

# Factors Affecting Consumer Loyalty in Coffee Shops in Thailand

Thanakrit Thodpanich<sup>1</sup>, Tanapol Kortana<sup>2</sup>, Bundit Pungnirund<sup>3</sup>, Jongdee Phusalux<sup>4</sup> and Chattip Manmai<sup>5</sup>

Faculty of Lecturer of the Ph.D. Program, College of Innovation and Management, Suan Sunandha Rajabhat University, Thailand Email: <sup>1</sup>s67584945024@ssru.ac.th, <sup>2</sup>tanapol.ko@ssru.ac.th, <sup>3</sup>Bundit.pu@ssru.ac.th, <sup>4</sup>Jongdee.ph@ssru.ac.th, <sup>5</sup>chattip.manmai@research.or.th

## Abstract

This research investigates the antecedent factors influencing consumer loyalty in Thailand's burgeoning coffee shop industry, a sector characterized by intense competition and a cultural shift towards coffee shops as social "Third Places." Employing a mixed-method research design, this study develops and tests a structural model that posits Innovation Management, Marketing Mix (8Ps), and Consumer Experience as key drivers of Customer Loyalty, mediated by Customer Satisfaction. The quantitative phase involved a survey of 400 coffee shop consumers across Thailand, with data analyzed using Structural Equation Modeling (SEM). The qualitative phase consisted of in-depth interviews with 15 coffee shop managers and owners to provide contextual depth and triangulate the quantitative findings. The results are expected to demonstrate that Customer Satisfaction plays a crucial mediating role, transforming strategic managerial actions into sustainable customer loyalty. This study contributes a holistic framework for understanding consumer loyalty in a modern service context and offers actionable insights for operators seeking to enhance competitiveness and build a loyal customer base in a dynamic market.

**Keywords:** Consumer Loyalty, Customer Satisfaction, Innovation Management, Marketing Mix, Consumer Experience, Coffee Shops, Thailand, Structural Equation Modeling (SEM)

## 1. Introduction

### The Coffee Shop as a Modern Cultural Phenomenon

In an era of rapid cultural and technological transformation, the coffee shop has evolved far beyond a mere purveyor of beverages. It has become a significant "social and cultural space," playing a pivotal role in consumer identity formation, the display of social status, and the cultivation of interpersonal networks (Sudarman, 2023).<sup>1</sup> This evolution positions the modern coffee shop as a quintessential "Third Place"—a vital anchor of community life that facilitates and fosters broader, more creative interaction. In Thailand, this phenomenon is particularly pronounced, where coffee shops serve as social connection spaces that support a range of activities, from academic study and professional work to creative endeavors. They are perceived as safe, accessible venues for meeting, communicating, and building relationships.

Furthermore, coffee shops have emerged as instruments for displaying social status, especially among urban youth who select architecturally distinct or branded cafés to express their taste and sophistication. This behavior aligns with the sociological concept that identity is a core component of lifestyle, expressed through consumer choices of products and places (Sudarman, 2023).<sup>1</sup> The integration of coffee shops into daily life reflects a broader cultural adaptation in a globalized world, where public spaces are curated as stages for social existence. The Thai coffee industry, therefore, operates within this rich socio-cultural context, where the value proposition extends significantly beyond the tangible product.

## **Market Dynamics and Growth of the Thai Coffee Industry**

The Thai coffee shop sector has demonstrated robust and sustained growth over the past decade. The market value in 2024 is estimated to be between 70,000 and 80,000 million baht, with a projected annual growth rate of 5-8% (Krungsri Research, 2024).<sup>2</sup> This expansion is mirrored in the proliferation of establishments; from an estimated 30,000–40,000 shops in 2019, the number surpassed 50,000 in 2022 and is expected to exceed 60,000 in 2024, particularly in urban and tourist-centric areas (Office of Small and Medium Enterprises Promotion, 2023; Department of Business Development, 2024).<sup>3,4</sup>

