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**KEY FACTORS IN OPENING A HIGH-END COFFEE CHAIN IN HANOI CITY, VIETNAM THROUGH ANALYSING CUSTOMER SATISFACTION**

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Customer satisfaction is one of the most important factors determining the development within organisation in the competitive business world. This is the reason why customer satisfaction is the ultimate goal of every business. Therefore, understanding and adapting to satisfy customers is significantly necessary for each organization.

The main aim of the thesis is to understand the customer satisfaction of the high-end coffee chain in Hanoi as well as find out and analyse the key factors that affecting toward the opening of high-end coffee chain in Hanoi in order to give the recommendation for improvements.

SERVQUAL is one of the most used models which was first introduced by Parasuraman, Zeithaml & Berry in 1985 and further developed in 1988, 1991, 1993, which was adopted in this research. High-end coffee chains offer service for a wide range of customers from young teenagers to adults. The sample size of this research is 40 people from 18 until 50 who have a capability to manage their own financial status. Therefore, they can eliminate the effect of the role of purchasing decision-maker on result. These people also have a stable requirement and expectation for their products or services. Moreover, they are sensitive to the products change. The random sample is chosen from the population living in the 3 main districts of Hanoi, because people who are living in the main districts tend to have higher income so they demand for higher quality in high-end coffee chains.

The finding of the paper revealed that cafes should attempt their best to enhance customer satisfaction. When there will be more understandings customers then there will be more ways to attract them.

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# 1. INTRODUCTION

In Vietnam as well as Hanoi, Coffee is the popular drink and people are used to drinking coffee in every morning, afternoon or even the evening. This leads to the result that more and more coffee shops are opened. Coffee shops are not also the place for people enjoying their cup of coffee but also the place for people chatting and meeting their friends. With many purposes from simply drinking coffee and killing some free time, meeting the business partners, meeting friends, people can be satisfied in the coffee shops. The convenience of coffee shops makes them be the unsubstituted part of Vietnamese life.

The standard of living in Vietnam is improving day by day together with more stressful life and working environment; hence, Vietnamese people need to have a better place with a good service and drinks for relieving stress. This results to the demand for the high-end coffee chain that offers the high quality drinks, customer service. Normally, the high demand leads to the high supply. With the higher demand in high-end coffee chain, the suppliers would increase too. In order to compete with many competitors, a high-end coffee chain has to value the customer satisfaction. As long as a high-end coffee shop satisfies all the needs of the customers, it can have a good position in the market. Besides that, by analyzing the customer satisfaction, the key factors of opening a high-end coffee chain are explored, which are effective for managers and owners of the high-end coffee chains in having a good competing strategy.

Satisfaction refers to achieving the things we want. To satisfy the customer, companies should improve its services and products. Customers with more expectations are satisfied by adding innovative features. Therefore, companies would easily increase customer satisfaction. In contrast, when customers are unaware of improvements in existing quality then they are less satisfied.

One of the main ingredients of success in the market place is customer satisfaction. Wirtz (2003) listed the results of customer satisfaction as follows: repeat purchases, loyalty, positive word-

of-mouth and increased long-term profitability. Therefore, companies should measure their customers' satisfaction to fortify their strengths and improve their weaknesses.

The objective of the research is to understand the customer satisfaction of high-end coffee chains in Hanoi in order to find out and analyze the key factors that affecting toward the opening of the high-end coffee chains in Hanoi. In addition, the research also bases on the finding to give the recommendation for improvements. According to the research objectives, the research question should be "how do customers satisfy with the high-end coffee chains in Hanoi" and "what are the key factors that affecting the opening of the high-end coffee chains in Hanoi."

## 2. LITERATURE REVIEW

It is obvious that coffee is consumed daily with a large amount all over the world. According to Sicoli (2014), there is the consumption of 2.25 billion cups of coffee per day in the whole world,

which makes coffee is the most necessary commodities in the world. According to Nhu (2013), Vietnam is in the top five which has the largest consumption in coffee in the region with 1.15kg per person per year. This means that the consumption for coffee in Vietnam is not less than any Western countries where there are the birthplaces of many famous coffee chains in the world.

**2.1 Global coffee chain**

The big consumption of coffee can lead to the opportunity for many countries in exporting coffee beans in the market. Besides that, in Western countries, a half of the population drinks coffee daily, which dominates the revenue of many restaurants or convenient stores of 80%, (Rolland 2013)**.** Since the cost of selling coffee is only 20% (Sicoli 2014) while retailer can resell to the consumers with four or five times higher than the real cost. There are many factors contributing to the decision of pricing a cup of coffee such as, bean, location, flavor, store decoration, etc. Normally, the price of a cup of coffee can vary from $1 to $5 and other special kind of coffee can have higher price. In Western, the total revenue of small coffee shops can be up to $2 million per year.

With the high-income opportunities, coffee shops try to expand business for higher revenue earnings. Since they think that the most important factors for attracting consumers are service and convenience, they focus on including many services such as take-out counter and driver-through. Therefore, they are able to attract the consumers and decrease the cost of hiring spaces for drinking at the coffee shops. The increase in demand does not lessen the tense competition between the coffee shops. Due to the intense competition, many coffee shops endeavor to innovate to create the value for consumers, which consists the development of purchasing through smartphone apps. Furthermore, coffee shops also make effort to expand their business to developing countries where there are emerging markets (Sicoli 2014). Market share of the global coffee shops is decreasing day by day because of the opening of more and more coffee shops every day. However, there are five coffee chains, which are the largest in the world maintaining their position throughout the intense competition in this market.

First, the biggest and the most popular coffee chain in the world is undoubtedly Starbuck with 20,000 stores and resellers in more than 61countries (Sicoli 2014). Moreover, the customers of Starbucks can be up to 40 million people per year. The main secret for the wide popularity is that Starbucks employs the growth strategies of acquisition and provides the reselling licenses. Specifically, Starbucks acquired Seattle's Best Coffee, Coffee People, and Torrefazione Italia (Sicoli 2014) with the aim of purchasing the coffee shops. Besides that, Starbucks also offer a good welfare conditions for employees in order to keep their loyalty. For instance, the average wage per hour is $8.8 and they can have other rights in having the health insurance and stock purchasing.

The second largest coffee chain in the world is Dunkin Donut with more than 10,000 outlets around the world and coffee accounts for half of the revenue of this brand. Recently, the marketing campaign of Dunkin Donuts focuses on the coffee products.

Tim Hortons is the third largest coffee chain in the world with 4,300 locations, this is not purely the coffee chain, and its main service of this company is food. However, the company is concentrating on the coffee products selling by introducing healthier menu to increase sales. Tim Hortons has the plans of expanding the brand by selling the franchise with careful selections.

The fourth largest coffee chain is Costa Coffee with approximately 1,700 locations in more than 35 countries. The growth strategy for Costa Coffee is using partnership as well as building outlets in bookstores, hotels, cinema, etc. In addition, with the aim of gaining the revenue by the specialty in tastes, Costa Coffee focuses on producing specialized coffee.

