# The Impact of Franchise Dessert Cafe Quality on Consumption Value, Satisfaction, and Loyalty

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## Abstract

**Purpose:** This study examines the impact of dessert cafe quality factors—interaction, environmental, outcome, and product quality—on hedonic and utilitarian values, satisfaction, and loyalty. It explores how these elements influence consumer behavior in the context of dessert cafe experiences. **Research design, data and methodology:** Data were collected from 563 consumers who visited dessert cafés within the last three months. The analysis was conducted using SPSS 28.0 and SmartPLS 4.0 to test the relationships among the cafe quality factors, consumption values, satisfaction, and loyalty. **Result:** Interaction, environmental, outcome, and product quality positively influenced hedonic value. Interaction and outcome quality impacted utilitarian value, while environmental and product quality did not. Satisfaction was positively affected by environmental and product quality but not by interaction or outcome quality. Satisfaction influenced loyalty, while neither hedonic nor utilitarian value significantly impacted loyalty. **Conclusions:** The study highlights the importance of understanding how different quality dimensions in dessert cafés affect consumer satisfaction and loyalty. The findings provide valuable insights for enhancing customer experiences and formulating effective marketing strategies in the dessert cafe industry.

**Keywords:** Franchise, Cafe Quality, Consumption Value, Satisfaction, Loyalty

**JEL Classification Code :** C12, D12, M31

## 1. Introduction

Recently, South Korean retailers have been making significant efforts to introduce renowned global coffee and dessert brands into the domestic market. Lotte Department Store secured the domestic franchise distribution rights for Bacha Coffee, often referred to as the 'Hermes of the coffee world,' and opened its first store in South Korea. Similarly, Hyundai Department Store launched 'Godiva Bakery,' a premium confectionery brand from Belgium's famous chocolate manufacturer Godiva, in South Korea for the first time in August 2024. Despite these desserts being priced two to three times higher than those at typical domestic franchise stores, they have been so popular that long queues and open runs have occurred since the day of opening. This success has intensified competition among South Korean retailers to introduce more internationally recognized dessert brands into the market (Yonhap News, 2024).

The demand for desserts has surged to the point where the term 'bread pilgrimage' has emerged among consumers.

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This term refers to a form of 'pilgrimage' to visit and taste renowned bakeries and dessert cafes, akin to a form of pilgrimage. This trend reflects consumers increasingly viewing desserts not merely as food items but as cultural experiences. Documenting and sharing photos of aesthetically pleasing cafes and dessert items on digital platforms such as SNS has become a widespread trend. Despite the established presence of popular dessert brands such as 'Knotted' and 'London Bagel Museum', consumers are seeking out new and unique experiences and traveling to dessert cafes that offer novel tastes and atmospheres they have never experienced before.

The hedonic and utilitarian values that consumers experience when choosing a particular dessert brand have a significant impact on their satisfaction and loyalty. Hedonic value refers to the subjective satisfaction that consumers experience through sensory pleasure, interest, and refreshment, and it is closely tied to emotional satisfaction (Holbrook & Hirschman, 1982). Hedonic value is especially important among consumers who post photos on social media to share their experiences with others, and is enhanced by a cafe's interior, the visual appeal of desserts, unique flavors, and so on.

On the other hand, utilitarian value refers to the satisfaction that consumers derive from the functional utility and practical benefits of a product or service, which primarily reflects satisfaction related to rational judgment (Batra & Ahtola, 1991). Utilitarian value emphasizes aspects such as the quality, value for money, and convenience of a product and serves as the basis for evaluating satisfaction from an economic perspective. For example, the flavor and freshness of a dessert or the speed and efficiency of a service can be key elements that contribute to consumers' perception of utilitarian value.

Based on the theory of consumption value proposed by Sheth et al. (1991), this study aims to analyze the relationship between quality factors of dessert cafes and consumption value, satisfaction, and loyalty. The theory of consumption value is a theoretical framework focused on understanding the different types of value that consumers perceive when purchasing and using a product or service. According to this theory, the five essential values that affect consumer purchasing decisions and behaviors are social value, emotional value, functional value, epistemic value, and conditional value (Sheth et al., 1991).

