prove that programs can bring more brand loyalty even more. To study if the loyalty programs and discounts lead to the rise of brand loyalty and awareness could make the current study more practical. Moreover, the researchers are advised to make a more detailed and specialized studies that divide customers into a more narrow groups, probably even more narrow than gender and age. They should for example pick different occupations and combine them with the age group and see how the results will change reflecting more differences between their opinions.

The final recommendation will be to consider the greatly changing market environment. It is important to always update the relevant variables.

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APPENDIX

Appendix A: Questionnaire

DETERMINANTS OF BRAND LOYALTY ON COFFEE SHOPS: A CASE OF SELECTED SHOPS IN FAMAGUSTA TOWN

Dear Participant,

This research is about your opinions as a consumer or customer in selecting coffee shops. Please read all of the following questions carefully and try to answer the questions on the determinants of brand loyalty on coffee shops.

Regards,

Prof. Sami Fethi and Fateme Homayoon

PART A. DEMOGRAPHIC PROFILE

1. Gender:

- a. Male b. Female

2. Age

- a. 18-27 b. 28-37 c. 38-47 d. 48-57

3. Monthly Income Level

- a. \$ 0 – 999 b. \$ 1000 – 1999 c. \$ 2000 – 2999 d. 3000 and
over

4. Job status:

- a. Full time b. Part-time c. unemployed

5. Work Experience

- a. 1-5 years b. 6-10 years c. more than 10 years d. none

6. Education Level

- a. Primary School b. Secondary/high School d. University e. Post graduate

7. Nationality

- a. Turkish Cypriot b. Turkish c. Iranian d. Nigerian

- e. People from Middle East f. People from Former USSR g. European

- h. Others

8 Family Size.

- a. 2 b. 3 c. 4 d. 5 e. 6 f. more than 6

9. Occupation

- a. Business b. Government c. Professional d. Private sector f. none

10. Which brand do you prefer to use in terms of loyalty

- a. Robert's coffee b. Gloria Jeans coffees c. Cacao d. Meeting place
e. Ekor f. Namport

11. How often do you go to the coffee shop in a week ?

- a. 1-2 b. 3-4 c. 5-6 d. more than 6

PART B. DETERMINANTS OF BRAND LOYALTY ON COFFEE SHOPS

This section comprises of 25 questions on the devices selection factors. Please use the following Likert`s scale ranging from 1 (Not important at all) to 5 (Very important) for your answers:

Not important at all **Very important**

1 2 3 4 5

ID	IMPORTANCE FACTORS FOR COMPUTER DEVICES SELECTION	LIKERT'S SCALE				
1.	Its price is affordable	1	2	3	4	5
2.	Its current advertising effect	1	2	3	4	5
3.	Attractive packaging of product and service effect	1	2	3	4	5
4.	Comfortable environment effect	1	2	3	4	5
5.	Attractive design effect	1	2	3	4	5
6.	Switching cost effect	1	2	3	4	5
7.	Service quality effect	1	2	3	4	5
8.	Staff behavior effect	1	2	3	4	5
9.	Offering new product effect	1	2	3	4	5
10.	Product quality effect	1	2	3	4	5

11.	Does past usage experiences influence brand loyalty?	1	2	3	4	5
12.	Does brand competence of a product influence loyalty?	1	2	3	4	5
13.	Brand reputation influences brand loyalty?	1	2	3	4	5
14.	Does Consistency in quality affect brand loyalty?	1	2	3	4	5
15.	Do you agree that information quality affects loyalty?	1	2	3	4	5
16.	I consider this brand as my first choice in this category	1	2	3	4	5
17.	The next time I need that product, I will buy the same brand	1	2	3	4	5
18.	I will continue to be loyal customer for this brand.	1	2	3	4	5
19.	I would only consider purchasing this brand again, if it would be substantially cheaper	1	2	3	4	5
20.	I say positive things about this brand to other people	1	2	3	4	5
21.	I recommend this brand to someone who seeks my advice	1	2	3	4	5

22.	I intend to recommend this brand to other People	1	2	3	4	5
23.	I consider this brand my first choice in the next few years	1	2	3	4	5
24.	I get good value for my money	1	2	3	4	5