Finally, the final place of the most popular coffee chain in the world is McCafe with 1,300 locations. McCafe is the small branch of McDonald; hence, it can rely on the reputation of this huge branch and the good customers' service of McDonald to attract the customers and become the threat for those competitors.
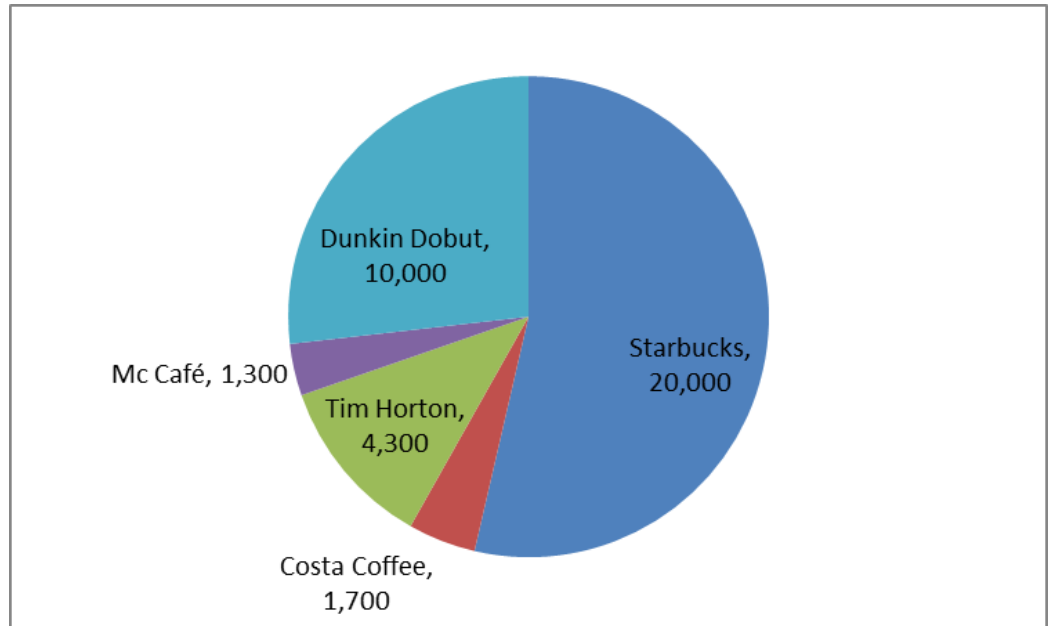
GRAPH 1. Number of outlets of five largest coffee shop chains in the world (adapted from Sicoli 2014)

In conclusion, despite how big and popular those brands are, five of them all have the same characteristic which is also the key driver for them to become the most popular coffee chains in the world that the is customer satisfaction. Customers are the main key that determine the success of the business, satisfying customers can give them chances for higher revenue as well as expanding the business. Those brands are trying to improve their customer satisfaction through services, and products quality.

Recently, café shops are opened every day around the world and some largest coffee chains use the emerging markets to grow their revenue. In the past few years, coffee shop chains even developed smartphone apps to make coffee purchasing system easily and seamlessly.

**2.2 Vietnam coffee chain**

Vietnam coffee chain consists of low-end coffee chain, medium-end coffee chain and high end coffee chain. The types of coffee chain base on the income of Vietnamese people. In Vietnam, people who have medium income account for the biggest proportion of the population, according to General Statistics Office (2014).

According to Saigon Economic Times (2015), New Wealth Builders forecasted Vietnam is one of five countries that have the fastest grow in the period 2014-2020 in the world. India is in the lead with about 4.9 million people with average assets of US $178,000 (47.4% growth rate), Indonesia has 41.2% rate. Vietnam is forecasted to grow 34.9% and then 23.6% is Thailand, the Philippines has the ratios of 22.8%.

**2.2.1 Low-end coffee chain**

Moreover, Vietnam is also known as the country that has the coffee export which has the yields of coffee in 2014 approximately 1,800,000 tons (Vietnam trade promotion agency 2014) which means that the input price of coffee in Vietnam is cheap. This also leads to the opportunity for coffee chains in Vietnam to expand their business.

Nonetheless, Vietnam, with the emerging market, the GDP per person per month is $169 in 2014 (General statistic office of Vietnam 2014) which is still low compared to other countries. In addition, Vietnam has 18.2% of the population has low income which is almost the highest poor level in the region (bbc.co.uk). Hence, coffee shops for low-income person usually in form of the coffee shops do not have stores and good services as well. Due to the low revenue, these coffee shops only serve for low income people, low-end coffee shops do not have the ambitious in expanding into the coffee chains.

**2.2.2 Medium-end coffee chain**

Furthermore, people that have medium income usually officials along with students, the demand for coffee in those people is high. Hence, there are more opportunities for income if serving this market segment.

In fact, medium-end coffee chain is created with the purpose of serving this market segment. There are many coffee chains that serve for medium market segment such as Phuc Long, Highlands coffee, Urban station coffee…It is obvious that those coffee chains have acceptable standard of services together with quality in products with also acceptable prices. Generally, the price of a cup of coffee in those coffee chains varies from 20,000 VND to 40,000 VND. With the increase in demand for medium coffee chains in the country, those coffee chains are trying to expand their business not only for the purpose of gaining income but also for the purpose of brand recognition by offering franchise or reselling licenses.

**2.2.3 High-end coffee chain**

According to General Statistics Office, there is the steady increase in personal consumption by the New Wealth Builders. In addition, economic data shows that the positive development of 2014 gives the analysts more confident in making positive forecasts about the economic outlook in 2015. It pointed out that Vietnam continues to be the best place for the growth of New Wealth Builders group over the next two decades with the increasingly average income of the population, (Saigon Economic Times 2015). Hence, Vietnam in the several years will be the best place for high-end coffee chain to grow.

 In Vietnam, there is not much domestic high-end coffee chain, Trung Nguyen coffee can be the only domestic high-end coffee chain. They provide good services along with high products quality. However, Vietnam is the promising destination for foreign coffee chains such as Starbucks, Dunkin Donuts, Coffee Beans and Tea Leaf, Angel in Us Coffee. Those foreign brands provide good services as well as specialized coffee that can satisfy the most demanding

customers. In the competition of gaining market share in high-end segmentation, domestic high-end coffee chain has to increase not only services quality but also product quality together with create its competitive advantage to increase customer satisfaction and market share.

## 2.3 Customer Satisfaction

Customer satisfaction is becoming high-concerned issue for researchers and regulators of companies due to its huge impact on the companies as well as the economy in general. Companies have invested huge amount of money for marketing field on conducting survey to get opinions of customers about all aspects of their companies and business.

Moreover, the reason for conducting survey is, the company can find out its advantages and disadvantages, what customers do not like and like about company. Therefore, companies may change their strategies in business to satisfy customers' taste with the aim to boost their sales.

### 2.3.1 Definition of Customer Satisfaction

As stated by Hill (2000), the simplest definition of the term customer satisfaction is "customer satisfaction is the scale whether the performance of the firms' products can meet the requirements of customers". It is undeniable that customer satisfaction plays an important role in the company reputation together with its operation and business especially in market that has high completion.

> Once customer satisfaction is increased, the firms' value can increase in term of profits, market share and intangible assets (Reichheld 1996).

In 1992, Oliver argue that the process of the evaluation of customer's toward the products after buying and experiencing the service, however, his statement changed 5 years after that, he said that

> The assessment of customer toward the products they purchased compare to the expectation to those products (Oliver 1992).

There is another idea about customer satisfaction defined by Kotler & Kevin (2009), that is:

> The emotion of customers, which can be happy or disappointed, toward the products they receive compare to the product they expect (Kotler & Kevin 2009).

Generally, it is obviously important for companies to conduct surveys for getting customers' opinion as well as their expectation about their company, especially in the highly competitive economy.

### 2.3.2 Service Quality

> In general, the service quality can be classified into two different factors: the technical or output quality and functional or process quality (Gronroos 1984; Czepiel, Solomon & Surprenant 1985; Lehtinen 1982).

