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# TEENS AND THE HANG OUT LIFESTYLE: WHAT DRIVES TEENS SATISFACTION AND ATTITUDINAL LOYALTY?

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#### **ABSTRACT**

Introduction: Satisfying teens consumer group is critical to retain a larger market share in the future. Creating teens' experience and value seems to be fundamental for enhancing both satisfaction and loyalty in cafes industry. Background Problem: This study examines the impact of customers' experiences and the hedonic quality on teenagers' satisfaction and attitudinal loyalty. Novelty: This study provides a new and comprehensive model of customer experience by adding hedonic value as a subjective experience to evaluate satisfaction and attitudinal loyalty. Research Method: Questionnaires were used to collect the data. Purposive sampling was chosen to select the respondents. Two hundred Indonesian teens participated in this study. In order to achieve the aim of this study, SPSS 23 and Partial Least Square (PLS) 3 were used. Seven out of ten hypotheses proposed in the study were supported. Findings: Three dimensions of customer experience (staff interaction, customer interaction and physical environment) have a significant effect on customers' satisfaction, but only one dimension (physical environment) has an effect on customers' attitudinal loyalty. An additional finding of this research is that all the hedonic quality dimensions (except hedonic emotional) have an effect on customers' satisfaction. Lastly, customers' satisfaction has a significant effect toward customers' attitudinal loyalty. Conclusion: The findings suggested that a cafe's manager or owner should pay attention to their customers' experiences and their hedonic quality, in order to create customer satisfaction and enhance their attitudinal loyalty toward the cafe.

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#### INTRODUCTION

The number of teenagers worldwide is predicted to rise by 7% (to 1.3 billion in 2030). The UN states that Asia will have more teenagers than any other region until 2080 (United Nations, 2015). The rapid growth of the teenage population implies a big challenge and an opportunity for several industries, since teenagers are their potential market. According to Chadwick (2017), teenagers are the main influencers in households, whose opinion and preference for purchases is heeded by their parents. In other words, family spending is highly influenced by teenagers.

Understanding teens' behavior in consuming a product is the best way to retain a larger market share in the future. By satisfying them, it is possible for industries to control their future purchase behavior, including their willingness to engage in repeat buying and to recommend the product to others. Empirically, there is a consensus among scholars that satisfaction is a salient business goal and a key to obtaining loyalty (Kim, Li, & Brymer, 2016; Ryu et al., 2012).

As an important concept in marketing, loyalty promises a greater market and profit. Loyalty can be categorized into two perspectives: behavioral and attitudinal. (Baloglu, 2002, Guest, 1955; Jacoby, 1971; Assael, 2004).

Griffin, (2002) claimed that loyalty is a behavior, not an attitude. In contrast, Jacob (1971) placed attitudinal loyalty as a vehicle to drive behavioral loyalty. In other words, behavioral loyalty is affected by attitudinal loyalty as well as by the situation. This study is focusing on attitudinal loyalty as a requirement for another loyalty, behavioral loyalty.

Another aspect that needs to be considered in the catering business is experience (Josiam *et al*, 2004; Apfel, 1998; Ryu, and Han, 2011; Ariffin et al, 2012). From the marketing perspective, a good customer experience positively affects customers' satisfaction and triggers customer loyalty. Meyer and Schwager (2007) defined customer experience as a customer's internal and subjective response to the company, directly and indirectly.

In society, teenagers also play a pivotal role in setting new trends, such as lifestyle trends. Hanging out at a cafe is a new lifestyle that has been brought into by teens. Peterson (2017) and Ruggles (2017) reported that teenagers are spending about 24% of their money on food (café or restaurant), followed by clothing, cars, accessories, shoes and other products. The number is higher than for any other age group (Dugan, 2015). Thus, this phenomenon considers that teenagers are behaving in more hedonic consumption than other consumers, based on age.

In the context of the café, teenage customers consider that going to cafes is not only about ordering food or beverages, but also to fulfill their hedonic and symbolic pleasure motivations, as opposed to a utility function (Arnold and Reynolds (2003); Wakefield and Baker (1998). Holbrook and Hirschman (1982) characterized the products and services that are provided by travel, hotels, art, restaurants or cafes as being for hedonic consumption.

Hedonic consumption plays more important role than utilitarian consumption, as the customer receives hedonic values in terms of the subjective experiences of fun and playfulness. They expect to have a feeling of pleasure when consuming goods or services (Holbrook, 1996, Holbrook and Hirschman, 1982; Babin et al., 1994)

About 17.9% of the Indonesian population (45.8 million) are teenagers (Widiadana, 2017). This number supports the recent mushrooming of cafes as a consequence of the change in

teenagers' lifestyles in Indonesia. A considerable growth in the number of new cafes, both western-style cafes and local-style cafés, show a higher demand for cafes, which creates fierce competition among cafes.

