Factors affecting customer satisfaction at South African private hospital coffee shops

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2014

ABSTRACT

South African private hospital coffee shops were previously situated within a niche, captured, partially monopolistic market. They are now migrating towards a more competitive landscape, which has hindered their performance. It is, therefore, crucial to recognise proactive strategies and precisely the drivers that affect customer satisfaction in order to sustain and ensure continued success and financial viability.

This research aims to identify the perceived factors which affect customer satisfaction at South African private hospital coffee shops. These factors are categorised as the antecedents of customer satisfaction using The American Customer Satisfaction Index model.

At the outset, three hospitals within Gauteng, varying in size, were selected wherein fifty questionnaires were disseminated to each coffee shop. The data was subjected to statistical analysis using descriptive statistics to identify the factors affecting customer satisfaction.

The main findings of this research were that customer expectations, perceived quality and perceived value do affect customer satisfaction at South African private hospital coffee shops.

The findings demonstrate that in order to sustain a competitive profitable position it is necessary to ascertain cost-effective means to measure service efficiently and accurately. Fulfilling individuals' needs and wants will consequently increase overall performance and capitalise on profitability, thus achieving the overall objective of maximising customer satisfaction. Future research is recommended to extend the ACSI model to align with the specific requirements of each coffee shop, as each target market is different, as well as to obtain supplementary knowledge pertaining to customers' behaviour and components of service which overall will elevate service quality and increase profitability.

DECLARATION

I, Karen Elizabeth Kirtland, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Karen Elizabeth Kirtland

Signed at …………………………………………………

On the 31 day of March 2014

DEDICATION

This research report is dedicated to all the influential and special people whom I am blessed to have in my life.

To my father and mother, David and Doreen, for their sacrifices in empowering me to complete my MBA, their eternal unconditional love and support, source of strength, inspiration and motivation not to accept any limitations, always wanting only the best for me, and lastly for their confidence and belief in me and my success.

ACKNOWLEDGEMENTS

I wish to express my sincerest appreciation and gratitude to the following individuals who assisted me in my endeavours to conduct this research and make it possible:

- My supervisor, Rasoava Rijamampianina, for his guidance, inspiration, support, advice, direction and sharing his expertise throughout this research process;
- Hennie Gerber, my expert statistician, for his assistance with respect to the statistical analysis of the data;
- My father, David Kirtland, for his support, assistance and unending encouragement during this time, as well as his patience and meticulous invaluable critique when reading through my numerous drafts;
- My parents, David and Doreen Kirtland, who provided me with the opportunity and resources to pursue my MBA, for their continued support in all my endeavours and their confidence in me and my success;
- My sister, Amy, for her inspiration, motivation and loving support;
- Bambi Ogram for her assistance with regards to the final proof reading;
- The NetCafé franchisor, Netcare hospitals and Management, and Doctor Folscher;
- Philip Chilton-Jones, Pinky Rod and Linda Griffiths who assisted me with the dissemination and collection of the questionnaires for this study.

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1 CHAPTER 1: INTRODUCTION

1.1 Purpose of the Study

The purpose of this research is to identify the perceived factors which affect customer satisfaction at South African private hospital coffee shops.

1.2 Context of the Study

Customer satisfaction can be defined as the difference between the customer's expectations and perceptions of a product or service, whereby they express either positive or negative feelings (Tsai, Tsai, & Chang, 2010). It is crucial to be able to identify exactly what determinants comprise customer satisfaction and recognise those characteristics that add value and hence increase satisfaction (Matzler & Sauerwein, 2002). One is then able to efficiently allocate resources to those valuable attributes to improve quality and maximise customer satisfaction (Law, Hui, & Zhao, 2004; Matzler & Sauerwein, 2002).

Jones and Sasser (1995) state that customer satisfaction is of paramount importance and understanding precisely what your customer needs and wants is the key to driving a successful business, maintaining a protracted partnership and enabling dynamic responses to changing desires. In order to achieve optimal customer satisfaction, the strategic approach to adopt is to listen to the customer and, by so doing, the individual believes that the organisation understands their needs, wants, values or problems. It is evident that customer satisfaction, together with a high standard of service, will augment a company's performance and long term competitiveness (Law et al., 2004), therefore, positively affecting the overall results (Gilbert & Veloutsou, 2006). Invariably the services provided within different industries is diverse; nevertheless, the overall objective is to achieve maximum customer satisfaction by enticing and retaining customers (Gilbert &

Veloutsou, 2006; Law et al., 2004), thereby positively influencing customer loyalty (Tsai et al., 2010).

The value and importance of customer satisfaction is realised when customers affirm that an organisation strives for excellence in quality and furthermore promotes the existence of the company (Vavra, 1997). It is critical to have a comprehensive understanding of customers' experiences in order to maintain and improve the daily operations of the business, ultimately striving to enhance customers' empirical value (Nadiri & Gunay, 2013). The notion of satisfying the expectations of customers will by default increase customer satisfaction and consequently raise the organisation's turnover. (Feciková, 2004; Tsai et al., 2010)

To ensure the continued success and survival of a company in today's highly competitive markets it is, therefore, crucial to examine the factors that impact upon customer satisfaction (Iglesias & Guillén, 2004). Measures of customer satisfaction have become vital constructs of competitive benchmarking and, furthermore, business performance can be augmented by delivering long-term customer satisfaction (Yeung & Ennew, 2001).

This study focuses on private hospitals within South Africa as they provide a high standard of innovative health care, as well as supporting services which affect customers' experiences inside the hospital. Private hospitals maintain a high standard of responsibility and adhere to their core values and caring nature. One such peripheral service is a coffee shop that is normally encompassed within the hospital's footprint, which provides supplementary complementary activities that add to each customer's satisfaction and, hence, their experience. These functions are accompanied by the best quality care and empathy, as patients and visitors experience and endure extreme emotional turmoil. The blend of products and services provided by the hospital coffee shop creates customer value and, therefore, satisfaction, resulting in a competitive advantage (Nadiri & Gunay, 2013).

Coffee shops within private hospitals are migrating towards a more competitive environment, diverging from their previously enjoyed captured, partially, monopolistic market (Jones & Sasser, 1995). The hospital coffee shop experience, together with an individual's expectations, will determine customer satisfaction (Pizam & Ellis, 1999), and the experience provided, in essence, will ensure the business remains competitive (Nadiri & Gunay, 2013). These hospital coffee shops provide a facility whereby devoted and passionate specialists, doctors, patients, nurses, visitors and employees are able to meet at a mutually agreeable venue and relax in a convenient location (George & Moreira, 2007). It is, therefore, evident that the role of the coffee shop is extremely important in a hospital, and undeniably enhances the value of the health care services of the hospital by augmenting the experience and satisfaction of all customers that use the facility at the hospital.

Given that these private hospitals are not limited to health care services, additional supporting functions are required to increase the individual's experience and satisfaction, while still maintaining the individual's values and passion. These peripheral functions include but are not limited to the following: providing take away and sit down food and drinks, snacks, sweets, gifts, flowers, toys, delivery services, a cheaper in-house staff menus, kids' menus and entertainment, and a trolley service that is provided to the patients in the hospital. All of this increases the satisfaction and experience of coffee shop customers. The elements constituting customer satisfaction reflect the combination of the overall products and services which comprise the customer's experience (Pizam & Ellis, 1999).

1.3 Problem Statement

To identify the perceived factors which affect customer satisfaction at South African private hospital coffee shops.

1.4 Significance of the Study

No significance for this study exists as no previous research has been conducted on this specific subject matter. The intention was to demonstrate the importance of the supporting services in adding value to and amplifying the experience of each individual visiting any given hospital. The hospital environment is conducive to the ancillary service, as presented above, in order to ensure the customer's satisfaction is maximised which will, therefore, result in increased profits, advancement and success of the establishment (Kandampully & Suhartanto, 2000; Nadiri & Gunay, 2013). It is, therefore, evident that achieving optimal customer satisfaction, through fulfilling an individual's needs and wants, is reflected through an augmented bottom line (Churchill Jr & Surprenant, 1982).

Jones and Sasser (1995) indicate that all private hospitals are strategically positioned, whereby they generally dominate within their captive market, which is being compromised by an increasing trend towards a more competitive and changing environment. However, barriers of entry will for the majority of the time prevent a patient from substituting their coffee shop visit. These barriers include the patient's having a specific doctor with whom they have an appointment; a medical aid fund which requires them to attend a particular hospital; a medical insurer who has a prerequisite for specific hospitals; or, in certain parts of the country, no choice, as hospitals are located far from one another (Jones & Sasser, 1995).

1.5 Delimitations of the Study

This study focused on private hospitals located within Gauteng and not the whole of South Africa, because of convenience and accessibility of information, coupled with geographic variances.

As a further constraint it did not take into account whether the customers were new or frequent, as the process of identifying first time and returning patrons is somewhat challenging. In addition, the researcher identified customers as being day time and night time clientele, given the extensive operating hours of each coffee shop.

Moreover, this study concentrated on the perceived factors that affect customer satisfaction in private hospital coffee shops; however, it did not examine the relationships between factors or the combined influence of factors on customer satisfaction.

1.6 Definition of Terms

'Customer' refers to anyone who uses the products or services of the coffee shop. As Feciková (2004) alludes: there are generally two types of customers, the first being external customers, which comprise individuals from the marketplace; and the second being internal customers, which represent personnel inside the company, where the precise products and services can be aligned with their respective requirements.

'Customer Satisfaction' is the notion of obtaining customer loyalty which will, therefore, aid in producing astronomical profits (Jones & Sasser, 1995). Satisfaction can be categorised in terms of the quality of food, superior service, timely delivery of products, affordability in terms of price, a tranquil atmosphere, an aesthetically pleasing ambience, and convenience of location. In addition, customer satisfaction is the evaluation of the service provider with the purpose of returning to the service provider in the future (McDougall & Levesque, 2000). Moreover, customer satisfaction is fundamentally the difference between positive and negative experiences (Nadiri & Gunay, 2013). Additionally, customer satisfaction can be categorised as an emotion which results from what is expected to what is received (Feciková, 2004).

'Customer Turnover' may be defined as the number of customers visiting the private hospital coffee shop on a daily basis.

'Experience' is defined as: "An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event" (Pine & Gilmore, 1998).

'Product and Service' refer to all the products and services offered and used by the coffee shop. Products and services are provided by companies to fulfil the expectations and demands of customers (Muffatto & Panizzolo, 1995). The notion is to ascertain the fundamental and peripheral elements that result in satisfying the individual's principal and ancillary desires (Muffatto & Panizzolo, 1995).

1.7 Assumptions

One of the assumptions pertaining to this report is that customers will be able to accurately identify the determinant factors of their satisfaction when they leave the private hospital coffee shop they have been visiting. Furthermore, mutual exclusivity with respect to opinions of service and experience will be apparent and a customer who returns to the hospital coffee shop will be counted as a new customer.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Chapter one delineated the purpose and context of the study, and further highlighted the problem statement. Within the literature review chapter, significant constructs pertaining to South African private hospital coffee shops and customer satisfaction, will be defined and developed.

The literature review will commence with a more expansive definition of 'customer satisfaction', followed by the concomitant purpose and importance. Thereafter the review will present the key model and various salient facets affecting customer satisfaction, concluding with support services and their relevance in private hospitals as well as in general coffee shops.

The significance of the two constructs displays meaningful relevance to the literature, and therefore the driving factors impacting upon satisfaction will be described in relation to South African private hospital coffee shops, to obtain a greater understanding.

2.2 Customer Satisfaction

2.2.1 *Definitions*

Customer satisfaction is defined as "the outcome felt by those that have experienced a company's performance that has fulfilled their expectations" (Angelova & Zekiri, 2011). Therefore, satisfaction will prevail in the event that a customer's perception regarding the consumption of the goods and services is in line with predetermined expectations. The overall satisfaction, with respect to products and services of a company, is based upon the assessment of the aggregated purchase and consumption experience during a specified period

(Garbarino & Johnson, 1999). Furthermore, the extent to which a product or service fulfils a consumer's desires and expectations will constitute a feeling of contentment or disappointment (Spreng, MacKenzie, & Olshavsky, 1996).

According to Helgesen (2007, p. 820), "customer satisfaction may be perceived as a summary psychological state or a subjective summary judgment based on the customer's experiences with a product as compared with expectations." Satisfaction, therefore, results from confirmation of an individual's expectations (Pizam & Ellis, 1999). Pizam and Ellis (1999) point out that with a restaurant meal the total satisfaction equals the total satisfactions of the individual elements of the products and services which comprise the overall experience. Satisfaction is based upon an emotional reaction from the customer's estimated experience with regards to the extent that the goods and services fulfil their expectations (Hansemark & Albinsson, 2004).

Oliver (1981, p. 27) defines satisfaction as "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience." That is the finite duration of the surprise which is inherent in the product or service which translates into one's overall attitude and, therefore, related satisfaction. The description of satisfaction includes a comparison of desires and outcomes versus rewards and costs (Oliver, 1981).

Angelova and Zekiri (2011, p. 233) encapsulates customer satisfaction as "the outcome felt by those that have experienced a company's performance that have fulfilled their expectations." Additionally, satisfaction refers to an individual's feelings of pleasure or dissatisfaction that result from comparing a product's perceived outcome to their expectations, and, where expectations are exceeded, a highly satisfied customer results (Kotler & Keller, 2012).