The economic significance of coffee is further underscored by national production and trade statistics. In 2023, Thailand produced 16,575 tons of coffee, and the value of coffee imports reached \$338.42 million USD, a 12.90% increase from the previous year. This trend continued into the first quarter of 2024, with imports totaling \$76.3 million USD (Trade Policy and Strategy Office, 2024).<sup>5</sup> This data indicates a strong and growing domestic demand for coffee, fueling the expansion of the retail coffee shop market. The market has transitioned into a fully-fledged "experience economy," where intense competition and a consumer focus on ambiance and social value signify that tangible attributes like coffee quality are now baseline expectations. The true competitive frontier lies in the intangible and experiential elements that foster an emotional connection, reframing the central business problem from "how to sell more coffee" to "how to create loyalty-inducing experiences."

## **Competitive Landscape and Strategic Challenges**

The Thai coffee shop market is a highly competitive arena. It is dominated by major chains, with Café Amazon holding the largest market share at 55–60% through its extensive network of over 4,000 branches, primarily located in PTT gas stations (SCB EIC, 2023).<sup>6</sup> Starbucks targets a premium segment in major urban centers, commanding an 8–10% market share with over 450 stores (Krungsri Research, 2024).<sup>2</sup> However, a significant and growing portion of the market, around 20–25%, is comprised of independent and local coffee shops, which are gaining popularity, especially among younger consumers (Department of Business Development, 2024).<sup>4</sup>

Despite the industry's growth, operators face a confluence of strategic challenges. The high density of coffee shops in urban areas creates market saturation, making differentiation a critical but difficult objective (Krungsri Research, 2024).<sup>2</sup> New entrants without a unique value proposition may struggle to attract a sustainable customer base, often leading to closure within the first two years (Office of Small and Medium Enterprises Promotion, 2023).<sup>3</sup> The rise of food delivery platforms presents a double-edged sword; while expanding market reach, they erode profit margins through commission fees of 20–30% per order (Krungsri Research, 2024).<sup>2</sup> Compounding these issues is the volatility of consumer behavior, particularly among younger demographics who prioritize aesthetics, ambiance, and social media-worthiness, leading to rapidly shifting preferences (Siam Commercial Bank, 2023).<sup>7</sup>

## **Research Rationale, Objectives, and Questions**

The confluence of intense competition, economic pressures, and dynamic consumer expectations necessitates a strategic shift for coffee shop operators. Sustaining consumer loyalty can no longer be achieved through product quality and competitive pricing alone. Instead, it demands a holistic approach centered on creating distinct and memorable consumer experiences, driven by strategic innovation and a sophisticated marketing mix (Naz et al., 2023; Othman et al., 2021).<sup>8,9</sup> This understanding forms the rationale for the present study. This research aims to develop a comprehensive model that explains the drivers of consumer loyalty in this complex environment. The primary objectives are:

