Coffee shops visiting during the pandemic: Moderating effects of process and physical evidence in Thai market

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#### ABSTRACT

**Purpose**- This study investigated the impact of factors affecting the decision of consumers to purchase coffee products during the COVID-19 pandemic. The coffee retail sector has been coping with the effects of the COVID-19 pandemic and the need to provide a safe and hygienic environment inside shops.

**Design/methodology/approach**- A quantitative method was applied to the data set of 428 collected from an online survey in Thailand during the COVID-19 pandemic.

**Findings**- The finding suggests that the impacts of the key antecedents 'Promotion', 'People' and 'Price' are accelerated by the moderating effect of 'Process'. On the other hand, the moderating effect of 'Physical Evidence' is found to be influential only via the interactive impact of 'People' and 'Price'. As for the four antecedents, 'Price' and 'People' have significant impact on purchase intentions, whereas with moderators, especially, 'Process' demonstrates a significant impact with 'Price' on consumer purchase intention.

**Originality**- This study revealed the impact of the moderating effects of 'Process' and 'Physical Evidence' on selling coffee products during the pandemic. The finding suggests it is particularly important for the coffee shops to provide customers with good service process which meets the requirements of the safe and hygienic environment inside shops, as 'Process' is the key element to sustain businesses during the pandemic. The original contribution was that the moderating effect of 'Process' and 'Physical Evidence' on the consumers' purchase decisions, and the implication should be a practical guidepost for the coffee shops' marketers during pandemic.

**Implications and contributions-** In addition to contributing to the development of practical measures, this research is expected to further stimulate debate in the field of marketing by

opening up possibilities for marketing theory and academic discussion and practice through a close examination of moderating relationships.

Keywords antecedent factors, moderating effect, process, physical evidence, Covid-pandemic

# **1** Introduction

#### 1.1 Background of the study

Coffee retail is under the pressure of the COVID-19 outbreak such as social distancing rule and other new normal requirements. For instance, the discussions that food and beverage retail shops have been one of the sectors which have been affected by the COVID-19, and there lacks an effective analytical framework with measurements for them to utilise while they plan marketing strategies during the pandemic. According to Lo *et al.* (2020), the coffee shop is the fastest growing business type in the restaurant category in terms of global sales, although Thailand's coffee consumption is still low and impacted by the current disruptive environment. Therefore, effective marketing strategies based on detailed research into consumers' perceptions and behaviour during the pandemic is critical for the business sustainability.

Before pandemic, Sethjinda and Laothumthut (2019) found that Thai coffee consumption has been boosted by foreign cafe chains, and Samoggia and Riedel (2018) also emphasised that an emerging market such as Thailand has potential to experience an increase in cafes and coffee consumption, especially in urban areas. But with the current marketing situation, it is a urgent agenda for coffee retails to re-attain consumers' trust and implement essential measurements to support business sustainability during and beyond COVID-19 pandemic.

#### 1.2 Research aim

Thai cafe culture has become part of the popular urban lifestyle. Coffee shops are opening up all over the country. However, despite the boom in coffee shops, the perceptions and behaviour of Thai consumers regarding coffee purchasing have not yet been examined to develop actionable implications for marketers and researchers.

Therefore, this study investigates into consumers' perceptions of coffee products buying to find key antecedents in enhancing consumers' intention to visit coffee shops during the pandemic. In so doing, the research aims to develop analytical framework with practical measurements for further discussions in the field of study.

# **2 Literature Review**

#### 2.1 Coffee consumption in the disruptive environment

With the COVID-19 impact, Bretas and Alon (2020) discussed the coffee franchisees'

negotiations with suppliers and landlords, mainly the effects on franchisor-franchisee relationships, and moreover, hey emphasised the impact of the pandemic has on relationships with customers, but the detailed suggestions are not provided for the coffee retailers from the perspectives of antecedents which lead to customer satisfaction. In more specific way, McNeish (2020) clearly suggested the retailers to set up signage indicating they are on business as usual, which is a message for the customers to be aware of their businesses.

Honey-Rosés et al. (2020) discussed COVID-19 affects the city planning as well, including high street retailers including local shops and coffee shops, suggesting the future public space planning needs to respond to the 'new normal' requirements: they discussed the negative multiplier effects of pandemic on many local retailers.

As discussed, there have been some accumulations of relevant suggestions and recommendations for the retailers to communicate with customers, however the holistic analytical model with measurement scales has been lacked. Guido et al. (2020) indicated that the influence of pandemic lasts long on the coffee sector, from farmgates to retail shops in highstreets, to minimise the pandemic's impact should therefore require multi-pronged measures in tackling the issues to sustain the coffee businesses.