Satisfaction of consumers is regarded as a post purchase phenomenon: it indicates by how much the customer likes or dislikes a product or service after using it (Churchill Jr & Surprenant, 1982). The researcher will, therefore, adopt the definition provided by these authors as it is the most appropriate.

2.2.2 *Purposes of Measuring Customer Satisfaction*

Angelova and Zekiri (2011) highlight that in order to maintain and sustain a competitive position and outperform competitors, it is important to consistently provide high quality services which in effect will result in customer satisfaction. They further indicate that companies need to be aware of their customer satisfaction position to prevent the spread of negative publicity and, hence, promote positive channelling effects. The purpose of measuring customer satisfaction levels is to ensure greater profits and market share for the company.

Customer satisfaction is essential to measure as it is the fundamental dynamic which determines how successful a company will be in building consumer relationships (Feciková, 2004). The primary concern of companies is to maximise the number of gratified and profitable customers, and not capitalise on their individual satisfaction (Reichheld, 1996). The general health and future profitability of a company is determined by its ability to satisfy its customers (Fornell, 1992).

Pizam and Ellis (1999) believe that satisfaction levels are subjective with regards to each individual's experience because every customer has varying desires and objectives that impact upon their expectations. In practice, however, the satisfaction from a meal experience will vary depending on the perception of the actual value received. Their intention in measuring and observing customer satisfaction is that it can be beneficial, as it enables a superior, quality product offering. It is advantageous to quantitatively measure customer satisfaction as it aids in measuring the influence of product quality on customer behaviour, whereby one is able to provide products and services that match their needs and requirements (Feciková, 2004).

It is prudent for companies to identify these factors and measure customer satisfaction regularly as it is key to customer retention, loyalty, increased purchasing, distribution of positive information and overall higher returns (Kotler & Keller, 2012). Fornell (1992) purports that products and services will be less susceptible to competition, provide higher gross margins and increase repeat business if they provide exceptional customer satisfaction. Furthermore, fulfilled customers are reflective of an organisation's assets and, ergo, fluctuations in satisfaction are as a result of past choices and are forecasters of future performance.

2.2.3 *Importance of Measuring Customer Satisfaction*

Customer satisfaction is crucial to ensure the continued success of an organisation in that its principal objective is to retain and satisfy current and past customers (Pizam & Ellis, 1999). Angelova and Zekiri (2011) state that measuring customer satisfaction is important in our dynamic, competitive environment as it has an overall positive impact on a company's performance and, hence, increases profits. They indicate that a successful business will transpire because customer satisfaction results in the sharing of positive experiences, recommendation of the product or service, brand loyalty and regular purchases.

Owing to our dynamic, competitive markets and sluggish growth rates, protecting one's existing customer base is vital (Fornell, 1992). Hence, customer satisfaction is a key global construct which is a valuable predictor of customer behaviour and future intentions (Garbarino & Johnson, 1999). A proliferation of studies pertaining to the research of customer satisfaction has emerged because of the growing importance of the quality of products and services. This is ultimately revealed through superior customer satisfaction (Pizam & Ellis, 1999).

The focal point of companies should be to minimise losing customers and develop strategies with regards to handling dissatisfied customers, as the expense attached to attaining new customers is large (Angelova & Zekiri, 2011). It is observed that high customer satisfaction will augment the loyalty of current customers, which translates into additional customers being retained into the future and, therefore, translates into stable cash flow (Anderson, Fornell, & Lehmann, 1994).

Kotler and Keller (2012) describe how the intrinsic value within an organisation emanates from current and future customers, and customers are the reason a company exists. Therefore, it is critical for companies to measure customer satisfaction in order to connect with, inform, engage and invigorate them to ensure strong relationships are built and to beat competitors. Ideally, the end result should be to meet or exceed customer expectations by ensuring superior output.

Measuring customer satisfaction provides useful information to the organisation and interested parties and, furthermore, has a direct positive impact upon the future income streams of the company and its related profitability (Fornell, 1992). The overall intention is to maximise customer happiness and retention, by ensuring relationships are built from returning customers and are dyadic, which in turn will enable companies to exploit their strategic competitive advantage and benefit from higher returns and profits (Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008; Reichheld, 1996; Rosen & Surprenant, 1998).

As Rucci, Kirn and Quinn (1998) allude to in their article, soft data such as customer satisfaction is difficult to define, gather and quantify. Coupled to this, they indicate that companies do not listen to and are ignorant of their customer's needs and requirements. Thus, to ensure the future financial stability and profitability of their company they have to obtain strategic answers and construct an operational plan. Consequently, acquiring and evaluating the drivers of customer satisfaction will increase the revenue growth of the company and attain value creation. Ergo, to ensure a competitive position within the market, one needs to recognise the dimensions of the factors affecting customer satisfaction in order to appreciate prodigiously high sustainable profitability.

Feciková (2004, p. 65) states that "the aim of customer satisfaction measurement is to build the base of a scorecard linking the various components of the business together in a relationship that can be quantified in cash flow terms." In addition, Feciková (2004) identifies that attitudes and behaviours of companies concurrently create the foundation for effective management. The measurement of customer satisfaction provides management with significant information pertaining to processes and a warning signal pertaining to future results;

furthermore, these measures indicate what a company must do internally in order to meet its customers' expectations. Overall, it enables the company to understand how customers perceive their organisation; it validates whether performance meets their expectations, identifies possible improvements, benchmarks the performance of the organisation against other firms and, ultimately, boosts profits through enhanced customer loyalty.

Satisfied customers represent the essence of the long-term success of a company and providing superior service quality, which is measured by customer satisfaction, translates into greater economic returns (Gilbert, Veloutsou, Goode, & Moutinho, 2004). Given our competitive landscape, it is crucial to understand the drivers of customer satisfaction in order to ensure the continued success and financial viability of every coffee shop within each hospital.

2.2.4 *Factors affecting Customer Satisfaction*

According to Angelova and Zekiri (2011), the key idea is to build robust customer relationships to meet with their expectations. They infer from previous studies that customer satisfaction is affected by two primary constructs: perceived value and service quality. They further conclude that customer satisfaction will result in customer loyalty, price tolerance and trust. Paul (1994, p. 5) defines a factor as "a dimension or construct which is a condensed statement of the relationship between a set of variables." The notion is for organisations to ensure superior quality of products and services in order to retain their loyal customers.

Customer contentment can be articulated as a function of pre-purchase expectations and post-purchase perceived performance with respect to the product or service (Fornell, 1992). Anderson et al., (1994) state that customer satisfaction is measured by investigating the various factors surrounding the antecedents. Their premise is based upon three antecedents: customer expectations, perceived quality and perceived value.

Iglesias and Guillén (2004) believe that customer satisfaction is important for the survival of a company, particularly because it has a positive impact on the succeeding behaviour of customers, which is evident from repeat purchases, communication initiated by the customer and customer loyalty. They identify two antecedents of customer satisfaction: total perceived price and perceived quality.

Gorst, Kanji and Wallace (1998) refer to the structural equation model developed by Fornell (1992) to measure customer fulfilment. Fornell developed a structural equation model encompassing different aspects which, together, form an index to measure customer satisfaction. The components included within the model comprise the following: customer expectations, perceived quality, perceived value, customer satisfaction, customer complaints and customer loyalty, which together produce a result of the level of satisfaction.

Anderson and Sullivan (1993) analyse the link between antecedents and behavioural consequences of customer satisfaction to encourage optimal levels of customer satisfaction. Following from this, they study how customers' expectations of product and service quality interact with their actual experiences to generate overall pleasure.

Feciková (2004) alludes to the American Customer Satisfaction Index Model as a common measure of customer satisfaction, in which a set of casual equations, such as customer expectation, perceived quality and value, can measure customer satisfaction.

2.2.5 *The American Customer Satisfaction Index (ACSI) Model*

Fornell, Johnson, Anderson, Cha and Bryant (1996) introduced the American Customer Satisfaction Index (ACSI) which measures the quality of goods and services as experienced by customers. This measurement system, which reflects a cause and effect relationship, measures overall customer satisfaction. The ACSI model was designed in such a way that it captures backwards and forwards evaluations from the customer, reflecting a chain of relationships extending from the antecedents of total customer satisfaction to the consequences of total customer satisfaction, i.e., voice and loyalty.

Companies are attempting to maximise customer satisfaction with the intention of retaining current customers and, as a consequence, several national indices have been established with the intention of measuring overall customer satisfaction, which forms the basis of an indicator of the company's past, current and future performance (Angelova & Zekiri, 2011; Fornell, Johnson, Anderson, Cha, & Bryant, 1996).

According to Gorst et al., (1998), one very powerful measuring tool for quantifying overall customer satisfaction, which is gaining credibility, is the American Customer Satisfaction Index (ACSI) developed by Fornell (1992), which is entrenched in the structure of a cause and effect relationship. In Sweden and the US, this structural equation model calculates a number of various aspects which combine to create an index for customer satisfaction, and allows a comparison across companies and over time. The six attributes incorporated within the Fornell model include: customer expectations, perceived quality, perceived value, customer satisfaction, customer complaints and customer loyalty.

From the various studies conducted it is evident that the basic premise pertaining to customer satisfaction can be modelled and measured by focusing on the antecedents of satisfaction. The antecedents of overall customer satisfaction are presented in Figure 1.

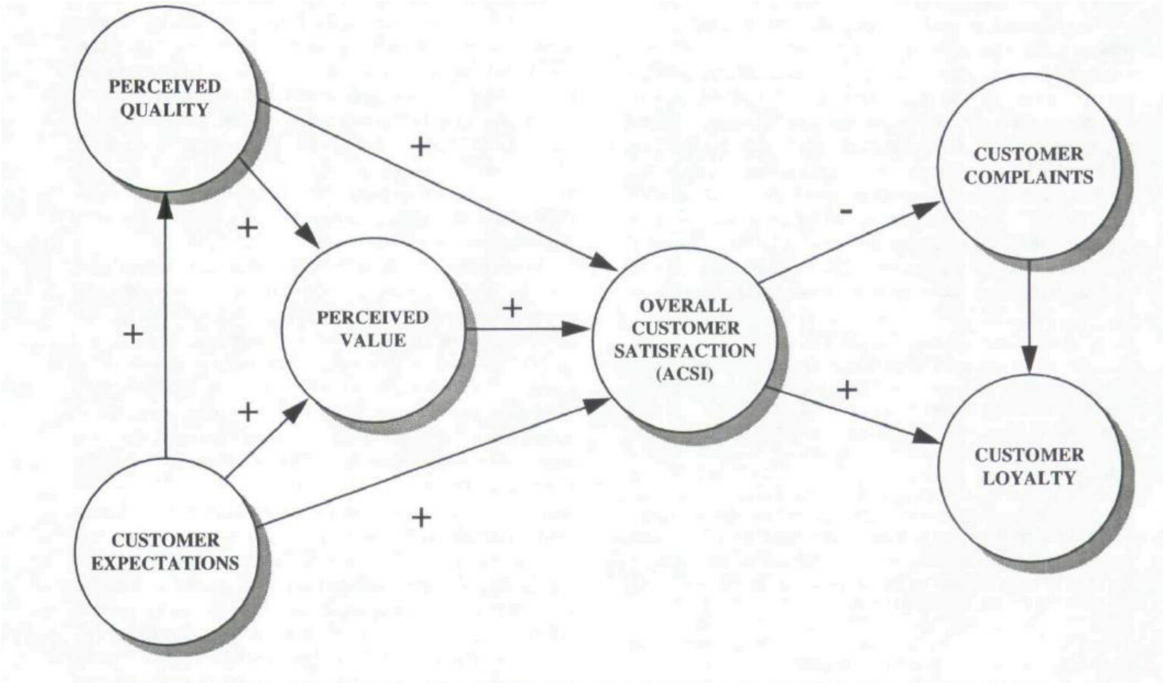

Figure 1: The American Customer Satisfaction Index (ACSI) Model (Fornell et al., 1996)

2.2.5.1 *Factor 1 (F1): Customer Expectations*

Considering specifically the first antecedent of customer satisfaction, customer expectations, it is evident that these expectations are critical to companies in developing an understanding of satisfaction, as customers expect quality products and services to fulfil their desires and needs (Angelova & Zekiri, 2011). Customer expectation directly impacts upon satisfaction, where expectations reflect expected performance, as well as expectations pertaining to costs and benefits (Churchill Jr & Surprenant, 1982).

Balaji (2009) defines customer expectations as including both preceding experiences with the service or product, as well as the expectation of future performance. Both of these impact upon customer satisfaction.

Pitt and Jeantrout (1994) indicate that one can learn about customer expectations, which are also understood from experience, and they furthermore highlight that the notion of over delivering augments one's expectations for subsequent encounters. In addition, the primary goal of a company is to exceed customer expectations by excelling in the delivery of service and ensuring service recovery is optimised. Moreover, they believe it is superior practice for companies to deliver their promises all the time and, therefore, expectations should be managed by companies' guaranteeing their promises to customers are fulfilled, which is achieved by ensuring a reliable company and through channels of communication with customers. Overall, when the service or product offering exceeds expectations, the customer is satisfied and when it does not perform as expected, the customer is dissatisfied.