In the past five years, the growth in the number of cafes in Indonesia has doubled (Chikoti, 2016). As the numbers grow, competition becomes tighter, and only a few cafes survive for more than one year. A study from Ohio State University in businessinsider.com pointed out that about 60% of cafes/restaurants failed before the first year and 80% go under in five years (Feloni, 2014; Bellini, 2016). Most of the cafes cannot survive the competition because the manager or owner lacks knowledge of what drives the satisfaction and loyalty of their customers (O'Dell, 2008), especially the teenage group if they are their major target.

Arnold and Reynolds (2003); Babin, et al. (1994); and Wakefield and Baker (1998) stated that the main reasons teens love to hang out at cafes is because cafes provided a cozy place to relieve their stress or to socialize with their friends. Moreover, those researchers found that the need for entertainment is the main reason for people to go out to eat, rather than cook themselves. In different fields (tourism, traveling, shopping), hedonic was described as one of the key dimensions of customer value (Jones *et al*, 2006 and Sanchez *et al*, 2006) and customer satisfaction (Jones *et al*, 2006; Yang *et al*, 2010; Berry and Wall, 2007; Kim and Moon, 2009; Ryu and Jang, 2007; Magnini and Parker, 2009)

In the tourism and hospitality industries, various studies proposed different elements for customer experience. Hemmington (2007) proposed the host-guest relationship, generosity, theater and performance, numerous small surprises, and safety and security. Four dimensions were proposed by Knutson, namely environment, accessibility, driving benefit, and

incentive. Bitner (1992); Gupta and Vajic (1999), Walls (2013), Gupta and Vajic (1999); Grove, Fisk, and Dorsch (1998); Walls, Okumus, Wang, and Kwun (2011) identified the physical environment, customers' interaction with staff, and their interaction with other customers as elements of customer experience.

Most of the prior studies only identified customer experience as an internal customer response or subjective experience. There are no studies that combine both customers' internal and subjective responses to measure customer experience.

Finally, understanding these basic issues is likewise critical for the cafe manager. The current study provides a comprehensive model of customer experience by adding hedonic value as a subjective experience to evaluate satisfaction and attitudinal loyalty. Teens are recruited for the reason that teens will play a vital role in the future, particularly for cafes. Regarding the explanation above, the aim of this study is to assess the impact of customer experience and hedonic quality on teenagers' satisfaction and loyalty when hanging out at a cafe.

#### LITERATURE REVIEW

#### 1. Customer Experience

Experience is generated when customers consume goods or products. Although its definition is very close to satisfaction, the experience is created before satisfaction is generated for the customer. Experience is an evaluation of the goods and service when the customer consumes them, and this could trigger satisfaction or dissatisfaction. Pine and Gilmore (1998) describe the experience as a dynamic thought from the individual's involvement, and the desire with which the individual associates or engages with the product or service.

According to Meyer and Schwager (2007), customer experience was defined as a customer's internal and subjective evaluation when the customer comes in contact with the company, whether through direct or indirect contact.

Customer experience is commonly used by the hospitality business, such as hotels or tourism objects, most have found a significant effect from customers' experiences toward customers' satisfaction (Ali, et al., 2016; Teng, 2011; Pine and Gilmore, 1998). Some of the prior studies also find that a good customer experience could create customer loyalty (Hussein, et al., 2015; Lugosi, 2016; Skogland and Siguaw, 2004; Teng, 2011; Ali, et al., 2016; Bigne, et al., 2005; Collins, 2010; and Jalil, et al., 2016)

Prior literature proposed various components of the customer experience (Hemmington, 2007; Bitner, 1992; Gupta and Vajic, 1999; Walls, 2013, Gupta and Vajic, 1999; Grove, Fisk, and Dorsch, 1998; Walls, Okumus, Wang, and Kwun, 2011). Bitner (1992); and Gupta and Vajic (1999) proposed the physical environment interaction as customer experience dimensions. Grove (1998) added the interaction of staff and customers as one of the customer experience dimensions. Recent studies that compiled those components as customer experience dimensions are Fisk, et al. (2004); Walls, et al. (2011); and Ali et al. (2014).

Collins (2010) added that the unique atmosphere of one cafe should be able to create a different ambiance from that of another cafe, thus providing a completly different experience for each customer.

The intimate relation between service provider/staff and the customers, including the physical environment, will affect the customers' experiences. Their experience reflects their feelings, action and thoughts on the events they

experienced (human-product interaction) (Hassenzahl, 2008).