#### 2.2 Antecedents for consumers' visits to coffee shops

Researchers have found that different dimensions affect consumers' decisions which shops they should visit. Lindquist (1974) suggested nine such categories: convenience, service, merchandise, clientele, physical facilities, store atmosphere, promotion, institutional factors and post-transaction satisfaction as key factors for deciding which shops to visit. Fewer dimensions were proposed by Doyle and Fenwick (1974): price, product, assortment, location and styling. Bearden (1977) suggested seven attributes including assortment, price, quality of the merchandise, location, atmosphere, salespeople and parking facilities. In line with these studies, Ghosh (1990) adopted retail marketing mix elements as those constituting the store image: merchandise, location, store atmosphere, price, advertising, customer service, personal selling and sales incentive. Other studies have attempted to provide a practical dimension, such as Bloemer and Odekerken-Schroder (2002) and Grah and Tominc (2015), who took into consideration the current market situation and contemporary consumers' behaviour. These external factors in the shopping environment have an influence on the intentions of consumers when buying coffee products. Moreover, all the factors are interrelated to influence consumer buying behaviour, and developments in marketing communication strategies is critical for retail marketing channels (Barlow et al., 2004). Similarly, Menidjel et al. (2019) discussed assessing and implementing the satisfaction-loyalty link in retailing to attract loyal customer to the businesses.

Bretas and Alon (2020) discussed the coffee franchisees' negotiations with suppliers and landlords, mainly the effects on franchisor-franchisee relationships, and moreover, hey emphasised the impact of the pandemic has on relationships with customers, but the detailed suggestions are not provided for the coffee retailers from the perspectives of antecedents which lead to customer satisfaction. Based on the discussions, especially with the COVID impact, it would contribute to the coffee sector to provide a practical model with measurements to attain loyal customers (Shen and Bae, 2018; Ting *et al.*, 2018; Björk and Kauppinen-Räisänen, 2016; Chemsripong *et al.*, 2018).

#### 2.3 The marketing mix dimensions as basics for analytical model

The marketing mix is a combination of variable marketing decisions that companies use when they analyse their markets, to build their marketing plans and enhance their product and service profiles in response to their customers' requirements (Waterschoot and Van Den Bulte, 1992; Bazhan *et al.*, 2018). The marketing mix is an arrangement of controlled factors that an organisation can use to influence a purchaser's decision. Therefore, as Culliton (1948) originally argued, marketing managers should choose the best marketing portfolio in a wellbalanced manner to accomplish the promotional targets for each service provider (Thabit and Manaf, 2018).

#### 2.3.1 Coffee products

Consumer behaviour pertains to what shoppers select, why they choose it, how they utilise it and how they assess or arrange it after they acquire it (Solomon, 2009; Harun *et al.*, 2018). Several factors contribute to customer behaviour. These include determinants such as an individual's needs, experiences, interests, attitudes and lifestyle, and it has also been found that the product itself and the situation of the purchase can be factors affecting consumer behaviour (Arora and Sahney, 2018). This topic has gained more attention during the COVID-19 pandemic, as it is critical for the coffee shops to retain loyal consumers and attract new customers during the pandemic (Sudiartini *et al.*, 2020).

As Pleshko and Heiens (2015) suggested, linking customer satisfaction and their loyal behaviour is always critical for the retailers: The quality of the ingredients in products is a key factor for consumers (Shannon, 2014; Rajasekaran, 2015; Eren-Erdoğmuş and Dirsehan, 2017). This implies that the quality of coffee products is one of the first things consumers consider when they choose which shop to visit. Coffee as a product has several attributes impact on consumers' decisions: The taste of coffee (Davis *et al.*, 2018; shin et al., 2015), and the healthy quality of products (Sihvonen and Luomala, 2017). Kim and Jung (2016) discussed coffee also needs to attract consumers through the sensory elements of taste, aroma, and mouthfeel.

From a customer's perspective, the cost is that which is surrendered or yielded to obtain an item or service (Zeithaml, 1988). The price of a product is an element that plays an important role in how customers respond to the product (Etzioni, 1988; Nagle and Müller, 2017). It has been found that a reasonable price positively correlates to customer maintenance (Oh, 2000; Usta, 2017). Kim and Han (2020) discussed price discounts decrease purchase intention especially for consumers who are more involved in fairtrade and ethical aspects of the products from sceptical point of view. Recent studies in emerging markets suggest that consumers of coffee and other beverages are price conscious (Rajasekaran, 2015; Vorasayan *et al.*, 2018). Price impact is combined with a promotional tool of discounts (Mao, 2016) who revealed the consumers' behaviour sometimes indicates "fee" is better than "free". These discussions imply that the impact of price as a key attribute of products needs to be analysed carefully in the field of study. Based on the discussions, the first hypothesis emerged:

# Hypothesis 1: Price has a significant impact on consumer intention to purchase coffee products

#### 2.3.3 Place

Murray *et al.* (2015) discussed consumer perceptions of higher and lower-level designed store environments have impacts on consumers' buying decision, whereas store location itself is also another basic element that consumers consider when they decide to purchase a product (Behera and Mishra, 2017). Consumers consider convenience factors such as car park size, opening times and availability of Wi-Fi networks (Jang *et al.*, 2018; Kent *et al.*, 2018). A variety of options in the shops can also add value.

