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# **The Research of Relationship among Brand Image, Service Quality and Perceived Value, Satisfaction - A Study of Chain Coffee Store**

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*Date of publication (dd/mm/yyyy): 05/03/2020*

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**Abstract** – This study takes a chain coffee store with outstanding operational performance in recent years, as the main object in this research, and this study explored Starbucks products themselves can make consumers feel it's value and the brand image can gain an advantage in the consumer market. This study used questionnaire survey and distributed to consumers who ever purchased Starbucks products, and obtained 210 valid questionnaires. The conclusion of research finds that the brand image has positive impact on the quality of service, the brand image has positive impact on customer satisfaction, the quality of service has positive impact on customer satisfaction, the quality of service has positive impact on the perceived value and perceived value has positive effect on customer satisfaction. The implication and suggestion of future research are discussed.

**Keywords** – Brand Image, Service Quality, Perceived Value, Customer Satisfaction.

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## **I. INTRODUCTION**

Coffee is one of the popular beverages in the world, and is attributed to a safe and healthy alternative than alcoholic beverages in social gatherings (Cristovam et al., 2000). In Taiwan, the increased purchasing power and the change of catering culture of consumers have driven a large consumption of coffee beverages. The major concerns are price, convenience and fashion style for young adults when purchasing coffee drinks.

Brand associations are the other informational nodes connected to the brand node in memory and contain the meaning of the brand for consumers. It is essential to build up brand image for service industries as it is a powerful determinant for products marketing.

Parasuraman et al., (1985, 1988) conceived that service quality is the difference between customers' expectation and their perceived performance of a service. Parasuraman et al. (1988) developed the SERVQUAL model (including five dimensions, namely tangible, responsiveness, reliability, assurance, and empathy) to measure service quality.

Customer's perceived value can be defined from the perspectives of money, quality, benefit, and social psychology. The Monetary perspective indicates that value is generated when less is paid (discount or coupons or promotions) for goods (Bishop, 1984). In other words, it is the concept of consumer surplus in economics and perceived value is the difference between the highest price that consumers are willing to pay for a product or a service and the amount actually paid.

The satisfaction depends upon the overall buying and utilization of the target service and products presentation which is compared with the expectation of repurchase with the passage of time (Fornell, 1992). In order to better develop marketing plan of the chain coffee store, this study will investigate the relationships between brand image, service quality, perceived value and consumer satisfaction in Tainan city. We hope to discover the important

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connection among these variables and thereby recommend more appropriate marketing information as reference for the coffee chain store to improve competitive advantage.

## **II. LITERATURE REVIEW**

### *A. Chain Coffee Store*

The coffee market size is expanding, and the competition among coffee chains has become highly intense. In general, Taiwanese see coffee as something they can enjoy in everyday life. They can relax or negotiate a business in a coffee shop of their choices, depending on their taste and the shop's accessibility. Coffee was an unusual beverage among Taiwanese.

### *B. Brand Image*

Brand image is defined here as perceptions about a brand as reflected by the brand associations held in consumer memory (Keller, 1993). Keller (1993) defined the brand image as the “the brand relations retained in consumers” mind causes the assumptions about a brand.

Benefits are the personal value consumers attach to the product or service attributes that is, what consumers think the product or service can do for them. Benefits can be further distinguished into three categories according to the underlying motivations to which they relate functional benefits, experiential benefits, and symbolic benefits (Park et al., 1986). Functional benefits are the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. These benefits often are linked to fairly basic motivations, such as physiological and safety needs (Maslow 1970), and involve a desire for problem removal or avoidance (Rossiter and Percy 1992). Experiential benefits relate to what it feels like to use the product or service and also usually correspond to the product-related attributes. These benefits satisfy experiential needs such as sensory pleasure, variety, and cognitive stimulation. Symbolic benefits are the more extrinsic advantages of product or service consumption. They usually correspond to nonproduct-related attributes and relate to underlying needs for social approval or personal expression and outer directed self-esteem.

