



UNIVERSITI  
MALAYSIA  
KELANTAN

# **FACTOR INFLUENCING CUSTOMER SATISFACTION AMONG MILLENNIALS TOWARD HOMETGROWN CAFE IN KOTA BHARU**

**By**

**SHAZA SHAHIRAH BINTI SHEHRI GHANI (H20A1753)**

**SITI AINSYAH BINTI LENI (H20A1756)**

**SITI MAS AYUNI BINTI AB RAZAK (H20A1772)**

**SITI NABIHAH BINTI MOHD KHUSAINI (H20A1773)**

**Bachelor of Entrepreneurship (Hospitality) with Honors**

A report submitted in partial fulfillment of the requirement for the degree  
of

**Bachelor of Entrepreneurship (Hospitality) with Honors**

**Faculty of Hospitality, Tourism and Wellness  
UNIVERSITI MALAYSIA KELANTAN**

2022

## CANDIDATE DECLARATION

### DECLARATION

I hereby certify that the work embodied in this report is the result of the original research and has not been submitted for a higher degree to any other University or Institution

**OPEN ACCESS**

I agree that my report is to be made immediately is available as hardcopy or on-line open access (full text )

**CONFIDENTIAL**

Contains confidential information under the Official Secret 1972) \*

**RESTRICTED**

(Contains restricted information as specified by the organization where research was done)\*

I acknowledge that Universiti Malaysia Kelantan reserves the right as follow:

The report is the property of Universiti Malaysia Kelantan  
The library of Universiti Malaysia Kelantan has the right to make copies for the purpose of research only  
The library has the right to make copies of the report for academic exchange

Certified by

*nabihah*

Signature

*abdullah*

Signature of Supervisor

Group Representative: SITI NABIHAH  
Date: 25/6/2023

Name: ENCIK ABDULLAH BIN MUHAMED YUSOFF  
Date: 25/6/2023

Note : \* If the report is CONFIDENTIAL OR RESTRICTED, please attach the letter from the organization starting the period and reasons for confidentiality and restriction.

## ACKNOWLEDGEMENT

First and foremost, we would like to praise and thank God as finally we were able to finish our assignment that has been given to us. We finally managed to accomplish this assignment. This assignment cannot be completed without effort and co-operation from our group members. We would like to express our gratitude towards our supervisor, Sir Abdullah Muhamed Yusof for briefing and guiding us until the end of this research. He always gives us support and guidance on how to do our assignments to produce a good outcome. Without her guidance, our assignment cannot be done properly like this. He inspired us greatly to work on this assignment. We also would like to thank our family and friends for supporting us mentally and spiritually. We always work hard to produce a good assignment with our full commitment and responsibility.

Moreover, thanks and congrats to every member of our group for giving attention and giving a high commitment to making this project a success. Without the cooperation given by each group member, this project may not be able to run smoothly and deliver on time. Last but not least, we are very grateful to the University of Malaysia Kelantan (UMK) for giving us the opportunity to run this research project.

## TABLE OF CONTENTS

TITLE PAGES .....	i
CANDIDATE DECLARATION .....	ii
ACKNOWLEDGEMENT.....	iii
TABLE OF CONTENTS .....	iv
ABSTRACT.....	ix
ABSTRAK.....	x
CHAPTER 1.....	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND OF STUDY .....	1
1.3 PROBLEM STATEMENT .....	6
1.4 RESEARCH OBJECTIVE .....	6
1.5 RESEARCH QUESTION .....	8
1.6 SIGNIFICANCE OF STUDY .....	8
1.7 DEFINITION OF TERMS.....	10
1.8 SUMMARY .....	12
CHAPTER 2.....	13
2.1 INTRODUCTION.....	13
2.2 DEPENDENT VARIABLE.....	13
2.2.1 CUSTOMER SATISFACTION.....	13
2.3 PHYSICAL ENVIRONMENT.....	14
2.4 SERVICE QUALITY.....	15
2.5 FAIR PRICE.....	16
2.6 RELATIONSHIP BETWEEN IV1, IV2, IV3 AND DV .....	17
2.6.1 The relationship between physical environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.....	18
2.6.2 The relationship between service quality on customer satisfaction among millennials toward homegrown café in Kota Bharu .....	19
2.6.3 The relationship between fair price on customer satisfaction among millennials toward homegrown in Kota Bharu .....	19
2.7 HYPOTHESIS.....	21
2.8 CONCEPTUAL FRAMEWORK .....	22
2.9 SUMMARY .....	22

<b>CHAPTER 3</b> .....	<b>24</b>
<b>3.1 INTRODUCTION</b> .....	<b>24</b>
<b>3.2 RESEARCH DESIGN</b> .....	<b>24</b>
<b>3.3 POPULATION</b> .....	<b>25</b>
<b>3.4 SAMPLE SIZE</b> .....	<b>26</b>
<b>3.5 SAMPLING METHOD</b> .....	<b>27</b>
<b>3.5.1 CONVIENCE SAMPLING</b> .....	<b>28</b>
<b>3.6 DATA COLLECTION PROCEDURE</b> .....	<b>29</b>
<b>3.7 RESEARCH INSTRUMENT</b> .....	<b>30</b>
<b>3.8 DATA ANALYSIS</b> .....	<b>35</b>
<b>3.8.1 DESCRIPTIVE STATISTICS</b> .....	<b>36</b>
<b>3.8.2 RELIABILITY TEST</b> .....	<b>36</b>
<b>3.8.3 HYPOTHESES TESTING USING PEARSON COLLECTION</b> .....	<b>37</b>
<b>3.9 SUMMARY</b> .....	<b>38</b>
<b>CHAPTER 4</b> .....	<b>39</b>
<b>4.1 INTRODUCTION</b> .....	<b>39</b>
<b>4.2 RESULT OF DESCRIPTIVE ANALYSIS</b> .....	<b>39</b>
<b>4.2.1 Demografic Profile</b> .....	<b>39</b>
<b>4.2.1.1 Gender</b> .....	<b>39</b>
<b>4.2.1.2 Age</b> .....	<b>40</b>
<b>4.2.1.3 Marital Status</b> .....	<b>42</b>
<b>4.2.1.4 Occupation</b> .....	<b>43</b>
<b>4.2.2 Independent Variable and Dependent Variables</b> .....	<b>44</b>
<b>4.2.2.1 Physical environment</b> .....	<b>44</b>
<b>4.2.2.2 Service quality</b> .....	<b>45</b>
<b>4.2.2.3 Fair price</b> .....	<b>46</b>
<b>4.2.2.4 Customer Satisfaction</b> .....	<b>47</b>
<b>4.3 RESULTS OF THE RELIABILITY TEST</b> .....	<b>49</b>
<b>4.4 RESULTS OF INFERENTIAL ANALYSIS</b> .....	<b>49</b>
<b>4.4.1 Univariate Analysis</b> .....	<b>49</b>
<b>4.4.2 Pearson Correlation Analysis</b> .....	<b>50</b>
<b>4.5 DISCUSSION BASED ON RESEARCH OBJECTIVES</b> .....	<b>52</b>

4.5.1	There significant relationship between the physical environment on customer satisfaction among millenials towrod homegrown café in Kota Bharu .....	52
4.5.2	There significant relationship between the service quality on customer satisfaction among millenials towrod homegrown café in Kota Bharu .....	54
4.5.3	There significant relationship between the fair price on customer satisfaction among millenials towrod homegrown café in Kota Bharu .....	55
4.6	SUMMARY .....	56
<b>CHAPTER 5 .....</b>		<b>57</b>
5.1	INTRODUCTION.....	57
5.2	RECAPITULATIONS OF THE FINDINGS .....	57
5.2.1	DISCUSSION ON OBJECTIVE 1.....	59
5.2.2	DISCUSSION ON OBJECTIVE 2.....	60
5.2.3	DISCUSSION ON OBJECTIVE 3.....	61
5.3	LIMITATION .....	62
5.4	RECOMMENDATION .....	63
5.4.1	Theoretical Recommendation for future research .....	63
5.4.2	Practical recommendation.....	64
5.4.3	Methodology Recommendation for future research .....	64
5.5	SUMMARY .....	65
<b>REFERENCES .....</b>		<b>66</b>



## LIST OF TABLES

<b>TABLES</b>	<b>TITLES</b>	<b>PAGES</b>
Table 1.1	Definition of terms	10-11
Table 3.1	Determining Sample Size for a Finite Population	27
Table 3.2	Type of question will be asked to respondents	32-35
Table 4.1	Gender of respondents	40
Table 4.2	Age of respondents	41
Table 4.3	Martial Status of respondents	42
Table 4.4	Occupation of respondents	43
Table 4.5	Standard deviation physical enviroment	45
Table 4.6	Standard deviation service quality	46
Table 4.7	Standard deviation fair price	47
Table 4.8	Descriptive Statistics for Customer Satisfaction	48-49
Table 4.9	Reliability Analysis	49
Table 4.10	Table of Pearson's Correlation Coefficient	51
Table 4.11	Results of Pearson Correlation Analysis	51
Table 4.12	Pearson Correlation of Physical Environment	52-53
Table 4.13	Pearson Correlation of the Service Quality	54
Table 4.14	Pearson Correlation of Fair Price	55
Table 5.1	Discussion on objective 1 (physical environment)	59
Table 5.2	Discussion on objective 2 (service quality)	60
Table 5.3	Discussion on objective 3 (fair price)	61

## LIST OF FIGURE

FIGURE	TITLES	PAGES
Figure 2.1	Conceptual framework	22
Figure 3.1	Hypotheses testing using Pearson collection	38
Figure 4.1	The Percentage of Gender	40
Figure 4.2	The Percentage of Age	41
Figure 4.3	The Percentage of Martial status	42
Figure 4.4	The Percentage of Occupation	43



## ABSTRACT

A cafe is considered a "third space" in urban life, distinct from work and home, offering a location for individuals to socialize, unwind, and form relationships. However, as coffee shops become more prevalent in metropolitan areas, they are increasingly playing a more comprehensive range of responsibilities and serving as places of business and pleasure, providing social spaces where people may connect and form communities. This study looks at the effect of the physical environment, fair pricing, and service quality on millennial customer satisfaction. The field study will be conducted at a homegrown café in Kota Bharu, Kelantan. Data for this study will be gathered online via a Google form. A quantitative analysis will be carried out to finish this investigation. The data will also be analyzed using descriptive analysis, reliability testing, and Pearson correlation. Customers will prioritize quick service delivery and better ingredient quality when deciding which cafe to include. Therefore, this study aimed to identify the independent variables that could affect the dependent variable, customer satisfaction, including fair price, service quality, and the cafe's physical environment. In Kota Bharu, data was collected to determine customer satisfaction with homegrown cafés.

**Keywords-** café, homegrown café, service quality, fair price, physical environment, customer satisfaction

## ABSTRAK

Kafe dianggap sebagai "ruang ketiga" dalam kehidupan bandar, berbeza daripada tempat kerja dan rumah, menawarkan lokasi untuk individu bersosial, berehat dan membentuk hubungan. Walau bagaimanapun, apabila kedai kopi menjadi lebih berleluasa di kawasan metropolitan, mereka semakin memainkan pelbagai tanggungjawab yang lebih komprehensif dan berfungsi sebagai tempat perniagaan dan keseronokan, menyediakan ruang sosial di mana orang ramai boleh berhubung dan membentuk komuniti. Kajian ini melihat kesan persekitaran fizikal, harga yang berpatutan dan kualiti perkhidmatan terhadap kepuasan pelanggan milenium. Kajian lapangan akan dijalankan di sebuah kafe tempatan di Kota Bharu, Kelantan. Data untuk kajian ini akan dikumpul secara dalam talian melalui borang google. Analisis kuantitatif akan dijalankan untuk menyelesaikan penyiasatan ini. Data juga akan dianalisis menggunakan analisis deskriptif, ujian kebolehpercayaan, dan korelasi Pearson. Pelanggan akan mengutamakan penyampaian perkhidmatan yang cepat dan kualiti ramuan yang lebih baik apabila memutuskan kafe yang hendak disertakan. Oleh itu, kajian ini bertujuan untuk mengenal pasti pembolehubah bebas yang boleh mempengaruhi pembolehubah bersandar, kepuasan pelanggan, termasuk harga berpatutan, kualiti perkhidmatan, dan persekitaran fizikal kafe. Di Kota Bharu, data dikumpul untuk menentukan kepuasan pelanggan terhadap kafe tempatan.

**Kata kunci-** kafe, kafe tempatan, kualiti perkhidmatan, harga berpatutan, persekitaran fizikal, kepuasan pelanggan

# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTION

This section discussed the research topic and the direction of this research. The purpose of this study is about the factor influencing customer satisfaction among millennials towards homegrown café in Kota Bharu, Kelantan. The research background, goals, and questions are addressed in chapter one along with the study's implications. The main subjects are also covered. The purpose of the study is to outline the method used briefly. All the following are essential elements to include in this topic: the background of the study, the problem statement, and the research questions, the objectives of the inquiry, the study scope, its significance, and the definition of terms.