Indeed, techniques can solve the problem that how the products examined and distributed, this suits with the scope of receptiveness, understanding, guarantee. Besides that, output quality may satisfy the demand to know what customers will get. These dimensions were followed the behavior and attitudes, appearance and personality, service mindedness, accessibility and approachability of customer contact personnel. Moreover, technical specification of products and service quality has close relationship (Gronroos 1990) while Crosby (1979) stated that service quality is the same for all kinds of product.

On the other hand, Asubonteng, McCleary & John (1996) stated about the service quality that the service meets the expectation of customers as well as the needs and wants of the customers. However, he also stated that even though the core meaning of service is providing and satisfying customers, the service should not always stick to the expectation of the customers. This means that sometimes the customers do not objective enough to decide the quality of the service. In addition, customers also cannot express fully their needs; as a result, the service might not be as their wishes. Therefore, improving communication is also the key for improving service quality. Once succeed, the company has the key for enhancing the customer satisfaction. In addition,

according to Day (1969), employees can play an important role in deciding the service quality of the company.

Parasuraman, Zeithaml & Berry (1985) proposed the ten dimensions to evaluate the service quality of a firm by the following:

- Tangible: Management of physical equipment used for establishing service quality for the company.

- Reliability: Evaluating whether company's service quality is as good as its promises

- Responsiveness: How quick and on time of reply service provides to customers.

- Communication: How company gets relationships with customers through satisfying their demands.

- Credibility: How ethical of staffs in company in providing service to customers.

- Understanding: How staffs in company know about their customers' demand.

- Accessment: Evaluating how suitable of the location to approach.

- Security: Preventing customers from any kinds of risk.

- Competences: The abilities of staffs in providing quality services to customers and those abilities make them special to customers when they compare them with other companies.

- Courtesy: The professed image of staffs when communicating with their customers.

Nevertheless, after three years, ten above dimensions were reduced to five by Parasuraman, Zeithaml & Berry (1988) and that has been popular known as SERVQUAL – the evaluation method of service quality.

**2.4 Relationship between customer satisfaction and service quality**

It is obvious that there is a relationship between customer satisfaction and service quality. Service quality decides how high of satisfaction from customers about the company. As

mentioned by Parasuraman, Zeithaml & Berry (1991), "even though customer satisfaction and service quality are the two independent term and has different characteristics, they still has the close relationship." Hence, all the researches related to the customer satisfaction want to combine service quality as the main cause that determines the level of customer satisfaction. Negi (2009, 33) thought that the relationship between service quality and customer satisfaction was suggested long time ago. With the aim of proving the statement, he worked on the research to test the relationship between the customers who receive service quality to decide the customer satisfaction in the telecommunication industry. He analyzed there are the keys for evaluating the service quality which are the reliability, tangibles, empathy and assurance.

Moreover, Shostack (1987), also worked on the research to investigate the relationship between service quality and customer satisfaction and give the suggestion that there is a close relationship between service quality and customer satisfaction when an increase or decrease in customer satisfaction might cause an increase or decrease in service quality. Besides that, they also suggested that customer satisfaction is easier to attain compared to service quality. Customer satisfaction is the opinion and comment on the services they receive from the company while service quality does not have any detailed factors that give the clear instruction to have the impact on it.

There is also the suggestion that the relationship between service quality and customer satisfaction can play the main role in deciding the repurchase idea of the customers. It can be considered as the main factor for determining the success or survival of the business. Especially with the global economy being in the integration situation (Magi & Julander 1996, 33), there is an increase in competing in all the industries around the world.

**2.5 SERVQUAL Model**

SERVQUAL Model was considered to be used in this research as a tool in analyzing customer satisfaction in service quality of high – end coffee chains in Ha Noi. The reason is that quality service is determined by five factors of SERVQUAL suggested by Parasuraman, Zeithaml &

Berry (1988) and through being examined and developed period in 1991, 1993 and 1995, and the completed model was claimed with the name of SERVQUAL. Five dimensions are:

- Tangible: Management of physical equipment used for establishing service quality for the company.

- Reliability: Evaluating whether company's service quality is as good as its promises

- Responsiveness: How quick and on-time of reply service provides to customers.

- Assurance: How ethical of staffs in company in providing service to customers.

- Empathy: How staffs in company know about their customers' demand.
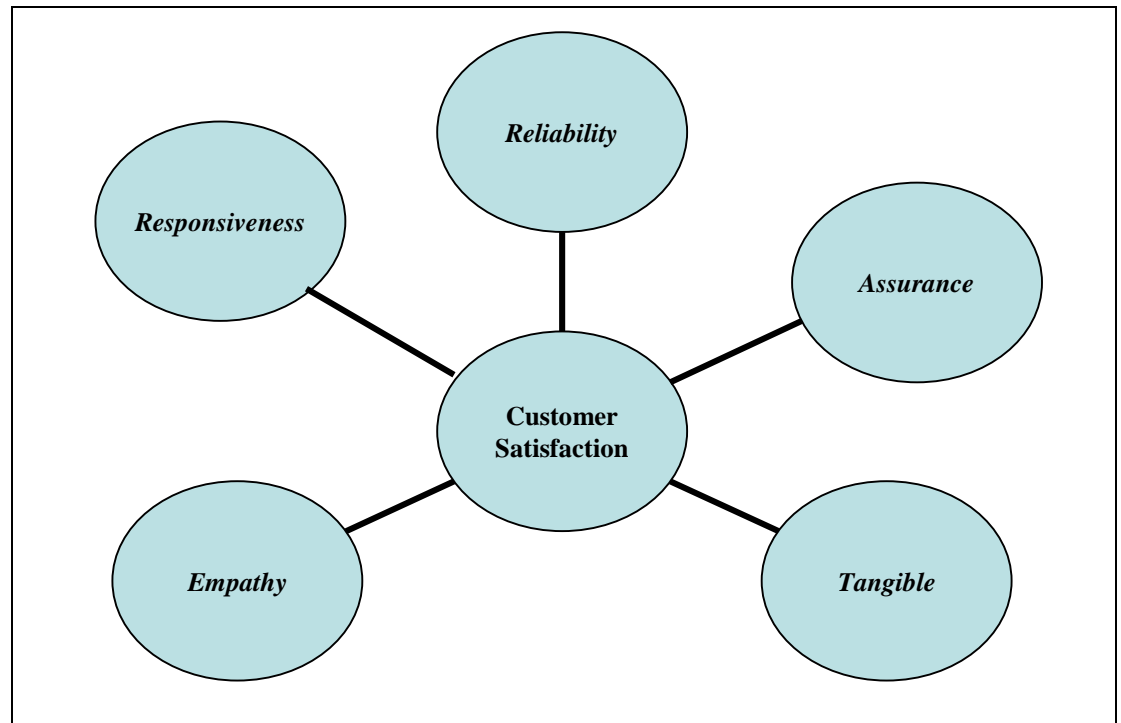


GRAPH 2. Conceptual Framework (adapted from Parasuraman et al, 1993)

In this model, there are five gaps in evaluating products for selling to what customers' expectation about products. Moreover, SERVQUAL is known as a suitable model for

companies existing in emerging or unstable market. Therefore, it is reasonable and acceptable to apply this model in analyzing companies in Viet Nam.

Besides that, there are five service quality gaps to evaluate five dimensions:

- Gap 1: Unknown customer expectations: both expectation and ideas of the customer are considered.
- Gap 2: Mistaken standard of service quality: there is the difference between the ideas of the managers and actual customer expectation.
- Gap 3: Gap of service performance: there is the difference between the suggested standard and actual standard.
- Gap 4: Gap of service quality: there is the difference between promised qualities and reality qualities.
- Gap 5: Expected service is unmet: the difference between expected service and perceived service quality.