Magnini and Zehrer (2020) discussed the impact of cleanliness on consumers' decision making in hospitality settings. As they emphasised, during and beyond pandemic, it is critical for coffee retailers to recover customers' confidence in visiting venues by making them consider the shops are safe and clean. In line with the theme, Alkasasbeh (2020) also discussed the impact of cleanliness of the restaurants has significant influence on customers' confident in shopping there.

As discussed above, place should be one of the key elements in enhancing customers' satisfaction and positive attitudes towards the retail shops especially during and beyond pandemic. Therefore, the second hypothesis emerged:

Hypothesis 2: Place has a significant impact on consumer intention to purchase coffee products

#### 2.3.4 Promotion

Promotion stands out as one of the most powerful components in the marketing mix (Culliton, 1948; Hoyer *et al.*, 2017; Bolton and Shankar, 2018). Primary goals of advertising is to create and develop enticing images of the main product (Gázquez-Abad and Martínez-López, 2016;

Hoyer *et al.*, 2017; Han *et al.*, 2018), therefore, promotional mixes determine the position of the services and the optimal way to combine the marketing tools to target the position should be the top agenda of marketers today (Ferreira and Ferreira, 2018).

In the complexed world which also requires ethical consumer behaviour and business strategies, Han *et al.* (2019) examined consumers' perceptions and attitudes comparing between the impact of anthropomorphism impacts and feasibility appeals in sustainability advertising. In Thai context, it has agreed that Thai consumers have been observed to be greatly influenced by the power of mass media communication tools such as television (Jaichuen *et al.*, 2018). Since there is a big market for coffee in Thailand and considerable competition in terms of distribution, coffee shops set marketing communication goals as part of the strategy to stay ahead of competitors (Miles and Sawatwarakul, 2018). Willems *et al.* (2017) discussed the impact of in-store proximity marketing based on digital point-of-sales communication in increasing positive customers' responses.

In the current disruptive environment with the COVID, specific communications with customers regarding the safe and hygienic operation could be the key elements for their announcements (e.g. Bove and Benoit, 2020; Hu et al., 2020). Balis (2020) discussed that customers have been keener to search credible information via various medium: Firstly, they seem to have returned to broadcast and cable television and other premium media sources. While they are working remotely from home during lockdown period, which implies that online

marketing communications could have more impact on consumers' behaviour than before pandemic. Therefore, the third hypothesis emerged:

# Hypothesis 3: Promotion has a significant impact on consumer intention to purchase coffee products

#### 2.3.5 *People*

Bitner (1992) coined the word *servicescape* to describe the combination between the shop's physical facilities and the service provided by the staff. In coffee shops, consumers' perceptions are affected by the physical setting where the transaction takes place and the level of service provided by the staff on duty. Customers evaluate their experience with regard to the contribution of service staff, as this is one of the key elements of good service values (Jang and Namkung, 2009).

A high level of service delivery by staff promotes customer loyalty and brings long-term patronage (Imrie *et al.*, 2000). This rule applies to other areas in the service sector, and staff contribute to customer satisfaction and loyalty including their intention to revisit the businesses (e.g. Kukanja *et al.*, 2017; Goclowska and Piatkowska, 2020; Othman *et al.*, 2020). Alnawas and Hemsley-Brown (2018) examined the differential effect of cognitive and emotional factors of their in-store experience with working staff on the customers' buying decision. In the context of pandemic, Ding and Li (2020) suggested that people are the core factor for marketing communication: They presented that different nations have adopted a variety of innovative strategies to cope with the COVID-19 pandemic to reattain the customers' faith and confident in getting back to the shops. Mahmoud et al. (2020) analysed the employees and customer relationships to develop implications on how to engage customers in shopping via interaction with shop staff. Based on these findings, the fourth hypothesis emerged:

Hypothesis 4: People employed at the coffee shop have a significant impact on consumer intention to purchase coffee products

#### 2.3.6 Process

Especially in the current disruptive environment for coffee retails, this study will focus on the moderating roles of two more factors which are Process and Physical Environment. In this section, Process is now discussed. The service delivery in a coffee shop is usually performed in front of the customer, so this is also part of what the consumer is paying for. For instance, Loo and Leung (2018) discussed how poor service in the retail service industry affects consumer perception. Similarly, Kuo *et al.* (2018) suggested that service quality is one of the key aspects of the process, and it has also been found that customers take into consideration a variety of factors in service delivery, including the system of ordering and receiving the food (Hansen,

2003; Han et al., 2018; Morland, 2018).