### 1.2 BACKGROUND OF STUDY

A "café" is defined by the Cambridge Dictionary (2020) as "a restaurant serving simple and usually quite cheap meals." Restaurants are establishments where food is made and provided to patrons. Additionally, the food service facility comprises the location where individual portions are served, whether consumption takes place on or off the premises, and where food is made and intended for individual portion service. A cafe is a small business that offers drinks as well as small meals or snacks. The cafe is a

charming establishment that offers quick service and simple cuisine (Andrews, 2009). Nowadays, there is a rapidly expanding interest in and demand for cafes from various groups, including businesses holding meetings, families enjoying valuable time together, and the millennium generation, particularly university students working on assignments and participating in group discussions. Davis, Lockwood, and Pantelidis (2012), in the present, a cafe is a place who are welcoming people to meet and socialise and a place that sells hot drinks, snacks, and meals. With the advancement of new technology and innovation in the 21st century, cafés have improved their facilities to meet the demands of the millennium generation. For instance, providing consumers with comfortable seats, a pleasant environment, and high-speed Wi-Fi capabilities provides an online connection for their convenience while using their electronics. Access social media and the internet to conduct information searches. One of the factors luring millennials to cafes is the incentive mentioned above. As a result, the café has evolved into a location that clients value the most for using their computers or other technology. In addition to offering hot beverages and light meals, the current café also offers chilled drinks and basic course suppers. Cafes are currently standout restaurant ventures in Malaysia. These attractive elements have made the café an inviting and popular place for millennials and other generations to gather and socialise. Despite this, many of the same core elements remain as when it first began: providing good, fresh food and drink, in an inviting and relaxed atmosphere that creates a sense of warmth and comfort that ensures customers keep coming back.

The café industry has become highly competitive. The owner of this firm was inspired to invest. Several well-known domestic coffee shops include Starbucks, Zus Coffee, Coffee Beans, and Nasken Coffee. By investing in a well-known café, the owner gained recognition from customers and differentiated their business from the competition.

While investing in a renowned café benefited the firm's owner, they also had to be aware of the potential risks associated with the venture. Every locally-owned coffee business has unique marketing plans and client retention initiatives (Peck et al., 2013). It is due to the city's parking lot, vast population, and accessibility that the café may be opened there. Making yourself stand out from other companies selling the same sort of goods has proven to be difficult. However, one strategy to do this is by creating a unique experience for customers that can't be found anywhere else. By offering special discounts, loyalty programs, and engaging customers with innovative ways to communicate, the cafe can foster a long-term connection between the customer and their business. This unique experience can help the café differentiate itself from the competition and create an attractive offer to customers.

Coffee consumption has increased globally as a result of the coffee-drinking craze. According to Bloomberg, the millennial generation's new coffee-drinking propensity has led to the United States highest-ever coffee consumption (Perez 2016).

Asia's coffee consumption has increased significantly to 4.9% since 2000, outpacing South America, Africa, Central America, North America, and Europe, where it is expanding at a dynamic rate of 4% yearly. (International Coffee Organization, 2014). Furthermore, Malaysia is one of the countries that has contributed to the rising rate of coffee consumption in South East Asia, with the consumption of coffee bags increasing from 48,000 in 1990 to 393,000 in 2012 (citation here). With its inaugural opening in Kuala Lumpur in 1998, Starbucks, one of the biggest chain cafés in the world, joined the Malaysian market. More than 190 of their shops are now located throughout Malaysia. Starbucks entry has encouraged young entrepreneurs to invest in the café industry. There are several shops selling coffee café around Malaysia namely Coffee Bean, Nasken Coffee, and others café can found here.

Customer satisfaction also has evolved in every business to reach customers is the hardest part of the business into one of the most important aspects in the commercial world. The worker need the skills to build customer relationship to increase customer satisfaction. In the café business, customer satisfaction is key to determining reactions and retaining customers. Each consumer has specific wants that must be met. Numerous researchers and business owners worldwide have emphasised the significance of customers. That is the fundamental factor on which businesses are concentrating so much today. However, since it is a promotional business, many entrepreneurs are investing in the coffee shop industry nowadays. As a result, all businesses are concerned about the growing number of companies selling the same product.

Consequently, consumer happiness is highly valued as it promotes higher customer loyalty. Customer loyalty is the new marketing tactic in a competitive corporate environment when competitors are only a click away (Citi, 2017; Davey, 2014; Sapura & Dewy, 2016). Today's consumers are prepared to remain with businesses that go above and beyond to meet their needs in terms of customer service (Kim & Mauborgne, 2014; Kuo & Chen, 2015). After water, coffee is the beverage that most people consume globally (Gma News Online, 2014; Pablo, 2016). Due to the strong demand for coffee and the abundance of cafés on the market, businesses are starting to resemble one another. Homegrown coffee shops are in high demand nowadays, and they often have to have coffee on their menu. The importance of client loyalty must be highlighted if a business is to continue (Peck, Christopher, Clark, & Payne, 2013; Tsai) & Tsai, 2017). Thus, according to Kumar (2015), a homegrown coffee shop was founded in the area where it is now. Local coffee shops may have a strong reputation in the neighborhoods and garner a lot of repeat business (Chiang, 2013; Nugraha & Indrawati, 2017; Pablo, 2016). Homegrown café shops are becoming popular as people look for ways to support their

local economy and connect with the community. Home-grown coffee shops can provide unique products and services that no other businesses can offer by understanding their target market. Furthermore, customers seek an experience when visiting homegrown coffee shops. The ability of coffee shops to provide such a unique experience has allowed them to differentiate themselves from other coffee shop chains.

At the moment, the millennial generation determines customer volume. Millennial generation. According to Kueh and Boo (2009), young adults regularly eat out and order takeaways, making millennials the food service industry's key target demographic (Gale, 2007; Hume, 2007). Furthermore, millennials have shown to be more adventurous when it comes to trying new foods and restaurants. Millennials tend to be more neophile than previous generations, as well as searching for goods and services that could satisfy their demands (Gale, 2007; Hume, 2007). Moreover, due to the technology-driven society of millennials, they tend to rely heavily on digital information for reviews of restaurants and food items (Kueh and Boo, 2009). As a result, they are likely to be influenced by the content published online and their peers' recommendations when deciding where to dine or what food items to purchase. Therefore, restaurant owners and food companies need to keep up with the latest trends and technologies to ensure that their products and services remain attractive to millennials.

In this sense, the locally owned cafe in Kota Bharu pays closer attention to customer satisfaction to build strong customer loyalty. They particularly comprehend the expectations of the consumers who would primarily be the cafe's regulars.

### 1.3 PROBLEM STATEMENT

The Cafe that provides an efficient service will further increase progress in business and even increase customers' interest and attraction to the Cafe. Full-service, the obstacles posed by increased interest in other comfort-favoring channels and customer price concerns, restaurants remain the primary sector. Cafes, bars, and 100% takeout or delivery to homes (Euromonitor, 2014).

Service excellence is crucial, particularly in the food and beverage sector. High service standards positively impact customer satisfaction and repeat business. However, some cafes, particularly Homegrown Cafe, fail to provide quality service.

Building relationships over time requires trust. As long as customers are satisfied with the services and have a continuing desire to make purchases, this will increase customer loyalty. When staff members agree to serve the customer a beverage it is important to delivery on time Some consumers lack patience if their ordered beverage is not delivered promptly, they will simply cancel their order and leave the cafe As a result, assurance is crucial to service quality as Tan, Oriade, and Fallon (2014).

However, the majority of the employees today are younger and they need training for their jobs. The prioritising customer service training needs some of them to communicate poorly in English and doesn't understand the breadth of their jobs. According to Kaur (2013), the reliability dimension reflects the likelihood that a product may break down or malfunction within a predetermined time frame. The mean time to first failure, the time between failures, and the failure rate per unit of time are some of the most used reliability metrics.



Additionally, a cafe's physical environment has a big impact on how successful it is the cafe shop can maintain its competitiveness and obtain a competitive advantage in the market thanks to cleanliness and outstanding service. If a specific coffee shop. If Homegrown Cafe doesn't give consumers a decent environment, they'll be unhappy and likely go elsewhere. A cafe will provide a better setting for many people to interact or enjoy themselves. As a result, this Homegrown Cafe offers a pleasant environment for patrons to feel at ease and comfortable, which will satisfy patrons and encourage them to return frequently. Customers use a restaurant's physical environment to measure how well it meets their standards for quality, which affects how they judge the quality of the cuisine. The claim that customers' reactions and evaluations of a cafe are depending on the environment was further supported by Lim (2010) and Chang (2000). Maintaining the cafe's environment is one of the cafe's unique business strategies, and giving customers a unique atmosphere experience mainly focuses on a comfortable environment, an open store concept, a clean environment equipped with music, and a friendly server towards each customer, it has been found to increase customer awareness and response (Othman et al., 2018).

To garner strong customer loyalty, café owners must focus more on the quality of their services. In especially, they must consider the targets of millennials, who will likely make up the majority of their clientele and are of the neophile generation. A cafe should, at a minimum, concentrate more on enhancing customer satisfaction and service quality. A cafe that provides the best service will maintain the level of customer satisfaction, an organisation must be able to handle consumers' top concerns (Hill, Roche, and Allen, 2007). To develop a successful cafe, it is crucial to understand the essential elements that invite consumer pleasure, especially millennial customers.

## **1.4 RESEARCH OBJECTIVE**

Here is the Research Objective of the study:

1. To examine the physical environment of the Homegrown Café at Kota Bharu, Kelantan affecting customer satisfaction.
2. To examine the relationship between satisfaction service quality toward customer satisfaction
3. To examine the relationship between satisfaction fair price toward customer satisfaction.

## **1.5 RESEARCH QUESTION**

The study's research question is as follows:

1. Does the physical setting of the locally owned café in Kota Bharu, Kelantan influence customer satisfaction?
2. How do customer satisfaction and service quality relate to each other?
3. How do fair prices and customer satisfaction relate to each other?

## **1.6 SIGNIFICANCE OF THE STUDY**

This study looks at what affects customers' satisfaction with fair prices, quality services, and the physical environments in a Homegrown café in Kota Bharu, Kelantan. A successful business depends on its consumers, and satisfied customers are crucial to its

expansion and competitive edge. After using a service or product for a specific time, customer satisfaction is defined as the discrepancy between what consumers expect and what they receive (Azman, Ilyani Ranlan, et al., 2016). (2010) Mosahab, Mahamad, and Ramayah. The best fresh ingredients were used to prepare the food at Homegrown Café to preserve its original flavor and taste. The cafe's interior design aims to create a welcoming, tranquil atmosphere. Those seeking a quick snack or a relaxing activity will find it in this tidy and welcoming setting. This demonstrates the growing popularity of locally owned cafes in Kota Bharu. As a result, eating time has increased over the years due to the modern way of life. This has caused the food industry to flourish quickly, particularly the cafe industry in Kota Bharu, Kelantan.

Currently, the cafe sector emphasises many elements in the development of the coffee industry, including a pleasant environment, affordable rates, and high-quality service, as well as playing a crucial role in the factors that affect customer happiness. Because of this, the young adult knows that consumer loyalty and indigenous café-based food tourism inspiration are related. As a result, the proprietor of the café needs to be picky about what they serve, advertise, and sell. It is advisable to investigate additional factors based on customer loyalty, such as the age, income, and purposes for the target customers' visits to the café. Customer happiness, promotions, or offers may help to increase the local café sector and draw in a broader and more diverse market rather than the quality of the cuisine, ambience, or service. Future research comparing cultural differences in consumer motives, intentions, and values may encompass additional categories. Finally, more studies might examine other food service sectors' customer satisfaction levels. Cafés offer various services and matters, affecting patrons' preferences and actions differently. The story of the café, including its lower, middle, and upscale parts, may impact several aspects of young people's intentions.

## 1.7 DEFINITION OF TERMS

Table 1.1: The table shows the definition of the terms

Terms	Definition	Author
1. Customer satisfaction	Customer satisfaction is a statistic used to measure how satisfied a company's customers are with its goods, services, and expertise. Data on customer happiness, such as surveys and ratings, may assist a business to decide how to adjust or enhance its goods and services. The author emphasised that more customer satisfaction results from a pleasant customer experience. The marketing mix and the customer experience are essential elements in order to attain high levels of customer satisfaction. A business may decide to focus on these characteristics to attract clients	Oliver (2014)
2. Café	Cafe is where people have coffee or other non-alcoholic beverages. The term Café comes from French vocabulary which literally means coffee. The Café then developed into a place to enjoy coffee, other soft drinks and low-alcoholic beverages. Café also defined as a place for people to relax and having casual conversation while enjoying food and beverages. Café is restaurant	Musfialdy, M., & Lusrivirga, R. (2021)

	that prioritises a relaxed atmosphere, entertainment and convenience of its visitors. Therefore, most café provide comfortable seating and music.	
3. Homegrown	Homegrown, as the name suggests, refers to produce in one's locality or country.	Arpit Srivastava (2020)
4. Millennials	The term Millennials is frequently used to define the segment of society with birth years approximately between 1980 and 2000.	Howe & Strauss, 2000; Twenge, Campbell, Hoffman & Lance, 2010).

## 1.8 SUMMARY

This study was conducted to look into the variables affecting customer satisfaction with locally owned cafes in Kota Bharu, Kelantan. Customer satisfaction is a metric used to assess how satisfied a company's customers are with its products, services, and capabilities. This chapter concluded by outlining the research objectives and research questions that were addressed in the discovery and dissuasion phases of the study. This study's goal is to ascertain how the physical environment, service quality, and affordable pricing in Kota Bharu, Kelantan, relate to customers' satisfaction with locally owned cafes. The next chapter will explore the existing literature review on the factors influencing customer satisfaction towards homegrown cafes in Kota Bharu Kelantan.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

A literature review is a comprehensive analysis and interpretation of a study that is based on preceding works that academics have looked at and that address a given topic (Rhoades, 2011). Both the cause-and-effect relationship and the relationship between the dependent and independent variables are discussed in this study. Most frequently, a dependent variable depends on an independent variable. Along with customer satisfaction, the value of the locally owned café in Kota Bharu, Kelantan, is being examined in this study. Customer satisfaction with Homegrown Café is a dependent variable, but customer perception of Homegrown Café's value is an independent variable.