In addition, this study proposes interaction quality, environmental quality, outcome quality, and product quality as the key quality factors of dessert cafes and analyzes the impact of each factor on consumers' overall satisfaction and loyalty through hedonic and utilitarian values. Through this analysis, we aim to identify which quality factors have a stronger impact on consumers, providing valuable insights for improving service quality and developing marketing strategies for dessert cafes. This study seeks to contribute to enhancing customer satisfaction and loyalty by understanding how the balance between emotional pleasure and functional utility affects consumers' choices of a particular dessert cafe.

Therefore, the results of this study are expected to provide significant implications for dessert cafe operators and retailers, contributing to the development of consumer-centered service strategies. These insights will help strengthen competitiveness in the domestic dessert market and enable the provision of more differentiated experiences to consumers.

## 2. Theoretical Background and Hypotheses

### 2.1. Dessert Cafe Quality

In the service industry, especially in dessert cafes, the quality of both the service experience and the products has a significant impact on consumer satisfaction and loyalty (Cheon et al., 2022; Song & Hwang, 2002). Quality factors include price, employees, location, physical environment, service process, interaction, outcome, and product (Lee, 2021; Song & Hwang, 2022), with each quality element having a profound influence on the overall consumer experience and evaluation (Woodside et al., 1989).

Bitner (1992) emphasized the impact of the service environment on consumers' psychological responses, describing it through the concept of 'servicescape'. Grönroos (1984) divided service quality into functional quality and outcome quality, with outcome quality reflecting the alignment between the consumer's expected results and the actual experience. Outcome quality refers to the quality of the outcome that consumers experience in a dessert cafe, representing the final outcome of the service or product (Rust & Oliver, 1994). In the context of dessert cafes, key criteria for evaluating outcome quality include the variety of dessert choices, short wait times, and overall satisfaction with the experience. In addition, product quality is a critical factor in determining the overall perceived value by consumers (Zeithaml, 1988). The main attributes that contribute to perceived product quality include Product freshness, taste, scent, aesthetics, reliability, image, brand name, durability, etc, (Sebastianelli & Tamimi, 2002).

Services quality increases consumer loyalty and its impact on loyalty is as significant as satisfaction (Lee et al., 2004). Perceived value, which includes quality, is a broader concept where quality serves as a key determinant (Oliver, 1999). Moreover, quality factors affect consumers' hedonic and utilitarian values, ultimately leading to positive effects on consumer satisfaction and loyalty (Bae & Jeon, 2022). Hence, interaction quality, environmental quality, outcome

quality, and product quality are important factors that determine the overall quality of service and products experienced by consumers in dessert cafes.

Lee (2021) conducted a study on the relationship between service quality, relationship quality, and loyalty among customers who visited a restaurant after viewing content on SNS, and verified that service quality has a significant impact on both satisfaction and loyalty. Jeong et al. (2023) examined the relationship between servicescape, service quality, satisfaction, and loyalty in coffee shops, revealing that service quality is an antecedent of customer satisfaction. Lee et al. (2004) studied the effect of service quality on satisfaction and behavioral intention of forest tourists demonstrating that service quality is not only an antecedent of satisfaction but also has a direct effect on loyalty. Based on the previous studies, the following hypotheses are proposed in this study.

**H1**: Service quality of franchise dessert cafe (1-1: interaction, 1-2: environmental, 1-3: outcome, 1-4: product) has a positive influence on hedonic value.
**H2**: Service quality of franchise dessert cafe (1-1: interaction, 1-2: environmental, 1-3: outcome, 1-4: product) has a positive influence on utilitarian value.
**H3**: Service quality of franchise dessert cafe (1-1: interaction, 1-2: environmental, 1-3: outcome, 1-4: product) has a positive influence on satisfaction.

## 2.2. Consumption Value

Value is an abstract concept that has a variety of meanings depending on the context and is typically defined from the perspective of the consumer (Morar, 2013). According to Zeithaml (1988), perceived value is the evaluation of the overall usefulness of a product or service based on the consumer's experience. It stems from the consumer's perception of what they are paying for versus what they are receiving. It plays a crucial role in influencing consumers' purchase decision-making processes and subsequent behaviors (Choi et al., 2017).

The theory of consumption value (Sheth et al., 1991) emphasizes that consumers perceive different types of value when purchasing a product or service and that these values significantly impact consumer behavior. According to this theory, consumers make purchasing decisions based on various value criteria including functional value (utility, performance), emotional value (emotional satisfaction), social value (social recognition), cognitive value (novel experiences), and conditional value (value in a particular situation).