Oliver (1981, p. 33) believes one first needs to understand customer expectations in order to develop the application of satisfaction and, therefore, defines expectations as "consumer-defined probabilities of the occurrence of positive or negative events if the consumer engages in some behaviour." To ensure that customer gratification results, a customer's experience must compare favourably with their expectations (Han & Ryu, 2012).

Anderson et al., (1994) indicate that expectations pertaining to the quality of products and services should result in a positive impact upon customer satisfaction. Furthermore, the notion of expectations is crucial because of the relationship between a customer and a company, as expected future quality is important for customer satisfaction and retention.

Anderson and Sullivan (1993) believe that perceived quality will increase or decrease with expectations and, ergo, confirm or disconfirm a pre-purchase expectation. They further indicate that expectations provide a reference point for the level of satisfaction and, moreover, that satisfaction is positively affected by expectations and the perceived level of disconfirmation.

According to Fornell et al., (1996, p. 9) one can, therefore, observe that "the market's expectations represent both the served market's prior consumption experience with the firm's offering and a forecast of the supplier's ability to deliver quality in the future." The role of customers' expectations is important because of the relationship between a company and its customers and, therefore, is positively associated with the company's performance and, thus, with overall customer satisfaction.

Conversely, dissatisfaction may result because of poor service or from a single incident of acceptable service which no longer meets customers' expectations because of competitive marketing of enhanced standards or customer tastes which are changing (Rust & Zahorik, 1993). Therefore, results support the findings that expectations are a determinant of customer satisfaction and that expectations are positively related to satisfaction (Bearden & Teel, 1983).

Therefore, Proposition 1: Customer Expectation affects customer satisfaction at South African private hospital coffee shops (F1).

2.2.5.2 *Factor 2 (F2): Perceived Quality*

The second antecedent of overall customer satisfaction, perceived quality, reflects the customer's perception, and not the company's, as to whether or not it is a quality service or product (Gorst, Kanji, & Wallace, 1998). Ergo, the essential determinant attributes of service quality, such as the physical environment, food, and service, plays a critical role in understanding customer behaviour (Chen & Hu, 2010).

Balaji (2009) alludes to perceived quality as the measure of recent service experience and states that it comprises two constituents: perceived product quality and perceived service, which ultimately result in customer satisfaction.

According to Fornell (1992), perceived quality, that which is acknowledged by the buyer, is revealed in customer satisfaction. Moreover, products and services of a high quality will result in customer retention levels being extraordinarily high, consequentially augmenting the profitability of the organisation. Customers' overall evaluation of a product or service is based upon both the price and the quality.

Law et al., (2004) postulate that service quality is regarded as an antecedent to satisfaction and customers' overall satisfaction is based upon all their encounters and experiences. Additional factors which are important determinants of customer satisfaction are waiting time, restaurant cleanliness and service attitude. Kotler and Keller (2012) infer that satisfaction is dependent upon the quality of services and products and is defined as the amalgamation of features and characteristics of a product or service that have the ability to satisfy identified or implied needs. They purport that higher quality levels are the key to greater customer satisfaction, and are directly correlated with company profitability and value creation.

Iglesias and Guillén (2004), previously cited, note that perceived quality is one of the antecedents of customer satisfaction, and it is, therefore, defined by a consumer's evaluation regarding the superiority of a product whereby its characteristics satisfy a customer's needs and fulfil their requirements. Perceived quality is imperative when generating satisfaction and will, thus, positively affect a customer's satisfaction because the grander the reward received, the more enhanced the customer's evaluation and purchase and consumption experience will be. Even though the service provided is intangible, customers scrutinise the tangible elements, such as, the decoration and ambience, beverages, food and the comfortableness of the seats. In addition, detail is also in the abstractions; for instance, food quality and the quality standard of the service provided by the staff.

Achieving customer satisfaction is the primary objective of companies because a clear and robust relationship exists between quality, customer satisfaction and profitability (Feciková, 2004). Evidently companies are improving their quality with respect to their products and services in order to preserve their customer loyalty with their current customers (Angelova & Zekiri, 2011). Perceived quality is, thus, defined by the customer's judgement with respect to a product or service and its related superiority, and has an overall positive effect upon customer satisfaction (Anderson et al., 1994). Moreover, strong evidence exists of the relationship between quality and customer satisfaction and retention (Yeung & Ennew, 2001).

Therefore, Proposition 2: Perceived Quality affects customer satisfaction at South African private hospital coffee shops (F2).

2.2.5.3 *Factor 3 (F3): Perceived Value*

The third antecedent of overall customer satisfaction, perceived value, refers to the customer's perception of the value for money of the product or services as being good (Gorst et al., 1998). Perceived value is defined as the trade-off between quality and price, and is measured in terms of “value for money” (Chen & Hu, 2010). Tsai et al., (2010) postulate that customers with a higher perception of the value of a product or service will in essence have greater support for the organisation, hence greater customer loyalty and overall satisfaction of customers.

Kotler and Keller (2012) consider perceived value to be the difference between the potential customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Naturally, customers’ estimate which offer they believe will provide the highest perceived value, and select that source. The point at which perceived value provides more weight to an individual’s benefit, the greater chance the company has of winning the sale.

Perceived value is acknowledged through price and is the perception of quality for money which leads to customer satisfaction (Balaji, 2009). Essentially, customers have already established an expected value as their reference point and, thus, if the company can fulfil the customer’s expectations customer satisfaction will increase (Tsai et al., 2010).

According to Ryu, Lee and Kim (2012) perceived value can be defined as the outcome of perceived overall benefits and perceived costs paid or sacrifices made by the customer. Only the customer can evaluate whether or not a product or service provides value and the process is, therefore, subjective in nature. Within a service environment, customers’ perceived value is positively related to customer satisfaction. Coffee outlet operators must design strategies which improve their customers’ value perception of a service with the intention of maximising satisfaction and winning customers in a highly competitive environment (Chen & Hu, 2010).

Iglesias and Guillén (2004) describe perceived value as the evaluation regarding the value of a product given to a customer, based upon their opinion of what is received and an assessment between rewards and costs. Thus, restaurants must examine how customers formulate their price perceptions and, consequently, communicate the results in the restaurant by assuming greater perceived value.

Anderson et al., (1994) state that customers' perceived value of goods and services will determine their satisfaction, ergo, satisfied customers are more alacritous to pay for the benefits which they obtain and, furthermore, are particularly tolerant to price increases. In addition, superior customer satisfaction should reduce price elasticities for customers and lead to amplified profitability.

McDougall and Levesque (2000) indicate that companies should deliver superior value, their source of competitive advantage, in order to achieve higher customer satisfaction. They define perceived value as the benefits customers receive relative to the total costs, and customers are more satisfied when they perceive that they have received goods or services which, in their opinion, are value for money.

Given that the coffee industry is extremely competitive and homogenous with regards to products and services, the fact that alternatives exist for customers is regarded as an important factor in a customer's value perception (Chen & Hu, 2010).

Ryu, Lee and Kim (2012) indicate that first time customers of restaurants are able to attain their expected service offerings and perceived value from the features of the physical environment, such as the ambience, decor, and luxury of seating. A core product from a restaurant, including its additional components, such as the quality of food and service delivered to a customer, will determine customers' perceived value. In addition, customers who have a positive view with respect to a restaurant will inherently believe that the restaurant provides superior customer perceived value and extraordinary customer satisfaction.

The combination of the product and service attributes results in the coffee shop outlet's being important to the customers' valuations of their consumption experience and, therefore, marketers should focus on providing products and services, for instance, magazines and newspapers, to ensure a valuable experience (Chen & Hu, 2010).

Therefore, Proposition 3: Perceived Value affects customer satisfaction at South African private hospital coffee shops (F3).

2.2.6 *Summary of Perceived Factors*

Table 1: Summary of Perceived Factors

Perceived Factors	Authors
Customer Expectations (F1)	(Anderson et al., 1994; Anderson & Sullivan, 1993; Angelova & Zekiri, 2011; Balaji, 2009; Bearden & Teel, 1983; Churchill Jr & Surprenant, 1982; Fornell et al., 1996; Han & Ryu, 2012; Oliver, 1981; Pitt & Jeantrout, 1994; Rust & Zahorik, 1993)
Perceived Quality (F2)	(Anderson et al., 1994; Angelova & Zekiri, 2011; Balaji, 2009; Chen & Hu, 2010; Feciková, 2004; Fornell, 1992; Gorst et al., 1998; Iglesias & Guillén, 2004; Kotler & Keller, 2012; Law et al., 2004; Yeung & Ennew, 2001)
Perceived Value (F3)	(Anderson et al., 1994; Balaji, 2009; Chen & Hu, 2010; Gorst et al., 1998; Iglesias & Guillén, 2004; Kotler & Keller, 2012; McDougall & Levesque, 2000; Ryu, Lee, & Kim, 2012; Tsai et al., 2010)

2.3 Supporting Services in Organisation

2.3.1 *Different Support Services*

Walker (1995, p. 5) defines services as "bundles of unique attributes rendering satisfaction, yet they have been more aptly described as 'promises of satisfaction'. Services are primarily intangible, cannot be separated from their provider or stored in inventory, and their delivery tends to be inconsistent." Services can be divided into two categories: main services, referred to as core or substantive services; and auxiliary or extra services, referred to as peripheral or supplementary services. The core service alludes to elementary value provided by the service product, which is the motive for its being purchased or consumed; conversely, supplementary services facilitate and enhance the use of the main services, which companies offer to their customers to provide additional value to their products and encourage customer loyalty. To illustrate, examples of peripheral services include the pleasantness of the employee's personality, the cleanliness of the company's waiting area and the temperature of the coffee shop environment.

In today's intensely competitive global environment, one way to achieve a distinctive advantage over competitors is to offer customers a service which has superior value and achieve differentiation with respect to the offering which provides value to the customers and can been seen as a vital marketing strategy, for example with coffee shop outlets (Chen & Hu, 2010). The notion of augmenting the basic service is to differentiate the service from those of competitors; furthermore, it is viewed as an elemental part of the total service offering, as customers find these extras to be attractive and beneficial (Walker, 1995). In the instance of coffee shop outlets, for example, they can provide customer benefits from a loyalty programme, which will add value to their service offering and enable customers to perceive value from the rewards, which motivates them to feel good (Chen & Hu, 2010).

The service industry, including coffee shop outlets, has been faced with challenging circumstances which has forced it to adopt proactive strategies in order to sustain a competitive edge within an intensifying, competitive market as customers' expectations have increased, as well as the demand for service quality (Chen & Hu, 2010). For many companies, outsourcing has become very attractive, whereby a company contracts with a vendor who rents their services, knowledge, skills, technology, and manpower for an agreed price and period in order to perform functions the client does not do anymore, specifically staffing and IT skills (Adler, 2003).

The notion is that firms should focus on their key essential activities and outsource the rest (Adler, 2003). Generally, there has been an overall increase in the demand for services by companies because of the evolution and specialisation of business activities and, thus, companies are outsourcing dedicated services, such as accounting, security and plant maintenance (Ippolito, 2009). Outsources are able to exploit opportunities with respect to economies of scale and scope by aggregating the needs of their clients and, furthermore, by providing variety and quality at lower cost (Adler, 2003). Ippolito (2009) indicates that the growth of the service industry is linked to a complex corporate culture as a corollary of the intricate environment; ergo, there is a need to outsource the functions that are not connected to the core of the business or which the company cannot efficiently manage directly. Thus, companies build relationships with other partners who assist with defining and enhancing the product with additional services.

Chen and Hu (2010) believe the challenge for service companies is to understand what determinant attributes of service quality customers deem important when assessing their coffee shop experience, that is, operators need to create a pleasant experience or add value for their customers. When evaluating a coffee shop experience, it is important to appraise what the customer deems important and ensure that the company provides high quality experiences that are meaningful to the customer.

Wakefield and Blodgett (1999) articulate two reasons why customers patronise service experiences: for pleasure or emotional fulfilment, or for functional usefulness. They further indicate that service organisations must be aware of and understand that the physical environment, and its specific elements, are critical in creating and augmenting customers' emotional responses and, hence, their loyalty with regards to recommending the service to others. It is patent that the service environment is more important where customers patronise for pleasure and for longer periods of time. To illustrate: when a customer spends three days in a hospital or on a cruise ship, the service environment will be monitored, which naturally will more strongly influence the customer’s perception of the service. In the case of fast-food restaurants, such as McDonald's, from a child’s perspective it may offer a functional usefulness, for example, nourishment, as well as pleasures which are fulfilled in the playground; however, an adult perceives these fast-food chains in terms of functional usefulness only.

2.3.2 *Necessities and Benefits*

Walker (1995) elucidates that customers primarily purchase the core service, and if the core service is satisfactorily delivered, the peripheral performance will result in customers’ recollecting the encounter as satisfying, because they evaluate the total offering. The core service becomes the commodity and the supplementary service provides the establishment with its competitive advantage, ergo, service companies must develop strategies which potentially satisfy peripheral performance dimensions. Accordingly, in order to deliver satisfaction, it is critical to focus on the total service offering.