#### **2.2 CUSTOMER SATISFACTION**

Customers' experiences after trying out a product or service are used to compile a summary of their comments, known as customer satisfaction. A customer's satisfaction, by Yan and Chau's (2013) research, can also be characterised as a compilation of their opinions on various aspects of the services they receive, with the customer weighing the disparity between the benefits they receive and the costs they incur against the benefits they anticipated to receive. The significance of measuring and tracking customer satisfaction since doing so can yield essential and crucial information for determining a customer's purchase intention and forecasting the customer's propensity to return and

make more purchases (Baker & Crompton, 2000. (Petrick, Morais, & Norman, 2001; Jang & Feng, 2007). The positive relationship between customer satisfaction and the intention to return was noticed by Oliver and Burke (1999). As a result, a customer's degree of satisfaction plays a crucial role in determining whether or not they will return to a restaurant. The likelihood of recurring business and product returns is closely correlated with the customer's level of satisfaction.

### **2.3 PHYSICAL ENVIRONMENT**

To make structures more environmentally friendly, physical environmental variables have always been significant in building design (Esin & Yükses, 2008). Despite countless research on how the physical environment of contemporary commercial places influences consumers' perceptual-behavioral performance, it is still a crucial issue (Sun & Yazdanifard, 2015; Yldrm et al., 2020a, 2020b; Wang et al., 2020). Customer behaviour and perceptual evaluations are directly inversely correlated, according to a study by Yldrm et al. (2019). This study demonstrates the significance of purposeful design employing proper space design concepts. Studies by Mihi et al. (2018), Sun and Yazdanifard (2015), and Yldrm et al. (2015) have found that when the physical environmental characteristics of interior spaces are regarded and valued favorably, individuals may stay in the same place for a longer period.

Several physical environmental characteristics, such as the space's size and shape, the color, materials, and texture used, as well as their influence on people's behaviors and the quality of their physical, emotional, and mental well-being, were also emphasised in the study by Wang et al. (2020). Due to their effect on spatial definition, construction



materials are seen by Garip and Seymen (2021) as an essential factor that affects the architectural output. Materials, material transitions, intersection points, relationships between fullness and space, and colour characteristics may all be used to limit spaces. This may impact consumers in a variety of ways. Similar studies have found that the materials used in interior spaces affect how a variety of people perceive space (Fujisaki et al., 2015; Burnard & Kutnar, 2015; Watchman et al., 2017; Ulusoy & Olguntürk, 2018; Garip & Seymen, 2021; Poirier et al., 2019; Shen et al., 2021; Ikei & Miyazaki Visual perception research can aid us in comprehending settings from a range of perspectives (gçe et al., 2020). A comfortable and appealing café setting might attract more millennials to locally owned cafés, boosting business at the café shop.

## **2.4 SERVICE QUALITY**

According to a recent study, there is a link between satisfied customers and high-quality services. Orel and Kara (2014) looked into the effect of Turkish customers' loyalty to a supermarket chain in addition to the discussion highlighted above. We utilised functionality, fun, security/privacy, assurance, design, simplicity of use, and personalisation as metrics for evaluating the quality of the services. These researchers discovered that customer happiness and loyalty are both highly impacted by service quality. This finding was validated by earlier research from Djatmiko et al. (2015), Malik, Ghafoor, and Iqbal (2012), Mahmud and Jusoff (2013), Kaiman and Zani (2013), and Valaei and Baroto (2013).

The term "SERVQUAL" refers to a tool that Parasuraman, Zeithaml, and Berry (1988) identified for evaluating service quality. The SERVQUAL has five service

dimensions. On the other hand, customers frequently assess the quality of service using five different factors, such as tangibility (the appearance of physical facilities, equipment, and personnel), reliability (the ability to deliver the promised service dependably and accurately), responsiveness (the ability to provide prompt service and a willingness to assist customers), assurance (the ability to provide the promised service on time), and so on (Parasuraman et al., 1988; Zeithaml et al. One of the most critical variables in obtaining the target level of client happiness is the perceived service quality (Zeithaml, Berry, & Parasuraman, 1996). According to reports, service quality significantly affects price, reputation, customer satisfaction, switch intention, and product quality (Peng et al., 2014; Saidani & Arifin, 2012; Venkatesan et al., 2006; Wang et al., 2003).

## **2.5 FAIR PRICE**

Numerous aspects must be considered when determining how prices impact consumer satisfaction. For instance, studies have examined how elements like fair pricing, price knowledge, and perceived price impact consumer satisfaction. Consumer satisfaction may be influenced by various variables, including product and service quality, price, and personal and environmental situations, according to a study by Wilson, Zeithaml, Bitner, and Gremler (2008). The study's authors place a strong emphasis on cost. Price may influence customer happiness, service quality, product quality, and trust (Adi & Yoestini, 2012; Haghghi, Dorosti, Rahnama, & Hoseinpour, 2012; Kusumanegara & Sutopo, 2012; Runtunuwu et al., 2014). The current investigation found a connection between pricing and consumer satisfaction. Haghghi et al. (2012) determined the degree of restaurant patron loyalty. In their study, food was connected to

customer happiness. Customer satisfaction was linked in their study to food quality, price, and service quality.

Additionally, there was a correlation between loyalty and customer satisfaction, but the setting and atmosphere of the restaurant were linked to customer trust. They found that elements including meal quality, cost, service quality, and restaurant atmosphere greatly influenced patron satisfaction. Additionally, trust was highly affected by meal quality, price, and service quality. Last but not least, customer satisfaction affects loyalty. In a similar study, Runtunuwu et al. (2014) evaluated the customer satisfaction of café patrons in Manado, Indonesia, using the predictor variables of product quality, price, and service quality. Following a regression study, these researchers found that these three predictor factors considerably influenced customer satisfaction. Price was a factor in other investigations, which discovered a strong relationship between price and consumer happiness Kaiman and Zani, Malik et al. (2012);Djtmiko et al. (2015), .

## **2.6 RELATIONSHIP BETWEEN IV1, IV2, IV3 AND DV**

The independent and dependent variables for this study are shown in the figure. The variables that affect the independent variable, customer satisfaction, are called dependent variables. The dependent variable, however, is the attitude of millennials toward a locally owned café in Kota Bharu. The three independent variables that have been established in this study are the physical environment, service quality, and fair price. The link between the physical atmosphere, service quality, and fair price among millennials who frequent a locally owned café in Kota Bharu is depicted in the image.

The following is a summary of the hypothesis that had been developed based on this study:

### **2.6.1 The relationship between physical environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.**

The physical surroundings of the establishment influence customers' perceptions of and ratings for a café's quality. Maintaining the cafe's surroundings is a special approach to help the business and provide a standout ambiance experience when compared to other restaurants in terms of a cheery setting, open-air idea, and ambiance proven to increase client awareness reaction toward the café. Physical fitness significantly impacts food quality, which in turn affects consumer happiness in the restaurant industry. The physical factors might contribute to a calm and lively atmosphere. As a result of the dining experience, these concrete factors may favorably influence patron behavior (Namkung and Jang, 2008).

Additionally, Canny (2014) emphasised that physical appearance is vital in conveying the type of restaurant by drawing consumers in with a pleasant and engaging ambience. In this way, both attracting new clients and keeping current ones are greatly impacted by physical condition. According to Han and Ryu (2009), two physical conditions—the ambience condition, fashionable facilities, and lighting—cannot have an impact on customer happiness. Therefore, to be successful, a restaurant must create an inviting and pleasing atmosphere to customers through modern fixtures, well-designed and comfortable furniture, and proper lighting. The ambience of a restaurant is highly important as it sets the tone for customers.

**H1: There significant relationship between the physical environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.**

### **2.6.2 The relationship between service quality on customer satisfaction among millennials toward homegrown café in Kota Bharu**

Customer experience is linked to service quality and customer satisfaction as emotional states that result from an interaction-based reaction (Lilijander & Strandvik, 1995). (1990; Crosby, Evans, & Cowles). Based on the customer's perspective when they are engaging with the service provider, Nikolich and Sparks (1995) concluded that service providers' performance during service delivery will influence how well a restaurant's service is served. According to Omar, Juhdi, Ahmad, and Nazri (2014), Munna, Abang Abdullah, and Rozario (2009), Kivela, Inbakaran, and Reece (2000), Namkung and Jang (2007), and Sulek and Hensley (2004), service quality will have a major influence on future consumer visiting patterns. Customer satisfaction is significantly influenced by service quality. Since it causes consumers to have an emotional response, service quality has a direct influence on customer satisfaction (Omar et al., 2014; Munna et al., 2009; Kivela et al., 2000; Namkung & Jang, 2007; Sulek & Hensley, 2004). To win and keep client loyalty, restaurants and service providers must uphold high service quality standards.

**H2: There is a significant relationship between service quality and customer satisfaction among millennials toward homegrown café in Kota Bharu.**

### **2.6.3 The relationship between fair price on customer satisfaction among millennials toward homegrown in Kota Bharu**

The price can influence customer satisfaction, considering the café price was linked to trust and satisfaction to loyalty. Cafes attempt to employ fair pricing to increase customer demand. Price is defined by Kotler and Armstrong (2010) as the entire amount of money spent on a thing or service or the total amount of substantial value that the customer trades for the privilege of possessing or using a particular good or service. On the other hand, Stanton, Michael, and Bruce (1994) defined pricing as the entire amount of money or commodities needed to buy a certain combination of a specific product and the related services. Customers can choose from a variety of food and beverage options in cafés, with prices varying according to the quality of the products. In the café business, if the customer is willing to pay the price demonstrated, it becomes appropriate for consumer satisfaction and loyalty. Thus, pricing strategies in the café business must consider various elements such as costs, competitors' prices, market situation, and customer demand. The successful pricing strategy, café businesses should consider not only the price of their products but also the costs associated with production and services. By accounting for all these elements, café businesses can create a pricing strategy to maximise profits, ensure customer satisfaction and loyalty, and outpace the competition.

**H3: There significant relationship between fair prices on customer satisfaction among millennials toward homegrown in Kota Bharu**

## 2.7 HYPOTHESIS

In the literature review, the physical environment, service quality, and a fair price are independent variables influencing millennial customers' satisfaction with Homegrown Cafe in Kota Bharu. The study will therefore look at the variables that affect the independent variable, customer satisfaction. The following summarises the study's hypothesis in relation to this literature review and discusses the research question.

H1

There is a significant relationship between the physical environment on customer satisfaction among millennials toward Homegrown Café at Kota Bharu.

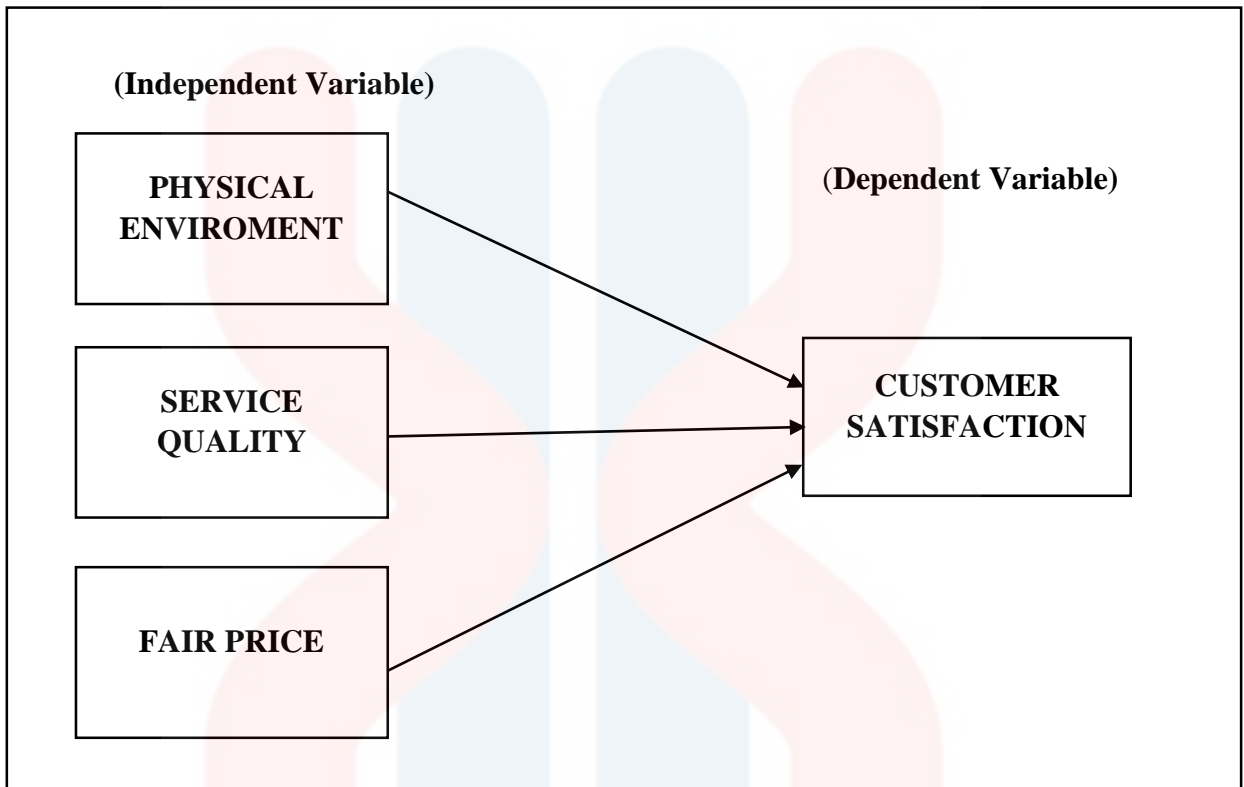
H2

There is a significant relationship between service quality on the level of satisfaction customers among millennials toward Homegrown Café at Kota Bharu Kelantan.