#### a. Interaction with customers

Hanging out at a cafe with friends and family will be more fun than if we do it alone. Some teens choose cafes as a place for socializing with others. Interaction among customers will occur during service delivery and will influence their satisfaction and loyalty (Ali et al, 2016, Kao et al.,2008; Mossberg, 2007; Brady and Cronin, 2001 Walls et al.,2011; Zeithaml et al.,2006). As they are served by the same provider at the same time, more customers might affect the quality of services and also the emotions of other customers. (Cetin and Dincer, 2014; Grove et al.,1998)

The impact of customers' contact with other customers can be classified in two ways: cognitive (how customers should behave) and affective (empathy among customers) (Huang & Hsu, 2010; Tombs & McColl-Kennedy, 2013). From the above, the following hypotheses are proposed:

H1: Interaction with customers positively affects attitudinal loyalty

H2: Interaction with customers positively affects teens' satisfaction

#### b. Interaction with staff

Interaction between customers and staff has been considered by previous researchers, since it has a big impact on satisfaction and loyalty (Slatten et al, 2011; Walls et al, 2011; Zeithaml et al, 2006; Loureiro, 2010; and Kao et al., 2008). Teens hang out at cafes expecting to have positive experiences provided by the staff.

Ali et al (2016) stated the characteristics of the staff could be the prime cause of the customers' experience and satisfaction, by providing a thorough and satisfactory service, while the staff must be reliable, professional and have a good knowledge of their products.

Even though prior studies have conducted research about the importance of interaction with staff, more research is worth undertaking.

H3: Interaction with staff positively affects attitudinal loyalty

H4: Interaction with staff positively affects teens' satisfaction

#### c. Physical environment

As a cafe is a part of the tourism and hospitality industries, and provides more hedonic consumption, providing a good setting for its physical facilities is beneficial for its customers when evaluating the café's services. Parasuraman et al (1988) described the physical environment as the tangible elements of intangible services. Bitner (1992) introduced three elements for the physical environment namely ambience, space or function, and signs/ symbols which are related to the five human senses.

Similarly, Han & Ryu (2009) and Lin & Liang (2011) stated that design, lighting, smell, temperature, facilities and layout are the main elements of a physical environment.

The physical environment plays an important role in shaping customer satisfaction (Ryu, Lee, and Kim, 2012; Li, Wong, & Kim, 2016; Ali et al, 2016). Prior studies has proved that the physical environment has a big influence on customer satisfaction and loyalty (Dong & Siu, 2012; Pareigis, Edvardsson, & Enquist, 2011; Ariffin & Yahaya, 2013; Ali et al, 2016).

For teens, as the main target customers of cafes, the physical environment is meaningful. In this social media era, teens show their existence by uploading attractive and unique photos of them in special spots. Mary et al (2013) surveyed that currently teens share more

of their experiences, including photos of themselves, in their social media. More teens post photos in famous places, more teens will visit the same spots and take more pictures there. Therefore, a cafe manager must consider the physical environment, particularly the ambiance of the café, as it is more relevant for the café's business and will help the cafe attract more visitors.

In this research we will analyze this suggestion to confirm whether the physical environment of cafes could improve teens satisfaction and loyalty.

Based on the prior research and literature, the next hypotheses we proposed in this research are:

H5: Physical environment positively affects attitudinal loyalty

H6: Physical environment positively affects teens' satisfaction

#### 2. Hedonic Quality

According to Poushneh and Vasquez (2017), its hedonic quality is a part of a product's attributes. Prior studies have shown that while users explicitly state their preference for new utilitarian features, their "true" preference is for the hedonic (Dhar and Wertenbroch, 2000; Astuti and Hanan, 2012; Diefenbach and Hassenzahl, 2011; Josiam and Henry, 2014; and Okada, 2005). This study focuses on the hedonic quality as it has a higher value for the customer than utility (Dhar and Wertenbroch, 2000; Diefanbach and Hassenzahl, 2011; and Okada, 2005).

Hedonic quality is defined as the value obtained by a consumer from finding and purchasing a particular good or service. This quality is different from the utilitarian quality (Chitturi *et al*, 2008) as it comes from the subjective experience of pleasure (fun and

playfulness) when consuming goods or services (Holbrook, 1996, Holbrook and Hirschman, 1982; Babin et al., 1994).

Limited studies assessed hedonic quality as a part of the customers' experiences. Most studies only examined the internal customer response. By including hedonic quality as a subjective customer experience, it would provide comprehensive results for evaluating the customers' experiences. Hedonic quality can be distinguished into three types: by stimulation (HQ-S), by identification (HQ-I), and by evocation (HQ-E). HQ-S is related to the fulfillment of human needs for novelty and challenge. HQ-I refers to the fulfillment of human needs as self-expression. HQ-E refers to a human's fulfillment needs for symbolic meanings in an object (Hassenzahl and Tractinsky, 2006).