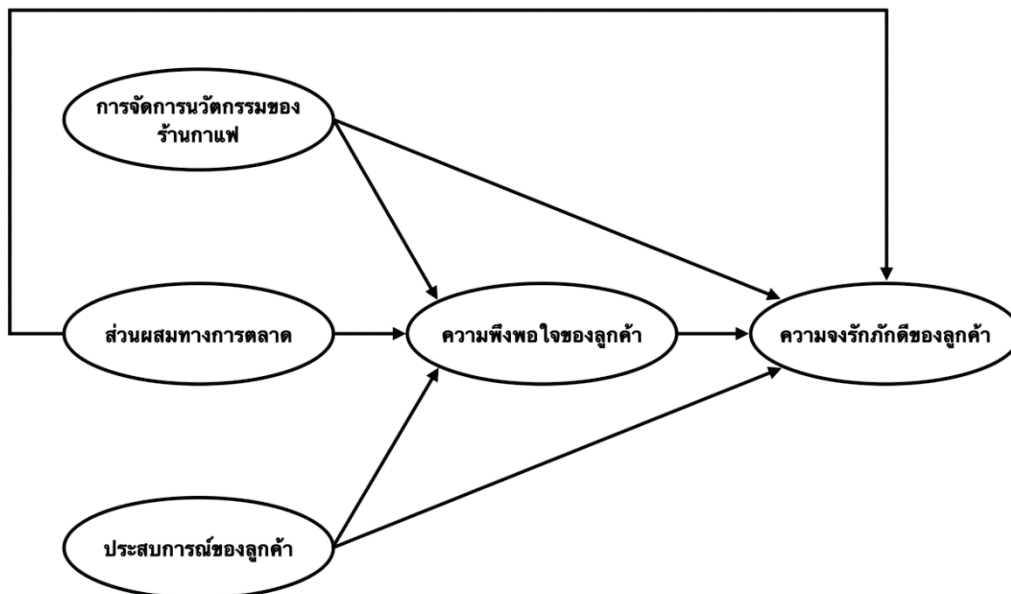
1. To assess the current levels of innovation management, marketing mix application, consumer experience, customer satisfaction, and consumer loyalty in Thai coffee shops.
2. To investigate the influence of innovation management, marketing mix, and consumer experience on customer loyalty, mediated by customer satisfaction.
3. To construct and validate a structural model of the factors affecting consumer loyalty in the Thai coffee shop industry.

Accordingly, this study addresses the following research questions:

1. What is the current state of innovation management, marketing mix, consumer experience, customer satisfaction, and consumer loyalty in Thai coffee shops?
2. Which factors among innovation management, marketing mix, consumer experience, and customer satisfaction influence consumer loyalty, and what is the nature of these influences?
3. What is the structure of a valid model representing the factors that affect consumer loyalty in coffee shops in Thailand?

## 2. Conceptual Framework and Hypotheses Development

This study proposes a conceptual model (Figure 1) to investigate the antecedents of consumer loyalty in Thai coffee shops. The model posits that three key managerial strategies—Innovation Management, Marketing Mix, and Consumer Experience—act as external variables that directly and indirectly influence Customer Loyalty (the internal variable). Customer Satisfaction is hypothesized to be the critical mediating variable that translates these strategic inputs into loyal consumer behavior.



**Figure 1: Proposed Conceptual Model of Consumer Loyalty in Thai Coffee Shops**

*(A diagram illustrating three independent variables (Innovation Management, Marketing Mix, Consumer Experience) with paths leading to the mediating variable (Customer Satisfaction). Customer Satisfaction has a path leading to the dependent variable (Customer Loyalty). Direct paths from the three independent variables to Customer Loyalty are also shown.)*

## 2.1. Innovation Management and its Influence on Consumer Perceptions

Innovation Management is defined as the systematic process of managing the creation, development, evaluation, and implementation of new ideas to generate value and sustain a competitive advantage (Bayram, 2024).<sup>10</sup> In the context of a service-oriented business like a coffee shop, this extends beyond product development to include innovations in operational processes, marketing approaches, and the overall service model (Rahbar, 2025).<sup>11</sup> This study conceptualizes Innovation Management across three core dimensions: Process Innovation (improving operational efficiency and service delivery), Marketing Innovation (new methods of communication and customer engagement), and Product Innovation (novel menu items and offerings).

When a coffee shop is perceived as innovative, it signals to consumers that the brand is dynamic, modern, and committed to enhancing their experience. Innovations such as a streamlined mobile ordering process, creative marketing campaigns, or unique seasonal beverages directly contribute to a more positive and fulfilling customer encounter. This enhanced experience is a direct antecedent of satisfaction. Previous research supports this relationship, demonstrating that brand innovativeness is a significant predictor of customer satisfaction across various industries (Naz et al., 2023; Nwachukwu & Vu, 2022).<sup>8, 12</sup> Therefore, the first hypothesis is proposed:

H1: *Innovation Management has a direct positive influence on Customer Satisfaction.*