Hedonic value is associated with emotional value and reflects the emotional pleasure consumers derive from a product or service (El-Adly & Eid, 2016). Utilitarian value, on the other hand, is associated with functional value, representing the satisfaction derived from the efficiency and usefulness of a product or service (Hirschman & Holbrook, 1982; Zeithaml, 1988). These diverse consumption values influence customer satisfaction and revisit intention, serving as key factors that drive consumers to consistently patronize a particular brand or store.

Therefore, the hedonic and utilitarian values perceived by consumers are crucial factors in shaping their overall satisfaction with a particular product or service, and understanding how these values impact customer loyalty and revisit intention holds significant importance in the service industry (Yang & Kim, 2018). Consequently, perceived value is closely linked to consumer satisfaction, loyalty and revisit intention (Miao et al., 2022).

The higher a consumer values hedonic or utilitarian value, the more satisfaction and positive behavioral intention towards the product or service (Doghan & Albarq, 2022). Park and Lee (2023) confirmed the mediating effect of tourism satisfaction by investigating how tourists' perceived value affects their revisit intention to a tourist destination. Doghan and Albarq (2022) examined the impact of hedonic and utilitarian values on online loyalty among Jordanian consumers, an emerging market, and identified a mediating role of website satisfaction. Kang (2022) analyzed the impact of selection attributes (i.e. menu quality, menu contents, menu offerings) of bakery cafe on satisfaction, mediated by value, and verified a significant positive relationship between menu selection attributes, consumer value, and satisfaction. Based on these previous studies, the following hypotheses were proposed.

**H4**: Hedonic value has a positive influence on satisfaction.
**H5**: Utilitarian value has a positive influence on satisfaction.

## 2.3. Satisfaction and Loyalty

Satisfaction is an evaluation of a product or service and provides consumers with the pleasure associated with fulfilling their consumption needs (Wu et al., 2018). When a customer is satisfied with the value offered by a product or service, they tend to remain loyal for a long-term period. Highly satisfied customers tend to spread positive word-of-mouth, effectively becoming mobile advertisements that can reduce the company's costs for attracting new customers (Fawzeea et al., 2019). Therefore, companies strive to enhance customer loyalty and improve company performance by fostering long-term relationships with satisfied customers.

Consumer loyalty is the attitude of consumers who, satisfied with a service, are inclined to repeatedly purchase a particular product or service repeatedly (Oliver, 1999).

Moreover, satisfied consumers develop loyalty that drives them to recommend a product or service to others (Parasuraman et al., 1991). Loyalty is a concept that reflects the value of customer in the performance perspective and has been widely studied across various industries, including business management (Lee et al., 2023; Choi et al., 2017), healthcare services (Elareshi et al., 2023; Kim et al., 2017), tourism services (Al-okaily et al., 2023), and education services. Recently, consumer loyalty has also been actively conducted in online environments (Doghan & Albarq, 2022; Sohaib & Han, 2023).

Consumer loyalty is a vital element that directly affects a company's profitability by ensuring a steady stream of revenue. (Chaudhuri & Holbrook, 2001). In general, loyalty encompasses positive word-of-mouth and repurchase intention (Choi et al., 2017), and loyalty to a particular brand plays an important role in enhancing a company's brand value in a competitive market by fostering positive attitudes toward the shopping experience and promoting repurchase (Leckie et al., 2016).

Related prior studies include Choi et al. (2017), who revealed that consumers' perceived value of franchise coffee shops influences word-of-mouth and revisit intention. Kwon

(2018) identified the relationship between customer satisfaction and customer loyalty mediated by brand value in dessert cafes. Additionally, Cheon et al. (2022) suggested satisfaction as a key antecedent for enhancing customer loyalty in bakery cafes. Based on these previous studies, the following hypotheses are proposed in this study.

**H6**: Hedonic value has a positive influence on loyalty.
**H7**: Utilitarian value has a positive influence on loyalty.
**H8**: Satisfaction has a positive influence on loyalty.