## 3. APPLICATION OF SERVQUAL ANALYSIS AMONG COFFEE SHOPS

The research will provide the plan and process for conducting the research efficiently. In this paper, it is necessary to conduct the quantitative method; specifically the survey research includes 21 questions cover 5 dimensions according to SERVQUAL model. The research design will strictly follow the steps in order to assure the qualified results.

### 3.1 Research Design

Firstly, the survey research is going to be conducted to gain the opinions of the customer toward the customer satisfaction of the selected high-end coffee chain in Hanoi. Secondly, with the collected data, the analysis will be undertaken which includes several method with the aim of maintain the qualification of the results.

The finding and results will be concluded to point out some opinions of the customers. Furthermore, the key factors in opening the high-end coffee chain are concluded and recommendation will be provided. Finally, the conclusion will restate the main points and highlights of the research.

### 3.2 Data collection

Quantitative method; specifically questionnaires are used in order to conduct the research. With the aim to analyze the customer satisfaction in order to determine the key factors that affect toward the opening of the high-end coffee chain in Hanoi, the research chooses to identify the service quality according to SERVQUAL model to determine the customer satisfaction of the high-end coffee chains. Specifically, there are four parts in order to determine the customer's satisfaction toward high-end coffee chains in Hanoi.

The first part is the general information of the respondents, which includes four questions regarding to age, gender, education, occupation. These factors can contribute part of the

behavior of the customers in choosing coffee brand or tastes. The research needs to consider this part in order to determine whether demographic factor can be the key factors in opening high-end coffee chain in Hanoi.

The second part is the test toward the customer behavior about the consumption of high-end coffee chains in Hanoi. There are questions in analyzing the customer behavior in using high-end coffee chains in Hanoi. For example, the frequency of going to coffee shops, the tendency in choosing coffee shops, purpose in going to coffee shop, feeling toward the customer service of the coffee shop. This part will provide the general picture toward the experience of consumers in the high-end coffee chains to decide the customer satisfaction and service quality of the coffee chains. This can be seen as the most important part to draw the conclusion about the key factors in opening the high-end coffee chains.

The third part will mainly focus on the expectation of the customer as well as the level of satisfaction they feel. The questions in this section mention the factors, in their opinion, are important for the successful of the coffee shop. Besides that, collecting their opinions toward the key factors that can be the competitive advantages of the coffee shop in opening of high-end coffee chains in Hanoi.

The final part will be the opinion of consumer on service quality of the coffee shop. The questionnaires of this part are designed with 5-point Likert-scale from strongly agree, agree, neutral, disagree and strongly disagree with number 5 is strongly disagree.

The questions are designed to be multiple-choice and close-ended questions in order to calculate, analyze and compare with each other.


**3.3 Main survey about customer satisfaction**

It is very important to conducting a survey to have deep understanding about coffee habit and satisfaction of the customers. Due to the limited time and ability in collecting the answered questionnaire from the customers and many locations, this research collects the questionnaires from 40 consumers.

Besides that, high-end coffee chains in Hanoi consist of both domestic and foreign high-end coffee chains, the market segment for each type of coffee chains is also different. Specifically, high-end domestic coffees chains tend to serve mostly adult that is in middle age and have high social status. Since, they are used to drinking traditional coffee, quiet and formal atmosphere; while foreign coffee chain tend to serve young adult who want to experience foreign culture with foreign coffee. Therefore, the research needs to consider both domestic and foreign high-end coffee chains in order to reduce the biased of the results

### 3.3.1 Participants to the survey

However, the research does not limit the number of respondents, 40 respondents are only the minimum number. If there are many consumers, who are willing to answer the questionnaire and the respondents will increase to improve the reliability level of the research. Besides that, consumers in high-end coffee chains are mostly the ones that have high income and busy work life. Hence, it is difficult to ask for just a few minutes to answer the question.

In fact, the days that can conduct the colleting process are on Sunday only, from April until June 2015. The process will start from 8:00am until 9:00pm to gain as much information as possible. There are several reasons for the period time. In Sunday, consumers do not have to work, this means that going to coffee shop is purely the relaxing activity; hence, they tend to have more time and patient to answer the questionnaire. Furthermore, with the addition evening period from 5:00pm until 9:00pm, researchers will increase the number of respondents who are willing to respond to the questionnaire. Consumers tend to involve in night activities in the day such as going to coffee shop, restaurants, etc., and they are in the relaxing mode, which is comfortable enough to the questionnaires. In addition, another special period is lunch time, from 11:30 am till 1:00 pm, it is obvious the number of consumers in lunch time period is stable. Hence, choosing this period will definitely increase the number of respondents.

**3.3.2 Target coffee shops**

There are several reasons in choosing location as well as target coffee chain for collecting the customer satisfaction. First, the result of this research will be the symbol for the completely high-end coffee chain in Hanoi. It is necessary to choose the most typical high-end coffee chains in Hanoi to have research that is more accurate and reduce the biased opinion.

The target companies will be Starbucks, Coffee Beans & Tea Leaf, Gloria Jean's Coffee of foreign brands and Highland, Trung Nguyen Coffee of domestic brands. Secondly, those brands have many locations in Hanoi and choosing suitable location for conducting the collecting process is important. The locations have to be convenient enough to have the most effective outcomes, save time and reduce the cost of using human resource. Besides that, choosing collecting period in Sunday will restrain the ability in choosing the area having a lot of working office. Hence, the research chooses to collect data in the shopping malls where there are many people in all the time.

**3.4 Data technique and statistical result of the survey**

The research employs SPSS in order to analyze the data and come up with the results. Besides that, in this survey, the questionnaires are designed with two types the questions that using Likert scale and question that not using Likert-scale. For those do not use Likert scale, the coding will be conducted. Specifically, the first, second, third, fourth, fifth, and sixth answer will be assigned as 1, 2, 3, 4, 5, 6, respectively in order to conduct the analysis technique.

This method is partially the same as the above method when considering the relationship among the answers along with the relationship within dependent variables themselves and within independent variables. In addition, the method will divide the large pool of answers into smaller group, which is based on the dimensions to investigate and interpret the relationship between them more detailed.

**3.4.1 Data technique**

Specifically, in order to determine the reliable of the date, the reliability test will be used to confirm that the results are meaningful and are not made up. Then calculating the percentage, average, min and max of the answers will provide the results of the customer satisfaction toward the high-end coffee chains. Therefore, the key factors that affect toward the opening of high-end coffee chains in Hanoi can be concluded.

The aim of using Likert method is to make sure there is the relationship between the answers as well as there is the reliability of the answers without any making up data. Generally, this method is the coefficient of consistency. Since it is important and necessary to test the consistency of the same group of respondents, the answers are concluded to be reliable when there is the same reaction toward the same questions of the same group of respondents. The test will emphasize the reliable results of the paper.

In this research, the variables are divided into two types. Specifically, the independent variables that are the reliability, responsiveness, empathy, tangible and assurance; while the dependent variable is the customer satisfaction.

The method is used to test the relationship between the dependent variables and independent variables in order to conclude the key points of the research. The research will employ the standard multiple regression to determine the relationship between the independent variable and dependent variable.

In addition, the scale of ratings for the final part in the Likert scale are from strongly disagree, disagree, neutral, agree and strongly agree which are coded from 1 to 5, respectively. The interval for range in order to evaluate the opinion of respondents will be provided as following:

Strongly agree: 5.00-4.21

Agree: 4.2-3.41

Neutral: 3.4-2.61

Disagree: 2.6-1.81

Strongly disagree: 1.8-1.00

### 3.4.2 Statistical results

The surveys are collected by asking to answer the survey directly in the planned destinations. Finally, there are total 40 respondents with 40 surveys including their opinion in the research.