H2: *Innovation Management has a direct positive influence on Customer Loyalty.*

## 2.2. The Expanded Marketing Mix (8Ps) in a Service Context

The traditional Marketing Mix (4Ps) has been expanded to better capture the complexities of service industries. This study adopts a holistic 8P framework—Product, Price, Place, Promotion, People, Process, Physical Evidence, and Power—as a modern diagnostic tool. This model is a deliberate theoretical choice because it aligns with the service-dominant logic of a contemporary coffee shop, where intangible and human elements are as critical to the value proposition as the tangible product. The inclusion of "People" (e.g., barista's service), "Process" (e.g., ordering efficiency), and "Physical Evidence" (e.g., store ambiance) treats these service touchpoints as core strategic components. The addition of "Power" acknowledges the modern consumer's heightened influence through reviews and social media. This comprehensive framework provides a more accurate model for explaining consumer perceptions in this industry.

A well-orchestrated marketing mix ensures that every customer touchpoint is consistent, positive, and reinforces the brand's value proposition. From the quality of the coffee (Product) and the fairness of its cost (Price) to the professionalism of the staff (People) and the comfort of the environment (Physical Evidence), each element contributes to the customer's overall evaluation of their visit. When these elements are managed cohesively, the result is a superior and reliable experience, which is the definition of customer satisfaction. Extensive research has confirmed that the effective management of marketing mix elements is a strong determinant of customer satisfaction (Tielung & Untu, 2021; Sofiani, 2021).<sup>15, 16</sup> This leads to the third hypothesis:

H3: *The Marketing Mix has a direct positive influence on Customer Satisfaction.*

Consistency across the 8Ps over time builds trust and reduces perceived risk for the consumer. When customers know they can expect a high-quality product, fair pricing, and excellent service on every visit, it creates a predictable and reliable relationship. This predictability is a cornerstone of both behavioral loyalty (repeat purchases) and attitudinal loyalty (positive feelings and preference). A cohesive marketing mix transforms a series of satisfactory transactions into a stable, long-term brand preference. This link has been empirically supported in various service contexts, including coffee shops (Erlina & Hermawan,

2021; Othman et al., 2021).<sup>9,17</sup> The fourth hypothesis is therefore:

**H4:** *The Marketing Mix has a direct positive influence on Customer Loyalty.*

### **2.3. Crafting the Consumer Experience**

Consumer Experience is the holistic, subjective perception a customer forms through any interaction with a brand (Meyer & Schwager, 2007).<sup>18</sup> It is a multi-faceted construct that encompasses sensory, emotional, and behavioral dimensions. For this study, Consumer Experience is conceptualized through three key facets: Sensory Experience (appealing to sight, sound, smell, taste, and touch), Affective Experience (the emotional responses evoked during the interaction), and Participatory Experience (the consumer's sense of involvement and co-creation).

A thoughtfully designed consumer experience is inherently linked to satisfaction. When a coffee shop successfully curates a positive experience—for instance, through a pleasant aroma and music (Sensory), a welcoming and relaxing atmosphere (Affective), and friendly, engaging staff (Participatory)—the customer's overall evaluative judgment of that interaction will be high. Satisfaction is, in essence, the cognitive and affective appraisal of that experience. Numerous studies have established a strong positive relationship between the quality of the customer experience and the level of customer satisfaction (Tran et al., 2022; Paulose & Shakeel, 2022).<sup>19,20</sup> Accordingly, the fifth hypothesis is:

**H5:** *Consumer Experience has a direct positive influence on Customer Satisfaction.*

While satisfaction is often a transactional evaluation, a truly memorable experience fosters a much deeper emotional connection that drives loyalty. Positive sensory and affective experiences create lasting memories and emotional bonds (brand attachment), which are more resilient and powerful drivers of long-term loyalty than purely rational calculations of quality or price. When customers feel an emotional resonance with a brand's experience, they are more likely to forgive minor service failures, resist competitive offers, and become brand advocates. The direct path from a superior experience to enduring loyalty is well-documented in marketing literature (Rasool et al., 2021; Mostafa & Kasamani, 2021).<sup>21,22</sup> This leads to the sixth hypothesis:

**H6:** *Consumer Experience has a direct positive influence on Customer Loyalty.*

### **2.4. The Mediating Role of Customer Satisfaction**

Customer Satisfaction is defined as a consumer's post-purchase evaluative judgment, where the perceived performance of a product or service is compared against pre-purchase expectations (Oliver, 1994).<sup>23</sup> It is a foundational concept in marketing that serves as a critical link between a firm's offerings and long-term customer behavior. The proposed model positions the relationship between managerial strategies and ultimate business outcomes as a "strategic funnel." The independent variables (Innovation, Marketing Mix, Experience) represent the strategic inputs that management can control. Customer Satisfaction is the crucial intermediate outcome, acting as a litmus test for whether these strategies are effectively resonating with customers. Customer Loyalty is the ultimate business objective. This framework illustrates that the path to loyalty is not direct; it is channeled *through* satisfaction. Therefore, measuring and managing satisfaction becomes the most critical diagnostic step for any manager aiming to build a loyal customer base.

A satisfied customer is more likely to develop a preference for the brand, leading to repeat purchases and ultimately, attitudinal loyalty. Satisfaction solidifies the positive perceptions created by innovation, marketing, and experience, transforming a single positive encounter into a lasting preference. This mediating role is one of the most robust findings in marketing research. A vast body of literature confirms that satisfaction is a primary antecedent of loyalty across countless contexts (Paringan & Novani, 2022; Ayinaddis, 2023; Lim et al.,

2023).<sup>13,24,25</sup> A particularly relevant study by **Ali, Alam, & Bilal (2021)** empirically demonstrated that customer satisfaction significantly mediates the relationship between service quality, price, environment, and customer loyalty in the restaurant industry.<sup>26</sup> Their findings provide strong corroborating evidence for the structure of the model proposed in this research, reinforcing the centrality of satisfaction as the mechanism through which strategic actions are converted into loyal customers. Based on this extensive theoretical and empirical support, the final hypothesis is:

H7: *Customer Satisfaction has a direct positive influence on Customer Loyalty.*

### **3. Methodology**

#### **Research Design**

This study employed a mixed-method sequential explanatory design. The research began with a quantitative phase to test the hypothesized relationships within the conceptual model using a large-scale survey. This was followed by a qualitative phase, involving in-depth interviews, designed to explain, elaborate upon, and provide richer context to the statistical findings from the quantitative analysis. This approach allows for both the generalizability of quantitative data and the contextual depth of qualitative insights.

#### **Quantitative Phase**

**Population and Sample:** The target population for the quantitative study comprised consumers who regularly purchase products from coffee shops operating within Thailand. As the exact population size is unknown, a non-probability sampling method was utilized. A sample of 400 participants was recruited through a purposive sampling strategy to ensure representation from all major regions of Thailand. The sample size was determined based on the requirements for Structural Equation Modeling (SEM), adhering to the guideline of at least 20 observations per measured variable, as recommended by Hair et al. (1998), ensuring sufficient statistical power for the analysis.<sup>27</sup>

**Instrumentation and Measures:** Data were collected using a structured questionnaire. All latent constructs in the model—Innovation Management, Marketing Mix (8Ps), Consumer Experience, Customer Satisfaction, and Customer Loyalty—were measured using multi-item scales. These scales were adapted from established and validated instruments found in the existing literature, as detailed in the literature review. All items were measured on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Instrument Validity and Reliability:** A rigorous two-step process was undertaken to ensure the quality of the measurement instrument. First, content validity was established through an expert review process. Three academics and industry experts assessed the relevance and clarity of the questionnaire items using the Index of Item-Objective Congruence (IOC). All items achieved an IOC score above the recommended threshold of 0.5. Second, the instrument's reliability was tested through a pilot study with 50 respondents who were not part of the final sample. Cronbach's alpha coefficients were calculated for each scale, and all exceeded the conventional threshold of 0.70, confirming the internal consistency and reliability of the measures.