H3

There is a significant relationship between fair prices on the level satisfaction customer among millennials toward Homegrown Café at Kota Bharu Kelantan.

## 2.8 CONCEPTUAL FRAMEWORK



(Source:Michael Amaral,2015)

Figure 2.1. The figure shows the conceptual framework

## 2.9 SUMMARY

The study's methodology is discussed in this section. It is making the conceptual framework and research hypotheses more clear. After learning about the influence of customer satisfaction among millennials at a café in Kota Bharu, a study of the literature was conducted for an independent variable. This involved researching the literature on



customer satisfaction with the café and any past studies regarding millennials and their perceptions of customer service about the café.



UNIVERSITI  
MALAYSIA  
KELANTAN

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

According to, research methodology is "the methodical way to solve the research challenges" (Kothar, 2004). This chapter describes the research questions the author investigates and the process through which the author assesses the results of these activities in light of the central problem. The study design, population, sample size, sampling technique, data collecting process, research instrument, data analysis, and chapter summary will all be covered in this chapter.

#### **3.2 RESEARCH DESIGN**

Research design is defined variously by different social scientists; such definitions include. According to Jahoda, Deutch, and Cook, a research design is the organisation of parameters for data collecting and analysis to balance relevance to the study objective with economy and method. According to Jahoda, Deutch, and Cook's definition, the research design should be organised such that it is pertinent to the study's goal and is carried out effectively. Although research design has numerous meanings, the most important aspect is that relevance and efficiency should always be balanced while developing a research project.

The term "qualitative research" refers to a broad range of research techniques that utilise language-based data. Some research techniques employ linguistic data, and they

are frequently included in contemporary manuals and textbooks (e.g., Denzin & Lincoln, 1998; Merriam, 2002; Seale, Gobo, Gubrium, & Silverman, 2004; Smith, 2003; Weinberg, 2001). According to Creswell (1998), five unique techniques may be classified as follows: biography, phenomenology, grounded theory, ethnography, and case study. Different types of research questions are asked and various analytical techniques are used in the many qualitative approaches. Depending on their fields of research and views on the philosophy of science, they collect multiple kinds of language-related data and conduct it in diverse ways.

Using numerical data to gather knowledge about the world is known as quantitative research. This technique is formal, objective, and systematic. Burns and Grove (2005):23. This study employed a quantitative method of the causal kind that was developed from questionnaire replies. This study, which is of the causal variety, examines how the physical environment, the services provided, and reasonable pricing affect consumer happiness. Finding the causes of a certain behavior is the aim of causal analysis. It identifies the causal connection between several variables. The purpose of this analysis is to determine how variations in the independent variable impact the dependent variable.

### **3.3 POPULATION**

A population is the total number of individuals in a group, whether a nation or a neighbourhood of people who share certain characteristics. A population is the total number of statistical units with at least one common characteristic relevant to a statistical study. The study's target group includes Millennials who frequent the homegrown café in Kota Bharu. The 50 Cafe area in Kota Bharu is the study's target demographic.

In this research, the study's target population has been set for customers among the group millennials aged 18 years - 34 years at Kota Bharu Kelantan. The method applied in the study is probability sampling, which is the selection of individuals from the population who will represent the population.

### **3.4 SAMPLE SIZE**

The term "sample size" describes the portion of a population necessary to guarantee that there is enough data to make conclusions (Sekaran & Bougie, 2010). According to Kumar et al. (2013), the sample size is the "total number of participants in the sample" (p. 122). It simply indicates how many participants or observations a research will need. A variety of factors must be considered while choosing the appropriate sample size. A few examples of these variables are the research method, the number of variables or model complexity, the time and resources allocated, the progress achieved, the research supervisor, the sample size used in prior studies, and the program used for data processing. The ideal sample size enables the researcher to effectively and precisely respond to their study questions. Suitable sample size is crucial since it can significantly impact on how a study's findings turn out. Small sample sizes can also result in higher expenditures, a waste of time and resources, and incorrect results. This survey will be carried out at random among the Kota Bharu group of millennials. Therefore, it is crucial to make sure that the sample size chosen for this study is sufficient to produce precise and trustworthy data.

This study employed the table created by Krejcie and Morgan Table (1970) to obtain a proper sample size. An efficient method of determining sample size is required by the growing need in empirical research for a statistical sample representative of the

population. Krejcie & Morgan (1970) created a table for determining the sample size for a certain population to close the gap. This table gave researchers a reliable, simple technique to precisely estimate the number of participants required to acquire representative data, which was a smart response to the problem of estimating sample size.

Table 3.1: Table for Determining Sample Size for a Finite Population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

### 3.5 SAMPLING METHOD

According to Alvi (2016), sampling is the process of choosing samples from the population. When performing a study, researchers must be aware of the best sample technique to use. The two types of sampling that may be used in a study are probability

sampling and non-probability sampling. The two types of sampling are probability-based sampling and non-probability-based sampling. Convenience sampling is done since there are several persons to ensure each is considered.

Each component of the population has an equal chance of being included in the sample when sampling is done using probability. One method for random sampling is to utilise a computer software that produces random numbers to select a sample from the sampling frame (Zikmund, 2002). Probability or random sampling may be the most time- and energy-consuming sample for a given degree of sampling error even while it is the least biased (Brown, 1947). Non-probability sampling is frequently connected to qualitative research and case study research design. The latter, or case studies, often use small samples and are designed to study a real-world event as opposed to generalisations about the entire population from statistics (Yin, 2003). It is not necessary for a sample of participants or cases to be random or representative, but there must be a good reason to favor some situations or people over others.

### **3.5.1 CONVIENCE SAMPLING**

Convenience sampling refers to choosing individuals who are frequently available. Because convenience sampling is less expensive and more practical than other sample processes, students frequently pick it (Ackoff, 1953). Convenience sampling can assist researchers in overcoming some obstacles. It is simpler to target known individuals than, for instance, acquaintances or relatives when they are part of the sample.

However, there are potential drawbacks to convenience sampling as it does not always produce a representative sample and may lead to biased results due to the limited scope of its sampling frame. Additionally, the individuals sampled may be aware of their involvement in the research and thus may be more likely to give answers that conform to what they think the researcher wants to hear making the results unreliable. Convenience sampling is frequently employed in research because it is simple to perform and generally more economical than other sample methods, despite these potential limitations. Furthermore, convenience sampling can be useful in exploratory research as it allows for a quick response from the sample population and this feedback can be used to develop more refined research strategies and questions. In conclusion, although convenience sampling is far from perfect and may produce biased results, it can still be a useful tool for exploratory research due to its cost-effectiveness, ease of implementation, and ability to quickly yield useful feedback.

### **3.6 DATA COLLECTION PROCEDURE**

To assess the data, support the hypothesis, and address the research questions, data collection comprises acquiring information from various sources. The researchers employed non-probability sampling in their study. To fill out the data requirements for a non-probability sample, the researcher gathers the information utilising an online questionnaire like Google Forms. Using an online questionnaire and social media platforms like Facebook and WhatsApp, the researcher randomly distributed assignments. The intended respondents are both genders and are at least 18 years old.

A survey scale is a set of possible answers, both verbal and numerical, that captures a variety of viewpoints on a subject. It's all a part of the resolved issue. For the convenience of the respondents, the researcher used Likert Scale survey questions. A 5-point scale, often known as a pleasure scale, is used in this inquiry and it ranges from one extreme attitude to another. Computer simulation is a further source of data that generally favors the simple scale. According to Lissitz and Green (1975), Likert-scale dependability increased from 2- to 5-points, but no further advancements were discovered after this. This upward range, however, was increased by larger-scale simulations that came after it (Cicchetti et al., 1985; Jenkins & Taber, 1977). The 5-Point Likert Scale is useful for research and survey analysis because of the following benefits. The responses may comprehend it more readily, and the 5 Point scale standpoint is evident.

The study's second objective is to investigate factors influencing millennials' usage of a locally owned café in Kota Bharu. Therefore, the study's respondents would be those who had dining experiences at locally owned cafés in Kota Bharu, Kelantan. The term "survey scale" refers to a set of verbal and numerical response options that represent various viewpoints. All of it is a part of a resolved problem. The researcher employed a Likert Scale to simplify the survey question for responders. It is a 5-point scale inquiry that runs from one extreme attitude to another and is occasionally called a satisfaction scale.

### **3.7 RESEARCH INSTRUMENT**

The equipment used in research is used to collect data from the subjects of studies. In this study, questionnaires were utilised to collect information to understand better the



factors influencing young people in Kota Bharu's enjoyment of a locally owned café. The questionnaires are a method the study used to get data from the respondents. The developed questionnaires given out to respondents included various questions on the customer's social, personal, and environmental characteristics. The questions addressed basic demographic data like age and gender and more in-depth queries concentrating on consumer opinions and experiences regarding their satisfaction at locally owned cafés in Kota Bharu.

In This research the questionnaire is distribute into three (3) Section A, B, and C. . The Section A is generates all of the demographic questions, including those on age, gender, marital status, and occupation. There are also multiple-choice questions in Section A; all the participant needs to do is choose the right answer. Section B which investigates the theoretical framework, range from 1 (very insignificant), 2 (unimportant), 3 (neutral), 4 (important), and 5 (important) (highly important). Participants are asked to select a Likert scale point in this area based on the reference they have personal experience with. Additionally, the Section B questions are concentrated on how fair pricing, a good physical environment, and service quality impact millennials' satisfaction. For each of the following factors, there are several questions based on the components of each important factor. Similar to Section B, Section C will be created utilising the Likert scale methodology for concepts, with a range of 1 (strongly disagree) to 5 (agree), 2 (neutral), 3 (disagree), and 4 (disagree) (highly agree). Focused solely on millennials' recommendations and word of mouth, all research on the factors influencing their levels of happiness is based on their generation. All of the inquiries concern the real feelings of the patrons, both during and following their meals. Therefore, the data obtained from this survey will reflect the genuine experiences of the respondents and offer valuable insights

into millennials' happiness levels. The responses collected from the study will be analysed to identify patterns or trends that can be used further to explore the idea of millennials' levels of happiness. From this survey, we hope to better understand what influences millennials' levels of happiness and how they perceive different aspects of life. The data gathered from the survey will provide an accurate measure of millennials' happiness levels based on their own experiences.

Table 3.2: The type of question that will be asked to respondents

<b>Section</b>	<b>Factors</b>	<b>Content</b>	<b>Questions</b>
<b>Section A</b>	<b>Demographic profile of respondents</b>	<ul style="list-style-type: none"> <li>• <b>Gender</b></li> <li>• <b>Age</b></li> <li>• <b>Martial status</b></li> </ul>	<ul style="list-style-type: none"> <li>• Male</li> <li>• Female</li> <li>• 18-34 years old</li> <li>• Married</li> <li>• Single</li> <li>• Others</li> </ul>

		<ul style="list-style-type: none"> <li>• <b>Occupation</b></li> </ul>	<ul style="list-style-type: none"> <li>• Government sector</li> <li>• Private sector</li> <li>• Self-employed</li> <li>• Student</li> </ul>
<p><b>Section B</b></p>	<p><b>Independent variable</b></p>	<p><b>i) Physical environment</b></p>	<ol style="list-style-type: none"> <li>1. The lighting of the cafe while dining in</li> <li>2. The decoration of the cafe and the facilities provided</li> <li>3. Ambiance conditions that refer to the music, temperature, and scent</li> </ol>
		<p><b>ii) Service quality</b></p>	<ol style="list-style-type: none"> <li>1. The responsive provide to the customer by the staff</li> <li>2. The staff provide knowledge and help to customer based on the menu</li> <li>3. The staff shows the intention of caring</li> </ol>

		<p>with understanding what customer needs and wants</p> <p>4. The cafe produces promised service</p>	<p>1. The food and beverages have good values of money</p> <p>2. The price for food and beverages is reasonable</p> <p>3. The price provided is acceptable</p>
<p><b>Section C</b></p>	<p><b>Dependent variable</b></p>	<p><b>• Customer satisfaction</b></p>	<p>1. The food and beverages served to fulfill my satisfaction</p> <p>2. The homegrown cafe is the best place to try homemade coffee and food</p> <p>3. I will recommend my family, friend, and others to go to the homegrown cafe</p>

			<p>4. I will share my experience through the homegrown cafe</p> <p>5. The food quality, service quality, and fair prices in homegrown cafes influence my satisfaction</p> <p>6. Homegrown can fulfill the millennial's needs and wants</p>
--	--	--	--

(Source: Murugan Krisnamoorthy and Kandappan Balasubramanian, 2019)

### 3.8 DATA ANALYSIS

Data inspection, modelling, and transformation are all steps in the data analysis process, which determines if the information is relevant to the study being conducted and whether it will be used for decision-making. Data analysis is done to determine whether or not the information collected from respondents can be used to answer the study's questions. Another definition of data analysis is the process of cleansing, altering, and modeling data to acquire relevant information for choosing a research or firm. Data collected from respondents through surveys analysed to produce the precise results required for this study. The data obtained from respondents who were chosen at random will be examined using a variety of methods. Data analysis is crucial since the results will enable the reviewer to reach the same precise conclusions as the study's researchers. The

researcher employed the intended respondents to get the data. The researcher analysed the data using SPSS, Statistical Package for Social Science. Descriptive statistics, reliability tests, and Pearson correlations are all used in the data analysis. Numerous approaches to data analysis are covered in the part that follows.