## 3. Methodology

### 3.1. Sample and Data Collection

The survey was conducted with the help of an online specialized data collection company, targeting consumers who had visited a dessert cafe. A total of 590 responses were collected, of which 27 were excluded from the analysis due to being deemed unsuitable for the study. Consequently, 563 responses were used for the analysis.
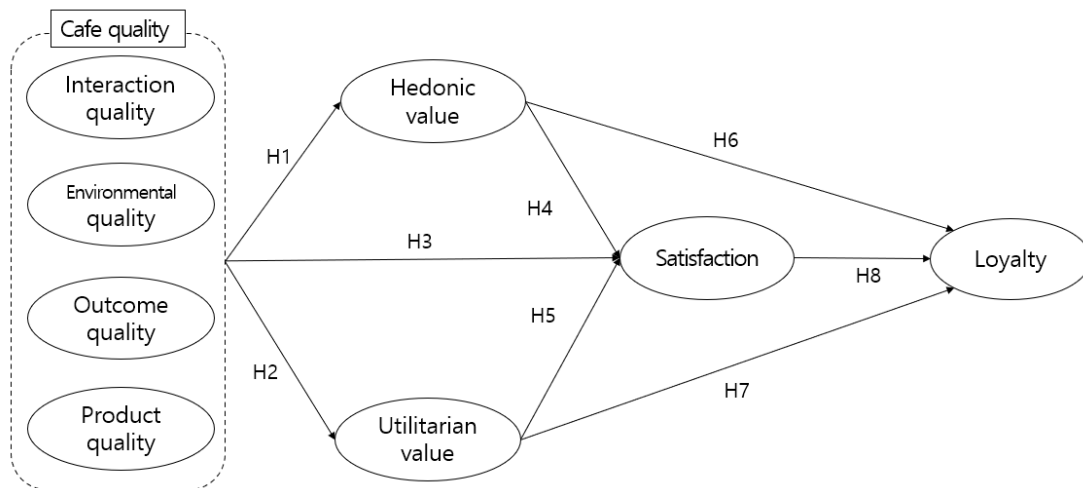


**Figure 1**: Proposed model

### 3.2. Measures

All items were measured using a 7-point Likert scale, ranging from 1 = 'strongly disagree' to 7 = 'strongly agree'. The quality of dessert cafes was classified into four dimensions: interaction quality, environmental quality, outcome quality, and product quality. In this study,

interaction quality refers to the friendliness and responsiveness between cafe staff and customers, environmental quality refers to the physical environment of the cafe, outcome quality refers to the cafe service experience, and product quality refers to the dessert quality of the cafe. Each dimension of quality was measured with 3

items based on Sherman et al. (1997), Butcher et al. (2003), and Lee et al. (2008)'s study.

Hedonic value represents the pleasure and happiness customers derive from their experience at the dessert cafe, while utilitarian value reflects the economic dimension of the cafe's menu. To measure hedonic and utilitarian values, items were adapted from Kim et al. (2018) and Lee et al. (2014), resulting in 5 items for each value type. Satisfaction, referring to the overall satisfaction customers feel towards the dessert cafe, was measured using 4 items adapted from Butcher et al. (2003), Iacobucci et al. (1994), and Lee et al. (2008). Loyalty includes customers' positive word-of-mouth and willingness to recommend a dessert cafe and it was measured with 3 items based on Lee et al. (2000) and Zeithaml et al. (1996)'s study.

## 4. Results

### 4.1. Sample Characteristics

The demographic characteristics of the 563 respondents used in the analysis are detailed in the table 1. The gender distribution was nearly balanced, with males representing 49.4% and females 50.6%.

**Table 1:** Demographic profiles (n = 563)

| Category | | Frequency | % |
|---|---|---|---|
| Gender | Male | 278 | 49.4 |
| | Female | 285 | 50.6 |
| Age | Below 30 | 115 | 20.4 |
| | 30-40 | 114 | 20.2 |
| | 41-50 | 106 | 18.8 |
| | 51-60 | 115 | 20.4 |
| | Over 60 | 113 | 20.1 |
| Education | less than high school | 4 | .7 |
| | High school | 117 | 20.8 |
| | Two-year college | 91 | 16.2 |
| | Four-year university | 292 | 51.9 |
| | Graduate school or more | 59 | 10.5 |
| Job | Student | 45 | 8.0 |
| | Office worker | 211 | 37.5 |
| | Sales/Service | 39 | 6.9 |
| | Engineer/Production | 29 | 5.2 |
| | Public Official | 22 | 3.9 |
| | Professional | 50 | 8.9 |
| | Owner | 50 | 8.9 |
| | Housewife | 95 | 16.9 |
| Monthly visit | 1 | 80 | 14.2 |
| frequency | 2-3 | 234 | 41.6 |
| | 4-5 | 110 | 19.5 |
| | 6 or more | 139 | 24.7 |

The age distribution of the respondents showed a relatively even spread across various age groups: those under 30 years old made up 20.4%, those in their 30s 20.2%, those in their 40s 18.8%, those in their 50s 20.4%, and those over 60 years old 20.1%. Regarding education, the majority of respondents were four-year university graduates (51.9%), followed by high school graduates (20.8%) and two-year college graduates (16.2%). In terms of occupation, the largest group consisted of office workers (37.5%), followed by housewives (16.9%), professionals (8.9%), and students (8%).