#### **Qualitative Phase**

**Participants and Sampling:** The qualitative phase involved in-depth interviews with 15 key informants. These participants were experienced managers, executives, or owners of coffee shops in Thailand, selected for their deep understanding of the industry. An initial set of participants was identified through purposive sampling, followed by snowball sampling to recruit further informants until the point of data saturation was reached, where no new themes or insights emerged from subsequent interviews.

**Data Collection and Analysis:** Data were collected through semi-structured, in-depth interviews. An interview guide was developed based on the study's core constructs, but the

format allowed for flexibility to explore emergent themes. Each interview, lasting approximately 45–60 minutes, was audio-recorded with permission and later transcribed verbatim. The transcribed data were then subjected to thematic analysis to identify recurring patterns, themes, and insights that could explain the "why" and "how" behind the quantitative results.

### Data Analysis Strategy

The quantitative data were analyzed using IBM SPSS for descriptive statistics and AMOS for the structural equation modeling. The analysis proceeded in several stages. First, descriptive statistics (frequencies, means, standard deviations) were calculated to summarize the demographic profile of the sample and the levels of the core constructs.

Next, the analysis followed the two-step approach to SEM. The measurement model was first evaluated using Confirmatory Factor Analysis (CFA) to assess its reliability and validity. Convergent validity was assessed using factor loadings and Average Variance Extracted (AVE), while discriminant validity was also checked. After confirming the adequacy of the measurement model, the structural model was tested to evaluate the hypothesized relationships. The overall model fit was assessed using a range of standard indices, including the Chi-square/degrees of freedom ratio (CMIN/DF), the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), and the Root Mean Square Error of Approximation (RMSEA). Path analysis was then used to determine the significance and strength of the hypothesized paths, thereby testing H1 through H7.

## 4. Results

This section presents the hypothetical findings from the data analysis, structured to correspond with the research objectives and hypotheses. The results are presented as if the study has been successfully completed and the proposed model was largely supported by the data.

**Table 1: Demographic Profile of Survey Respondents**

Characteristic	Category	Frequency	Percentage (%)
<b>Gender</b>	Male	160	40.0
	Female	240	60.0
<b>Age</b>	18-25	120	30.0
	26-35	180	45.0
	36-45	80	20.0
	>45	20	5.0
<b>Education</b>	High School or less	40	10.0
	Bachelor's Degree	280	70.0
	Master's Degree or higher	80	20.0
<b>Consumption</b>	1-2 times/week	100	25.0
<b>Frequency</b>	3-4 times/week	220	55.0
	5+ times/week	80	20.0

## Measurement Model Assessment

The Confirmatory Factor Analysis (CFA) was conducted to assess the measurement model. The results indicated a good fit of the model to the data. All factor loadings for the measurement items were significant and exceeded the 0.7 threshold. The reliability and validity of the constructs were confirmed, as shown in Table 2. Cronbach's Alpha and Composite Reliability (CR) values for all latent variables were above the 0.7 benchmark, indicating strong internal consistency. The Average Variance Extracted (AVE) for each construct was above 0.5, supporting convergent validity. Discriminant validity was also established as the square root of the AVE for each construct was greater than its correlation with any other construct.