### **3.8.1 DESCRIPTIVE STATISTICS**

Descriptive statistics sensibly and fundamentally combine and describe the data's content (Zikmund et al., 2013). These will therefore give information on the factors under consideration, which include customer satisfaction, fair pricing, service quality, and the physical environment of the café, as well as the demographic profiles of the respondents. Results range from 1 to 5 in the rankings. A necessary mean shows that the respondents must concur that specific criteria are crucial for achieving customer happiness.

### **3.8.2 RELIABILITY TEST**

Scale measurement is used to evaluate the reliability and correctness of the study's findings. This study uses questionnaire surveys to gather data and information. Questions for the response are created using a variety of journals. Reliability testing is an example of a scale measurement used in the study. The reliability test determines a measure's internal consistency, which indicates homogeneity, or the degree to which all of an idea's points converge on a single, fundamental meaning (Zikmund et al., 2013). To evaluate the reliability of a multi-item scale, the majority of academics use coefficient alpha (Zikmund et al., 2013). Because it is the procedure most usually employed in reliability

testing to determine the internal consistency of multiple-item scales, Cronbach's Alpha is used in this study. According to Hair et al., the coefficient changes from 0 to 1. (2003). the internal consistency dependability of the variable is considered low if the estimation of Cronbach's Alpha is less than 0.7. However, it has been demonstrated that internal consistency reliability for the variable is sufficient if the estimation of Cronbach's Alpha is more significant than 0.7.

### **3.8.3 HYPOTHESES TESTING USING PEARSON COLLECTION**

According to Zikmund et al. (2013), the correlation coefficient is Pearson's measure of linear connections between two metric quantities (c). The link between the variables is investigated by this type of analysis. The correlation coefficient, according to Hair et al., spans from -1.00 to +1.00, or from negative to positive, with zero denoting no association between the two metric values (2003). As the degree of linkage  $r$  grows, the relationship coefficient rises (Hair et al., 2003). Increases in  $X$  are associated with increases in  $Y$ , and vice versa, if there is a positive correlation coefficient between  $X$  and  $Y$ . Hair and others (2003).

The Pearson correlation

Coefficient range	strength of association
0.91 to 1.00	Very strong
0.71 to 0.90	High
0.41 to 0.70	Moderate
0.21 to 0.40	Small but definite relationship
0.00 to 0.20	Slight, almost negligible

Source: (Hair et al., 2003)

Figure 3.1: Figure show hypotheses testing using Pearson Correlation

### 3.9 SUMMARY

Introduction, research methodology, study design, population, sample size, sampling technique, sampling methodology, research tools, and data analysis are all topics discussed in this chapter. In this chapter, an introduction to the topic of research methodology will be discussed, including the study design and population that was chosen for the research. The research methodology used in this project will be discussed, followed by the study design, population, sample size, and sampling technique that was chosen to conduct the research. The research tools used in this project will then be discussed, followed by an overview of the data analysis techniques used to evaluate the results of the research.



## CHAPTER 4

### RESULT AND DISCUSSION

#### 4.1 INTRODUCTION

The descriptive analysis, Cronbach's alpha reliability analysis, and Pearson's correlation tests are covered in this chapter. Every investigation would clarify and answer the study questions, and the descriptive analysis would show the respondents' demographics. In assessing whether the samples gathered are real and predictable, validity and reliability are crucial. As a result, the reliability test would employ Cronbach's alpha. The link between the variables would be investigated and additional analysis would be performed using Pearson's correlation test.

#### 4.2 RESULTS OF DESCRIPTIVE ANALYSIS

##### 4.2.1 Demographic Profile

In this study, there were a total of four questions asked in Section A, such as gender, age, marital status, and occupation.

##### 4.2.1.1 Gender

The gender distribution of the 384 respondents that participated in the data collection is shown in Table 4.1. Table 4.1 and Figure 4.1 both depict how the respondents in this study were split by gender. Among the responders, women made up 70.1% of the total (N=269) while men made up the remaining 29.9% (N=115).

Table 4.1: The Gender of Respondents

Gender	Frequency (N)	Percent (%)
<i>Male/Lelaki</i>	115	29.9
<i>Female/Perempuan</i>	269	70.1
Total	384	100.0

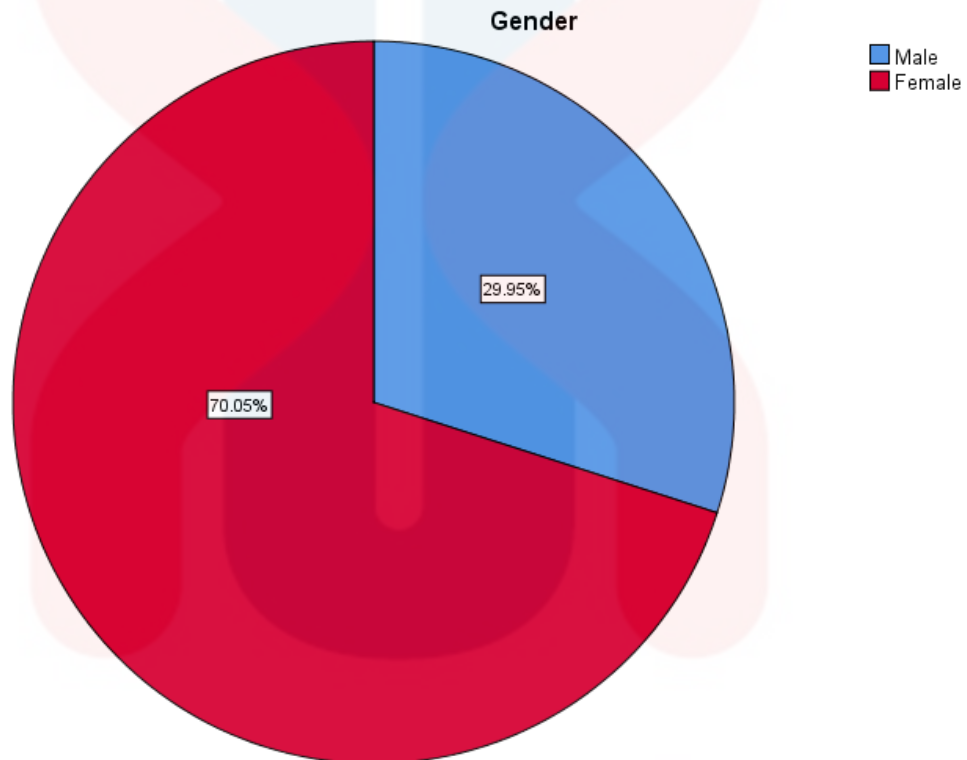


Figure 4.1: The Percentage of Gender

#### 4.2.1.2 Age

Table 4.2 presents the age distribution of a total of 348 respondents collected from the data collection. Table 4.2 and Figure 4.2 show that there were a total of four age groups. The findings showed that, of the 384 respondents, 13.5% (N=52) were between the ages of 18 and 21, which represents the majority of respondents. The age group between 22 and 26 years old came in second with 42.7% (N=164). While 27.1% (N=104)

of the population are minors, they are in the 27–30 age range. Next, there were 16.7% (N=64) of the population who are in the 31–34 age range.

Table 4.2: The Age of Respondents

Age	Frequency (N)	Percent (%)
18-21 years old	52	13.5
22-26 years old	164	42.7
27-30 years old	104	27.1
31-34 years old	64	16.7
Total	384	100.0

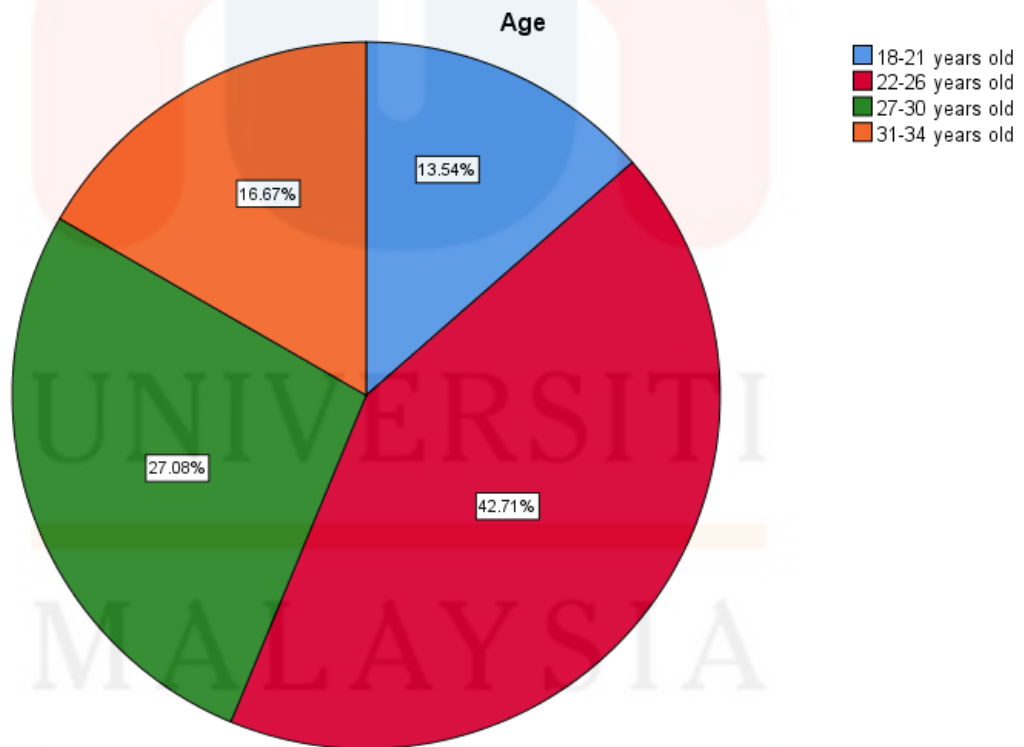


Figure 4.2: The Percentage of Age

### 4.2.1.3 Marital Status

Table 4.2 presents the marital status distribution of a total 384 of respondents collected from the data collection. Based on Table 4.3 and Figure 4.3, a total of 98.2% (N=262) reported that they were single. While a small percentage which is 31.8% (N=122) of the total respondents were reported married at the time of the survey.

Table 4.3: The Martial Status of Respondents

Marital status	Frequency (N)	Percent (%)
<i>Married</i>	122	31.8
<i>Single</i>	262	68.2
Total	384	100.0

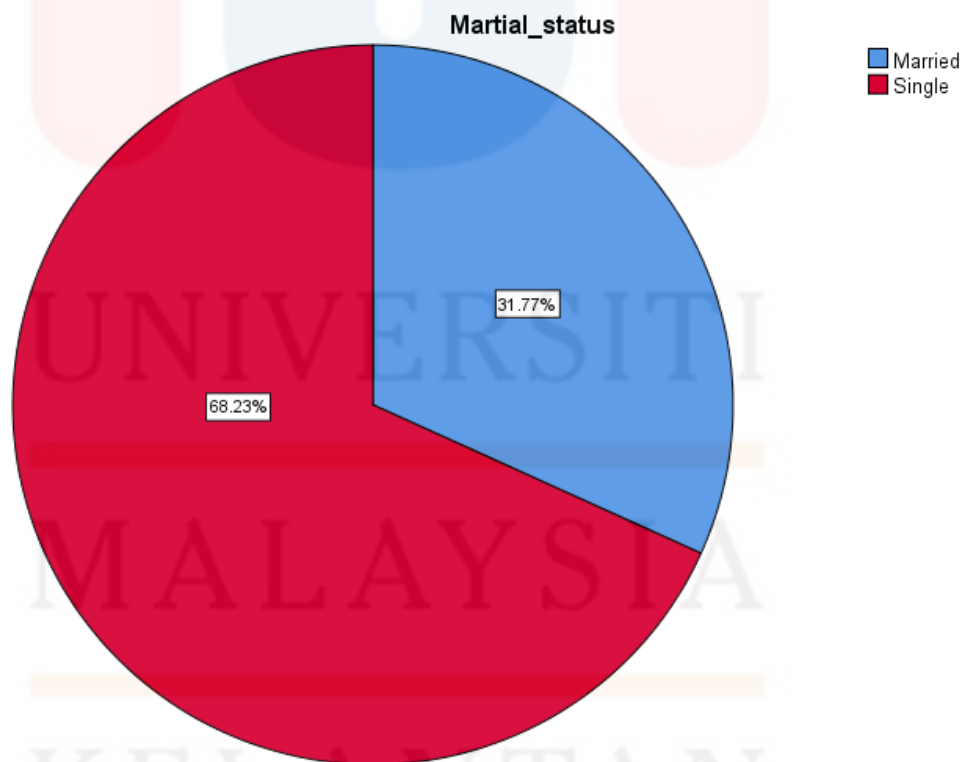


Figure 4.3: The Percentage of Martial status

#### 4.2.1.4 Occupation

Table 4.4 and Figure 4.4 represent the occupation distributions of a total of 384 respondents. The highest occupation among the respondents was student with 40.6% (N=156) respondents. The private sector was the second highest number with 26.3% (N=101) respondents. Self-employed represented 22.4% (N=86) of respondents. While there were 10.7% (N=41) of respondents were Government sector.