Hospitality has been discussed in various studies, such as in the hotel industry, the health service sector and other service sectors including the retail sector (e.g. Othman et al., 2014; Yaghoubian et al., 2018; Lapian and Tumbel, 2019). How to merge service quality with marketing to achieve customer loyalty has been a crucial discussion point (e.g. Grönroos, 1984; Kukanja et al., 2017). Wiese et al. (2015) discussed the consumer responses to elimination of overpackaging on private label products, suggesting the ethical process has impact on consumers' loyal intention. Particularly during and beyond the COVID-19 pandemic, the service process (including hygienic aspects to enable customers to shop safely with social distancing) has a crucial impact on consumer satisfaction in the context of the 'new normal' (e.g. Kwol et al., 2020; Taha et al., 2020). In line with the discussion, during and beyond the COVID-19 pandemic, hygienic factors are specifically critical for the business process (de Freitas and Stedefeldt, 2020; Sudiartini et al., 2020). In more precise manner, Gursoy and Chi (2020) discussed the current situations and a research agenda with a theme of how hospitality businesses operate and attain customers' patronising attitudes in the time of COVID-19. Jamaludin et al. (2020) also suggested it is critical to develop actionable strategies in directions of building the new normal in workplace, industry, and other relevant service sectors, and the community must adopt new normal process for the citizens and consumers' safety.

This study focuses on the moderating effect of Process as one of the critical factors which affect consumers' purchase intention of coffee products during and beyond pandemic, therefore the fifth hypothesis emerged:

# Hypothesis 5: Process moderates the impact of independent variables (Price, Place,

Promotion, and People) on consumer intention to purchase coffee products

#### 2.3.7 Physical evidence

Second candidate of the moderating factors is physical evidence of the coffee shops. In coffee shops, services including the display of coffee and cakes as tangible products are mainly what consumers are paying for. However, other physical objects such as shop layouts, menus (font, layout and typography), shop brochures and pops have an impact on consumers' shopping behaviour. Nicholls (2002) emphasised the importance of strategic options in fair trade and transparency is especially critical in the retailing sector: In line with the discussion, Carrero and Valor (2012) suggested CSR-labelled products in retailers' assortment has positive impact on consumers' loyalty. Similarly, Guyader *et al.* (2017) discussed the impact of visualised evidence of the ethical origin of the products in attracting conscious customers. Coffee shops provide customers' drinks with the production venue and the producers' names, and evidence of fair trade (Adams *et al.*, 2018; Lee *et al.*, 2018): Paulin *et al.* (2018) discussed place and certification cue usage have significant impact on customers' buying decision.

Mohammadi *et al.* (2018) found that marketers should prioritise and expand the physical evidence as a key factor in sustaining loyal relationships between shops and customers. This follows the main discussion presented by Chase (1981), who emphasised a few decades ago, that people and physical evidence would comprise an important marketing element to add value to the products they sell. Based on the recent market trend of consumers' attention towards healthier food (Sihvonen and Luomala), safety evidence is particularly important during and beyond the pandemic, as ensuring a safe and hygienic shopping environment is crucial (de Freitas and Stedefeldt, 2020; Wang and Chou, 2020).

Lam et al. (2020) emphasised the importance of transparency of the information of products, also World Health Organization (2020) suggests that "*transforming knowledge into action for people, economies and the environment*" should be the top on the agendas fr relevant stakeholders to support businesses in the disruptive environment (World Health Organisation, 2020:1).

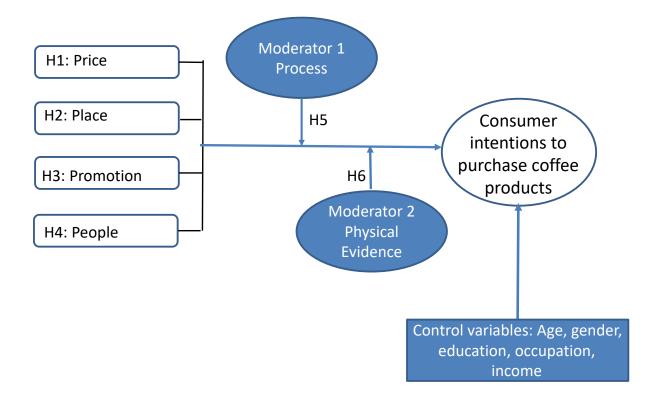
Based on the discussion as above, this study will focus on the moderating effect of physical evidence during and beyond pandemic for consumers' purchase decision of coffee products, therefore, the last hypothesis emerged as follows:

Hypothesis 6: Physical evidence moderates the impact of independent variables (Price, Place, Promotion, and People) on consumer intention to purchase coffee products

#### 2.4 Conceptual model with hypotheses

Figure 1 summarises the hypotheses to be tested with the primary data. The key aim of the study was to develop practical model with feasible variables and validate the model with the dataset in the era of COVID-19. We will investigate the reliability and robustness of the conventional key factors of 7Ps model, focusing on price, place, promotion, people, and product (dependent variables), and we will also analyse moderating effect of two more variables, which are process and physical evidence in the context of securing safe shopping environment for the shoppers during COVID-19 pandemic.