Based on Hassenzahl and Tractinsky, Poushneh and Vasquez (2017) proposed three types of hedonic quality: hedonic quality by rational stimulation, hedonic quality by emotional stimulation and hedonic quality by identification. Creating hedonic quality for customers could improve the customers' satisfaction (Jones *et al*, 2006; Gallarza and Saura, 2006; Yang *et al*, 2010; Berry and Wall, 2007, Kim and Moon, 2009, Pullman and Gross, 2004, Pullman and Robson, 2007; Ryu and Jang, 2007; Magnini and Parker, 2009).

Furthermore, Jiang and Wang (2006) found that the hedonic aspect or utilitarian aspect was affected by pleasure and the perceived service quality. Interestingly, they also found that pleasure had a stronger effect on the perceived service quality and satisfaction in the hedonic aspect rather than the utilitarian aspect.

#### a. Hedonic quality by emotional stimulation

Positive experinces potentially evoke emotional consequences that lead to satisfaction and loyalty to a product (Hassenzahl, 2005; Desmet

and Hekkert, 2007). When customers come into contact with a product/service, they will evaluate the advantages and disadvantages of consuming that product/service.

In the context of the hospitality industry (e.g café, hotel), it is hard to reach all the customers' emotions properly. Each customer has their own needs, motives, goals and other considerations when interacting with the services provided (Desmet & Hekkert, 2007). Once these services can satisfy the customers' psychological needs, positive emotions and experiences will follow.

Hassenzahl and Tractinsky (2006) and Poushneh and Vasquez (2017) summarized service attributes that fulfill customers' emotions by describing whether the service is repelling-appealing, discouraging-motivating, not absorbed-over absorbed, and not immerse-immerse.

A lack of teenage motivation, negative experiences and bad feelings while hanging out at a café are serious problems that result in barriers to satisfaction and loyalty. The main cause is not fulfilling the teens' emotional stimulation needs.

H7: Hedonic quality through emotional stimulation positively affects teens' satisfaction

#### b. Hedonic quality by identification

Social identity is one of the decisive factors in generating customer satisfaction and loyalty. Hedonic quality by identification is aimed at creating social identity and communicating identity (social impact) when customers have contact with a product/service (Hartson, Pardha, 2012).

The product consumed by people expresses who the customers are and how they are viewed by others (Hassenzahl et al, 2003; 2005). Moreover, Hassenzahl et al (2003, 2005) and Poushneh and Vasquez (2017) described the indicators to identification, including those that

separate me from people-bring me closer to people, alienating-integrating, and decreasing one's self-image.

H8: Hedonic quality by identification positively affects teens' satisfaction

#### c. Hedonic quality by rational stimulation

Hedonic quality is a subjective experience and the reason for choosing a hedonic choice will depend on the individual's characteristics (including individual perspectives about rational reasons). When people buy hedonic products, they may go through several logical stages, whether they make a transaction to take advantage of a promotion so that they can save money, or they buy products in case of uncertain conditions in the future (Higgins, 2002, Higgins, Idson, Freitas, Spiegel, & Molden, 2003).

In the context of a café, even though hanging out at a café is about a lifestyle and hedonic choice, if the café can offer excellent service and make the teens feel they have made the right choice, the teens will be satisfied.

Internal and external justifications of hedonic choice presented by Hassenzahl et al (2003, 2005) and Poushneh and Vasquez (2017) described whether the product is either: ordinary-novel, dull-captivating, conservative-innovative, cautious-bold, unimaginative-creative or conventional-inventive.

According to previous studies, this study proposed the following hypothesis:

H9: Hedonic quality through rational stimulation positively affects teens' satisfaction

#### 3. Customer Satisfaction

Achieving customer satisfaction is a key performance measure to see whether the marketing activities are a success or failure. Customer satisfaction is a person's feeling of pleasure or disappointment which results from

comparing a product's perceived performance or outcome against his/her expectations (Kotler and Keller, 2006). Achieving customer satisfaction has a big impact on customer's post purchase behavior, in the form of customer loyalty (Saleh, et al., 2015).

Yang, et al. (2010) found that service quality has an influence on online satisfaction and perceived value. This research's additional finding is that satisfaction and perceived value play an important role in customer's loyalty. Prior research found that a customer's loyalty does affect the customer's behavior including repeat purchases and good word-of-mouth advertising (Fornell, 1992; Kandampully and Suhartanto, 2000).