**Part 1: Demographic**

According to the graph 3 below, the group of respondents accounting for highest proportion is the group from 20-25 years old with the percentage of 45%, the second largest group of respondent is from 26-30 years old with 22.5%. The percentage of participants below 20 years old is just 5.00 % of the total. As we can see from this graph, people at the age from 20 to 30 tend to go to coffee shops more often than other age groups. They used to go to coffe shop when they are in free time to relax and enjoy a cup of coffee.
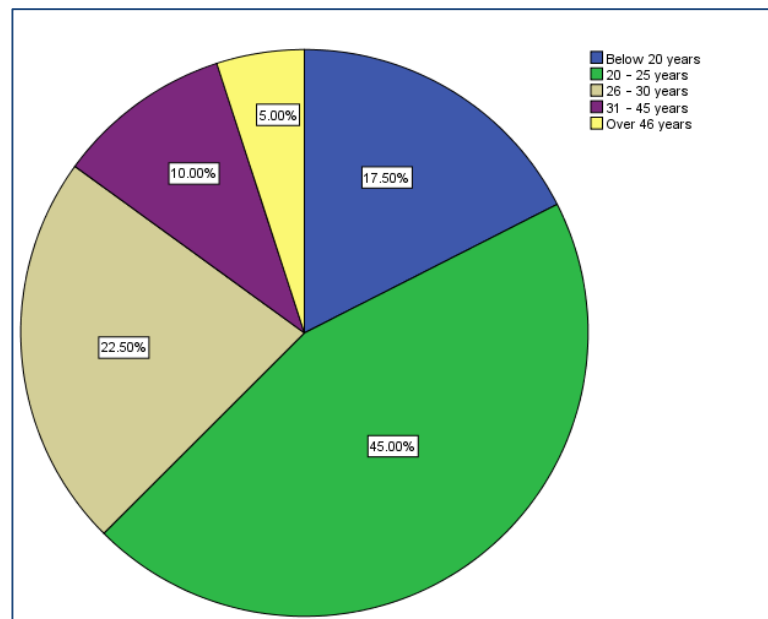


GRAPH 3. Frequency of age

Besides that, it is very interesting that taking the number of participants randomly but the proportion of male and female takes part in the survey is equal with 50% of male and 50% of female as it shows in the graph 4.
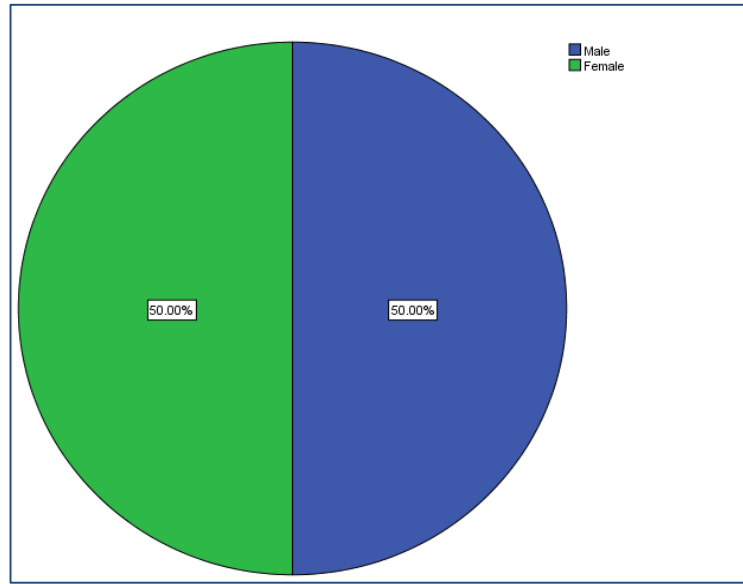


GRAPH 4. Frequency of gender

In the graph 5 of occupation of participants, it is obvious to state that most respondents go to coffee shop own business with the proportion of 35%. Moreover, the  group of employee rank in the second place with medium proportion of 22.5%. Interestingly, the group of government employee and work for hire both rank in the third place with 15%. A small proportion of students enjoys the coffee shop with 12.5% because teenagers are more interested in the shopping malls with dynamic entertainments. In fact, students only sit in the café when they would like to read books or chat with their friends. That is an interesting point in the habit of young people. Therefore, the occupation is one of the factors affecting the habit of going to coffee shops.
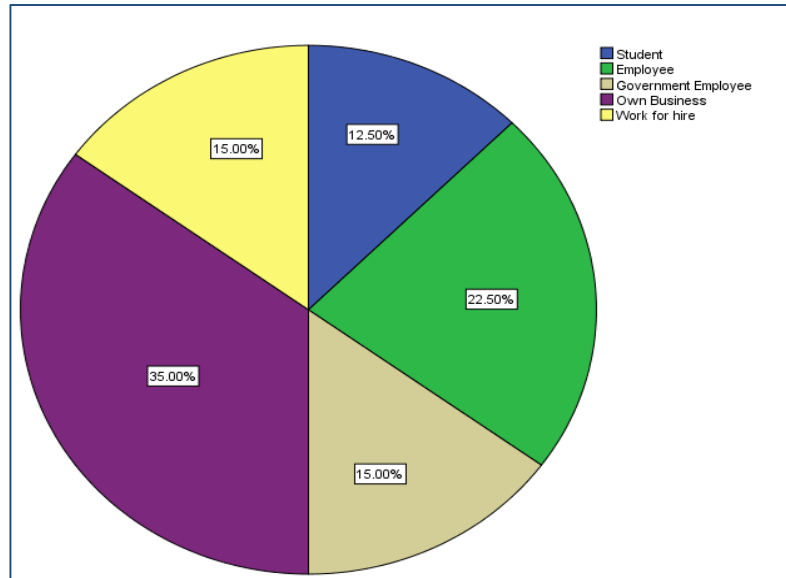
GRAPH 5. Frequency of Occupation

The graph 6 below indicates specifically the frequency of highest education of people who go to café. In the grapth of highest education, most people go to the coffee shop have bachelor degree with 55%, while 27.5% of them have the master degree or over, and 17.5% of them have the degree below the bachelor degree.
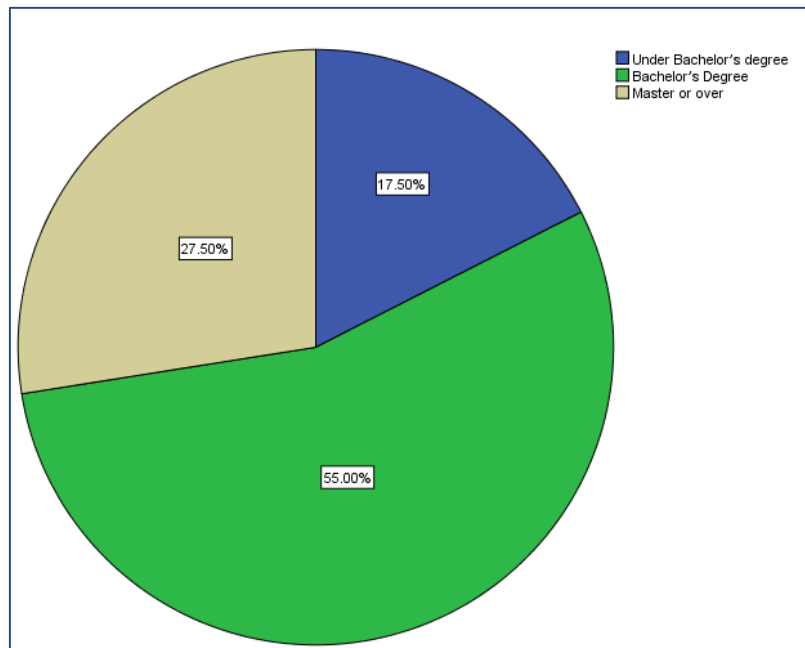