Specific critical factors such as safe and hygienic environment inside shops is included in the two moderating factors, process and physical evidence: the contemporary requirements responding to the COVID pandemic are used as moderating factors (e.g., some newly emerged questions in the context of COVID-19 lockdown such as social distancing, securing hygienic requirements) and the model will be validated with the primary to develop a useful analytical framework for retails in the during and post-Covid era.



[Figure 1. Conceptual framework with hypotheses]

There is an urgent need to find more practical ways to develop sustainable business strategies in the covid-weary retail and service sectors. To this end, we have borrowed and built on the widely understood and well-established 7Ps framework of the marketing mix to distil practical suggestions that are easy to implement. It is hoped that this approach will provide actionable and workable practical suggestions for enhancing retail marketing strategies in the post-Covid era, as well as providing a clear direction for further research and development by marketing researchers.

Specifically, by choosing Process and Physical Evidence as moderators, as shown in Figure 1, and by closely examining the pathways of the teleological effects of the two P-elements, which are

incidentally the focus of much attention in the 7p, it was hoped that it would be possible to offer clear suggestions for the implementation of the scheme in the retail sector in the Covid era.

# **3 Research methodology**

#### 3.1 Research approach, methodology and questionnaire design

The purpose of this research is to validate the impact of key antecedents on the intention of consumers to purchase coffee products, and to validate the moderating impacts of 'Process' and 'Physical Evidence' during the Covid-19 outbreak. A quantitative method was applied to the dataset which was collected in Thailand by the online survey method (Bryman and Bell, 2015). In the questionnaire, items regarding the hypotheses were designed and prepared in line with the outcome of the literature review, with some modification of wording and format following the pilot tests with 12 volunteers in advance.

#### 3.2 Data collection

The online survey questionnaire was despatched aiming for a sample data set of 400. Krantz (2016) suggested that this is the most suitable sample size, as it is the ideal number of questionnaires to keep the confidence level at 95% and the margin of error at 5%. Population, margin of error and confidence level are the key factors when considering sample size (Larsen *et al.*, 1985). The online survey was conducted during the mid-May 2020 and 428 data samples were collected. The data set represented a spectrum of ages and genders after the procedure of

data cleansing.

#### 3.3 Research analysis

The data set was analysed using SPSS version 26 and AMOS 26 statistical software. The data profile was presented and followed using the reliability test of Cronbach's alpha, which was applied to the factors generated from the exploratory factor analysis. The validated factors were used for the analytical model to test models including control variables and moderators to test hypotheses.

# 4 Findings and analysis

# 4.1 Overview of the data profile

The profile of the dataset is shown in Table 1.

	Frequency	Percent	Cumulative percent	
Gender				
Female	219	51.2	51.2	
Male	203	47.4	98.6	
No answer	6	1.4	100	
Total	428	100		
Age				
18-25	155	36.2	36.2	
26-35	107	25	61.2	
36-45	70	16.4	77.6	
Over 45	96	22.4	100	
Total	428	100		
Education				
High school or under	38	8.9	8.9	
Undergraduate	262	61.2	70.1	
Postgraduate or higher	128	29.9	100	
Total	428	100		
Occupation				
Student/Unemp	123	28.7	28.7	
Private company empploy	153	35.7	64.5	
Business owner	73	17.1	81.5	
Public servant	69	16.1	97.7	
other	10	2.3	100	
Total	428	100		
Monthly Income				
Less than 20k	136	31.8	31.8	
20k to 30k	110	25.7	57.5	
30k to 40k	73	17.1	74.5	
Upper 40k	60	14	88.6	
Prefer not to answer	49	11.4	100	
Total	428	100		

# [Table 1. The profile of the dataset]

### 4.2 Factor analysis and reliability test

Exploratory factor analysis was applied to the dataset to generate factors that affect consumer intention to visit coffee shops, and seven factors were generated. The result of KMO (0.936)

and Bartlett's test (Sig=.000) indicated the analysis was reasonably conducted and the result is reliable. Thereafter, to check the reliability of each factor, the Cronbach's alpha test was applied. The value of Cronbach's alpha should be higher than 0.70 to assure internal consistency (Nunnally, 1978; Hair *et al.*, 1998). The alpha values ranged from 0.709 to 0.886, which implied that all the factors were reliable and accurately explained the dataset (Taber, 2017). The results of the CFA and Cronbach's alpha tests are demonstrated in Table 2.