In today’s intensely competitive market, it is generally assumed that the solution to gaining a competitive advantage is by delivering superior quality service that will result in satisfied customers (Han & Ryu, 2012). The principal objective of a coffee shop outlet is to create a pool of satisfied and loyal customers, who are exposed to an enjoyable experience (Sathish, 2011). In particular, in the restaurant industry, customers generally use food, physical environment, and employee service as intrinsic components of restaurant experience in evaluating the restaurant service quality (Chen & Hu, 2010; Han & Ryu, 2012) .

Ryu et al., (2012) state that in order to attract and retain customers, the restaurant must offer quality food, as well as pleasant physical surroundings and superior service, to provide an overall exotic experience that positively influences the customers' perceptions and distinguishes them from their competitors. Ergo, to maximise customer satisfaction and meet the demanding standards of customers, coffee shops should provide an extraordinary combination of good taste and freshness, a variety of items on the menu, nutritional value, presentation which is appealing and tantalising aromas.

Therefore, it is evident that these support services can maximise customer satisfaction.

2.4 List of Propositions

Proposition 1: "Customer Expectations affect customer satisfaction at South African private hospital coffee shops."

Proposition 2: "Perceived Quality affects customer satisfaction at South African private hospital coffee shops."

Proposition 3: "Perceived Value affects customer satisfaction at South African private hospital coffee shops."

2.5 Conclusion of Literature Review

The disposition of business has migrated towards cost-cutting, with an attitude of improving services; however, the primary emphasis is on improving measureable operating efficiency (Rust & Zahorik, 1993). Findings provide preliminary evidence regarding the potential financial performance value of customer satisfaction in terms of being a business objective (Yeung & Ennew, 2001). Maximising customer satisfaction by examining the factors that impact upon it is critical for a company's continued success and survival, given today's highly competitive markets (Iglesias & Guillén, 2004).

Yeung and Ennew (2001) indicate that measures of customer satisfaction have become important constructs of competitive benchmarking, companies' objectives and a standard for performance measurement. They further highlight that business performance can be enriched by delivering long-term customer satisfaction. Moreover, companies who achieve high customer satisfaction similarly benefit from superior economic returns, which will be recognised in subsequent periods (Anderson et al., 1994). Ergo, profits are realised through customers' satisfaction of their needs and wants (Churchill Jr & Surprenant, 1982).

Yeung and Ennew (2001) identify a relationship between satisfaction and performance. Satisfied customers result in repeat purchases (loyalty) and, because loyal customers are less price sensitive (economical to service), the outcome is, hence, lower costs, higher revenue and higher profits. Therefore, given the effect on costs and revenue, including additional business through positive word of mouth, business performance should be impacted on positively. The net present value of the expected margin which is obtained from loyalty reflects the coffee shop's asset value and, therefore, augmenting customer satisfaction increases the company's value in terms of their customer assets and future profitability (Anderson et al., 1994).

Obtaining satisfied customers will result in repeat purchases, loyalty to the firm and will effectively disseminate positive information about the firm (Iglesias & Guillén, 2004). Therefore, it is important to develop meaningful measures of the construct by extracting data from the framework, the ACSI model, which will be used to analyse and compare how each of the antecedents impacts upon customer satisfaction; furthermore, responses will be generated appertaining to which factors or combinations thereof affect customer satisfaction.

3 CHAPTER 3: RESEARCH METHODOLOGY

This section outlines the methodology that will be utilised in order to identify the perceived factors which affect customer satisfaction at South African private hospital coffee shops.

This chapter provides an overview of the research design that will be used in this study, the type of population that will comprise the sample, the methods of data collection, analysis and interpretation and possible limitations of the research will be presented.

3.1 Research Methodology / Paradigm

This research will be quantitative in nature focusing specifically on descriptive statistics. Additionally, a statistical technique, Analysis of Variance (ANOVA), will be used to ascertain whether there were statistically significant differences for the constructs between the means with respect to their demographic information.

Falconer and Mackay (1999) state that quantitative research is research designs which should be based on an objective view of the world and follow the positivist model of controlling variables and testing pre-specified hypotheses. Quantitative research identifies patterns and then identifies how well the research fits the patterns (Mansourian & Madden, 2007).

Amaratunga, Baldry, Sarshar and Newton (2002) indicate that quantitative research is characterised by the development of testable hypotheses and theories which are standard across settings. Conversely, this methodology is concerned with the evolution of compound specific situations. Quantitative theories are validated and justified by the magnitude to which they can be verified and by applying the relevant facts. "A quantitative research design has always been concerned with defining an epistemological methodology for determining the truth-value of propositions and allows flexibility in the treatment of the data in terms of comparative analysis, statistical analyses, and repeatability of data collection in order to verify reliability" (Amaratunga et al., 2002, p. 22).

The quantitative research approach is based upon an unbiased view of the world and follows the positivist model of monitoring variables and testing defined hypotheses (Falconer & Mackay, 1999).

Quantitative methods deal with numbers and figures with the intention of using the related findings to make generalisations with respect to the field of research (Mansourian & Madden, 2007). Qualitative methods, however, focus on deeper and narrower descriptions of concepts and perceptions with the primary function related to interpreting real-life phenomena (Mansourian & Madden, 2007).

Qualitative research is piloted through contact with a life situation, whereby data is collected over a continuous period, therefore, making it powerful for studying a process (Amaratunga, Baldry, Sarshar, & Newton, 2002). Qualitative research recognises whether a feature in a given situation is present or absent; and quantitative research measures the degree to which the feature is present (Amaratunga et al., 2002). However, this study focuses on quantitative research methods whereby answers to questions will be obtained through questionnaires.

The quantitative data analysis plan consisted of assessing raw data, entering and transferring data, processing data, communicating findings, interpreting data and completing the data analysis. The intention of this research was, thus, to identify the factors and their related strengths with respect to customer satisfaction. It is, therefore, affirmed that a quantitative assessment is more useful in achieving the outcome of this research.

3.2 Research Design

The proposed research will be conducted using the ACSI model because it encompasses customer expectations, perceived quality based on customers' post-service assessments and customers' perceived value, which includes a comparison of the product versus price and, therefore, overall leads to the creation of a customer satisfaction index (CSI) score which ranges from 0-100 (Gilbert et al., 2004). In addition, Gilbert et al., (2004) assert that the CSI score represents customers' overall evaluations of the total purchase and consumption experience, both actual and anticipated, and further concludes that the customer satisfaction measure is a post-consumption evaluation by the customer pertaining to the product or service gained.

Ergo, this research was conducted using questionnaires, which were designed to address the specific satisfaction factors with respect to the antecedents of customer satisfaction. The questionnaire was developed to align with the ACSI model and was, therefore, categorised into five sections: general, customer expectations, perceived quality, perceived value and customer satisfaction. The first section had three questions, and the remaining four sections each had five questions. Prior to the pilot study's being conducted, the questionnaire only consisted of four sections and, thereafter, it was agreed to include a category 'customer satisfaction' which was the dependent variable and acted as a point of reference. A Likert scale was adopted to scale the responses in the questionnaire, whereby a five-level Likert item varying from strongly disagree to strongly agree was used. The reason for this was to test propositions 1, 2 and 3. The data obtained from a sample of customers was statistically analysed in order to ascertain whether or not the propositions being examined could be confirmed or not. However, it is important to note that the measurement of customer satisfaction will vary, as it depends upon assumptions made as to what customer satisfaction means.

A pilot study was conducted on a convenient sample of customers at one of the hospital coffee shops, which equated to approximately 10% of the sample population. All ambiguity or confusion was addressed, and it was assured that the questions developed within the questionnaire were clear and concise, prior to conducting the remainder of the analysis. There were no imminent problems from the pilot study but, prior to commencing the actual research, the additional section 'customer satisfaction' was included. The internal reliability of the pilot study was assessed using the Cronbach co-efficient alpha. An acceptable alpha generally is between 0.6 and 0.8 and above 0.8 is very good. The sections had alpha coefficients of 0.82, 0.83 and 0.87 respectively, which indicated that it was not necessary to remove any of the questions to improve the results.

Quantitative data analysis deals with statistical data analysis techniques, specifically analysing behavioural measures of performance. The research design for this study is descriptive in nature with analytical constituents. It involves administering questionnaires and analysing the data to establish whether or not the three factors affect customer satisfaction. Descriptive statistics was, therefore, applied as part of this approach to establish whether or not the identified constructs influence the dependent variable, customer satisfaction.

Supplementary analysis was conducted using ANOVA to test if there were significant differences for the constructs between the means of the demographic information, to determine if the difference between the means was statistically significant.

At the outset, this research was conducted by administering questionnaires to a sample of customers, specifically patients, hospital staff and visitors, within private hospital coffee shops in Gauteng. Subsequent to receiving the data, an analysis was conducted using descriptive statistics in order to identify which factors affect customer satisfaction.

The advantage of utilising questionnaires as the main source to collect primary data is because it is the most common instrument owing to its flexibility in addition to being used to assess how people think, their beliefs, preferences and satisfaction levels (Kotler & Keller, 2012).

The potential disadvantage pertaining to the questionnaire was in terms of participants' interpretations. They were tested through a pilot study beforehand, to minimise any ambiguities; however, it is not possible to recognise if any of the questions or statements from the questionnaire were misinterpreted by the participants. Hence, this is regarded as a limitation in terms of the validity of the results.

Ergo, each coffee shop owner had to select, at their discretion, the ideal customer for participation with the questionnaire; however, the willingness of each respondent could potentially result in biased results. The questionnaires were administered by each owner during morning and afternoon times only and for the duration of one week.

3.3 Population and Sample

3.3.1 *Population*

"To carry out a valid quantitative study it is necessary to have a sample which is sufficiently large to be statistically representative of the whole research population" (Mansourian & Madden, 2007, p. 94).

The research population for this study is comprised of all customers who use the products or services of the coffee shops situated in private hospitals within Gauteng.

3.3.2 *Sample and Sampling Method*

Non-probability sampling technique was selected to be used to identify respondents from the defined population. According to Stehman (1999, p. 2429) "Non-probability sampling occurs when the sample elements are selected because of their convenience or special interest, or when the sampling protocol is so complex that it is impossible to determine the inclusion probabilities." It is evident that probability sampling is of a reliable nature. Non-probability sampling was identified as the preferred subjective technique because of accessibility constraints, resources and time. However, in this research it is recognised as a limitation.

The researcher refers to customers, who for the purposes of this report, will denote patients, visitors and hospital staff.

The researcher first identified three Netcare hospitals varying in size - large medium and small - and then obtained permission from their respective hospital managers, as well as the Netcare Research Committee, to disseminate fifty questionnaires to each hospital, with an overall total of 150. Thereafter, each owner of the respective hospital coffee shop was contacted and the relevance pertaining to the report was detailed, followed by an explanation of how the questionnaires should be administered. Each owner was requested to use their personal judgment with regards to selecting the patients, visitors and hospital staff to complete the questionnaires. Furthermore, in order to ensure consistency with regards to the time of day across all hospitals, when completing the questionnaires, it was stipulated that the questionnaires should be administered in the morning and afternoon.

Questionnaires were hand delivered to the respective individuals, whereby a covering letter (Appendix B) confirmed their participation and again outlined the purpose and requirements of the research. In addition, each respondent received a questionnaire and covering letter (Appendix C) outlining the aims and objectives of the research, and thanking them for their cooperation and participation.

In addition to the questionnaires, each coffee shop owner was asked to provide their personal answers to two specific questions which are set out hereunder:

1. Provide a brief overview of your NetCafé operations from your personal perspective.

2. Please indicate what your philosophy is in terms of customer service levels which should be achieved at your NetCafé.

Their responses are presented below:

Garden City NetCafé, Franchisee: Philip Chilton-Jones

1. As a non-franchised store, the Garden City operation provides a platform for some degree of innovation in store layout, menus, food portions and presentation which is likely to be lost once the store becomes franchised. As it stands, customers can have their requirements met as far as is possible (subject to stock-holdings from time to time) as opposed to the dictates of fixed menus stipulated by a remote franchisor who, in essence, generally has no first-hand knowledge of different markets addressed by stores in widely differing locations. That said, food quality and quantity is a non-negotiable, with customer communication, cleanliness (premises and staff), affordability and furnishings being essential requirements of a well-run store. Personal involvement and day to day assessment of the operation (both as far as customer satisfaction and the financial well-being of the business are concerned) are a sine qua non. It is pointless running a perfect outlet when the financial aspects are not given the attention they deserve.

2. In general, excellence in pricing, menu range and retail range is essential to maximise satisfaction levels. Also presentation, service levels (particularly the integration between customer, waiting staff and management) and affordability - basically the aim should be to ensure that clients would return to the outlet without hesitation were it to be located in a more competitive environment, for example, a shopping centre. There should be no compromise in the customer experience merely because of the outlet's location in a hospital, serving as an essential hospital "add-on". Rental levels have a bearing here, of course, as the "higher than shopping centre rentals" being charged at the moment mitigate against expenditure in areas which might otherwise be to the benefit of visiting clients

Union NetCafé, Franchisee: Pinky Rod

1. Within my two NetCafé outlets we strive to ensure that our customers receive the best possible service, and ensure all the staff continuously have smiles on their faces.