Brand image also play a role in creating the satisfaction of the customers. Foxall and Goldsmith (1998) proposed that the perception of the customer about the characteristics of the product and service is influenced by the Perceptions about the brand and branding. The vital aim of the brand and product management is to build strong brand image which in turn generate the huge short term and long term profit (Aaker, 1997).

### *C. Service Quality*

Parasuraman et al., (1985, 1988) proposed service quality model for the first time and they said service quality can be measure through functional quality dimension which has five components (tangibility, reliability, responsiveness, assurance, empathy). This model identifies the gaps of service quality of the service organization which describe five gaps during the service expectation till the actual service delivery.

The interest in service quality has been influential in contributing significantly to the growth of the general services marketing field. The reviews of service quality include five dimentions (Berry and Parasuraman, 1993).

Reliability is the ability to perform the promised service dependably and accurately. Responsiveness is willingness to help customers and provide prompt service. Empathy is caring and individualized attention which

the firm provides for its customers. Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence. Tangibles are appearance of physical facilities, equipment, personal and communication material.

Cronin and Taylor (1992) developed different model called performance only model to measure the service quality. They claimed that SERVPERF (service performance) is more suitable and accurate than SERVQUAL. They also claimed that SERVPERF needs fewer items than SERVQUAL to measure of the service quality of any service company and better service quality influence customer satisfaction.

#### *D. Perceived Value*

The definitions of perceived value generally involve a trade-off between what customers receive and what they give up to acquire the service (Zeithaml 1988; Dodds et al., 1991). Lovelock (2001) proposes that perceived value can be enhanced by either adding benefits to the service or by reducing the outlays associated with the purchase and use of the service. Perceived value is posited to be a determinant of customer satisfaction. According to the consumption value proposed by Sheth et al., (1991), the perceived values are functional value, social value, emotional value, epistemic value, and conditional value. A decision may be influenced by any or all of the five consumption values.

The functional value of an alternative is defined as: The perceived utility acquired from an alternative's capacity for functional, utilitarian, or physical performance. An alternative acquires functional value through the possession of salient functional, utilitarian, or physical attributes. The social value of an alternative is defined as: The perceived utility acquired from an alternative's association with one or more specific social groups. An alternative acquires social value through association with positively or negatively stereotyped demographic, socioeconomic, and cultural-ethnic groups. The emotional value of an alternative is defined as: The perceived utility acquired from an alternative's capacity to arouse feelings or affective states. An alternative acquires emotional value when associated with specific feelings or when precipitating or perpetuating those feelings. The epistemic value of an alternative is defined as: The perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge. An alternative acquires epistemic value by questionnaire items referring to curiosity, novelty, and knowledge. The conditional value of an alternative is defined as: The perceived utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker. An alternative acquires conditional value in the presence of antecedent physical or social contingencies that enhance its functional or social value.

#### *E. Customer Satisfaction*

Churchill and Surprenant (1982) define customer satisfaction as an outcome of purchase and use resulting from the buyers' comparison of the rewards and costs of the purchase in relation to the anticipated consequences.

The definition of satisfaction refers to a person's approval or disappointment when comparing their personal opinion of services received with their original service expectations (Kotler and Keller, 2006). Customer satisfaction is a customer's rational and emotional perception, which is based on service experiences (Mackenzie and Spreng, 1992).

The customer satisfaction can be measured by various ways one of the way of measuring the customers satisfaction is the expectation of customers about the benefits and the cost association depends upon the experience

of the past suggested by Mouri (2005), and the other way is through the life cycle of the relationship of the customer proposed by the Spath and Fahrnich (2007).