Skogland and Siguaw (2004) made a valuable contribution by finding that visitors' satisfaction could generate positive word-of-mouth promotion as a form of customer loyalty. This research encouraged further research into customer satisfaction in the hospitality industry, one study is by Kim and Moon (2009), who found that customer satisfaction could improve customer loyalty in the restaurant business. Recent studies of customer satisfaction in the hospitality business are by Hussein, et al. (2015); and Rauyruen and Miller (2007). Therefore the last hypothesis proposed in this study is:

H10: Teens satisfaction positively affects attitudinal loyalty

#### 4. Attitudinal Loyalty

The cafe business is currently one of the most competitive markets in the hospitality industry. The numbers keep growing, despite many of them not lasting long, thus advanced strategies need to be implemented to be success in this industry, and to profit fully from it. Kotler *et al* (1998) stated that loyalty plays an important role in reducing the marketing costs associated with attracting new customers (Kotler

#### **Customer Experience** H5 Physical environment Н6 Н3 Interaction with staff H4 H2 H1 Interaction with customers **Hedonic Quality** Teens' satisfaction Attitudinal dyalty H10 HQ by H9 **Rational Stimulation** H8 HQ by Identification HQ by H7 emotional stimulation

Figure 1: Research Framework

et al., 1998). Previously, Oliver (1997) described that high levels of loyalty are created when customers have positive feelings about the goods, thus customer satisfaction is the key to achieving customer loyalty.

In the hospitality industry, prior studies analyzed what customers tend to do when they have high levels of loyalty. Tepeci (1999) found that a loyal customer will say positive things about the company, previously Bowen and Shoemaker (1998) found that a loyal customer is more likely to pay a premium price for a product. Sim, et al. (2008) found loyal customers are the main profit resource in the hotel business.

In this research, we focused on attitudinal loyalty as the predictor of future behavior, rather than behavioral loyalty. Attitudinal loyalty is described as the customer's feeling and intention toward further action with the product they have consumed; meanwhile behavioral loyalty is the action of repurchasing the product (Glasman and Albarracin (2006). Prior studies used three dimensions of attitudinal loyalty, they are cognitive, affective and conative (Ajzen, 2005; Hussein, et al., 2015); and Chaudhuri and Holbrook, 2001).

## RESEARCH METHOD, DATA, AND ANALYSIS

#### 1. Research Data

Questionnaires were used to collect the data and were distributed to the respondents personally. Since there are a great number of teenagers in Indonesia, and because of the growing importance of the roles they play in the café business and household spending, the population of this study is Indonesian teens who have experience of hanging out at a cafe. A purposive sampling technique was chosen to select the respondents using the following criteria:

- 1. Teenagers aged 10-19 (adolescents). This study divided this second decade of life following the United Nations Children's Fund (2011) proposal that adolescence can be classified into two parts: early adolescence (10-14) and late adolescence (15-19).
- Hanging out at a cafe at least once a month.
  Repeating this activity means the teens have
  loyalty, as they hang out in the same café
  for several times.

Two hundred respondents participated in this study. Multi-item questionnaires were developed

by this study to attain the study's aims. Four basic questions were provided to gain information relating to the respondents' demographic details (gender, age, educational background and monthly hanging out expenses). Measurement scales were developed from the literature and previous studies. A customer experience measure was adapted from Wu and Liang (2009), Jani and Han (2013), and Ali et al (2016) using 13 items (physical environment five items, interaction with staff four items, and interaction with customers four items).

To measure the hedonic quality, 18 items were taken from Hassenzahl *et al* (2003) and Poushneh and Vasquez (2017). The customer satisfaction measure used a scale developed by Westbrook and Oliver (1991).

Lastly, this study adopted ten items for the attitudinal loyalty measure, as proposed by Jones and Taylor (2007), Hussein *et al*, (2015), Chaudhuri and Holbrook, (2001) and Srivastava and Kaul (2016). Measurement of all the items was calculated by using a five-point Likert scale.

#### 2. Research Method

This study is an explanatory research type. SPSS 23 will be employed to find information about the characteristics of the respondents, while PLS 3 will be run to test the validity and reliability of each instrument, and to test the hypotheses of this study. The analysis follows three steps. The first step is to describe the demographic profile of the respondents by their gender, age, educational background and monthly hanging out expenses. The second is to test the convergent validity, discriminant validity and reliability (inner and outer models). Finally, for the last step, we examine the hypotheses to assess the impact of customer experience and hedonic quality on the teenagers' satisfaction and attitudinal loyalty when hanging out at a cafe.

#### 3. Research Analysis

Based on the data collection, the sample could be categorized into two groups of teens: early adolescence and late adolescence

Respondents' Characteristics. According to Table 1 (Profile of Respondents), it could be concluded that the majority were male (133 respondents or 66.5%), while there were 67 females (33.5%). In the age group, 56 respondents (28%) were early adolescence (10-14) and 144 respondents (72%) were late adolescence (15-19).