2. My staff and I believe that the customer is king and we ensure that they are treated accordingly by providing the best possible service at competitive prices. Furthermore, my staff and I work together as a well-oiled machine guaranteeing our customers are made to feel welcome and satisfied with our service and food. We pride ourselves on our quality of food and happy aura within the shop. We set ourselves high goals and standards which we strive to achieve and maintain.

Rosebank NetCafé, Franchisee: Linda Griffiths

1. NetCafé's operations consist of an overall dining experience, with good service and excellent food which is good value for money. It is important to have competent staff and a hospitable, warm, clean and friendly environment, as well as a welcoming atmosphere.

2. Customer service levels which should be achieved include quick, efficient service with high quality food, which is essential as the coffee shop is positioned within a captive market.

Table 2 hereunder summarises the target sample selected.

Table 2: Description of Target Sample

Name of Hospital	Size of Hospital	Types of Customers	Target Sample	Total Sample per Hospital
Garden City NetCafé	Large	Patients	30	
		Visitors	90	150
		Hospital Staff	30	
Union NetCafé	Medium	Patients	30	
		Visitors	90	150
		Hospital Staff	30	
Rosebank NetCafé	Small	Patients	30	
		Visitors	90	150
		Hospital Staff	30	

3.4 The Research Instrument

The measuring instrument is in the form of a questionnaire. The questions in the questionnaire, as shown in Appendix A, were developed according to the antecedents of customer satisfaction as propounded in the ACSI model. The questionnaire is structured into five sections whereby each respondent will solicit their degree of agreement using a Likert scale. The measurement of customer satisfaction varies as it is dependent upon the assumptions made pertaining to what customer satisfaction means. Gilbert et al., (2004) conclude that customer satisfaction measurement is a post-consumption valuation by the customer about the product or service gained. Furthermore, there is an overall agreement that when the assessment is closer to the actual service encounter, the assessment is more accurate of the service quality itself.

3.5 Procedure for Data Collection

Respondents were assured that their responses were confidential in nature, and that specific areas within the report would not result in identification of an individual. The point of contact for each coffee shop was the respective owner, from whom the completed questionnaires were collected approximately one week after being distributed. Each respondent was required to complete the questionnaire from their respective positions within the hospital, such as, the coffee shop, the patient’s ward or doctor’s room.

3.6 Data Analysis and Interpretation

Simple descriptive statistics was conducted to identify the specific factors, as set out in the questionnaire, which affect customer satisfaction. The responses were obtained from the Likert scale rating scores and were recognised and regarded as numbers, from which they were examined.

The raw data collected from the questionnaire instrument was categorised as being nominal and ordinal in nature and, thereafter, imported into the statistical package SAS JMP. Statistical analysis was conducted in order to obtain the research objectives. Following from this, quantitative information was extracted and subjected to statistical analysis using descriptive statistics to identify the factors associated with customer satisfaction.

The process included calculating the means of the five point Likert scales in order to compare the four constructs and obtain the effect which the different constructs had on customer satisfaction.

Following from this, ANOVA was applied to ascertain whether there were statistically significant differences for customer expectations, perceived quality, perceived value and customer satisfaction, between the means of their associated demographic information: hospital, gender, category and age.

3.7 Limitations of the Study

The questions or statements within the questionnaire may be misinterpreted by respondents which potentially could impact upon the validity of the results.

Results may vary depending on disposition of respondents and the reason for their visit to the hospital; hence, their precise feelings towards customer satisfaction may be distorted.

The adoption of the non-probability sampling technique is viewed as a limitation because of the selective sample chosen which may conclude in a biased set of data results. Furthermore, one cannot generalise with respect to the population. Additionally, it will be difficult to establish whether or not the sample represents the general population because of its size constraints.

This research will focus on South African hospital coffee shops only: the inclusion of international companies may well present different results.

3.8 Validity and Reliability

Validity is a concept used to determine how good an answer is which is provided by research, for a given problem, inferring the theory or model pronounces reality with a good fit (Amaratunga et al., 2002).

Amaratunga, Baldry, Sarshar and Newton (2002) refer to reliability as the extent to which a test or procedure produces similar results under constant conditions on all occasions, whereby the goal is to minimise the errors and biases in the study.

The following section examines the reliability and validity of the proposed research.

3.8.1 *External Validity*

Amaratunga et al., (2002) state that external validity refers to the extent to which research findings can be extrapolated and generalised beyond the research, that is, the extent to which the concluded findings of one group are applicable to other groups.

Within the proposed study, the ability to generalise the findings of the research to a larger group appears problematic because there may be an element of sampling bias, owing to the non-probabilistic sampling and restricting the population group to the Gauteng region of South Africa. The researcher, however, believes that the findings and conclusions will be beneficial to the wider business sector.

3.8.2 *Internal Validity*

Amaratunga et al., (2002) refer to internal validity as relating to whether the causes which have been identified actually produce the responses and confirm if the correct cause and effect relationship has been recognised, that is, ensuring consistency with the defined constructs and other recognised constructs.

This research report will rely upon the internal validity of the measuring instrument. The list of attributes presented within the questionnaire have been constructed from various sources from the literature review, and represent a finite list of attributes, ergo, enhancing the comparability of the findings. Therefore, the researcher anticipates that the analysis of the data will identify the perceived factors which affect customer satisfaction at South African private hospital coffee shops.

Appertaining to the validity of the study, it was ensured that the constructs were dependable since they were acquired from literature. Factor analysis was conducted only to assess how the factors were related to one another; however, several cross loadings resulted which implied that the factors are closely related. Four factors were extracted: customer expectations, perceived quality, perceived value and customer satisfaction. These were considered to conduct the research even though two factors, customer expectations and customer satisfaction, did overlap. Ergo, this can be viewed as a limitation; however, this method is viable for future research.

It is evident from the Eigenvalues that the first factor accounts for 51.914% of the variation in the data and the remaining factors contributed small percentages. This implies that the 20 questions attempt to highlight only one factor and not four. In essence, the respondents found that customer expectations and customer satisfaction were closely related.

3.8.3 *Reliability*

Reliability refers to the consistency of the results which have been obtained from the measuring instrument, the questionnaire, when everything else is held constant, with the overall objective of minimising the errors and biases in a study.

Reliability is concerned with the consistency of the questionnaire instrument with regards to producing results, and in the case where an alternative researcher adopts the identical procedures, the same conclusions will prevail. This research, however, measures subjective opinions and, thus, has the propensity to produce contradictory results on different occasions.

The questionnaire for each respondent was accompanied by a standard covering page (Appendix C) with a set of instructions which ensured consistency applied to all respondents. The intention was to reduce any form of misinterpretation and, hence, improve the reliability of the study.

The reliability of each construct can be measured using the Cronbach Coefficient Alpha which refers to the consistency of the measurement. This alpha value will confirm that the individual items measured the same construct consistently. As reported in Table 3 hereunder, the internal consistency of the constructs were assessed by Cronbach's Alpha and the reliability estimates were 0.8815, 0.8186, 0.8350 and 0.8465 for responses to 'Customer Expectations', 'Perceived Quality', 'Perceived Value' and 'Customer Satisfaction', respectively. Therefore, overall this indicates good reliability, with the customer expectation construct being the highest. Table 3 displays a summary of each construct's Cronbach Coefficient Alpha and associated reliability.

Table 3: Summary of Descriptive Statistics of the Constructs

Variables	Items	Cronbach Alpha	Reliability
Customer Expectations	1.1, 1.2, 1.3, 1.4, 1.5	0.8815	Very Good
Perceived Quality	2.1, 2.2, 2.3, 2.4, 2.5	0.8186	Very Good
Perceived Value	3.1, 3.2, 3.3, 3.4, 3.5	0.8350	Very Good
Customer Satisfaction	4.1, 4.2, 4.3, 4.4, 4.5	0.8465	Very Good

Note: N = 118

The researcher is cognisant of the fact that factor scores can be used to interpret the data; however, for this research paper the mean scores will be utilised as they were all reliable.

3.9 Conclusion

This section provided an overview of the methodology adopted for this research, and detailed a description pertaining to the quantitative research paradigm. Moreover, the applied research instrument was introduced and information provided on exactly how the data was analysed so as to acquire the respective interpretations and conclusions presented in chapters 4, 5 and 6. Within this research, the data was analysed using descriptive statistics in order to identify which factors affect customer satisfaction at South African private hospital coffee shops. In addition, a synopsis of ANOVA was presented.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents a summary of the results which were acquired, as well as the statistical analysis that was conducted on the findings. From the responses to the questionnaires, statistical techniques were employed to present the data accompanied with the corresponding results. The results are presented here and, then, interpreted in Chapter 5.

4.2 Response Rate

Of the total 150 questionnaires that were disseminated to the three hospitals, only 118 were completed. These were, therefore, adequate for statistical analysis. The overall response rate was approximately 80%.

4.3 Demographics of Sample

The respondents' demographics are presented in this section and include respondents per hospital, gender, age and respondent categories. The respective distribution for each category is exhibited in the bar charts below.

The sample chosen for this research consisted of three hospitals, differing in size. Respondents, namely hospital staff, visitors and patients, from these three hospitals participated in the research by completing a questionnaire.

The figure presented hereunder displays the distribution of the respondents per hospital.

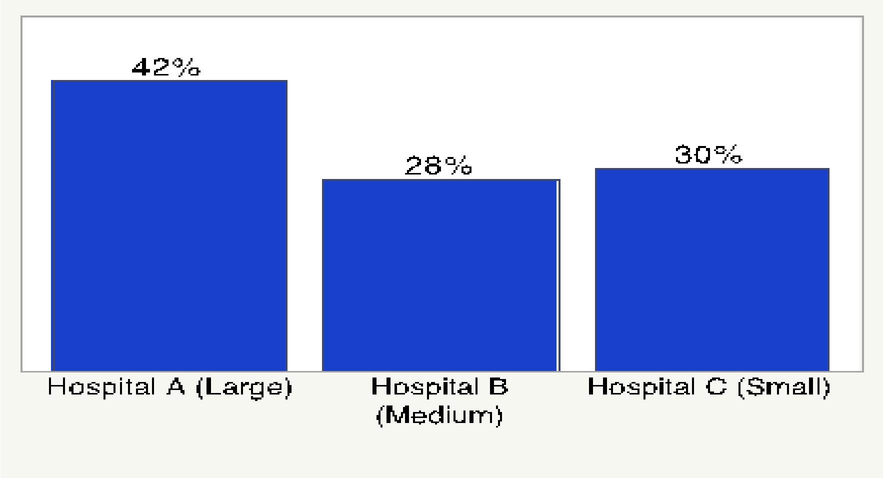

Figure 2: Distribution of Respondents per Hospital

The respondents for Garden City hospital reflected responses of 42.02%, Union 27.73% and Rosebank 30.25%. Evidently, from the larger hospital, being Garden City, more respondents were obtained.

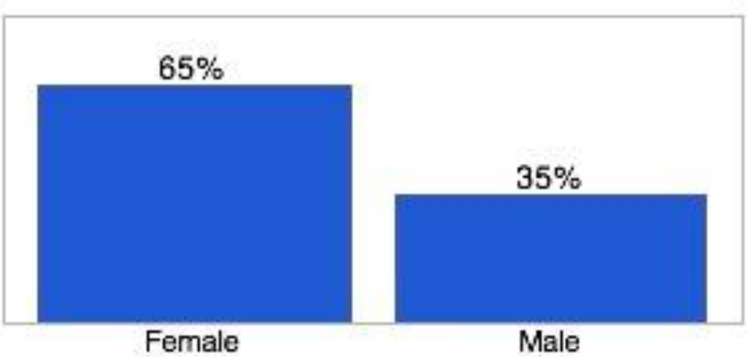

Figure 3: Distribution of Gender

It is apparent from Figure 3 above that females predominantly completed most of the questionnaires reflecting 65.25% and males represented only 34.75% of the sample. This is an interesting outcome as females were more inclined to complete the questionnaire.

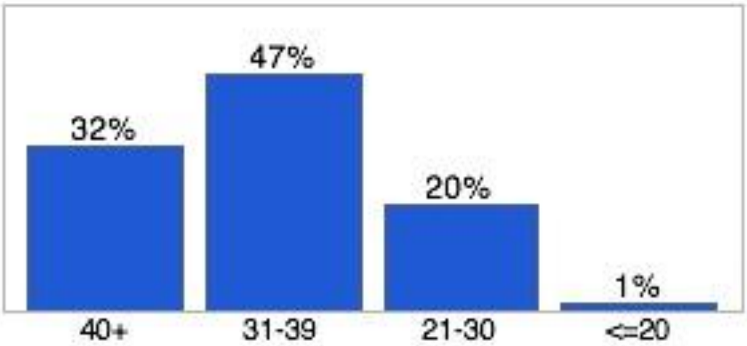

Figure 4: Distribution of Age Categories

The respondents fell primarily into the 31 to 39 year old age category (46.61%), followed by the over 40 year old age category (32.20%). The age group 21 to 30 reflected 20.34% of the respondents and only 1% were under 20. Ergo, it is apparent that 78.81% of the respondents were above the age of 31. A probable reason for this could be due to the fact that, above the age of 31, individuals are classified as working class and evidently the patients, visitors and hospital staff fall into the category of the working class.