Table 4.4: The Occupation of Respondents

Occupation	Frequency (N)	Percent (%)
Government sector	41	10.7
Private sector	101	26.3
Self-employed	86	22.4
Student	156	40.6
Total	384	100.0

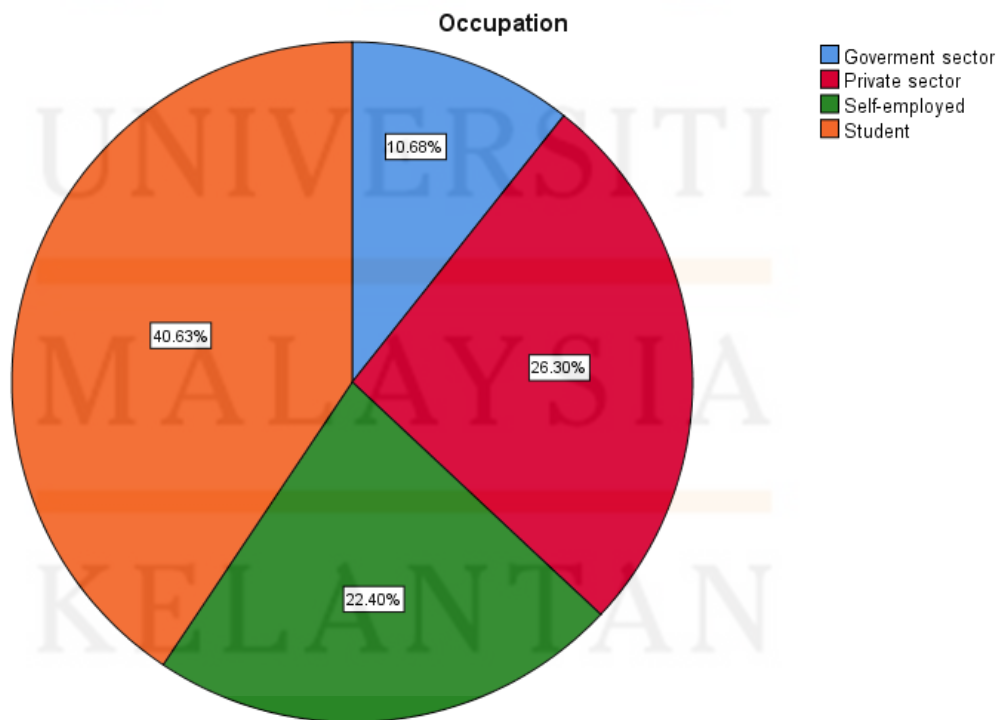


Figure 4.4: The Percentage of Occupation

#### 4.2.2 Independent Variables and Dependent Variables

The descriptive analysis consists of frequency distribution, means, and standard deviations based on a Five (5) Likert scale which values: (1 = Extremely unimportant; 2 = Unimportant; 3 = Neutral; 4 = Important; 5= Highly Important) were calculated for all independent variable of adaptation in a physical environment, service quality, and fair price. Also, for dependent variable items of customer satisfaction were measured using the same type of Likert Scale.

##### 4.2.2.1 Physical environment

Table 4.5 shows the frequency, mean, and standard deviation for the items used to measure the physical environment. The mean range for the Physical environment is from 4.02 to 4.13 and the standard deviation is from 0.790 to 0.790. The statements "The decoration of the cafe and the facilities provided" and "The lighting of the cafe while dining in" were the two (2) things with the highest means, 4.13 for item PE2 and 4.03 for item PE1, respectively. There were three (3) questions total. There were 294 replies overall (76.5%). The cafe's décor and the amenities it offers are quite significant and vital for item PE2. When it came to the statement "Ambience condition that refers to the music, temperature, and scent," PE3 had the lowest mean score of 4.02 out of all the items. There were a total of 8 responders (2.1%) who agreed that the statement was insignificant and highly unimportant. PE1 and PE2 had respective mean values of 4.03 and 4.13.

Table 4.5 Descriptive Statistics for Physical environment

	Frequency					Mean	Std. Deviation
	EU	U	N	I	HI		
PE1 The lighting of the cafe while dining in	<b>0</b> 0%	<b>11</b> 2.9%	<b>95</b> 24.7%	<b>149</b> 38.8%	<b>129</b> 33.6%	<b>4.03</b>	<b>0.836</b>
PE2 The decoration of the cafe and the facilities provided	<b>0</b> 0%	<b>4</b> 1.0%	<b>86</b> 22.4%	<b>151</b> 39.3%	<b>143</b> 37.2%	<b>4.13</b>	<b>0.790</b>
PE3 Ambience condition that refers to the music, temperature, and scent	<b>0</b> 0%	<b>8</b> 2.1%	<b>99</b> 25.8	<b>153</b> 39.8%	<b>124</b> 32.3%	<b>4.02</b>	<b>0.816</b>

#### 4.2.2.2 Service quality

Table 4.6 above shows the frequency, mean, and standard deviation for the items used to measure the Service quality. The mean ranged for Service quality is from 4.13 to 4.27 and the standard deviation is from 0.685 to 0.782. There were four (4) questions measured and item SQ4 had the highest mean, 4.27 on the statement ‘The cafe produces promised service’. Out of 384 respondents, 332 respondents (86.4%) responded highly important and important on item SQ4. However, SQ1 items were measured with the lowest mean of 4.13. There were ‘The responsive provide to the customer by the staff’ statements. There were 13 total respondents (3.4%) extremely unimportant and unimportant for item SQ1. The mean values for the other two (2) items for SQ3 and SQ4 were 4.20 and 4.27 respectively.

Table 4.6 Descriptive Statistics for Service quality

Frequency							
	EU	U	N	I	HI	Mean	Std. Deviation
SQ1 The responsive provide to the customer by the staff	<b>1</b> 0.3%	<b>12</b> 3.1%	<b>53</b> 13.8%	<b>187</b> 48.7%	<b>131</b> 34.1%	<b>4.13</b>	<b>0.782</b>
SQ2 The staff provide knowledge and help to customer based on the menu	<b>0</b> 0%	<b>5</b> 1.3%	<b>63</b> 16.4%	<b>189</b> 49.2%	<b>127</b> 33.1%	<b>4.14</b>	<b>0.727</b>
SQ3 The staff shows the intention of caring with understanding what customers need and wants	<b>1</b> 0.3%	<b>1</b> 0.3%	<b>59</b> 15.4%	<b>183</b> 47.7%	<b>140</b> 36.5%	<b>4.20</b>	<b>0.717</b>
SQ4 The cafe produce promised service	<b>0</b> 0%	<b>0</b> 0%	<b>52</b> 13.5%	<b>176</b> 45.8%	<b>156</b> 40.6%	<b>4.27</b>	<b>0.685</b>

#### 4.2.2.3 Fair price

Table 4.7 shows the frequency, mean, and standard deviation for the items used to measure the fair price. The mean ranged for fair price is from 4.25 to 4.31 and the standard deviation is from 0.650 to 0.671. There were three (3) questions measured with the highest mean of 4.31 for the item FP1 on the statement 'The food and beverages have the good values of money'. There was a total of 350 respondents (91.2%) who chose the highly important and important item FP1. Meanwhile, the lowest mean was item FP3 with 4.25 on the statement 'The price provide is acceptable'. A total of two respondents (0.5%)



selected FP3 as highly unimportant and unimportant. The two (2) remaining elements, FP1 and FP2, had respective mean values of 4.31 and 4.28.

Table 4.7 Descriptive Statistics for Fair price

	Frequency					Mean	Std. Deviation
	EU	U	N	I	HI		
FP1 The food and beverages have good values of money	<b>0</b> 0%	<b>3</b> 0.8%	<b>31</b> 8.1%	<b>195</b> 50.8%	<b>155</b> 40.4%	<b>4.31</b>	<b>0.650</b>
FP2 The price for food and beverages is reasonable	<b>0</b> 0%	<b>1</b> 0.3%	<b>42</b> 10.9%	<b>189</b> 49.2%	<b>152</b> 39.2%	<b>4.28</b>	<b>0.662</b>
FP3 The price provided is acceptable	<b>0</b> 0%	<b>2</b> 0.5%	<b>44</b> 11.5%	<b>193</b> 50.3%	<b>145</b> 37.8%	<b>4.25</b>	<b>0.671</b>

#### 4.2.2.4 Customer Satisfaction

Table 4.8 shows the frequency and percentage of the items used to measure Customer Satisfaction. The mean ranged for fair price is from 4.06 to 4.14 and the standard deviation is from 0.738 to 0.815. The item CS5 on the statement "The food quality, service quality, and fair price in homegrown cafe influence my satisfaction" was one of six questions with the highest mean of 4.14. 302 respondents (78.6%) selected strongly agree and agree with question CS5. The statement "Homegrown cafe is the best place to try homemade coffee and food" was item CS2's lowest mean, coming in at 4.06. On item CS2, a total of one respondent (0.3%) picked either strongly disagree or agree.

The two (2) remaining components, CS1 and CS5, had respective mean values of 4.12 and 4.14.

Table 4.8 Descriptive Statistics for Customer Satisfaction

<b>Frequency</b>							
	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std. Deviation</b>
CS1 The food and beverages served fulfilled my satisfaction	<b>0</b> 0%	<b>0</b> 0%	<b>86</b> 22.4%	<b>165</b> 43.0%	<b>133</b> 34.6%	<b>4.12</b>	<b>0.746</b>
CS2 Homegrown cafe is the best place to try homemade coffee and food	<b>0</b> 0%	<b>1</b> 0.3%	<b>94</b> 24.5%	<b>169</b> 44.0%	<b>120</b> 31.3%	<b>4.06</b>	<b>0.752</b>
CS3 I will recommend my family, friend, and others to go to the homegrown cafe	<b>0</b> 0%	<b>1</b> 0.3%	<b>85</b> 22.1%	<b>175</b> 45.6%	<b>123</b> 32.0%	<b>4.09</b>	<b>0.738</b>
CS4 I will share my experience through the homegrown cafe	<b>0</b> 0%	<b>1</b> 0.3%	<b>87</b> 22.7%	<b>168</b> 43.8%	<b>128</b> 33.3%	<b>4.10</b>	<b>0.749</b>
CS5 The food quality, service quality, and fair prices in homegrown cafes influence my satisfaction	<b>2</b> 0.5%	<b>6</b> 1.6%	<b>74</b> 19.3%	<b>156</b> 40.6%	<b>146</b> 38.0%	<b>4.14</b>	<b>0.815</b>
CS6 Homegrown can fulfill the	<b>3</b> 0.8%	<b>2</b> 0.5%	<b>82</b> 21.4%	<b>165</b> 43.0%	<b>132</b> 32.4%	<b>4.10</b>	<b>0.801</b>

millennial's needs and wants							
---------------------------------	--	--	--	--	--	--	--

### 4.3 RESULTS OF THE RELIABILITY TEST

Table 4.9 shows the results of the reliability test. High internal consistency for all questionnaires used for this study had demonstrated (Cronbach's  $\alpha$  ranging from 0.855 to 0.914 alpha coefficients). Reliability analysis ranged by the physical environment, service quality, fair price, and customer satisfaction (0.890, 0.855, 0.858, and 0.914). In measuring the variables that influence customer satisfaction, the result of Cronbach's Alpha has shown reliably that coefficient obtained from the Likert- Scale.

Table 4.9: Reliability Analysis

Variables	Cronbach's Alpha	No of items
Physical environment	0.890	3
Service quality	0.855	4
Fair price	0.858	3
Customer satisfaction	0.914	6

### 4.4 RESULTS OF INFERENTIAL ANALYSIS

#### 4.4.1 Univariate Analysis

The results of the univariate analysis conducted on each item for each variable are shown in this section along with their respective frequency distribution, means, and standard deviations. The five (5) Likert scale with the following values was used to evaluate each Independent Variable item: Extremely unimportant (EU), Unimportant (U), Neutral (N), Important (I), and Highly important (HI). Additionally, five (5) Likert scales

with the values Strongly Disagree (SD), Disagree (D), Neither Agree Nor Disagree (N), Agree (A), and Strongly Agree (SA) were used to measure the dependent variable.

#### **4.4.2 Pearson Correlation Analysis**

According to the Pearson correlation analysis, there is a moderate link between Kota Bharu's physical environment and millennials' levels of consumer satisfaction. The physical environment and consumer satisfaction among millennials in Kota Bharu have a correlation value of 0.890. As seen in Table 4.10, a moderate correlation may be inferred from the range of 0.41 to 0.70. Additionally, Table 4.11 shows that the physical environment's impact on customer satisfaction was statistically significant at the 0.000% level.

The Pearson association value of service quality and customer satisfaction among millennials in Kota Bharu is 0.577, which indicates a moderate association between the two variables. As seen in Table 4.10, a moderate correlation may be inferred from the range of 0.41 to 0.70. According to Table 4.11, the relationship between service quality and customer satisfaction is modest and statistically significant at the 0.000% level.

The Pearson link value between a fair pricing and customer satisfaction is 0.595, which indicates a moderate link among millennials in Kota Bharu. As seen in Table 4.10, a moderate correlation may be inferred from the range of 0.41 to 0.70. As shown in Table 4.11, the impact of a fair pricing on customer satisfaction was statistically significant at the 0.000% level.

Table 4.10: Table of Pearson's Correlation Coefficient

Coefficient range	Strength of association
0.91 to 1.00	Very strong
0.71 to 0.90	High
0.41 to 0.70	Moderate
0.21 to 0.40	Small but definite relationship
0.00 to 0.20	Slight, almost negligible

Table 4.11: Results of Pearson Correlation Analysis

Pearson Correlation	Customer Satisfaction	Physical Environment	Service Quality	Fair Price
Sig. (2-tailed)		.000	.000	.000
Customer Satisfaction	1	.635**	.577**	.595**
Physical Environment	.635**	1	.659**	.613**
Service Quality	.577**	.659**	1	.677**
Fair Price	.595**	.613**	.677**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

#### 4.5 DISCUSSION BASED ON RESEARCH OBJECTIVES

The Pearson Correlation Coefficient analysis is one of the key methods for assessing the strength of the linear relationship between the independent variables (IV) and dependent variable (DV). This study aims to determine if there are any relationships between the dependent variable (Millennials' satisfaction with a locally owned café in Kota Bharu) and the independent variables (physical environment, service quality, and fair price). These are the findings of the correlation analysis between the variables.