GRAPH 6. Frequency of Highest education

**Part 2: Testing the participants**

In the graph 7, it is very clear that 40.00% of people go to the coffee shop once a week. 32.5% of them go to the coffee shop more than one time per week while 17.5% of respondent go to the coffee shop one time per two weeks. The rest go one time per month. It is undeniable that people go to coffee shops only when they have free time. Most of Vietnamese people are in the café once a week especially on the weekend. Moreover, drinking coffee habit is becoming popular in Vietnam day by day.
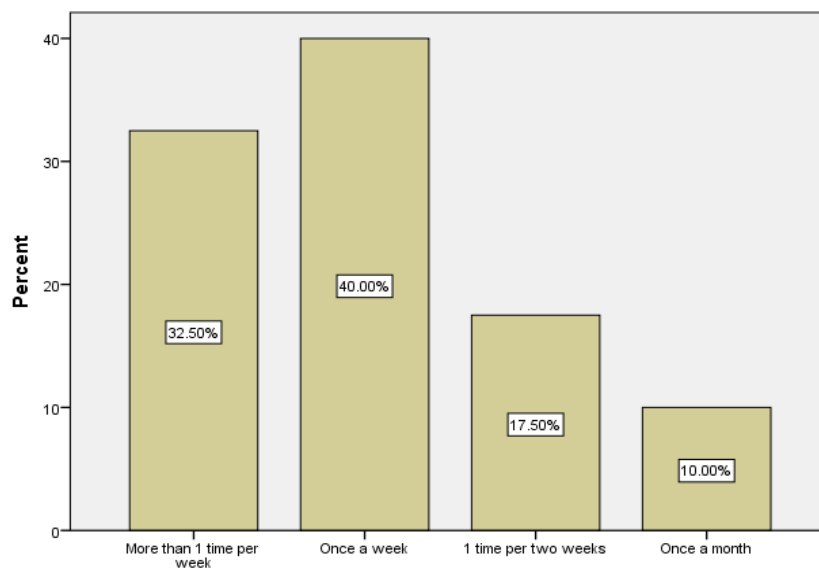


GRAPH 7. Frequency of how often the consumers go to coffee shop

How long the respondents stay in the coffee shop is also of importance. For those who go to coffee shops, most of them, 62.5%, stays more than 30 minutes, while only 25% of people stay from 16 to 30 minutes and small part of people 10.00% buy for take away. A small percentage of participants staying for 5-15 minutes is 2.5% of total as shown in the graph 8 below. As can be seen from the graph, people tend to stay in the café more than 30 minutes to enjoy the atmosphere and the services. Small part takes away only when they are busy. It is true that drinking a cup of coffee in the café is the best choice for everyone.
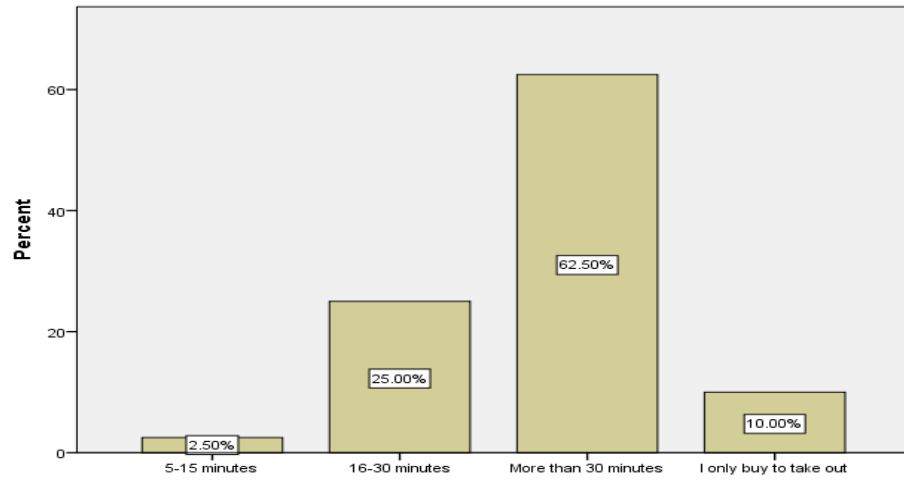
GRAPH 8. How long have the respondents stay in the coffee shop

Furthermore, it is essential to understand days of week respondents prefer to go to coffee shop because it helps the owners to operate café with suitable timetable. The graph 9 shows that people usually go to the coffee shop from Monday to Friday with 35.00% agree with the idea. Whereas 32.50% of them are interested in going on the weekend and 22.5% of the respondents go to the coffee shop on the holiday. Only 10.00% of participants agree that they visit the café everyday.
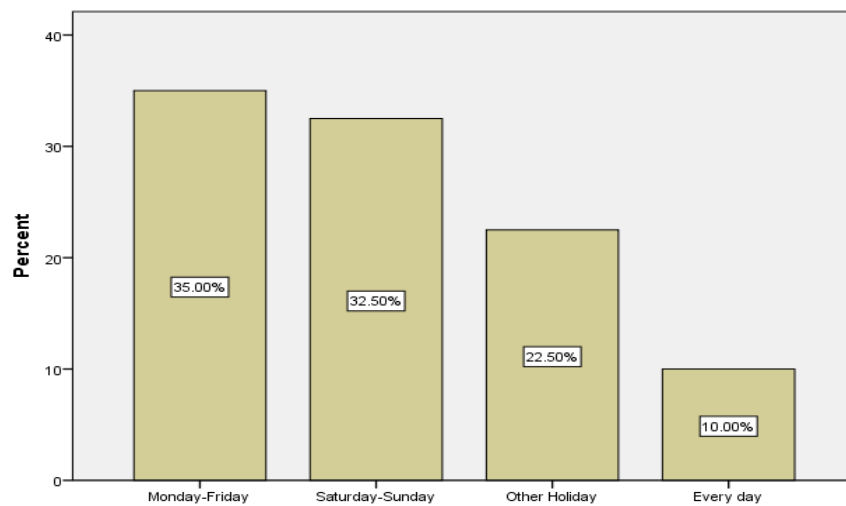


GRAPH 9. Days of week respondents prefer to go to coffee shop

In terms of most convenient time going to café, as we can see from the graph 10, the most convenient time to go to coffee shop will be in the morning with 37.5% of respondents agree. While 35% of people think that the most convenient time for them is in the evening, 15% of people go to the coffee shop in the noon and the rest go in the afternoon. Vietnamese people enjoy having a cup of coffee after the breakfast, which is a cultural habit. Drinking coffee in the morning help them being more ready for the work. This is the reason why most participants agree with the first option in this question.
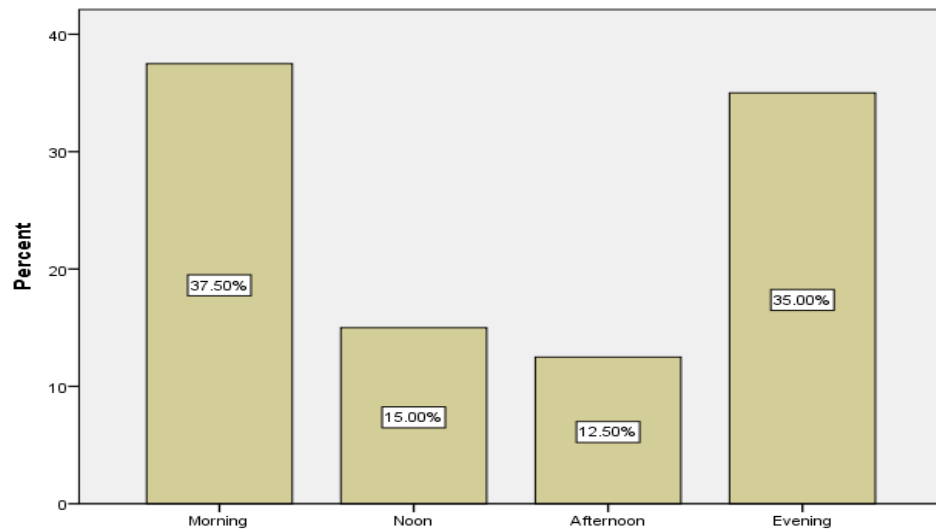