Out of these 200 respondents, six respondents (3%) were elementary students, 29 respondents (14.5%) were junior high school students, 61 respondents (30.5%) were senior high school students and 104 respondents (52%) were university students.

The demographics also show the monthly hanging out expenses ranged from < 500,000 (40 people or 20%); 500,001 - 750,000 (55 people or 27.5%); 750,001 - 1,000,000 (63 people or 31.5%); and > 1,000,000 (42 people or 21%).

The result was in line with research conducted by De Goede, Branje, and Meeus (2009) that found parental power decreased from early to late adolescence and support declined after early adolescence. In other words, parents have more power over an early adolescent, including if they let an early adolescent hang out at a cafe without the parents being there. To assess the inner and outer models, this research carried out three analyses: internal consistency reliability, convergent validity, and discriminant validity. Several criteria were used. Factor loadings for each item must be greater than 0.6 (Chin et al, 2008). Ten items were removed from this study due to them having a loading factor of less than 0.6

 Table 1. Profile of Respondents

Profile	Description	Frequency (N)	Percentage
Gender	Female	67	33.5%
	Male	133	66.5%
Age	10 - 14	56	28%
	15 – 19	144	72%
Educational	Elementary School	6	3%
Background	Junior High School	29	14.5%
_	Senior High School	61	30.5%
	University	104	52%
Monthly Hanging	< 500,000	40	20%
Out Expense	500,000 - 750,000	55	27.5%
-	750,001 - 1,000,000	63	31.5%
	> 1,000,000	42	21%
Frequency of	1-2	128	64%
Hang out at Café	3-4	61	30.5%
in A Month	> 4	11	5.5%

Source: Data Analysis from SPSS 23, 2017

Table 2. Discriminant Validity (outer loading)

-	<b>Customer Satisfaction</b>		A 44:4 d: al			HQ – S		
	PE	IS	IC	- Attitudinal Loyalty	Satisfaction	HQ – I	Emotional stimulation	Rational stimulation
CE1.1	0.710	0.191	0.230	0.253	0.388	0.015	0.203	0.122
CE1.3	0.627	0.210	0.191	0.305	0.254	0.067	0.159	0.134
CE1.4	0.822	0.328	0.149	0.295	0.405	0.083	0.288	0.273
CE1.5	0.818	0.432	0.237	0.274	0.427	0.084	0.302	0.288
CE2.1	0.376	0.782	0.307	0.175	0.310	0.179	0.213	0.136
CE2.2	0.285	0.862	0.312	0.196	0.360	0.248	0.226	0.164
CE2.3	0.301	0.847	0.337	0.149	0.323	0.252	0.205	0.223
CE2.4	0.309	0.716	0.396	0.238	0.365	0.208	0.177	0.142
CE3.1	0.207	0.316	0.702	0.305	0.202	0.227	0.131	0.076
CE3.2	0.263	0.394	0.827	0.162	0.267	0.076	0.073	0.087
CE3.3	0.175	0.271	0.815	0.083	0.274	0.070	0.036	0.129
CE3.4	0.200	0.347	0.810	0.243	0.329	0.148	0.207	0.212
AL1	0.307	0.208	0.181	0.716	0.287	0.303	0.349	0.256
AL2	0.200	0.161	0.260	0.690	0.187	0.352	0.262	0.113
AL3	0.293	0.169	0.250	0.745	0.319	0.264	0.360	0.207
AL6	0.318	0.177	0.173	0.756	0.347	0.345	0.388	0.234
AL7	0.217	0.146	0.086	0.707	0.404	0.342	0.426	0.348
AL8	0.231	0.160	0.197	0.625	0.340	0.298	0.458	0.339
CS1	0.368	0.311	0.259	0.227	0.759	0.222	0.258	0.383
CS2	0.376	0.246	0.173	0.243	0.733	0.175	0.233	0.358
CS3	0.532	0.312	0.236	0.393	0.836	0.205	0.349	0.388
CS4	0.315	0.343	0.280	0.295	0.783	0.250	0.306	0.415
HQ2	0.019	0.162	0.077	0.340	0.254	0.755	0.265	0.236
HQ3	-0.016	0.168	0.034	0.265	0.221	0.749	0.230	0.250
HQ7	0.155	0.257	0.235	0.346	0.287	0.666	0.600	0.420
HQ9	0.096	0.087	-0.026	0.322	0.302	0.357	0.705	0.529
HQ10	0.293	0.259	0.117	0.418	0.321	0.475	0.783	0.443
HQ11	0.264	0.229	0.180	0.441	0.244	0.437	0.759	0.411
HQ12	0.317	0.194	0.202	0.431	0.310	0.322	0.748	0.449