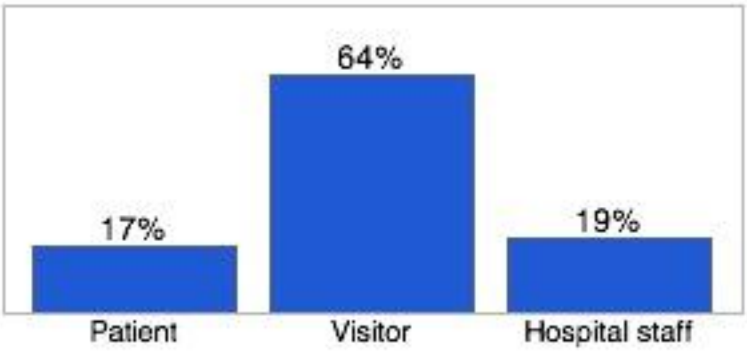

Figure 5: Distribution of Respondent Categories

It is evident from Figure 5 that the majority of the respondents were visitors to the hospitals representing 63.56% of the sample, which is consistent with the original sample presented. Noticeably a higher number of new visitors would frequent the hospital, as opposed to patients and hospital staff who are generally consistent every day. Hospital staff and patients represented 19.50% and 16.95% respectively of the respondents. This aligns with the chosen sample and purpose of the research as more visitors were expected to react favourably to the questionnaires, given the high daily turnover of visitors entering the hospital.

In summary, from the above statistical analysis, the demographics of the sample reflect that females predominantly responded to the questionnaires, and the majority of the customers were visitors and specifically over the age of 31.

4.4 Descriptive Statistics

4.4.1 *Results Pertaining to Customer Expectations*

The objective was to ascertain whether the proposition, “Customer Expectations affect customer satisfaction at South African private hospital coffee shops,” was in fact true. As part of this process the descriptive statistics, as presented in Table 4 below, were examined.

Table 4: Results Pertaining to Customer Expectations

Questions	SD		D		N		A		SA	
	%	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N
1.1 The services provided by the coffee shop sufficiently met with my requirements.	2.52%	3	1.68%	2	1.68%	2	73.95%	88	20.17%	24
1.2 The coffee shop always attempts to provide an accurate idea of what customers can expect in terms of level of service delivery.	2.52%	3	0.84%	1	12.61%	15	66.39%	79	17.65%	21
1.3 A priority for this coffee shop is to perform the service correctly the first time.	2.56%	3	0.85%	1	6.84%	8	62.39%	73	27.35%	32
1.4 This coffee shop teaches their employees to deliver a service that is error free.	2.52%	3	0.00%	0	16.81%	20	59.66%	71	21.01%	25
1.5 Employees always look for ways to make their customers happy by delivering more than they expect.	0.84%	1	2.52%	3	11.76%	14	57.98%	69	26.89%	32

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly Agree

From Table 4 above it is apparent that all customers from the sample show a combined response of 94.12% towards the two categories, namely ‘agree’ and ‘strongly agree’ with respect to customer expectations for question 1 and, therefore, felt most strongly about this question. In addition, 89.74% of customers’ responses appertaining to both ‘agree’ and ‘strongly agree’ for customer expectations relate to question 3 and, hence, this is the second constituent they felt the most favourably towards.

4.4.2 *Results Pertaining to Perceived Quality*

This proposition states that perceived quality does affect customer satisfaction, and, therefore, the intention was to gauge if this statement was, in fact, true. The results are presented in the table below.

Table 5: Results Pertaining to Perceived Quality

	SD		D		N		A		SA	
Questions	**% of Total**	**N**	**% of Total**	**N**	**% of Total**	**N**	**% of Total**	**N**	**% of Total**	**N**
2.1 The overall service experience is generally of a high standard.	1.68%	2	2.52%	3	9.24%	11	59.66%	71	26.89%	32
2.2 The friendliness of staff is always of a high standard.	1.68%	2	1.68%	2	10.08%	12	47.90%	57	38.66%	46
2.3 The decoration, ambience and comfortable seats are of a high standard.	1.68%	2	0.84%	1	14.29%	17	45.38%	54	37.82%	45
2.4 The quality of service provided by the staff does meet with my requirements.	1.69%	2	6.78%	8	5.08%	6	62.71%	74	23.73%	28
2.5 The coffee shop is consistent in terms of quality of service provided by the staff.	0.85%	1	5.08%	6	11.86%	14	57.63%	68	24.58%	29

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly Agree

Table 5 summarises interesting results appertaining to perceived quality since the outcome for all five was similar in the combined classification classes of ‘agree’ and ‘strongly agree’. Questions 1 to 5 respectively present the following results when merging the categories ‘agree’ and ‘strongly agree’ in terms of perceived quality: 86.55%, 86.56%, 83.20%, 86.44% and 82.21%.

4.4.3 *Results Pertaining to Perceived Value*

The purpose of this specific analysis was to establish whether the proposition, “Perceived Value affects customer satisfaction at South African private hospital coffee shops,” was true. The findings are presented in Table 6 hereunder.

Table 6: Results Pertaining to Perceived Value

	SD		D		N		A		SA	
Questions	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N
3.1 I consider the quality of food and beverages provided by this coffee shop to be value for money.	2.56%	3	7.69%	9	20.51%	24	49.57%	58	19.66%	23
3.2 The prices I pay for the quality of service received is fair.	4.27%	5	2.56%	3	18.80%	22	60.68%	71	13.68%	16
3.3 The overall experience provided by this coffee shop is considered to be value for money.	3.45%	4	0.86%	1	19.83%	23	61.21%	71	14.66%	17
3.4 This coffee shop always provides a comfortable, relaxed ambience.	1.69%	2	2.54%	3	10.17%	12	55.08%	65	30.51%	36
3.5 This coffee shop is part of a reputable chain.	2.61%	3	0.00%	0	20.87%	24	57.39%	66	19.13%	22

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly Agree

From Table 6 it is apparent that all customers show a resilient response for question 4 reflecting 85.59% within the combined categories of ‘agree’ and ‘strongly agree’ with respect to perceived value. It is clear they felt most strongly about this question. Furthermore, the responses from customers for questions 2, 3 and 5 appear to be similar and reflect the following values: 74.36%, 75.87% and 76.52%. Question 1 appeared to be the least important as it represented a value of 69.23%, when compared to the other questions.

4.4.4 *Results Pertaining to Customer Satisfaction*

The objective was to isolate customer satisfaction and establish its overall effect. In addition, the intention was to identify what specific elements were important to the respondents. The findings are presented in the following table.

Table 7: Results Pertaining to Customer Satisfaction

	SD		D		N		A		SA	
Questions	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N
4.1 This coffee shop is part of a reputable chain.	1.75%	2	1.75%	2	14.04%	16	61.40%	70	21.05%	24
4.2 The variety of food offered is satisfactory.	2.54%	3	0.00%	0	16.10%	19	61.02%	72	20.34%	24
4.3 I am satisfied with the healthy food choices available.	1.71%	2	1.71%	2	12.82%	15	57.26%	67	26.50%	31
4.4 I am satisfied with the cleanliness of the coffee shop.	0.85%	1	0.00%	0	4.24%	5	55.93%	66	38.98%	46
4.5 The helpfulness of the coffee shop staff is of a satisfactory level.	0.85%	1	0.00%	0	6.78%	8	56.78%	67	35.59%	42

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly Agree

Table 7 presents the results associated with customer satisfaction, where questions 4 and 5 display responses within the combined categories ‘agree’ and ‘strongly agree’ of 94.91% and 92.37% respectively, which evidently infers that the customers felt passionately about these two questions. Similarly customers’ responses with regards to questions 1, 2 and 3 were 82.45%, 81.36% and 83.76% respectively.

4.5 Mean Scores of the Constructs

As previously alluded to, for this research paper, the mean scores will be utilised as they were all reliable. The approach to calculating the total mean scores for each of the four constructs in the questionnaire was obtained by taking their averages. Consequently, because all of the items for each of the four constructs were found to be reliable, a single score was then determined for each construct by calculating the average of the individual item.

The mean scores were interpreted as follows: a mean score towards 1 depicted strong disagreement and a score towards 5 represented strong agreement. Each score reflected the following description: 1: Strongly Disagree, 2: Disagree, 3: neither Agree nor Disagree, 4: Agree, 5: Strongly Agree. The means of the five point Likert scales were calculated to compare the four constructs.

Table 8 presents the mean scores for the different constructs.

Table 8: Mean Scores for the Constructs

Constructs	Mean	Standard Deviation
Expectations score	4.04	0.62
Quality score	4.09	0.62
Value score	3.87	0.66
Satisfaction score	4.11	0.58

As demonstrated in the table above, respondents felt the most enthusiastic about customer satisfaction, with a mean score of 4.11, and least about perceived value, with a mean of 3.87. Nevertheless, it is evident that all four scores are close to 4.

4.6 Differences between Mean Scores for the Constructs

An analysis was conducted using ANOVA to examine whether there were statistically significant differences for each construct - expectations, perceived quality, perceived value and satisfaction - between the means with respect to their demographic information, comprising hospital, gender, category and age.

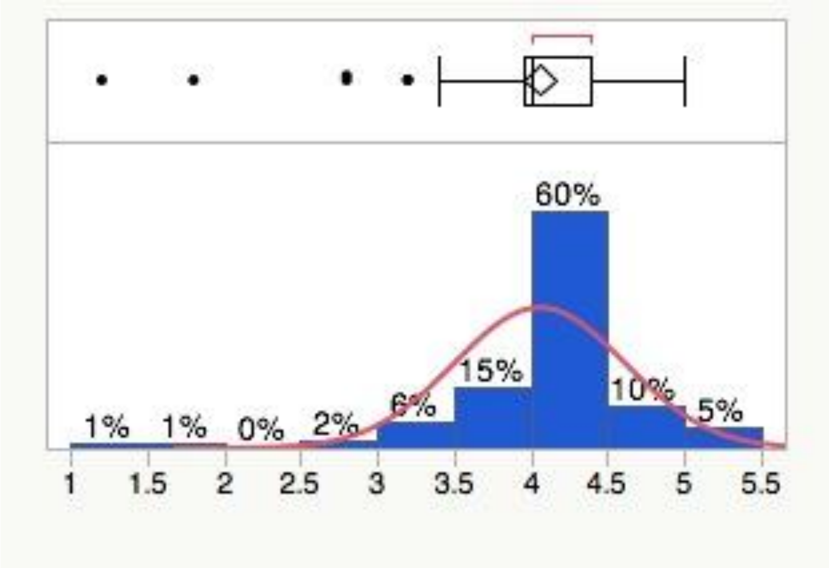

Figure 6: Distribution of Expectation Score

The histogram in Figure 6 above has a mean of 4.06229 and standard deviation of 0.55658. It is evident from the distribution for Expectation that it is not normally distributed as it is skewed to the right, signifying that most respondents felt that a high frequency of expectations was necessary.

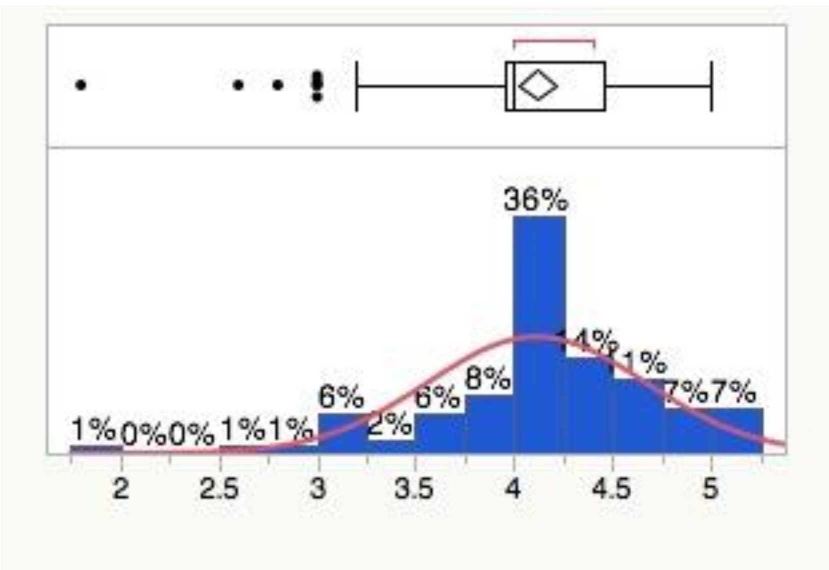

Figure 7: Distribution of Quality Score

The histogram in Figure 7 has a mean of 4.11695 and standard deviation of 0.55448. It is evident from the distribution for Quality that it is not normally distributed, suggesting that the majority of the respondents felt that a high frequency of quality was necessary.