Questionnaire	Component						Alpha
Questionnaire	1	2	3	4	5	6	Аірпа
Promotion 1: Mass media advertisement is important	0.830	0.067	0.075	0.087	0.138	-0.024	0.886
Promotion 2: Advertisements on the measures they implemented in ensuring customers' safety in the COVID-19 outbreak is	0.796	0.228	0.126	0.075	0.124	-0.020	
Promotion 3: Close communication via various marketing channels is important	0.784	-0.055	0.134	-0.097	0.043	0.190	
People 1: Staff who can respond to our enquiries is important	0.149	0.812	0.173	0.159	-0.012	-0.008	0.866
People 2: Staff who have knowledge of good process of clean and hygienic operation is important	0.020	0.729	0.178	0.174	0.030	0.194	
People 3: Staff attitude is important	0.269	0.604	0.257	0.193	-0.072	-0.217	
Place 1: Convenient location with is good facilities (e.g. Wi-Fi, parking) is important	0.053	0.266	0.763	0.110	0.090	0.075	0.789
Place 2: Cozy atmosphere of the shop is important	0.204	0.089	0.754	0.062	-0.016	0.113	
Place 3: Well-explained operation responding to the COVID-19 (e.g. hygienic process, cleanness) is important	0.245	0.175	0.516	0.037	0.308	-0.167	
Price 1: Clear labeling of prices is important	0.104	0.310	0.081	0.799	0.084	0.063	0.805
Price 2: Discount and point services for regular prices is important	0.161	0.008	0.150	0.711	-0.122	0.138	
Price 3: The reasonable price with a good quality is important	-0.145	0.263	0.069	0.673	0.227	0.160	
Process 1: Cleanliness and safety operation following instructions of the authorities is important	0.278	-0.064	0.119	0.060	0.831	-0.020	0.709
Process 2: Keeping social distancing to ensure customers' safety is important	-0.039	0.428	0.032	0.108	0.634	0.372	
Physical Evidence 1: Announcement of operations complying with the Food Sanitation Law is important	0.116	0.107	0.124	0.245	-0.007	0.787	0.712
Physical Evidence 2: Information of ethical process of coffee and other ingredients production	0.070	0.445	0.282	0.112	0.288	0.502	
Sums of Squared Loadings	2.567670586	2.519	2.156	1.965	1.486	1.224	
% of Variance	13.514	13.257	11.348	10.341	7.822	6.443	
Total Variance Explained Cumulative %	13.51405571	26.771	38.119	48.46	56.282	62.725	

#### [Table 2. Factor analysis and reliability test results]

#### 4.3 Hypotheses testing

#### 4.3 1 Convergent and discriminant validity test

Following the process of ascertaining how each of the items can explain its own construct, the

next examination was conducted to identify if the constructs are valid and reliable. Composite reliabilities (CRs) and average variance extracted (AVE) of the constructs were to be computed by statistical procedure (Fornell and Larcker, 1981). These have been estimated and are shown in Table 3. Most of the examined values are greater than the accepted lowest values of CR and AVE, which are 0.7 (Urbach and Ahlemann, 2010) and 0.5 (Hair *et al.*, 2011). Even though some values did not meet the lowest requirements, the overall outcome of the examinations of the items explains their own constructs and is reliable, consistent and valid (Fornell and Larcker, 1981).

Items are chosen so they can explain their own construct accurately and can explain the other constructs weakly. To ensure this, a discriminant validity test was conducted. If the square root of the AVE of each construct, Average Variance (AV), is found to be greater than the Pearson correlation coefficient of that construct with other constructs, it can be concluded that discriminant validity is confirmed. We have computed AVs and Pearson correlation coefficients as demonstrated in Table 3. Finally, it has been confirmed that the Cronbach's alpha of each construct are greater than its acceptable lowest value of 0.6 (Hair *et al.*, 1998). It is said that the constructs so identified are consistent (Fornell and Larcker, 1981). Correlation analysis is useful for detecting the existence of a covariant among relevant factors

that constitute the SEM. High correlation results in the issue of multicollinearity of variables,

	Ν	Mean	SD	CA	CR	AVE						
Promotion	428	3.176	0.919	0.886	0.845	0.645	0.803					
People	428	4.190	0.721	0.866	0.761	0.518	.257***	0.720				
Place	428	3.860	0.769	0.789	0.722	0.472	.393***	.500***	0.687			
Price	428	4.085	0.707	0.805	0.772	0.532	.150**	.484***	.329***	0.729		
Process	428	4.087	0.779	0.709	0.703	0.364	.277***	.316***	.371***	.308***	0.604	
Physical evidence	428	3.896	0.786	0.712	0.596	0.291	.236***	.456***	.445***	.434***	.365***	0.539

so the correlation coefficients are ideally not higher than 0.7 (Ratner, 2009).