### 4.2. Measurement Model

Before analyzing the structural equation model, it is essential to verify that the latent variables are accurately measured by confirming that the observed variables effectively reflect these latent variables. This assessment helps ensure that the variables are measured reliably and validly (Hair et al., 2020).

Cronbach's α is used to assess the internal consistency of a given set of measures and a high α value (above 0.7) indicates the measures are reliably measuring the same latent variable (Henseler, 2018). In addition, composite reliability can evaluate the reliability of the latent variable and how well the latent variable actually reflects the concept it is intended to measure (Henseler, 2018). The results of measurement model show the Cronbach's α and CR for the eight latent variables are above .7, indicating internal consistency of the model is not problematic (Hair et al., 2020).

Convergent validity was measured to ensure each item of a factor measures the same concept. We assessed this by using An AVE (average variance extraction) value of .5 or higher indicates that the items sufficiently explain the latent variable, suggesting that the measurement model has good convergent validity (Hair et al., 2020). The results showed that the AVE values ranged from .748 to .897 for the eight latent variables, confirming that the measurement model has achieved convergent validity.

Discriminant validity was measured using HTMT (Heterotrait-Monotrait) ratio and Fornell-Larcker Criterion to analyze the latent variables are measuring different concepts. It was verified that the square root of the AVE was greater than the correlations between the variable and other variables (Fornell & Lacker, 1981), and the HTMT ratio of correlations was below .85 (Voorhees et al., 2016). Consequently, discriminant validity was confirmed by the results (See Appendix 2).

## 4.3. Structural Model Assessment

Prior to hypotheses testing, this study compared Model 1 (alternative model with quality-satisfaction relationship) and Model 2 (base model without quality-satisfaction relationship) to check the fit of the structural model. PLS-SEM model comparison is a method of comparing two different models based on model selection criteria and statistical tests to help select the most appropriate model (Ringle et al., 2024). Previous studies have used PLSpredict (Shmueli et al., 2019), CVPAT (Cross-Validated Predictive Ability Test) (Liengaard et al., 2021), and BIC (Danks et al., 2020; Rigdon et al., 2023: Sharma et al., 2021) to select a model. The results of comparing three indicators between Model 1 and Model 2 showed the average loss value of the alternative model was smaller, indicating Model 1 is more suitable. Therefore, this study used Model 1, an alternative model with a relationship between quality and satisfaction, as the final research model.

The following criteria were used to assess the structural model. First, the values of variance inflation factor (VIF) ranged from 1.735 to 2.174, which is fall below 3.3, indicating multicollinearity is not problematic. Second, the predictive power of the model was assessed using the variance explained ($R2$). $R2$ was ranged from 37.3% to 57.4%. Third, the predictive relevance of the endogenous constructs was assessed using the Stone-Gresser test ($Q2$). $Q2$ was ranged from .248 to .519 indicating the predictive validity. Finally, the overall model fit was evaluated using the value of standardized root mean square residual (SRMR). The SRMR is .064, which is lower than the cut-off threshold of .08, indicating the structural model fit is a good.

## 4.4. Hypothesis Testing

The followings are the results of analyzing the structural relationship of dessert cafe quality, consumption value, satisfaction and loyalty. H1 states that dessert cafe quality would directly influence hedonic value. The results showed interaction quality ($\beta$ = .117, t = 3.237), environmental quality ($\beta$ = .388, t = 8.673), outcome quality ($\beta$ = .125, t = 2.254), and product quality ($\beta$ = .143, t = 2.384) have a positive influence on hedonic value. Therefore, H1 was supported.

H2 posits that dessert cafe quality would directly influence utilitarian value. The results showed interaction quality ($\beta$ = .241, t = 4.313) and environmental quality ($\beta$ = .454, t = 10.942) have a positive influence on utilitarian value while environmental, outcome and product quality did not. Hence, H2 was partially supported.

H3 addresses that dessert cafe quality would directly influence satisfaction. The results showed interaction quality ($\beta$ = .088, t = 2.384) and product quality ($\beta$ = .204, t

= 3.489) have a positive influence on utilitarian value while environmental and outcome quality did not. Hence, H3 was partially supported.