The relationship among brand Image, service quality and perceived value, and custom satisfaction one of the main factors which effect the customer satisfaction is the service quality. Service quality is not only an important factor of customer satisfaction in manufacturing industries but also in service industries. Tangibles, reliability, assurance, responsiveness and empathy are five dimensions that construct of the service quality. The customer's satisfaction and trust are influenced by the perceived quality service. The high quality service will have a positive impact on the customer satisfaction. When the customers will not get the quality of service which they were expecting before the purchase their trust will shake which in turn makes the customer dissatisfied and this ends up in customer switch to other service provider.

The social psychology perspective points out that the generation of value lies in the meaning of purchasing a certain goods to the buyer's community (Sheth et al., 1991). That is, goods carrying particular meanings (such as social economic status and social culture) can increase the effect of social self-concept (Sweeney and Soutar, 2001). Oliver (1997, 1999) argued that the customer's satisfaction is an enjoyable completion which the customers get in the utilization. In the research of the relationships between perceived value and customer satisfaction, empirical studies of the conventional retailers discovered that perceived value positively influences customer satisfaction in most cases (Eggert and Ulaga, 2002). According to the above literature reviews, hypotheses are proposed as follows.

H1: The brand image has a positive impact on the quality of service.

H2: The brand image has a positive impact on customer satisfaction.

H3: The service quality has a positive impact on the perceived value.

H4: The service quality has a positive impact on customer satisfaction,

H5: And perceived value has significant positive effect on customer satisfaction.

### III. METHOD

#### A. *Sample and Procedure*

We collected data from the consumers of the coffee chain store in Tainan city. In total, 210 effective questionnaires are received. Among these respondents, most of them are between the ages of 20-35 (80%). Respondents held a bachelor degree are 85%, female is 51%, male is 49%. Regarding the occupation, students are 85% and others are 15%.

#### B. *Measures*

The brand image concept includes functional, symbolic, and experiential (Park et al., 1986). The service quality in many researches were measured based on SERVQUAL scale of Parasuraman et. al. (1991) and we measured all five dimension including reliability, responsiveness, empathy, assurance and tangible. The perceived value includes functional value, social value, emotional value, epistemic value, and conditional value. (Sheth et al., 1991). The customer satisfaction includes expectations, product performance, disconfirmation; and satisfaction (Churchill and Surprenant, 1982).

## IV. RESULTS

### A. Reliability Analysis

Table 1. Reliability analysis.

Variables	Constructs	Items	Cronbach's alpha value
Brand image	3	14	0.934
Service quality	5	12	0.971
Perceived value	5	21	0.951
Customer satisfaction	4	9	0.944

### B. Test of Hypotheses

H1 was supported ( $p < 0.005$ ). The brand image has a positive impact on the quality of service. Standardized  $\beta$  value is 0.884 and t value is 19.541.

H2 was supported ( $p < 0.005$ ). The brand image has a positive impact on customer satisfaction. Standardized  $\beta$  value is 0.882 and t value is 19.374.

H3 was supported ( $p < 0.005$ ). The service quality has a positive impact on customer satisfaction. Standardized  $\beta$  value is 0.852, T-value is 16.834.

H4 was supported ( $p < 0.005$ ). The service quality has a positive impact on the perceived value. Standardized  $\beta$  value is 0.875 and t value is 18.682.

H5 was supported ( $p < 0.005$ ). The perceived value has significant positive effect on customer satisfaction. Standardized  $\beta$  value is 0.888 and t value is 20.008.

## V. DISCUSSION AND SUGGESTION

The conclusion reveals that brand image, service quality and perceived value has positive effect on customer satisfaction, brand image has positive effect in service quality, and service quality has positive effect on customer satisfaction. According the conclusion of research, the key factors (brand image, service quality and perceived value) should be appropriately operated to deal with marketing practices that will enhance the benefit of the chain store. The manager of chain coffee store should train staff to help customer to improve the product function including product safety, operation safety and the arrangement of show case. The staff has to maintain the store neat and tidy and improve personal manner and esthetic ability. The staff should pay more attention on consumer and perform the standard operation procedure to promote service quality.

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