GRAPH 10. Most convenient time to go to coffee shop

There is a variety of purposes to go to café. Most people go to the coffee shop to meet friend with the proportion of 30%, while 25% of people go to the coffee shops for working. 20% of people are in the coffee shop with the purpose of enjoying a cup of coffee and only 15% of them to wait for someone. Reading is also a popular aim, but it just accounts for 10% of the total as be shown in the graph 11.
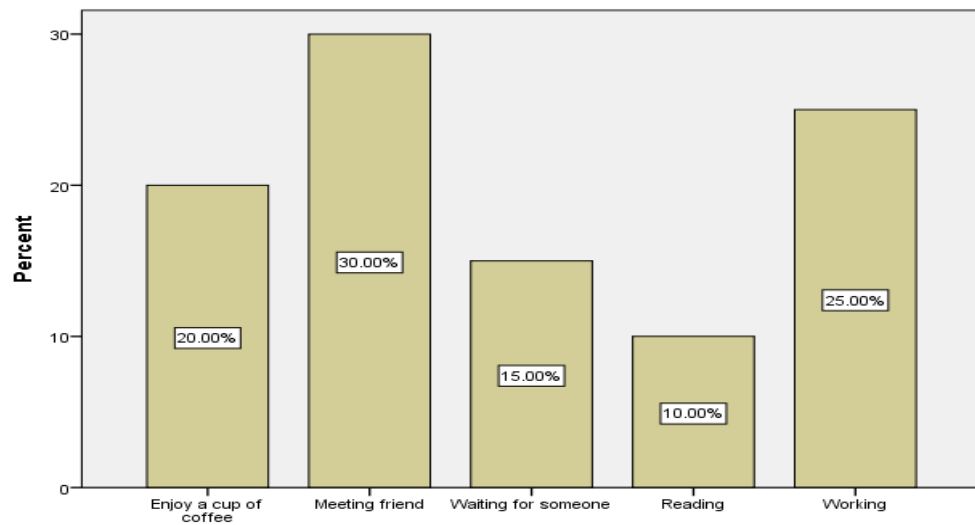
GRAPH 11. Purposes to go to coffee shop

**Part 3: Customer satisfaction**

In the graph 12, most people think that the most attracted factor urging them to go to the coffee shops is the tasty coffee with 37.5% people agrees, while other 30% respondents think that they go to the coffee shops simply because of the location. Good services and nice decorations are also being concerned because the percentage of participants caring about these two factors account for 15.00 % and 10.00% respectively. It is surprisingly from the graph 13 below that the decoration is not the main reason for them to go to the coffee shops with 50% agrees, the other three ideas of traditional style, Western style and Modern style have nearly equal agreement level of 15%, 17.5% and 17.5%, respectively.
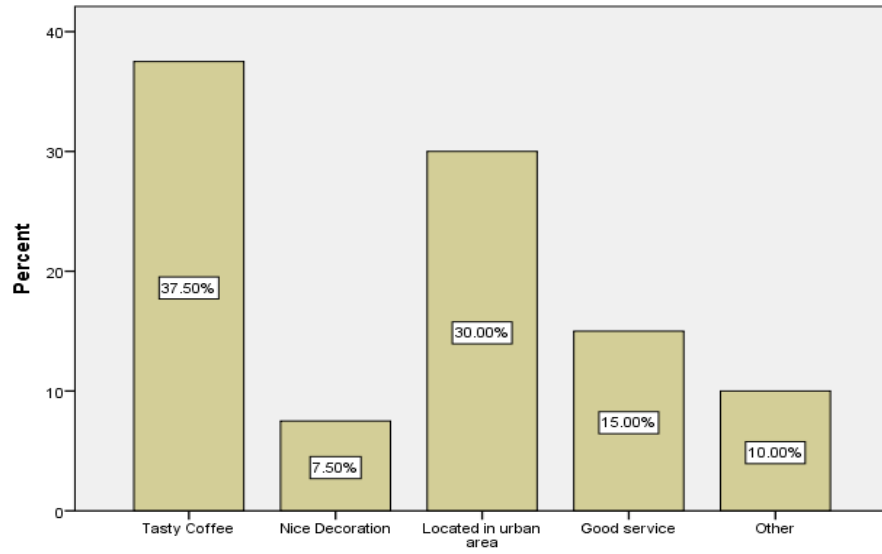
GRAPH 12. Factors attraction to go to coffee shop
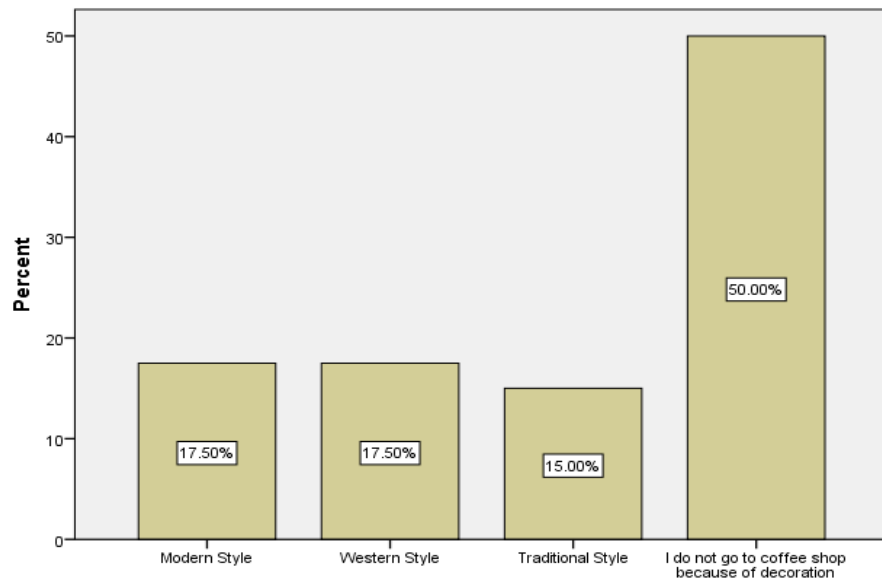


GRAPH 13. Decoration style

According to the Table 1 below, there are several factors that they think the coffee shops they are going to be highly appreciated. However, there are some factors they are not sure whether the coffee shops they are going are good enough, that are the suitable dress code of the employees, and the atmosphere of the coffee shops, the possibility of have breakfast s of the coffee shop. In addition, the questions in this part are designed to test for the five dimensions of the service quality. Specifically, with the dimension of reliability, there are the questions related to the dress code of the staffs, the atmosphere of the coffee shops, the possibility to have breakfasts, the quality of foods and beverage. With the dimension of tangible, there are questions related to the attraction factors, decoration style, closing time, hygiene, wireless connection. With the dimension of Assurance, there is the question of customer-oriented staffs. With the dimension of responsiveness, there is the question of quick service. With the dimension of empathy, there is the question of well-trained staff