H4 and H5 states that hedonic and utilitarian values would directly influence satisfaction. The results showed only utilitarian value ($\beta$ = .311, t = 6.003) has a positive influence on satisfaction, thus supporting H5.

H6 and H7 expect that hedonic and utilitarian values would directly influence loyalty. The results showed neither hedonic nor utilitarian values have a positive influence on loyalty. Lastly, satisfaction significantly influences loyalty ($\beta$ = .637, t = 13.247), supporting H8.

## 5. Conclusions and Implications

This study analyzed the impact of dessert cafe quality factors (interaction quality, environmental quality, outcome quality, and product quality) on consumers' hedonic value utilitarian value, satisfaction, and loyalty. The findings of study can be summarized as follows. First, interaction quality, environmental quality, outcome quality, and product quality in dessert cafes were found to have a significant impact on hedonic value. It explains the interaction, environment, product outcomes, etc. that consumers experience in dessert cafes play an important role in building hedonic value such as pleasure. In particular, environmental quality has the strongest impact on hedonic value, suggesting the ambience of the space and the visual elements of the product are crucial factors in increasing consumer satisfaction.

Second, interaction quality and environmental quality had a significant impact on utilitarian value. This implies that the efficiency of service and the ambiance of the cafe are linked to the consumers' perception of utilitarian value, which relates to the practical and functional benefits they derive. However, outcome quality and product quality did not significantly influence utilitarian value, suggesting that consumers may not associate these aspects with practical utility, viewing them more as sensory experiences.

Third, interaction quality and product quality had a significant effect on satisfaction. This finding highlights that the quality of interactions with staff and the overall quality of products are key factors contributing to consumer satisfaction in a dessert cafe. However, environmental quality and outcome quality did not significantly influence satisfaction, indicating that while the physical environment and the outcome of service are important, they may not be as critical as interaction and product quality in determining overall satisfaction.

Fourth, utilitarian value had a significant positive impact on satisfaction, while hedonic value had no significant value. This indicates that consumers value practical utility, which

leads to greater satisfaction. The results suggest dessert cafes should provide services and products with functional value beyond sensory enjoyment to increase customer satisfaction.

Finally, both hedonic and utilitarian values did not have a significant effect on loyalty. However, the finding that satisfaction has a significant positive impact on loyalty shows that consumer satisfaction is an important mediator leading to loyalty. This suggests that consumers' overall satisfaction plays a crucial role in building loyalty towards a cafe, beyond the effect of hedonic or utilitarian values.

## 5.1. Theoretical Implications

By combining an extended quality model with the theory of consumption value, this study found that customer experience in dessert cafes is not solely determined by the quality of service, but also on physical factors such as product quality. This has significant theoretical implications as it provides a new theoretical direction for quality assessment and management in the service industry and offers a theoretical framework for understanding and managing customer experience from multiple perspectives. Specific theoretical implications are presented as follows.

First, this study proposed an extended quality model that integrates the three dimensions of service quality and product quality, empirically confirming that customer experience in dessert cafes is complex and multidimensional. By emphasizing the importance of product quality, which may be overlooked by traditional service quality models, this study provided a new perspective on quality assessment in the service industry. In particular, it provided a new theoretical framework for quality management and service delivery by enhancing our understanding of how product quality stimulates consumers' hedonic and utilitarian values.

Second, this study emphasized the multidimensionality of value that consumers experience through various quality factors based on the theory of consumption value (Sheth et al., 1991). In particular, an in-depth analysis was conducted on how hedonic and utilitarian values experienced by consumers in service environments such as dessert cafes are linked to satisfaction and loyalty. We suggested the possibility of extending the theory of consumption value to special service contexts such as dessert cafe. This contributes to expanding the scope of application of existing consumption value theory by highlighting consumers' emotional experiences and rational evaluations simultaneously influence satisfaction and loyalty.

Third, this study clarified the pathways through which each quality factor affects consumer satisfaction and loyalty by differentially analyzing the impact of service and product quality on hedonic and utilitarian values. It was shown that hedonic and utilitarian values have different impacts on satisfaction, which may ultimately lead to differential effects on loyalty. These findings provide a theoretical basis for companies to develop tailored marketing strategies that address the different values of their customers.