Values bold on the main diagonal are the squre rooted of AVEs; SD is standaer deviation; CA is Cronbach alpha; CR is Composite reliability; AVE is average variance standard.

#### [Table 3. Convergent and discriminant validity]

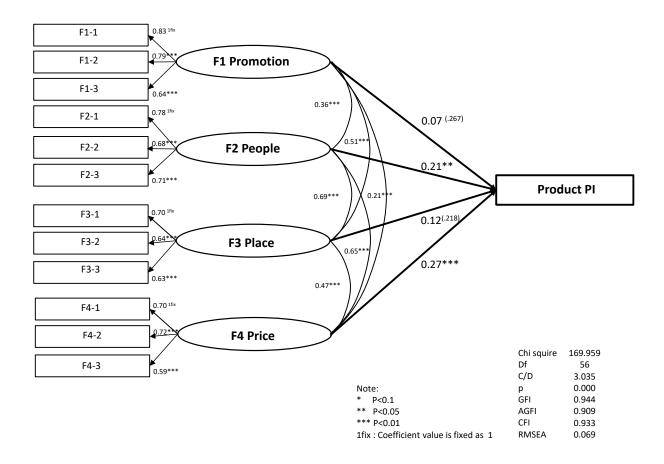
The summary of the correlation analysis is also illustrated in a matrix form in Table 3. It shows that all the tested variables are significantly positively correlated with each other at a 0.01 significance level. The correlation coefficients range from 0.150 to 0.542, which meets the benchmark for the absence of multicollinearity (Kurihara, 2011).

Thus, Table 4 indicates that the dataset has no multi-correlations among the variables (Kume and Cho, 1980; Weir, 2005) and with the examinations of the discriminant validity, construct consistency and multicollinearity tests, all generated factors can be used for the next step of hypotheses testing based on SEM analysis.

#### 4.3.2 Analysis

Relationships among the generated factors were tested using an SEM analysis (Figure 2) including four antecedents and two moderating factors. The result indicates the framework is

validated with relevant good fit indices. The fit measures for the model include a  $\chi^2$ /degrees of freedom ratio of 3.035 ( $\chi^2$ =169.959, df=56), GFI (0.944), AGFI (0.909) and CFI (0.933), which were above the recommended level of >.90. These levels meet the recommended level (Fan *et al.*, 1999). The RMSEA (0.069) also met the lowest requirement <.10 (Xia and Yang, 2019). Therefore, the proposed model showing the relationships of four antecedents and coffee purchase intention are validated. It also implies that 'People (0.21\*\*)' and 'Price (0.27\*\*\*)' have significant impacts on purchase intension of coffee products.



[Figure 2. Result of SEM analysis]

Derived from the preliminary analysis based on the SEM with four antecedents, the moderating effects of 'Process' and 'Physical Evidence' will be examined in detail.

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Controls					
Gender	-0.044	0.033	0.017	0.026	0.017
Age	-0.120*	-0.029	0.044	-0.105	0.056
Education	0.104**	0.029	-0.004	0.019	0.018
Occupation	-0.021	-0.054	-0.029	-0.064	-0.020
Income	0.117*	0.064	0.058	0.120**	0.051
Independent variables					
Promotion		-0.049			
People		0.241***			
Place		0.109**			
Price		0.213***			
Interaction effects of					
moderators with key					
antecedents (*Process)					
Promotion*Process			-0.104**		-0.357
People*Process			0.436***		0.081
Place*Process			0.048		0.527*
Price*Process			0.386***		0.581**
Interaction effects of					
moderators with key					
antecedents (*Physical					
evidence)					
Promotion*PE				-0.086	0.248
People*PE				0.331***	0.388
Place*PE				-0.045	-0.519*
Price*PE				0.186**	-0.235
Model summary					
Model Sig	0.025	0.000	0.000	0.000	0.000
Durbin Watson	1.870	2.014	2.063	2.017	2.066
F value	2.589	12.663	61.623	12.776	44.661
R Square	0.030	0.214	0.570	0.216	0.584

Dependent variable: Purchase intension of coffee products P<0.1\*, p<0.05\*\*, p<0.01\*\*\*

# [Table 4. Moderating and interaction effects of 'Process' and 'Physical Evidence']

The moderating impacts of the two variables 'Process' and 'Physical Evidence' are demonstrated in Table 4. Model 5 has the biggest explanatory values among the five models, which is followed by Model 3 with the interactive impact of a mediator 'Process'. However, the sole moderating impact of 'Physical Evidence' (Model 4) is relatively small as the explanatory value is at a similar level as that of Model 2, which does not include any mediators in addition to the four independent variables ( $R^2$  of Model 2=.214;  $R^2$  of Model 3=.570;  $R^2$  of Model 4=.216;  $R^2$  of Model 5=.584).