	<b>Customer Satisfaction</b>		- Attitudinal			HQ – S		
	PE	IS	IC	Loyalty	Satisfaction	HQ – I	Emotional stimulation	Rational stimulation
HQ13	0.242	0.190	0.133	0.276	0.331	0.378	0.510	0.771
HQ14	0.232	0.153	0.146	0.252	0.386	0.265	0.486	0.796
HQ15	0.196	0.100	0.074	0.331	0.369	0.332	0.473	0.830
HQ16	0.273	0.206	0.165	0.303	0.394	0.348	0.553	0.743
HQ17	0.122	0.160	0.093	0.253	0.335	0.371	0.406	0.732
HQ18	0.181	0.110	0.134	0.197	0.290	0.237	0.299	0.603

Abbreviation: CE (Customer Experience); CL (Customer Loyalty); CS (Customer Satisfaction); HQ (Hedonic Quality); HQ-I (Hedonic Quality by Identification); HQ-S (Hedonic Quality by Stimulation); PE (Physical Environment); IS (Interaction with Staff); IC (Interaction with Customer). Loading score of each indicator must be higher than all its cross loadings compared to other constructs. Source: PLS 3 Output, 2017

Table 3. Convergent and Reliability

Variable	Factor Loadings
Hedonic Quality by Identification	<u> </u>
(CA: <u>0.550</u> ; AVE: 0.525; CR: 0.768)	
Separates me from people-brings me closer to people	• 0.755
Alienating-integrating	• 0.749
<ul> <li>Decreases one's self-image</li> </ul>	• 0.666
Hedonic Quality by Emotional Stimulation	
(CA: 0.740 ;AVE: 0.561; CR: 0.836)	0.705
Repelling-appealing	• 0.705
<ul><li>Discouraging-motivating</li><li>Not absorbed-over absorbed</li></ul>	• 0.783
<ul> <li>Not immerse-immerse</li> </ul>	<ul><li>0.759</li><li>0.748</li></ul>
- 100 - 1-1-1-1-1-1	0.746
Hedonic Quality by Rational Stimulation	
(CA: 0.841; AVE: 0.562; CR: 0.884)	- 0.771
Ordinary-novel     Dull continued as	• 0.771
<ul><li>Dull-captivating</li><li>Conservative-innovative</li></ul>	<ul><li>0.796</li><li>0.830</li></ul>
<ul><li>Conservative-innovative</li><li>Cautious-bold</li></ul>	• 0.830 • 0.743
Unimaginative-creative	• 0.743 • 0.742
Conventional-inventive	• 0.603
Physical Environment	
(CA: 0.734 ;AVE: 0.560; CR: 0.834)	
• The cafe's lighting is appropriate	• 0.710
• The cafe's environment is clean	• 0.627
• The cafe's architecture and setting is impressive	• 0.822
The colors within the café are complementary and coordinated	• 0.818
Interaction with Staff (Staff Performance during serving customers) (CA: 0.816; AVE: 0.647; CR: 0.879)	
The staff provide a thorough and satisfactory service	• 0.782
• The staff are reliable	• 0.862
The staff are professional	<ul> <li>0.847</li> </ul>
The staff have a good knowledge	• 0.716
Interaction with customers (CA: 0.800; AVE: 0.624; CR: 0.869)	
• Other customers are not loud	• 0.702
Other customers behave nicely	• 0.827
Other customers are not problematic	• 0.815
Other customers do not create a disturbance	• 0.810

Variable				
Customer Satisfaction	_			
(CA: 0.882; AVE: 0.586; CR: 0.908)				
I am satisfied with my decision to visit this cafe	• 0.759			
<ul> <li>My choice to choose this cafe was a wise one</li> </ul>	• 0.733			
I think I did the right thing to visit this cafe	• 0.836			
<ul> <li>I feel that my experience with this cafe has been enjoyable</li> </ul>	• 0.783			
Attitudinal Loyalty				
(CA: 0.801; AVE: 0.501; CR: 0.857)				
<ul> <li>I consider this cafe as my only choice for hanging out</li> </ul>	<ul><li>0.716</li></ul>			
• I am willing to pay more, compared to other cafes, for the products I buy from this cafe				
• I identify with this cafe more than with any other cafe				
<ul> <li>I will choose this cafe as my first choice if hanging out</li> </ul>	• 0.756			
I will recommend hanging out in this cafe to others				
I am willing to revisit this cafe				

Abbreviation: CA (Cronbach Alpha); AVE (Average Variance Extracted): CR (Composite Reliability)

Source : PLS 3 Ouput, 201

After shorting the items, a PLS algorithm was run for a second time to make sure that all the items had a loading factor of greater than 0.6 (tables 2 and 3). The next step was the discriminant validity. Table 3 depicts good discriminant validity as the loading score of each indicator is higher than for all its cross loadings, compared to the other constructs.