## 5.2. Managerial Implications

The findings of this study offer significant managerial implications for dessert cafe managers and marketers. First, dessert cafes should pay close attention to enhancing both interaction quality and environmental quality, as these factors have a significant impact on both hedonic and utilitarian values. While environmental quality strongly influences hedonic value, interaction quality significantly affects both hedonic and utilitarian values. Therefore, improving the cafe's ambiance and training staff to provide excellent service are essential strategies for satisfying the sensory and practical needs of consumers.

Second, the finding that utilitarian value has a significantly influences satisfaction emphasizes cafes should go beyond simply providing an aesthetic space and provide an actual functional value to consumers. It indicates cafe operators need to continuously improve the efficiency of their services, the actual quality of their products, and the value for money to increase consumer satisfaction.

Third, loyalty was not directly driven by hedonic or utilitarian value, but was mediated by satisfaction. It shows dessert cafes need to continuously manage and improve overall consumer satisfaction in order to gain loyal customers highlighting customer satisfaction as a top priority. They can ensure long-term loyalty by constantly listening to feedback and enhancing the quality of service to boost satisfaction. The higher satisfied customers are, the greater the likelihood they will recommend and revisit. Therefore, establishing a strategy to increase overall satisfaction is essential.

In conclusion, this study can contribute to understanding the different value needs of their customers and develop customized strategies. Based on the findings, dessert cafes can establish a consumer-centered strategy to achieve sustainable growth and develop into competitive brands.

## 5.3. Limitations and Directions for Future Research

Although, this study examined the impact of service quality and product quality on consumption value, satisfaction, and loyalty in dessert cafe, there are some limitations as follows. These limitations can be further analyzed and improved in the future studies.

First, the sample of this study is limited to a specific geographic region and demographic group, which may limit the generalizability of the findings. As the respondents are a highly educated group with more than half of them having a

bachelor's degree or higher, they may not be representative of the population with diverse educational levels and social backgrounds. To address this limitation, the future study should include a wider geographic area and a more diverse population to improve external validity.

Second, this study did not analyze the frequency of visits. There may be differences in quality perception, value evaluation, satisfaction, and loyalty between high and low visit frequency customers. Therefore, future research should consider the differences resulted from frequency of visits to develop customized strategies based on customer segmentation.

Finally, while this study focused on the relationship between hedonic and utilitarian values and satisfaction and loyalty, it did not fully consider the impact of other potential variables (i.e. brand image, price sensitivity, social influence) on consumer behavior. These variables could be crucial for gaining a deeper understanding of the complexity of consumer behavior. Hence, future research should develop and validate a more comprehensive model that includes these factors.

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# Appendixes

**Appendix 1:** Confirmatory factor analysis

| Constructs and items | Standardized factor loadings | α | C.R | AVE |
|---|---|---|---|---|
| **Interaction quality** | | .850 | .930 | .870 |
| I have a good relationship with the staff at this dessert cafe. | - | | | |
| The staff at this dessert cafe are friendly. | .933 | | | |
| The staff at this dessert cafe respond quickly to my requests. | .932 | | | |
| **Environmental quality** | | .831 | .922 | .855 |
| The furnishings/decorations of this dessert cafe appeal to me. | .923 | | | |
| The layout of this dessert cafe is well done. | .926 | | | |
| I like the color of this dessert cafe. | | | | |
| **Outcome quality** | | .886 | .946 | .897 |
| Whenever I visit this dessert cafe, I always have an excellent experience. | .949 | | | |
| The waiting time at this dessert cafe is short. | .945 | | | |
| It's always enjoyable to choose desserts at this dessert cafe. | - | | | |
| **Product quality** | | .854 | .911 | .774 |
| The desserts of this dessert cafe are of high quality. | .864 | | | |
| The desserts of this dessert cafe are first-class quality. | .887 | | | |
| The quality of the desserts of this dessert cafe is excellent | .888 | | | |
| **Hedonic value** | | .852 | .910 | .772 |
| Visiting this dessert cafe brings me joy. | - | | | |
| This dessert cafe makes me feel happy. | - | | | |
| My perception of this restaurant improved after visiting this dessert cafe. | .858 | | | |
| This dessert cafe is a place where I could enjoy myself. | .902 | | | |
| Visiting this dessert cafe is interesting to me. | .874 | | | |
| **Utilitarian value** | | .860 | .915 | .781 |
| This dessert cafe is relatively economical. | - | | | |
| The quality level of the menu at this dessert cafe is high considering the price of the desserts. | - | | | |
| This dessert cafe offers more value for money compared to other dessert cafes. | .876 | | | |
| The menu at this dessert cafe is of high quality. | .892 | | | |
| I feel like I receive good service while visiting this dessert cafe. | .884 | | | |
| **Satisfaction** | | .861 | .916 | .783 |
| I am satisfied with the decision to use this dessert cafe. | .862 | | | |
| My feelings about this dessert cafe are satisfactory. | .910 | | | |
| I think positively about this dessert cafe. | .883 | | | |
| I am generally satisfied with this dessert cafe. | - | | | |
| **Loyalty** | | .831 | .899 | .748 |
| I would say positive things about this dessert café to other people. | .849 | | | |
| I would recommend this dessert cafe to my friends or others. | .905 | | | |
| I would consider this dessert cafe my first choice to buy services. | .838 | | | |