TABLE 1. Descriptive statistics for Likert scale questions

| | N | Minimum | Maximum | Mean | | Std. Deviation | Variance | Agreement level |
|---|---|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Statistic | |
| Same closing and opening time everyday | 40 | 3 | 5 | 3.88 | 0.114 | 0.723 | 0.522 | Agree |
| Quick service | 40 | 3 | 5 | 3.62 | 0.106 | 0.667 | 0.446 | Agree |
| Well-trained staffs | 40 | 2 | 5 | 3.6 | 0.123 | 0.778 | 0.605 | Agree |
| Customer-oriented staffs | 40 | 3 | 5 | 3.98 | 0.116 | 0.733 | 0.538 | Agree |
| Suitable dress code | 40 | 2 | 5 | 3.15 | 0.105 | 0.662 | 0.438 | Neutral |
| Hygiene | 40 | 3 | 5 | 3.68 | 0.104 | 0.656 | 0.43 | Agree |
| Good atmosphere | 40 | 2 | 4 | 3.05 | 0.094 | 0.597 | 0.356 | Neutral |

TABLE 1. (continues)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Possibility to have breakfasts | 40 | 2 | 4 | 3.1 | 0.112 | 0.709 | 0.503 | Neutral |
| Quality of foods and beverages | 40 | 3 | 5 | 4.02 | 0.116 | 0.733 | 0.538 | Agree |
| Wireless connection | 40 | 2 | 5 | 3.8 | 0.12 | 0.758 | 0.574 | Agree |
| Valid N (listwise) | 40 | | | | | | | |

# 4. CONCLUSION

## 4.1 Discussion

According to the results of the demographic part, the gender of the respondents is equal with 20 female respondents and 20 male respondents randomly. In addition, the groups of respondents go to café having the age from 20-25 accounts for the biggest proportion. The result is easy to understand since people having their own business will not be restrain from the working hour and working place, they can decide their working place. Hence, they can go to coffee shop to meet the business partners to discuss about business. Moreover, the respondents go to coffee shops mostly from 20-25. With the question regarding to highest education, the respondents answer that they have the bachelor degree or above, this means that people have high education prefer to go to the high-end coffee shops where there is the formal atmosphere to work or meet the business partners.

Part two of the survey shows the test toward the customer behavior toward the consumption of high-end coffee chains in Hanoi. According to the graphs, most people go to the coffee shop more than one time per week, mostly from Monday to Friday and stay there for more than 30 minutes. It is understandable when people go to the coffee shop mostly own their business and go to the coffee shop to meet the business partner; they consider the coffee shops as their workplace. Therefore, they will go to the coffee shops regularly on working day and stay in the coffee shops for a long time. In addition, most of the respondents think that the most convenient time going to the coffee shop will be in the morning, when people think this is a good time to meet the business partner.

With the part in testing the customer satisfaction about the high-end coffee shops in Hanoi, most respondents agree with the service the coffee shops provide. However, there are still some factors that the customers do think that the coffee shops do not good enough for them to agree with, specifically, the suitable dress code of the employees, the atmosphere of the coffee shops, the possibility of having breakfast in the coffee shops. This means that the high-end coffee shops need to improve the services regarding to those issues in order to increase the customer

satisfaction. Besides that, the research also tests the relationship related to the customer satisfaction with the factors affecting the customer satisfactions in the SERVQUAL model.

According to the results, there are three factors having significant impact on the customer satisfactions that are the responsiveness, the reliability and the assurance. This means that there should be the notice toward the assurance, reliability and responsiveness when opening the new high-end coffee chain in Hanoi because the customers in Hanoi care the most those three factors. Specifically the reliability relates to the satisfaction of the customers toward the service quality compare to the promised service quality. The responsiveness connects to the quick and on time service providing to customers. Finally, the assurance relates to the ethical issue of the staffs in providing service to customers.

## 4.2 Recommendation

With the aim to open the new high-end coffee shop in Hanoi, it is important for the research to consider the target customers includes the occupation, the highest education as well as the age. Therefore, it helps to set up for the most appropriate plan for attracting the right target customers and the result in demographic part gives the general idea toward this issue. Most of the customers preferring the high-end coffee shops are from 20 to 25 years old. Moreover, the market segmentation for high-end coffee shops should be serve for the young people who discuss the business issue in the coffee shops. Therefore, the set up should be formal, quiet and suitable for working. In addition, people go to high-end coffee shops mostly are the ones who have stable financial ability as well as social status, hence; they have quite high standards and requirements toward the responsiveness, reliability and assurance of the coffee shops.

To attract the customer in this segmentation, coffee shops have to focus on providing the actual service quality as good as they promise. Furthermore, the coffee shops train the staffs to have the professional skills as well as serve the customers in the most ethical way. Besides that, the target customers are busy; they highly appreciate the coffee shops that can provide the quick and timely service for them to save time. Therefore, with the target customers, rather than focus on decorating for the most fashionable coffee shops, they prefer the place that is quiet, formal

and suitable for working and meeting business partners as well as being able in providing the promised service with ethical staffs and quick service.

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## Questionnaires

**My name is Ta Thi Thanh Nga, the questions are for conducting the research toward determining the key factors affecting opening high-end coffee chains in Hanoi by analyzing customer satisfaction. I appreciate your cooperation in completing the questions. I promise that the personal information in the form will be kept as secret.**

-------------------------------------------------------------

Please use cycle in the suitable answers.

**Part 1: Demographic**

**1. Gender**

1. Male
2. Female

**2. Age**

1. Below 20 years
2. 20 – 25 years
3. 26 – 30 years
4. 31 – 45 years
5. Over 46 years

**3. The highest education**

1. Under Bachelor's degree
2. Bachelor's Degree
3. Master or over

**4. Occupation**

    1. Student

    2. Employee

    3. Government employee

    4. Own business

    5. Work for hire

    6. Other …………………………………

**Part 2: Testing the participants**

**5. How often do you come to the coffee shop?**

    1. More than 1 time per week

    2. Once a week

    3. 1 time per two weeks

    4. Once a month

**6. How long have you stay in the coffee shop each time you come?**

    1. 5-15 minutes

    2. 16 -30 minutes

    3. More than 30 minutes

    4. I only buy for take out

**7**. **Which day of week that you like to go to coffee shop?**

    1. Monday-Friday

    2. Saturday-Sunday

    3. Other Holiday

    4. Everyday

**8**. **Which is the most convenient time for you to go to coffee shop?**

1. Morning
2. Noon
3. Afternoon
4. Evening

**9. What are your purposes in going to coffee shop?**

1. Enjoy a cup of coffee
2. Meeting friend
3. Waiting for someone
4. Reading
5. Working
6. Other …………………………

**Part 3: The Customer Satisfaction**

**10. What are the factors that could attract you to enter those coffee shops?**

1. Tasty Coffee
2. Nice decoration
3. Located in urban area
4. Good service
5. Other……………

**11. Which decoration style you think it is suitable for a coffee shop?**

1. Modern Style
2. Western style
3. Traditional Style
4. I do not go to coffee shop because of decoration
5. Other ………………………………

**Please use (X) in the suitable answers:**

| Service quality | Strongly disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 12. Same closing and opening time everyday | | | | | |
| 13. Customer-oriented staffs | | | | | |
| 14. Quick service | | | | | |
| 15. Well-trained staffs | | | | | |
| 16. Suitable dress code | | | | | |
| 17. Hygiene | | | | | |
| 18. Good atmosphere | | | | | |
| 19. Possibility to have breakfasts | | | | | |
| 20.Quality of foods and beverages | | | | | |
| 21. Wireless connection | | | | | |

THANK YOU