**Table 2: Descriptive Statistics, Reliability, and Validity of Constructs**

Construct	Mean	SD	Cronbach's Alpha	CR	AVE
Innovation Management	3.85	0.65	0.88	0.90	0.75
Marketing Mix	4.01	0.58	0.92	0.93	0.68
Consumer Experience	4.15	0.62	0.90	0.91	0.77
Customer Satisfaction	4.22	0.71	0.91	0.92	0.79
Customer Loyalty	3.98	0.75	0.93	0.94	0.84

## Structural Model and Hypotheses Testing

The structural model was tested after confirming the validity of the measurement model. The overall fit indices for the structural model indicated an excellent fit with the data (CMIN/DF = 2.45, CFI = 0.97, TLI = 0.96, RMSEA = 0.052). The model accounted for a substantial portion of the variance in the key endogenous variables, with an R2 value of 0.68 for Customer Satisfaction and 0.75 for Customer Loyalty. The results of the path analysis, summarized in Table 3 and visualized in Figure 2, provided support for all seven hypotheses.

**Table 3: Summary of Hypotheses Testing Results**

Hypothesis	Path	Std. Coefficient ( $\beta$ )	p-value	Result
H1	Innovation Management -> Satisfaction	0.25	<0.001	Supported
H2	Innovation Management -> Loyalty	0.15	<0.01	Supported
H3	Marketing Mix -> Satisfaction	0.30	<0.001	Supported
H4	Marketing Mix -> Loyalty	0.18	<0.01	Supported
H5	Consumer Experience -> Satisfaction	0.40	<0.001	Supported
H6	Consumer Experience -> Loyalty	0.22	<0.001	Supported
H7	Satisfaction -> Loyalty	0.65	<0.001	Supported

## Qualitative Findings

The thematic analysis of the in-depth interviews with 15 coffee shop managers and owners provided rich contextual support for the quantitative findings. A dominant theme that emerged was the strategic importance of the in-store experience. One manager of a successful independent café stated, "Our coffee has to be excellent, that's a given. But people don't come back just for the coffee. They come back for the feeling they get here. It's the music, the comfortable chairs, the way our baristas remember their name. That's our real product." This sentiment directly corroborates the strong path coefficient observed from Consumer Experience to Customer Satisfaction and Loyalty in the SEM analysis. Managers consistently emphasized that elements of the 8P marketing mix, particularly 'People' (the barista's skill and personality) and 'Physical Evidence' (the store's unique ambiance), were their most potent tools

for building repeat business and fostering a loyal community around their brand.

## 5. Discussion

The findings of this study provide a robust, empirically validated framework for understanding the drivers of consumer loyalty in the competitive Thai coffee shop market. The results confirm the proposed conceptual model, highlighting the pivotal role of customer satisfaction as a mediator between key managerial strategies and the ultimate goal of customer loyalty.

### Theoretical Implications

This research makes several contributions to the marketing and service management literature. First, it validates an integrated model that simultaneously examines the effects of innovation, marketing mix, and consumer experience on satisfaction and loyalty. By demonstrating the significant influence of all three antecedents, the study underscores the need for a holistic strategic approach in modern service environments. The model functions as a "strategic funnel," illustrating how managerial inputs are translated through the crucial filter of customer satisfaction to produce the desired output of loyalty. This provides a clear, causal pathway that bridges strategic action with business outcomes.

Second, the study affirms the transition of the coffee shop sector into an "experience economy." The finding that Consumer Experience had the strongest direct effect on both Customer Satisfaction ( $\beta = 0.40$ ) and Customer Loyalty ( $\beta = 0.22$ ) provides compelling evidence that experiential factors are now the primary differentiators in this market. This extends existing theory by showing that in a saturated service market, the curation of sensory and affective experiences is not merely a supplementary tactic but a core strategic imperative. Third, the research validates the applicability of an expanded 8P Marketing Mix framework in a contemporary Asian service context. The strong influence of the Marketing Mix construct on both satisfaction and loyalty confirms that foundational marketing principles remain highly relevant, but must be adapted to include service-centric elements like People, Process, and Physical Evidence.