α: Cronbach's Alpha; CR: Composite Reliability; AVE: Average variance extracted

**Appendix 2:** Heterotrait-monotrait ratio (HTMT)

| | Constructs | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Interaction quality | **.933** | .588 | .818 | .881 | .663 | .679 | .729 | .579 |
| 2 | Environmental quality | .494 | **.925** | .653 | .684 | .746 | .783 | .676 | .428 |
| 3 | Outcome quality | .710 | .560 | **.947** | .871 | .663 | .639 | .676 | .469 |
| 4 | Product quality | .751 | .579 | .758 | **.880** | .695 | .682 | .753 | .558 |
| 5 | Hedonic quality | .564 | .628 | .576 | .595 | **.878** | .893 | .719 | .431 |
| 6 | Utilitarian quality | .581 | .663 | .558 | .587 | .764 | **.884** | .781 | .490 |
| 7 | Satisfaction | .624 | .572 | .591 | .647 | .616 | .674 | **.885** | .736 |
| 8 | Loyalty | .490 | .358 | .407 | .474 | .366 | .421 | .626 | **.865** |

Diagonal elements (bold) are the square root of the variance shared between the constructs and their measures (AVE).
Above the diagonal elements are the HTMT ratios. Below the diagonal elements are the Fornell-Larker Criterion.

**Appendix 3:** Standardized Parameter Estimates

| | Paths | Estimate | t-value | p-value | Results |
|---|---|---|---|---|---|
| H1-1 | Interaction quality → Hedonic value | .177 | 3.237 | .001 | Supported |
| H1-2 | Environmental quality → Hedonic value | .388 | 8.673 | .000 | Supported |
| H1-3 | Outcome quality → Hedonic value | .125 | 2.254 | .024 | Supported |
| H1-4 | Product quality → Hedonic value | .143 | 2.384 | .017 | Supported |
| H2-1 | Interaction quality → Utilitarian value | .241 | 4.313 | .000 | Supported |
| H2-2 | Environmental quality → Utilitarian value | .454 | 10.942 | .000 | Non-supported |
| H2-3 | Outcome quality → Utilitarian value | .056 | 0.931 | .352 | Non-supported |
| H2-4 | Product quality → Utilitarian value | .102 | 1.560 | .119 | Non-supported |
| H3-1 | Interaction quality → Satisfaction | .166 | 2.537 | .011 | Supported |
| H3-2 | Environmental quality → Satisfaction | .088 | 1.824 | .068 | Non-supported |
| H3-3 | Outcome quality → Satisfaction | .051 | 0.845 | .398 | Non-supported |
| H3-4 | Product quality → Satisfaction | .204 | 3.489 | .000 | Supported |
| H4 | Hedonic value → Satisfaction | .079 | 1.444 | .149 | Non-supported |
| H5 | Utilitarian value → Satisfaction | .311 | 6.003 | .000 | Supported |
| H6 | Hedonic value → Loyalty | -.047 | 0.808 | .419 | Non-supported |
| H7 | Utilitarian value → Loyalty | .027 | 0.460 | .645 | Non-supported |
| H8 | Satisfaction → Loyalty | .637 | 13.247 | .000 | Supported |
| **SMC** | | **R²** | | **Q²** | |
| Hedonic value | | .500 | | .490 | |
| Utilitarian value | | .532 | | .519 | |
| Satisfaction | | .574 | | .500 | |
| Loyalty | | .393 | | .248 | |
| | | | | | |
| **SRMR** | | .064 | | | |
| **VIF** | | 1.735 ~ 2.174 | | | |