##### **Hypothesis 1: Physical environment**

H<sub>0a</sub> - There is no relationship between Physical environments on customer satisfaction among millennials toward homegrown café in Kota Bharu.

H<sub>1a</sub> – There is a relationship between the Physical environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.

4.5.1 There is a significant relationship between the physical environment and customer satisfaction among millennials toward homegrown café in Kota Bharu.

Table 4.12: Pearson Correlation of Physical Environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.

<b>Correlations</b>		
	<b>Customer Satisfaction Among Millennials Toward Homegrown Café' in Kota Bharu</b>	<b>Physical Environment</b>
<b>Customer Satisfaction among</b>	Pearson Correlation .635**	1

<b>millennials toward Homegrown Café in KB</b>	Sig. (2-tailed)		.000
	N	384	384
<b>Physical environment</b>	Pearson Correlation	.635**	1
	Sig. (2-tailed )	.000	
	N	384	384

\*\* Correlation is significant at the 0.01 level (2 – tailed)

The Pearson correlation coefficient, significant value, and number of cases 384. were all displayed in Table 4.12. Less below the significant level of 0.01 is the p-value of 0.000. The Pearson correlation's positive value of 0.635 indicated a connection between the physical environment and customer satisfaction. Both variables' significance levels were 0.000, indicating that they were highly significant with a moderate significance level. According to the findings, there is a positive correlation between customer satisfaction and the physical environment. As a result, this study accepts the alternative hypothesis H1a for Hypotheses 2 while rejecting the null hypothesis H0a.

### **Hypothesis 2: Service Quality**

H<sup>0a</sup> - There is no relationship between the Service quality on customer satisfaction among millennials toward homegrown café in Kota Bharu.

H<sup>1a</sup> – There is a relationship between the Service quality on customer satisfaction among millennials toward homegrown café in Kota Bharu.

4.5.2 There is a significant relationship between Service quality and customer satisfaction among millennials toward homegrown café in Kota Bharu.

Table 4.13: Pearson Correlation of the Service Quality on customer satisfaction among Millennials toward Homegrown café in Kota Bharu.

Correlations			
		Customer Satisfaction Among Millennials Toward Homegrown Café' in Kota Bharu	Service Quality
<b>Customer satisfaction among millennials toward homegrown Café in KB</b>	Pearson Correlation	1	.577**
	Sig. (2-tailed )		.000
	N	384	384
<b>Service Quality</b>	Pearson Correlation	.577**	1
	Sig. (2-tailed)	.000	
	N	384	384

\*\* Correlation is significant at the 0.01 level (2 – tailed ).

According to Table 4.13, there is a substantial correlation between customer satisfaction (DV) and service quality (IV 2) ( $r=0.577$ ,  $p0.00$ ). The Pearson correlation's positive value of 0.577 established a relationship between customer satisfaction and service quality. Both variables' significant levels, 0.000, were demonstrated to be highly significant. At the same time, with moderate range significance. According to the findings, there is a positive association between consumer satisfaction and service quality. As a result, the researcher accepted the alternative hypothesis and rejected the null hypothesis.



**Hypothesis 3: Fair Price**

H<sub>0a</sub> – There is no relationship between Fair price on customer satisfaction among millennials toward homegrown in Kota Bharu.

H<sub>1a</sub> – There is a relationship between Fair price on customer satisfaction among millennials toward homegrown in Kota Bharu.

4.5.3 There significant relationship between Fair price on customer satisfaction among millennials toward homegrown café’ in Kota Bharu.

Table 4.14: Pearson Correlation of Fair Price on customer satisfaction among Millennials toward Homegrown café in Kota Bharu.

Correlations			
Customer satisfaction among Millennials toward homegrown Café in Kota Bharu			Fair Price
<b>Customer satisfaction among millennials toward homegrown Café in KB</b>	Pearson correlations	1	.577**
	Sig. (2- tailed)		.000
	N	384	384
<b>Fair Price</b>	Pearson correlations	.595**	1
	Sig. (2-tailed)	.000	
	N	384	384

\*\* Correlation is significant at the 0.01w level (2-tailed ).

Fair price (IV 3) and customer happiness (DV), as shown in Table 4.14, have a substantial correlation (r=0.595, p0.00). The Pearson correlation's positive value of 0.595

indicated a connection between a fair price and customer satisfaction. Both variables' significant levels, 0.000, indicated high significance, and the intensity of the significance is in the moderate range. According to the findings, there is a positive association between customer satisfaction and fair price. As a result, the researcher accepted the alternative hypothesis and rejected the null hypothesis.

#### **4.6 SUMMARY**

The data analysis for the screening questions, demographic section, independent factors, and dependent variables is covered in the chapter's conclusion. 384 respondents' responses were used to create all the results presented in this chapter. Additionally, for the millennial generation, a homegrown cafe in Kota Bharu, Kelantan. Customer satisfaction for the physical environment (H1), service quality (H2), and fair price (H3). As a result, there is a link and a satisfying relationship between the dependent and independent variables.

## CHAPTER 5: CONCLUSION

### 5.1 INTRODUCTION

This chapter will expand on the analysis findings from Chapter Four. A thorough discussion of data analysis and conclusions was undertaken by contrasting the set hypothesis with the actual data results. The final section of this chapter explains the ramifications of this study and its limitations and recommendations.

### 5.2 RECAPITULATIONS OF THE FINDINGS

The first hypothesis (H1) said that there significant relationship between the physical environments on customer satisfaction among millennials toward homegrown café in Kota Bharu. Table 4.11 shows that the physical environment recorded value of the Pearson correlation is  $r = 0.635$ ,  $p = 0.000$ . So the results support the first hypothesis (H1) which says that the physical environment positively affects customer satisfaction. Also, Hypothesis 2 (H2) said there is a strong positive relationship between service quality and customer satisfaction. Table 4.11 shows that the service quality recorded value of the Pearson correlation coefficient is  $r = 0.577$ ,  $p = 0.000$ . So, the result's hypothesis 2 (H2) says that the physical environment positively affects customer satisfaction. The third hypothesis (H3) said there is a significant relationship between fair prices and customer satisfaction. Based on what was found in Table 4.11 the Pearson correlation coefficient for fair price was found to be  $r = 0.595$ ,  $p = 0.000$ . So, the result supports hypothesis 3 (H3), which says that fair price is related to customer satisfaction. The study found that all of the variables passed the test of reliability test. As a result of the online survey on

Google form, the majority of respondents were between 22 to 26 years old, which is 164 people (42.7%).

The first hypothesis (H1) said that there significant relationship between the physical environments on customer satisfaction among millennials toward homegrown café in Kota Bharu. Table 4.11 shows that the physical environment recorded value of the Pearson correlation is  $r = 0.635$ ,  $p = 0.000$ . So the results support the first hypothesis (H1) which says that the physical environment positively affects customer satisfaction. Also, Hypothesis 2 (H2) said there is a strong positive relationship between service quality and customer satisfaction. Table 4.11 shows that the service quality recorded value of the Pearson correlation coefficient is  $r = 0.577$ ,  $p = 0.000$ . So, the result's hypothesis 2 (H2) says that the physical environment positively affects customer satisfaction. The third hypothesis (H3) said there is a significant relationship between fair prices and customer satisfaction. Based on what was found in Table 4.11 the Pearson correlation coefficient for fair price was found to be  $r = 0.595$ ,  $p = 0.000$ . So, the result supports hypothesis 3 (H3), which says that fair price is related to customer satisfaction. The study found that all of the variables passed the test of reliability test. As a result of the online survey on Google form, the majority of respondents were between 22 to 26 years old, which is 164 people (42.7%).

### 5.2.1 DISCUSSION ON OBJECTIVE 1

Table 5.1: Discussion on objective 1 (physical environment)

Research objective 1	To examine the physical environment of the Homegrown Café at Kota Bharu, Kelantan affecting customer satisfaction.
Research question 1	Does the physical setting of the locally owned café in Kota Bharu, Kelantan influence customer satisfaction?
Hypothesis 1	There significant relationship between the physical environment on customer satisfaction among millennials toward homegrown café in Kota Bharu.

The main objective of this research, as indicated in Chapter 1, is to examine the physical environment of the Homegrown Café at Kota Bharu, Kelantan affecting customer satisfaction. Based on the data collected and output in Chapter 4, reveal that physical environment and customer satisfaction have a strong relationship. It shows ( $r=0.635$ ). Hence hypothesis 1 is accepted. Several physical environmental characteristics, such as the space's size and shape, the colour, materials, and texture used, as well as their influence on people's behaviors and the quality of their physical, emotional, and mental well-being, were also emphasised in the study by Wang et al. (2020). Due to their effect on spatial definition, construction materials are seen by Garip and Seymen (2021) as an essential factor that affects the architectural output. Materials, material transitions, intersection points, relationships between fullness and space, and colour characteristics may all be used to limit spaces. This may impact consumers in a variety of ways. Similar studies have found that the materials used in interior spaces affect how a variety of people perceive space (Fujisaki et al., 2015; Burnard & Kutnar, 2015; Watchman et al., 2017; Ulusoy & Olguntürk, 2018; Garip & Seymen, 2021; Poirier et al., 2019; Shen et al., 2021; Ikei & Miyazaki Visual perception research can aid us in

comprehending settings from a range of perspectives (gçe et al., 2020). A comfortable and appealing café setting might attract more millennials to locally owned cafés, boosting business at the café shop. The positive relationship between customer satisfaction and the intention to return was noticed by Oliver and Burke (1999).

### 5.2.2 DISCUSSION ON OBJECTIVE 2

Table 5.2: Discussion on objective 2 (service quality)

Research objective 2	To examine the relationship between satisfaction service quality toward customer satisfaction
Research objective 2	How do customer satisfaction and service quality relate to each other?
Hypothesis 2	There significant relationship between service quality on customer satisfaction among millennials toward homegrown café in Kota Bharu.

The second research objective focuses on examining the relationship between satisfaction service quality toward customer satisfaction. The data analysis results in Chapter 4 show that there is a positive relationship between service quality and customer satisfaction. The outcome of the relationship between the independent and dependent variables indicates the reflection of the H2. Customer experience is linked to service quality and customer satisfaction as emotional states that result from an interaction-based reaction (Lilijander & Strandvik, 1995). (Crosby, Evans, & Cowles, 1990). Nikolich and Sparks (1995) concluded that the performance of service providers during service delivery will have an impact on how well a restaurant's service is assessed, which is based on the perspective of the consumer when they are dealing with the service provider. Future consumer visitation patterns will be influenced by several important factors, the most

important of which is service quality (Omar, Juhdi, Ahmad, and Nazri, 2014; Munna, Abang Abdullah, and Rozario, 2009; Kivela, Inbakaran, and Reece, 2000; Namkung and Jang, 2007; and Sulek and Hensley, 2004). Customer satisfaction is significantly impacted by service quality. Customer satisfaction is directly impacted by service quality since it gives customers an emotional reaction that affects how they feel about a certain restaurant or service provider (Omar et al., 2014; Munna et al., 2009; Kivela et al., 2000; Namkung & Jang, 2007; Sulek & Hensley, 2004). Consequently, restaurants and service providers must maintain high levels of service quality to gain and retain customer loyalty.

### 5.2.3 DISCUSSION ON OBJECTIVE 3

Table 5.3: Discussion on objective 3 (fair price)

Research objective 3	To examine the relationship between satisfaction and fair price toward customer satisfaction.
Research objective 3	How do fair prices and customer satisfaction relate to each other?
Hypothesis 3	There significant relationship between fair prices on customer satisfaction among millennials toward homegrown in Kota Bharu.

The study's third objective is to examine the relationship between satisfaction and fair price customer satisfaction. Based on the data analysis outcomes in Chapter 4, there is a positive relationship between fair prices and customer satisfaction. The results are consistent with other studies. The price can influence customer satisfaction, considering the price of the café was linked to trust and satisfaction to loyalty. Cafes attempt to employ fair pricing to increase customer demand. Price is defined by Kotler and Armstrong (2010) as the entire amount of money spent on a thing or service or the total amount of

substantial value that the customer trades for the privilege of possessing or using a particular good or service. On the other hand, Stanton, Michael, and Bruce (1994) defined pricing as the entire amount of money or commodities needed to buy a certain combination of a specific product and the related services. Customers can choose from a variety of food and beverage options in cafés, with prices varying according to the quality of the products. In the café business, if the customer is willing to pay the price demonstrated, it becomes appropriate for consumer satisfaction and loyalty. Thus, pricing strategies in the café business must consider various elements such as costs, competitors' prices, market situation, and customer demand. To set a successful pricing strategy, café businesses should consider not only the price of their products but also the costs associated with products and services. By accounting for all these elements, café businesses can create a pricing strategy that will maximise profits, ensure customer satisfaction and loyalty, and outpace the competition.

### **5.3 LIMITATION**

The process of finishing the research has been helpful and relevant throughout the entire study. However, there are some inescapable restrictions on allowing the research process to function properly.

The first limitation is that some responders were unaware of the questionnaire. Therefore, the researcher should explain the questionnaire and how it is asked. In addition, some respondents said it took too long to complete the questionnaire. Since it takes between ten and fifteen minutes.

Additionally, quite a few target respondents declined to respond to the questionnaire. Some of them may not be interested in the survey's topic and may believe



that participating in the survey will be a waste of time as a result, which might be one of the possible explanations. In addition, some of them may not want to divulge the information and believe that there is no benefit to them in responding to the questionnaire, so they choose not to respond.