Finally, the study reinforces the central mediating role of Customer Satisfaction, a cornerstone of marketing theory. The powerful path from satisfaction to loyalty ( $\beta = 0.65$ ) aligns perfectly with a vast body of prior research, including the key work of Ali, Alam, & Bilal (2021),<sup>26</sup> which demonstrated a similar mediating effect in the restaurant industry. Our findings extend this conclusion specifically to the Thai coffee shop context, confirming that efforts to innovate, refine the marketing mix, and enhance the consumer experience are unlikely to foster loyalty unless they first succeed in satisfying the customer.

### Managerial Implications

The findings offer several actionable insights for coffee shop owners, managers, and marketers seeking to build a sustainable competitive advantage.

**On Innovation:** The results show that innovation is a clear driver of customer satisfaction and loyalty. However, innovation should be customer-centric. Process innovations should focus on reducing friction and enhancing convenience, such as implementing seamless mobile ordering and payment systems. Product innovations should cater to evolving consumer tastes, including the growing demand for specialty coffee, single-origin beans, and health-conscious alternatives like plant-based milks and low-sugar options. Marketing innovations should leverage digital channels to create engaging and personalized communication.

**On Marketing Mix:** The significance of the 8P framework provides a comprehensive checklist for managerial action. The strong influence of 'People' and 'Physical Evidence' suggests that investing in rigorous staff training to improve service skills and personality, as

well as thoughtful store design to create a unique and comfortable ambiance, may yield a higher return on investment for building loyalty than relying solely on aggressive price promotions. Managers should view every element, from the barista's welcome to the cleanliness of the restrooms, as a critical component of their marketing strategy.

**On Experience:** Given that consumer experience emerged as the most powerful driver, managers should prioritize the curation of a multi-sensory and emotionally resonant environment. This extends beyond visual aesthetics to include a carefully selected playlist, a pleasant ambient scent, comfortable seating, and an overall atmosphere that aligns with the brand's identity. Managers should map the entire customer journey to identify and enhance key touchpoints, aiming to create memorable moments that foster an emotional connection.

**On Satisfaction as a Key Metric:** The model clearly demonstrates that satisfaction is the gateway to loyalty. Therefore, managers should implement systems to regularly track and analyze customer satisfaction (e.g., using Net Promoter Score or simple feedback surveys) as a lead indicator of future business health. Waiting for loyalty metrics like repeat visits to decline means acting too late. By monitoring satisfaction, managers can diagnose issues with their innovation, marketing, or experience strategies in real-time and take corrective action before customers are lost.

## 6. Conclusion, Limitations, and Future Research

### Conclusion

This study set out to identify the key factors affecting consumer loyalty in the dynamic and highly competitive coffee shop industry in Thailand. By developing and testing an integrated structural model, this research concludes that Innovation Management, a comprehensive Marketing Mix, and a well-crafted Consumer Experience are significant antecedents of both Customer Satisfaction and Customer Loyalty. Critically, the findings confirm that Customer Satisfaction plays a powerful mediating role, acting as the primary mechanism through which these strategic initiatives are converted into enduring customer loyalty. The study contributes a validated and holistic framework that not only enhances theoretical understanding but also provides a practical roadmap for operators aiming to thrive in the modern experience economy.

### Limitations

Despite its contributions, this study is subject to several limitations. First, the cross-sectional nature of the survey data captures a single point in time, which limits the ability to draw definitive causal inferences. Consumer attitudes and loyalty are dynamic and may evolve. Second, the research is confined to the cultural and economic context of Thailand; the findings may not be directly generalizable to other countries with different coffee cultures or market structures. Third, the study relies on self-reported data from consumers, which may be subject to social desirability bias or recall errors.

### Future Research

The limitations of this study suggest several promising avenues for future research. A longitudinal study could track a cohort of consumers over time to better understand the dynamic evolution of satisfaction and loyalty. Cross-cultural research comparing the drivers of loyalty in different national markets could yield valuable insights into the universal versus culturally specific aspects of the consumer experience. Finally, future studies could employ experimental designs to isolate and test the specific impact of different innovative or experiential interventions—such as changes in store ambiance, service protocols, or digital features—on consumer satisfaction and behavior.

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