#### 4.4 Discussion

While existing literature has provided some practical suggestions regarding the conceptual ideas linking marketing attributes and consumer behaviour (e.g. Bahl and Chandra, 2018; Othman *et al.*, 2019), the outcome of the analysis demonstrated in Table 4 implies that the four marketing dimensions have significant impacts on consumer intention to purchase coffee products. Regarding the interactive effects of 'Process', three factors except for Place\*Process show significant impacts on consumers' purchase intention (Model 3). This finding suggests that the impacts of the key antecedents 'Promotion', 'People' and 'Price' are accelerated by the moderating effect of 'Process'. On the other hand, the moderating effect of 'Physical Evidence' is significant only via interactions with 'People' and 'Price'.

Out of four key antecedents, 'Price' has the biggest impact on consumers' behaviour when buying coffee products, and the impact is relatively enhanced with the mediator 'Process' (Interaction effect with 'Price\*Process' was 0.386\*\*\*, whereas 'Price\*Physical Evidence' was 0.186\*\*). Overall, the interaction effect of 'Process' is larger than that of 'Physical Evidence'. This implies that during the COVID-19 outbreak, consumers' perception of hygiene whilst shopping for coffee products is crucial. Also, the interactive effect of 'Process' is much greater than that of 'Physical Evidence'. As suggested by previous studies, Thai consumers pay great attention to prices, meaning consumers consider price as one of the key factors in their purchase decisions (e.g. Huang and Dang, 2014; Szmigin and Piacentini, 2018). However, during the COVID-19 pandemic, they are also considering 'Process' as a key mediator for their decision making.

As Jang and Namkung (2009) found, consumer intention is influenced by the service process. The findings of this study implied that marketing strategies have to be designed based on a holistic view, responding to internal and external factors of the contemporary market situation, during and beyond the COVID-19 pandemic (Gursoy and Chi, 2020; He and Harris, 2020).

As outlined in the literature review above, McNeish (2020) suggests that it is important for retailers to put up signs to show that it is business as usual in order to keep consumers engaged. However, with the impact of Corona already has been for a few years by now and the lack of clear results from vaccination measures, consumers probably want clearer and more concrete messages from the retail business. Moreover, as Honey-Rosés et al. (2020) foresaw, in the light of COVID-19, the physical distance between shop locations and the safety design of public spaces must be adapted to the new normal lifestyle of the future.

However, as this study suggests, it is a great achievement to present an analytical model for communication that can influence consumers' purchasing behavior, especially by ensuring the reassuring effect of Process and Phisicalevidence on consumers (leading to purchase motivation). In addition, the 7Ps of marketing are extremely familiar and relatable to researchers and practitioners working in business administration and marketing

The finding that the two P's moderate the influence of other p-factors such as price and location, as shown in this study, will contribute greatly to the development of practical measures and, considering that there has been no other research suggesting a moderating relationship, it is expected to contribute to the stimulation of further discussion in the field of marketing.

# **5** Conclusion

#### 5.1 Conclusion

Commodity sectors such as a coffee retail are affected by COVID-19: In order to maintain business sustainability, it is an urgent task to provide tools for effective business strategy planning for the relevant sector. To realise the aim, this study discussed and analysed the primary data to provide actionable implications with an analytical framework for them to utilise while they plan effective marketing strategies during and beyond pandemic.

From a quantitative analysis, it has been found that 'Process' and 'Physical Evidence' have moderating impacts with the key antecedents of 'Promotion', 'People', 'Place' and 'Price'. In particular, the interactive effect of 'Process' has been more significant than that of 'Physical Evidence', especially with Price, which implies the coffee retail sector should ensure a safe and hygienic environment inside the shops during pandemic. One of the antecedents, Price has more significant impact with a moderating effect of Process on consumers' purchase decision.

#### 5.2 Limitations, recommendations and further research opportunities

Although the analysis of this research has provided useful findings about the behaviour of urban consumers, we acknowledge some limitations in terms of scope and the generalisation of the findings from this study. The outcome of this research should be strengthened by further studies to check and validate more details. As Prasad (2018) suggested, it would also be beneficial to undertake comparative studies across various cultures, countries, and regions. While food businesses including coffee shops are facing the crucial problem of how to sustain business during the COVID-19 pandemic, the framework and measurements proposed by this study

should be re-examined and re-evaluated with other datasets to develop generalised implications and recommendations for the relevant food sectors and businesses.

As further recommendations, in the light of the practical and theoretical contributions that this study presents, it is necessary to further develop the study. In order to do so, it is necessary to extend the analytical model of communication influencing consumer buying behavior, and to examine the impact of the factors presented here on consumer behavior not only in Thailand but also in other emerging markets, developed markets, developing countries, and other data sets. We can also use the data set to test the usefulness and reliability of the model. In addition to coffee products, a broader range of research findings can be developed by analysing consumer attitudes and behaviours towards other ingredients, foods and different commodities.

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