The other limitation of the study is the limited independent variables that are being tested. Other variables that can have an impact on customers' satisfaction with locally owned cafés are not taken into account in this study. The only three variables under test are fair pricing, physical environment, and service quality. This demonstrates that the research was not carried out completely and properly because it only pays attention to three variables.

## **5.4 RECOMMENDATION**

### **5.4.1 Theoretical Recommendation for future research**

The variables studied in this study include customer satisfaction (the dependent variable), physical environment, service quality, and fair price (the independent variables), all of which significantly and favourably correlate with the dependent variable. Any other variable, such as price level, may be used by future study as an independent variable for suggestions. Customer satisfaction is positively correlated with the factors employed in the prior study that served as the thesis model for this investigation. The reason is the different behavior and acceptance towards owning a homegrown coffee shop. Future research should explore another framework influencing customer needs toward homegrown cafes in the tourism sector. In addition, from this, future researchers can get more information about customers.

#### **5.4.2 Practical recommendation**

The current study may assist in developing practical recommendations for facilitation. Homegrown cafes better understand the critical importance of quality food and service. This is because researchers can get more information about customers from the database and owner perspective, which benefits the owner by enabling them to understand their customers' preferences and expectations better. Based on the findings, some implications and recommendations for cafe management can be obtained to improve customer satisfaction with the cafe's food and beverage services. First, management Cafes should establish a system for continuous training of cafeteria workers through custom programs designed specifically for them. Second, invest in improving the quality of settings, especially concerning the comfort of the sitting room. The last thing is management, particularly about them. Second, invest in improving the setting's area. The previous point is that management should devise strategies for appealing to different segments of millennials.

#### **5.4.3 Methodology Recommendation for future research**

This study still needs improvement for future studies. As a consequence, in order to improve the quality of the output from future investigations, several recommendations have been created. The first suggestion is that employing qualitative research methodologies would improve and increase the effectiveness of this investigation. This is because it may enable researchers to do future studies with more precise and high-caliber outcomes. The next step is for academics to distribute survey questions more officially if they are provided online. In addition, a letter of approval from the institution or superiors is required in order to conduct the study, along with questionnaires. For respondents to

feel confident and not be hesitant when responding to the questionnaires sent as the survey has been included along with the confirmation letter. It is recommended to choose respondents among millennials who come to the study place such as a homegrown cafe and submit questionnaires to respondents. The reviewer should go to the study site to meet with the respondents and submit the questionnaire to the respondents themselves. In this way, the researcher will obtain more accurate information as well as obtain the necessary information from the respondents that is suitable for the study being conducted.

## **5.5 SUMMARY**

This study has used a Conceptual Framework Adapted from Michael Amaral (2015). It is making the conceptual framework and research hypotheses more clear. After learning about the influence of customer satisfaction among millennials at a café in Kota Bharu, a study of the literature was conducted for an independent variable. This involved researching the literature on customer satisfaction with the café and any past studies regarding millennials and their perceptions of customer service with the café.

This study also proposed examining the factor influencing customer satisfaction (physical environment, service quality, and fair price) among millennials toward homegrown cafes in Kota Bharu.

Based on the results, almost all the respondents. Most respondents are very interested in homegrown cafes around Kota Bharu. Respondents also agree that physical environment, service quality, and fair price) have a significant relationship with their satisfaction. They also enjoy the food provided at the homegrown cafe.

## REFERENCES

- Academic Hosting & Event Management Solutions. (2016). *The impact of product quality and price on customer satisfaction with the mediator of customer value - University of Merdeka Malang Repository*. Retrieved December 20, 2022, from <http://eprints.unmer.ac.id/id/eprint/334/>
- Agbor, J. M. (2011). *The relationship between customer satisfaction and service quality: a study of three service sectors in UmeÅ*. DIVA. Retrieved December 20, 2022, from <https://www.diva-portal.org/smash/record.jsf?pid=diva2%3A448657&dswid=-914>.
- A Manual for Selecting Sampling Techniques in Research Munich Personal RePEc Archive*. (n.d.). Retrieved January 2, 2023, from <https://mpra.ub.uni-muenchen.de/70218/>
- Arpit Srivastava - Country Marketing & Branding Manager, South Asia & Thailand at Lenzing Group. (2020, December 21). *Homegrown brands gain prominence with consciousness & sustainability as key focuses*. *IndiaRetailing.com*. <https://www.indiaretailing.com/2020/12/22/fashion/homegrown-brands-gain-prominence-with-consciousness-sustainability-as-key-focuses/>
- Cambridge Dictionary. (2023, January 4). *café definition: 1. a restaurant where simple and usually quite cheap meals are served: 2. a small shop 3. a. . . . Learn more*. <https://dictionary.cambridge.org/dictionary/english/cafe>
- Canny, I. U. (2014). Measuring the mediating role of dining experience attributes on customer satisfaction and its impact on behavioral intentions of casual dining restaurant in Jakarta. *International Journal of Innovation, Management and Technology*, 5(1), 25-29. [https://www.researchgate.net/publication/272910855\\_Measuring\\_the\\_Mediating\\_Role\\_of\\_Dining\\_Experience\\_Attributes\\_on\\_Customer\\_Satisfaction\\_and\\_Its\\_Impact\\_on\\_Behavioral\\_Intentions\\_of\\_Casual\\_Dining\\_Restaurant\\_in\\_Jakarta](https://www.researchgate.net/publication/272910855_Measuring_the_Mediating_Role_of_Dining_Experience_Attributes_on_Customer_Satisfaction_and_Its_Impact_on_Behavioral_Intentions_of_Casual_Dining_Restaurant_in_Jakarta)
- Cha Seong-soo, and Bo-Kyung Seo. "The Factors Influencing Customer Satisfaction with and Revisiting Coffee Shops in Korea: The Moderating Roles of Psychological Value." *Culinary Science & Hospitality Research*, vol. 24, no. 2, Feb. 2018, pp. 1–7, 10.20878/cshr.2018.24.2.001. The Factors influencing Customer Satisfaction with and Revisiting Coffee Shops in Korea\_ The Moderating Roles of Psychological Value.pdf <http://dx.doi.org/10.20878/cshr.2018.24.2.001>
- Cibro, Y. E. B., & Hudrasyah, H. (2017). Factors that influence customer's intentions to revisit café: Case study of Siete Café in Bandung. *Journal of Business and Management*, 6(2), 284-300. <http://journal.sbm.itb.ac.id/index.php/jbm/article/view/2161>
- Cummins, R. A., & Gullone, E. (2000, March). Why we should not use 5-point Likert scales: The case for subjective quality of life measurement. In *Proceedings*,

*second international conference on quality of life in cities* (Vol. 74, No. 2, pp. 74-93). <https://www.researchgate.net/publication/285682151>

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of convenience sampling and purposive sampling. *American journal of theoretical and applied statistics*, 5(1), 1-4.

*EFFECT OF QUALITY SERVICE, PRICE AND STORE ATMOSPHERE ON CUSTOMER SATISFACTION (STUDY ON CANGKIR COFFEE SHOP IN SURABAYA) | Ekspektra : Jurnal Bisnis dan Manajemen.* (n.d.). <https://ejournal.unitomo.ac.id/index.php/manajemen/article/view/2033>

Hair, J. F. Jr., Babin, B., Money, A. H., & Samouel, P (2003). Important business research methods. United States: John Wiley & Sons. <https://doi.org/10.4324/9781315716862>

Haposan Pangaribuan, Christian, et al. "FACTORS of COFFEE SHOP REVISIT INTENTION and WORD-OF[MOUTH] MEDIATED by CUSTOMER SATIS." *Journal of Management and Business*, vol. 19, no. 1, 5 Nov. 2019, 10.24123/jmb.v19i1.418-1384-1-PB.pdf. <https://doi.org/10.24123/jmb.v19i1.418-1384-1-PB.pdf>

Hinlayagan Kymwell Recamadas. (2018). A path analysis of customer loyalty of Homegrown Coffee Shops in davao region. *Journal of Administrative and Business Studies*, 4(4). <https://doi.org/10.20474/jabs-4.4.1>

Hertzberg, J. (2020). *The Relationship Between Service Quality, Customer Satisfaction and Brand Loyalty: A study comparing Generation X and Y in Sweden.* DIVA. <https://www.diva-portal.org/smash/get/diva2:1320643/FULLTEXT01.pdf>

Hudrasyah, Y. E. B. C. A. H. (2017). "Factors That Influence Customer's Intentions To Revisit Cafe: Case Study Of Siete Café In Bandung." Vol. 6, No.2, 2017: 284-300. <https://journal.sbm.itb.ac.id/index.php/jbm/article/viewFile/2161/1133>

Janesick, V. J. (1994). The dance of qualitative research design: Metaphor, methodolatry, and meaning. <https://www.semanticscholar.org/paper/The-dance-of-qualitative-research-design%3A-Metaphor%2C-Janesick/ec718aef158fb5f8209073a45e9ba376fce85a3d>

Krisnamoorthy, M., & Balasubramanian, K. (2019). Factors influencing millennials' satisfaction of café restaurants in Kuala Lumpur, Malaysia. *Asia-Pacific Journal of Innovation in Hospitality and Tourism*, 8(2), 255-276. <https://myjurnal.mohe.gov.my/public/article-view.php?id=144609>

Laurie, S., Mortimer, K., & Beard, F. (2018). Has Advertising Lost Its Meaning? Views of UK and US Millennials. *Journal of Promotion Management*, 25(6), 765–782. <https://doi.org/10.1080/10496491.2018.1536623>

Lee, S. (2019). *The Current Issues of Cafe Trend in Malaysia | DBpia.* Dbpia. <https://www.dbpia.co.kr/Journal/articleDetail?nodeId=NODE09216299>

- Libguides: Literature Review: What is a literature review? What is a literature review? - Literature Review - LibGuides at Bloomsburg University of Pennsylvania Library.* (n.d.). Retrieved January 8, 2023, from <https://guides.library.bloomu.edu/litreview>
- Md. Inaam Akhtar. (n.d.). Akhtar, M., I. (2016). Research Design. research in social science: Interdisciplinary perspective, 68. Retrieved January 8, 2023, from <http://www.sciepub.com/reference/366792>
- Measuring customer satisfaction of a café and coffee shop colony at a traditional market.* (2019). Taylor & Francis. <https://www.tandfonline.com/doi/abs/10.1080/15378020.2019.1686897>
- Memon, M. A., Ting, H., Cheah, J. H., Thurasamy, R., Chuah, F., & Cham, T. H. (2020). Sample size for survey research: review and recommendations. *Journal of Applied Structural Equation Modeling*, 4(2), 1-20. [https://www.researchgate.net/publication/343303677\\_Sample\\_Size\\_for\\_Survey\\_Research\\_Review\\_and\\_Recommendations](https://www.researchgate.net/publication/343303677_Sample_Size_for_Survey_Research_Review_and_Recommendations)
- Musfialdy, M., & Lusvirga, R. (2021). The Construction of the Meaning of Cafe for Millennials (Phenomenology in the Construction of the Meaning of Hanging Out for Millennials-Café User around Campus). *Indonesian Journal of Economics, Social, and Humanities*, 3(1), 13–20. <https://doi.org/10.31258/ijesh.3.1.13-20>
- Polkinghorne, D. E. (2005). Language and meaning: Data collection in qualitative research. *Journal of Counseling Psychology*, 52(2), 137–145. <https://www.academia.edu/download/30983437/Polkinghorne.pdf>
- Recamadas, H. K. (2018b, August 2). *A Path Analysis of Customer Loyalty of Homegrown Coffee Shops in Davao Region*. Retrieved December 2, 2022, from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3744793](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3744793)
- Sadock Jeremiah. (n.d.). *Chapter Three Research Methodology 1.0. introduction*. Retrieved January 7, 2023, from [https://www.researchgate.net/publication/349710855\\_CHAPTER\\_THREE\\_RESEARCH\\_METHODODOLOGY\\_10\\_Introduction](https://www.researchgate.net/publication/349710855_CHAPTER_THREE_RESEARCH_METHODODOLOGY_10_Introduction)
- Soebandhi, S. (2020, October 31). *Service quality and store atmosphere on customer satisfaction and repurchase intention / BISMA (Bisnis dan Manajemen)*. <https://journal.unesa.ac.id/index.php/bisma/article/view/7669>
- Sudari, S. (2019). *Measuring the critical effect of marketing mix on customer loyalty through customer satisfaction in food and beverage products » Growing Science*. <http://growingscience.com/beta/msl/3217-measuring-the-critical-effect-of-marketing-mix-on-customer-loyalty-through-customer-satisfaction-in-food-and-beverage-products.html>
- Suhud, Usep, et al. “Measuring Customer Satisfaction of a Café and Coffee Shop Colony at a Traditional Market.” *Journal of Foodservice Business Research*,

vol. 23, no. 1, 4 Nov. 2019, pp. 78–94,  
10.1080/15378020.2019.1686897. <https://doi.org/10.1080/15378020.2019.1686897>

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of business research*, 104, 333-339.  
[https://www.researchgate.net/publication/334848557\\_Literature\\_review\\_as\\_a\\_research\\_methodology\\_An\\_overview\\_and\\_guidelines](https://www.researchgate.net/publication/334848557_Literature_review_as_a_research_methodology_An_overview_and_guidelines)

Taherdoost, H. (2016). *Sampling Methods in Research Methodology; How to Choose a Sampling Technique for Research*. Archive Ouverte HAL. Retrieved January 2, 2023, from <https://hal.archives-ouvertes.fr/hal-02546796>

*The effects of dining atmospherics on behavioral intentions through quality perception / Emerald Insight*. (2012, May 18). Retrieved December 19, 2022, from <https://www.emerald.com/insight/content/doi/10.1108/08876041211224004/full/html>