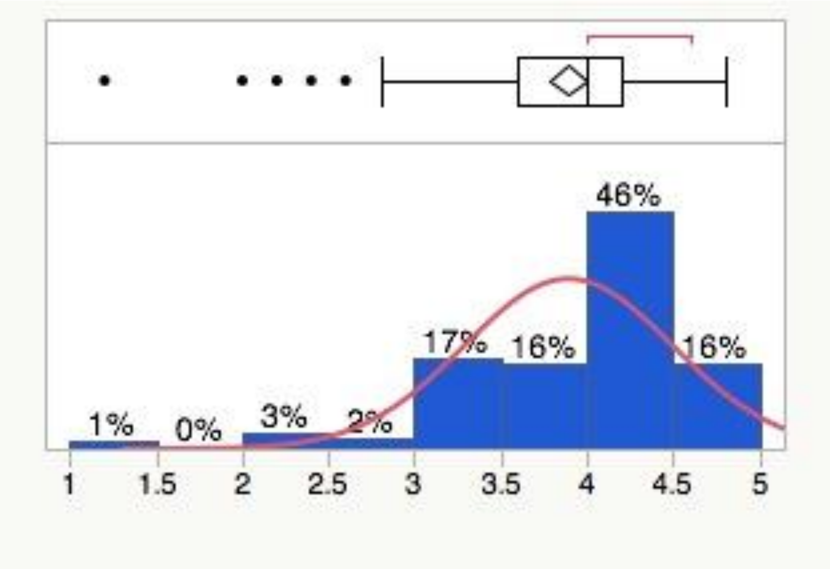

Figure 8: Distribution of Value Score

The histogram in Figure 8 has a mean of 3.89534 and standard deviation of 0.60567. It is apparent from the distribution for Value that it is not normally distributed as it is evidently skewed to the right. Therefore, respondents deemed a high frequency of quality as essential.

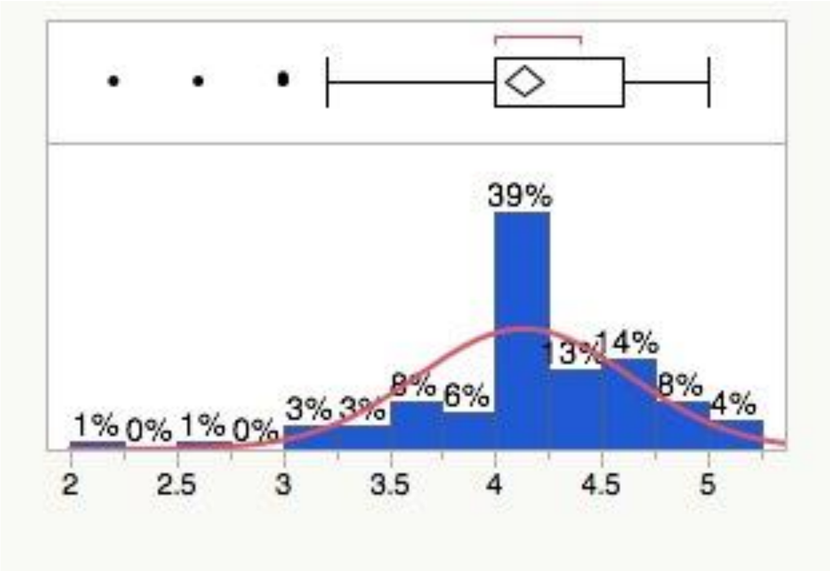

Figure 9: Distribution of Satisfaction Score

The histogram in Figure 9 has a mean of 4.13602 and standard deviation of 0.50162. It is evident from the distribution for Satisfaction that it is not normally distributed, proposing that a large group of respondents felt that a high frequency of quality was required.

ANOVA has two assumptions which include that the distribution of the constructs must be normally distributed and the variances must be homogeneous. From the data presented above, all four histograms were not normally distributed and Shapiro Wilk tests indicated non-normality; therefore, it was necessary to employ a non-parametric test, the Kruskall-Wallis Test.

The means, however, were not discarded as they were still used for interpretation; however, the Kruskall-Wallis Test was used to test for significant differences.

Table 9: Analysis of Kruskall-Wallis Test

Construct	Demographic Information	Kruskall-Wallis Test Prob>ChiSq	Significant or Not Significant
Expectations	Hospital	0.0834	**Nearly Significant**
Expectations	Gender	0.7791	Not Significant
Expectations	Category	0.5887	Not Significant
Expectations	Age	0.1464	Not Significant
Quality	**Hospital**	**0.0316**	**Significant**
Quality	Gender	0.3855	Not Significant
Quality	Category	0.7727	Not Significant
Quality	Age	0.1773	Not Significant
Value	**Hospital**	**0.0010**	**Significant**
Value	Gender	0.7571	Not Significant
Value	Category	0.9807	Not Significant
Value	Age	0.1428	Not Significant
Satisfaction	Hospital	0.1136	**Nearly Significant**

Satisfaction	Gender	0.6399	Not Significant
Satisfaction	Category	0.8704	Not Significant
Satisfaction	Age	0.0726	**Nearly Significant**

When the p-value from the Kruskall-Wallis Test is less than 0.05 this indicates a significant difference between the mean ranks of the constructs when considering the demographic information, at a 95% level of confidence. As evident from Table 9, the p-value from the Kruskall-Wallis Test in the case of mean Quality scores per Hospital was less than 0.05, p=0.0316, indicating that the views of the respondents differ significantly from the hospitals' on the perceived quality score, at a 95% level of confidence. Patently, the p-value from the Kruskall-Wallis Test in the case of mean Value scores per Hospital was also less than 0.05, p=0.0010, which signifies that the opinions of the respondents differ significantly from the hospitals' on the perceived value score, at a 95% level of confidence.

From the analysis of the results, using a non-parametric Kruskall-Wallis Test, the study revealed a significant difference between the views of respondents and those of the hospital on the perceived quality and value scores.

There were no other noteworthy statistically significant differences between the mean ranks of the constructs when considering the demographic information; however, the 'nearly significant' categories can be viewed as further research.

5 CHAPTER 5: ANALYSIS AND DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this study was to identify which factors affect customer satisfaction at South African private hospital coffee shops, which was achieved utilising the ACSI model and its associated antecedents, namely, customer expectations, perceived quality and perceived value. Within this chapter the results will be discussed and interpreted, and an overview of the findings relevant to the factors will be presented. In addition, the findings appertaining to the Kruskall-Wallis Test will be presented and discussed. Each section will include an overview and interpretation of all the identified factors. Finally, the conclusions of this research report will be defined.

5.2 Discussion Pertaining to Customer Expectations

5.2.1 *Introduction*

Within this section an interpretive discussion was conducted, as well as an analysis and interpretation of the findings relating to customer expectations affecting customer satisfaction at South African private hospital coffee shops.

5.2.2 *Overview of Findings*

The findings clearly demonstrate a strong relationship and one can conclude that customer expectations do affect customer satisfaction. The conclusions of this research provide support for these findings through Churchill Jr and Surprenant's (1982) theory which clearly states that customer expectations directly impact upon satisfaction. The customer expectation factor as postulated in the literature of Angelova and Zekiri (2011) states that expectations are crucial to companies and/or coffee shops in developing an understanding of their customers' satisfaction levels because they expect high quality products and services to satisfy their desires and needs.

The conclusions of this research do provide support for the findings by Pitt and Jeantrout (1994), who indicate that the primary goal of a company is to exceed customer expectations by excelling at and optimising the delivery of service and product offering: when the service or product offering exceeds expectations, the customer is satisfied. This is substantiated by the findings where 94.12% of the respondents viewed this as the most important aspect whereby they 'agreed' and 'strongly agreed' that the services provided by the coffee shop met with their requirements (Q1.1, Table 4).

Furthermore Balaji (2009) advocates that customer expectations, which include both preceding and future experiences, with respect to the service or product will impact upon customer satisfaction. Fornell et al., (1996) agree as they deduce that the market's expectations include both prior and future experiences, and customers' expectations are imperative because of the relationship between the company and its customers. Customer expectations are, thus, positively associated with overall customer satisfaction. This is confirmed the results of the report, whereby 89.74% of customers believed the second most important constituent was for the coffee shop to perform the service correctly the first time (Q1.3, Table 4). This will have a positive impact upon the succeeding behaviour of customers and evidently result in repeat and loyal customers. Aligning with the views of Anderson et al., (1994), the report also indicates that expectations pertaining to the quality of products and services should result in a positive impact upon customer satisfaction.

Anderson and Sullivan (1993) further postulate that expectations provide a reference point for the level of satisfaction and satisfaction is positively affected by expectations. Bearden and Teel (1983) surmise that expectations are a determinant of customer satisfaction and, therefore, expectations are positively related to satisfaction. This research provides direct support for their findings.

The outcome for each demographic category with regards to the Kruskall-Wallis Test, specifically gender, category and age, was not significant; however, in the case of mean Expectation scores per Hospital the p-value was 0.0834 (Table 9), which is just above 0.05, indicating it is nearly significant. Hence, it can be implied that respondents between the hospitals had differing views on the expectation score.

In conclusion, Proposition 1, "Customer Expectations affect customer satisfaction at South African private hospital coffee shops," is therefore accepted.

5.3 Discussion Pertaining to Perceived Quality

5.3.1 *Introduction*

This section will include interpretive discussion and an analysis appertaining to the findings which relate to perceived quality affecting customer satisfaction at South African private hospital coffee shops.

5.3.2 *Overview of Findings*

From the findings it is clear that a significant affect exists, hence, one is able to conclude that perceived quality does strongly affect customer satisfaction. Law et al., (2004) postulate that quality is regarded as an antecedent to satisfaction and the customer's overall satisfaction is based upon all their encounters and experiences. This study provides further support for this proposition as developed by Fornell (1992), who states that perceived quality is revealed in customer satisfaction, whereby high quality products and services will result in customer retention, consequently amplifying profitability of the organisation. Quality is delivered when the product or service meets or exceeds the customers' expectations. This is validated with the findings in Table 5 where 82.21% of the respondents agreed that the coffee shop was consistent in terms of quality of service provided by the staff, therefore, revealing customer satisfaction (Q2.5, Table 5). Law et al., (2004) claim that improving service quality is the most important strategy a company should adopt in order to differentiate themselves from their competitors.

It is also consistent with Balaji (2009), who advocates that perceived quality, comprising of perceived product and service quality, ultimately results in customer satisfaction. This is consistent with the findings of the report where 86.55% of the respondents believed that the service experience was generally of a high standard (Q2.1, Table 5) and 86.44% concurred that the quality of service provided by the staff met with their requirements (Q2.4, Table 5), therefore, ratifying that the customers were satisfied.

Moreover, the findings are consistent with Iglesias and Guillén's (2004) citation that perceived quality is one of the antecedents of customer satisfaction and its characteristics satisfy a customer's needs and fulfil their requirements. They highlight the fact that perceived quality will positively affect a customer's satisfaction because the grander the reward received, the more enhanced the customer's experience. Law et al., (2004) believe additional factors are important determinants of customer satisfaction and these include waiting time, restaurant cleanliness and service attitude. Substantiating this with the findings presented in Table 5, 86.56% agreed that the friendliness of staff was always of a high standard (Q2.2, Table 5) and 83.20% agreed that the decoration, ambience and comfortable seats were of a high standard (Q2.3, Table 5), hence, reflecting a positive attitude. According to Kotler and Keller (2012) satisfaction represents the amalgamation of features and characteristics of a product or service that have the ability to satisfy recognised or implied needs.

Anderson et al., (1994) indicate that perceived quality, the customer's judgement of a product or service, has an overall positive effect upon customer satisfaction.

According to Yeung and Ennew (2001) resilient evidence exists for the positive relationship between perceived quality and customer satisfaction and, hence, retention. Kotler and Keller (2012) believe that higher quality levels result in greater customer satisfaction, and are directly associated with company profitability and value creation, hence validating the proposition that perceived quality does affect customer satisfaction.

Appertaining to the Kruskall-Wallis analysis above, the construct 'quality' was scrutinised with respect to its demographic information. The results for each demographic category, specifically, gender, category and age, were not significant; however, the p-value from the Kruskall-Wallis Test in the case of mean Quality scores per Hospital was less than 0.05, p=0.0316 (Table 9), indicating the views of the respondents vary significantly between the hospitals with respect to the perceived quality score, at a 95% level of confidence.

In conclusion, Proposition 2, "Perceived Quality affects customer satisfaction at South African private hospital coffee shops," is therefore accepted.

5.4 Discussion Pertaining to Perceived Value

5.4.1 *Introduction*

This section will provide interpretation, discussion and analysis pertaining to the findings which relate to perceived value affecting customer satisfaction at South African private hospital coffee shops.

5.4.2 *Overview of Findings*

The results demonstrated that perceived value had a significantly strong effect on customer satisfaction, and one is able to conclude that perceived value has a powerful effect on customer satisfaction. Therefore, this research provides direct support for the findings of Ryu, Lee and Kim (2012), who indicate that within a service environment the customer's perceived value is positively related to the customer's satisfaction. As proposed too by Chen and Hu (2010), coffee outlet operators must design strategies which improve their customers' perceptions of perceived value with the intention of maximising satisfaction and winning customers. Kotler and Keller (2012) highlight that perceived value provides additional weight to a customer's benefit and provides the company with a greater chance of winning the sale.

McDougall and Levesque (2000) accentuate the importance of companies' delivering superior value, in essence their source of competitive advantage, in order to achieve higher customer satisfaction. They confirm that customers are more satisfied when they perceive that they have received goods or services which in their opinion are value for money. From the findings in Table 6, 74.36% 'agreed' and 'strongly agreed' that the prices they paid for the quality of service received was fair (Q3.2, Table 6), thus, presenting satisfaction and resulting in price tolerance, customer loyalty and trust. Tsai et al., (2010) reiterate that customers with a higher perception of the value of a product or service will have greater support for the organisation, hence greater loyalty, and will be predominantly satisfied customers, thus confirming the researcher's proposition that perceived value does affect customer satisfaction.

The findings are further supported by Balaji (2009), who hypothesises that perceived value is recognised through price and is the perception of quality for money, which ultimately results in customer satisfaction. In support of the research findings, Iglesias and Guillén (2004) advocate that perceived value is an assessment between rewards and costs. Coffee shops must understand how customers formulate their price perceptions in order to ensure greater perceived value and, hence, enhance customer satisfaction. According to Tsai et al., (2010) customers in essence have already established an expected value as their reference point and, thus, if the company can fulfil the customer's expectations customer satisfaction will increase, therefore validating the proposition that perceived value does affect customer satisfaction.

According to Ryu, Lee and Kim (2012) customers of coffee shops attain their perceived value from the features of the physical environment, as well as the quality of the products and services. As pronounced in the results, 85.59% of the respondents believed that the coffee shop always provided a comfortable, relaxed ambience (Q3.4, Table 6) and 75.87% were in accord that the overall experience was considered to be value for money (Q3.3, Table 6). Ryu, Lee and Kim (2012) contend that customers who have a positive view with respect to a coffee shop will intrinsically believe that the coffee shop provides superior customer perceived value and extraordinary customer satisfaction.

In addition, the conclusions of this research do provide support for the findings by Anderson et al., (1994), who validate that superior customer satisfaction should reduce price elasticities for customers and lead to amplified profitability, because customers' perceived value of goods and services will determine their satisfaction and ultimately they will be more willing to pay for the benefits which they obtain. The findings indicate that only 69.23% of the respondents consider the quality of food and beverages provided by the coffee shop to be value for money (Q3.1, Table 6), which may have implications in terms of satisfaction. This is, thus, an area which must be improved.

The construct 'value' was examined with respect to its demographic information using the Kruskall-Wallis Test. The results for each demographic group, explicitly gender, category and age, were not significant; however, the p-value from the Kruskall-Wallis Test with respect to the mean Value scores per Hospital was less than 0.05, p=0.0010 (Table 9), which signifies that the opinions of the respondents differ significantly between the hospitals on the perceived value score, at a 95% level of confidence.

In conclusion, Proposition 3, "Perceived Value affects customer satisfaction at South African private hospital coffee shops," is therefore accepted.

5.5 Conclusion

This section postulated the three propositions and included the fourth factor which was customer satisfaction and, when interpreting the results, empirical evidence was found to support the findings. Moreover, the interpretations appertaining to this study do support the literature of previous researchers. Ergo, the findings support the intention of this research, which was to establish if ‘customer expectations’, ‘perceived quality’ and ‘perceived value’ affect customer satisfaction at South African private hospital coffee shops.

The factors which were discussed did demonstrate and display an effect on customer satisfaction. From the findings as encompassed herein, the resultant implications may provide assistance and value to current and future coffee shop owners to ensure they focus on key factors in order to maximise customer satisfaction, which is their primary objective. The results of this research can, therefore, aid decision making of owners and add to their current knowledge pool, which in effect will improve overall performance and capitalise on profitability.

Companies need to understand what factors affect customer satisfaction in order to remain innovative and make adjustments to critical areas with the intention of having more satisfied customers. Accompanied to this, it is important to note that customers, between the hospitals, do have variable views with regards to perceived quality and value. It is, therefore, important for each coffee shop owner to recognise and understand their target market to ensure they fulfil the needs and requirements of their customers.

6 CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Summary

This chapter provides an overview of the conclusions of the research study, recommendations and implications for business, as well as suggestions for future research. The motivation for this research was to provide insight into factors which affect customer satisfaction at South African private hospital coffee shops.

Given our highly competitive market conditions, companies are positioning themselves to actively seek innovative ideas to improve service efficiency and productivity, and capitalise on profitability in order to maintain a successful and profitable business.

Even though these private hospital coffee shops are positioned in captive markets and provide a convenient service, they are still required to attract customers into their stores and deliver high levels of customer satisfaction. In addition, customers of hospitals in their state of particular emotion seek instant gratification with respect to service delivery and it is imperative for the coffee shops to ensure service delivery is always efficient and quick to satisfy the demands of customers.

In order for coffee shops in hospitals to succeed they need to accurately identify their fundamental resources and prevent market cannibalization and, similarly, to guarantee that they maximise customer satisfaction. Fundamentally, identifying and understanding the factors that affect customer satisfaction will certainly improve performance and augment bottom line results, with the outcome of maximising customer satisfaction.

The data obtained from the questionnaires using the ACSI model was subjected to statistical analysis using descriptive statistics, and the results confirmed the factors which affect customer satisfaction. Additionally, the constructs were analysed using a non-parametric Kruskall-Wallis Test where the results revealed that customers, between the hospitals, do have varying opinions with regards to perceived quality and value.

It is, therefore, essential and viable for companies to adopt customer satisfaction measures, such as the ACSI, because in today's competitive business environment it will aid in amplifying an organisation's performance and ensure future financial stability and profitability. It is vital for companies to undergo unremitting improvements in everyday practices and obtain strategic answers in order to construct operational plans to identify the drivers of customer satisfaction to increase revenue growth and attain value creation.

Furthermore, measuring customer satisfaction will enable a company to provide products and services that match customers' needs and requirements. Moreover, positive results will emanate from maximising customer satisfaction through the retention of current and new customers, repeat purchases, positive publicity and loyal customers. Satisfied customers epitomise the long-term success of a company and, furthermore, providing superior quality and service, which is measured by customer satisfaction, translates into greater economic returns.

From the above results and in conclusion: customer expectations, perceived quality and perceived value do affect customer satisfaction at South African private hospital coffee shops.

Table 10 hereunder presents a summary the research results.

Table 10: Summary of Research Results

Propositions	Factor	Result
Proposition 1: "Customer Expectations affect customer satisfaction at South African private hospital coffee shops."	Customer Expectation	Accepted
Proposition 2: "Perceived Quality affects customer satisfaction at South African private hospital coffee shops."	Perceived Quality	Accepted
Proposition 3: "Perceived Value affects customer satisfaction at South African private hospital coffee shops."	Perceived Value	Accepted

6.2 Recommendations and Implications for Business

The objective of this research was to identify the key determinant factors which affect customer satisfaction. The findings of the research confirmed that customer expectations, perceived quality and perceived value do affect customer satisfaction. It is, therefore, imperative for companies to be customer-oriented, owing to an increasingly competitive environment, and to use their resources efficiently to measure and manage customer satisfaction and exploit their competitive advantage.

Focusing on 'customer expectations' the need for services provided by the coffee shop to meet customers' requirements, was the most important determinant from the findings. Following from this, the second most important element was to perform the service correctly the first time. Therefore, it is recommended and crucial for coffee shop owners to ensure the service provided is of a consistently high, efficient and excellent standard and always fulfils the customer's needs and requirements.

In particular, when considering 'perceived quality', customers responded giving equal importance to all five questions. Hence, it is important for coffee shop owners to concentrate on continuously providing extraordinary standards of overall service experience and to ensure that their staff are consistent in terms of the quality of service provided and guarantee that it meets with what the customer desires. It is, further, suggested that coffee shop owners motivate and encourage their staff to ensure a friendly demeanour, and that high standards are maintained with regards to the decor, ambience and comfortable seats.

Commendations in terms of 'perceived value' indicated that customers believed it was important to always provide a comfortable and relaxed ambience. General consensus was obtained with respect to the prices customers paid for the quality of service received and it was agreed the prices were fair and the overall experience provided was value for money. That being said, it is important for all businesses to ensure they sustain market related prices to ensure they remain ahead of competitors and maintain superior performance to ensure market leadership. Nevertheless, it is important for the coffee shops which were the basis of this study to revisit the quality of their food and beverages, as the results revealed that customers did not have high positive responses and, in general, believed it was not value for money.

From the empirical evidence presented it is recommended that South African hospital coffee shops obtain a more viable business strategy by understanding the factors which affect customer satisfaction, which will ensure their ultimate goal of superior performance. In addition, cognisant of our current recessionary competitive markets, the findings of this research are essential and will provide the foundations for these coffee shops to provide superior products and services to fulfil the requirements of their customers. Maximising customer satisfaction will result in the long-term success and financial viability of all coffee shops.

Coffee shop owners are, therefore, challenged to examine the suitability of their business strategies to ensure they continue satisfying current and new customers, as well as fulfilling the varying expectations pertaining to the quality of products and services.

6.3 Suggested Areas for Further Research

To maintain a competitive profitable position it is necessary to ascertain cost effective means to measure service efficiency accurately. Therefore, future research is recommended to extend the application of the ACSI model to align with the specific requirements of each coffee shop, as each target market is diverse and the performance of each store varies, as well as to obtain supplementary knowledge pertaining to customer behaviour and the components of service which will elevate service quality and increase profitability.

Hence, a CSI model will provide any company with a leading indicator pertaining to the organisation’s future financial position, therefore, reassuring management and shareholders and enriching economic growth.

Further research could also be conducted using a comparative study of factors affecting customer satisfaction at South African hospital coffee shops in the government sector investigating the situation in all provinces.

In addition, the associated relationships between each factor can be further explored to extend the findings of this report.

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APPENDIX A

QUESTIONNAIRE

Factors affecting customer satisfaction at South African private hospital coffee shops

The information contained in the questionnaire is for research proposes only and will not be analysed on an individual basis, anonymity is therefore assured.

SECTION 1:

Please place an "X" in the applicable block below which categorises you.

1. Gender

   □ Female □ Male

2. Please indicate into which category your date of birth falls.

   1964 or before □

   [1965 - 1983] □

   [1984 – 2002] □

   2003 or after □

3. Please indicate in which category you fall under.

   Patient □

   Visitor □

   Hospital Staff □

SECTION 2

Please indicate the extent of your agreement with the following statements by marking the appropriate box with an “X” against the options provided.

		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	Customer Expectations					
1.1	The services provided by the coffee shop sufficiently met with my requirements.					
1.2	The coffee shop always attempts to provide an accurate idea of what customers can expect in terms of level of service delivery.					
1.3	A priority for this coffee shop is to perform the service correctly the first time.					
1.4	This coffee shop teaches their employees to deliver a service that is error free.					
1.5	Employees always look for ways to make their customers happy by delivering more than they expect.					

2.1	**Perceived Quality** The overall service experience is generally of a high standard.					
2.2	The friendliness of staff is always of a high standard.					
2.3	The decoration, ambience and comfortable seats are of a high standard.					
2.4	The quality of service provided by the staff does meet with my requirements.					
2.5	The coffee shop is consistent in terms of quality of service provided by the staff.					
3.1	**Perceived Value** I consider the quality of food and beverages provided by this coffee shop to be value for money.					
3.2	The prices I pay for the quality of service received is fair.					
3.3	The overall experience provided by this coffee shop is considered to be value for money.					
3.4	This coffee shop always provides a comfortable, relaxed ambience.					
3.5	This coffee shop is part of a reputable chain.					

4.1	**Customer Satisfaction** Customers of the coffee shop are generally happy with the service.					
4.2	The variety of food offered is satisfactory.					
4.3	I am satisfied with the healthy food choices available.					
4.4	I am satisfied with the cleanliness of the coffee shop.					
4.5	The helpfulness of the coffee shop staff is of a satisfactory level.					

APPENDIX B

NetCafé Coffee Shop 5 February 2014

Attention:

Dear Sir/Madam

Research Report: Perceived Factors Affecting Customer Satisfaction at South African Private Hospital Coffee Shops

Thank you for taking the time to assist me and participating in my research project for my Masters of Business Administration (MBA) degree.

As discussed, I would ask that you randomly, at your discretion, select individuals for inclusion in the sample.

I would appreciate if you could ensure that the questionnaires are available for collection by no later than 12 February 2014. I will contact you beforehand to arrange a suitable time for collection.

On completion of my research I will gladly provide you with feedback concerning the results.

Please accept my appreciation in advance for your invaluable assistance.

Yours sincerely

Karen Kirtland
Mobile: 082 497 3290
Email: k_kirtland@yahoo.co.uk

APPENDIX C

Dear Respondent February 2014

Research Report: Perceived Factors Affecting Customer Satisfaction at South African Private Hospital Coffee Shops

Attached is a questionnaire which forms part of the research I am currently conducting for my Masters of Business Administration (MBA) degree. The research is intended to gain insight into what factors affect customer satisfaction at private hospital coffee shops.

The aim of the research is to obtain your views on what factors affect customer satisfaction. Within the questionnaire you are asked to indicate to what extent certain variables / statements affect your satisfaction levels. The degree of each will differ given that some statements will influence your reaction more than others. It is therefore important that you show differentiation in your responses to these statements.

Information contained in the questionnaire is for research proposes only and will therefore not be analysed on an individual basis, anonymity is accordingly assured.

The questionnaire should take approximately 15 minutes to complete.

I wish to thank you in advance for your participation.

Yours sincerely

Karen Kirtland