Moreover, Table 3 revealed the convergent validity and the reliability of the measurements. Cronbach's alpha for all the variables were higher than 0.6 (Hair et al., 2010). It indicates that all the variables had good reliability, except for the hedonic quality by identification. According to Table 3 the hedonic quality by identification had a Cronbach's alpha of < 0.6, but other assessments of this variable showed a good model fit, so this study decided to keep hedonic quality by identification as a variable

The convergent validity of the constructs (Table 2) were good, as the factor loadings of each indicator were higher than 0.6 (Chin *et al.*, 2008), the average variance extracted was greater than 0.5 (Hair, 2006), and the composite reliability score was higher than 0.6 (Hair et al, 2011).

For the inner model's analysis, this study used the  $R^2$  endogenous latent variables,

predictive relevance/Q<sup>2</sup>; and Goodness of Fit (GoF).

Table 4 presents the substantial  $R^2$  endogenous latent variables with  $Q^2$  which is 0.583.

Table 4. R-square

Variable	R-square
Attitudinal Loyalty	0.244
Satisfaction	0.449

Source: PLS 3 Output

Predictive relevance  $(Q^2)$ :

$$Q^{2} = 1 - [(1 - R_{1}^{2}) \times (1 - R_{2}^{2})]$$

$$Q^{2} = 1 - [(1 - 0.244) \times (1 - 0.449)]$$

$$Q^{2} = 1 - (0.756) \times (0.551)$$

$$Q^{2} = 0.583$$

Goodness of Fit (GoF):

GoF = 
$$\sqrt{\overline{AVE} \times \overline{R^2}}$$
  
GoF = 0.444707629 (0.445)

The Goodness of Fit (GoF) of the study is 0.445. It means this study has a very good model (Tenenhaus *et al.*, 2005). The result also refers to Hoffmann and Birnbrich's (2012) cut-off values for assessing the results of the GoF analysis, which can be classified into three categories: GoF = 0.1 (small); GoF = 0.25 (medium); and GoF = 0.36 (large).

Standard **Original** Sample **Hypotheses Deviation** T Statistics P Values **Summary** Sample (0) Mean (M) (STDEV) IC -> TL 0.109 0.103 1.079 0.281 Not Supported (H1) 0.101 IC -> TS 0.123 0.131 0.056 2.179 0.030 Supported (H2) IS -> TL -0.022-0.0230.083 0.264 0.792 Not Supported (H3)  $IS \rightarrow TS$ 0152 0.155 0.065 2.328 0.020 Supported (H4)  $PE \rightarrow TS$ Supported (H5) 0.1870.192 0.088 2.135 0.033 PE -> TL 0.321 0.316 0.000 Supported (H6) 0.063 5.113 HQ-S (Emotional)->TS -0.016-0.0050.088 0.176 0.860 Not Supported (H7) Supported (H8) HQ-I-TS0.158 0.158 2.313 0.021 0.068 HQ-S (Rational)->TS 0.272 0.274 0.067 4.057 0.000 Supported (H9)

0.076

4.351

**Table 5.** Path Coefficients

if P < 0.05 and T statistic >1.96, hypotheses was accepted

0.332

0.341

Source: PLS 3 Ouput, 2017

 $TS \rightarrow TL$ 

The inner model's analysis shows a good model fit for this study, and can be used for the hypotheses testing.

After the inner and outer models' analyses, bootstrapping was run to assess the proposed hypotheses. Hair (2014) and Kock (2012) determined if the P score is less than 0.05 (< 0.05) and the T statistic values are greater than 1.96 (>1.96), then the hypotheses will be accepted. In contrast, if the P score is greater than 0.05 (> 0.05) and the T statistic values are lower than 1.96 (< 1.96), it means the hypotheses will be rejected (Hair, 2014 and Kock, 2012).

The result of the hypotheses testing is presented in Table 4. It depicted that out of the ten hypotheses proposed in this study, seven hypotheses were supported (accepted), since P < 0.05 and the T statistic >1.96.

In general, the results of this study support those obtained in the previous studies about hedonic quality, customer experience, satisfaction and attitudinal loyalty. The findings outlined in this study found that customer experience, including its three dimensions (staff interaction, guest interaction, and physical environment), has a significant effect on satisfaction. Interestingly, there is only one dimension of customer experience (namely the physical environment) that has an impact on loyalty (interaction with staff and other customers have no influence on loyalty).

0.000

Supported (H10)

In addition, the findings also provide empirical evidence that the hedonic quality by identification and the hedonic quality by rational stimulation have a strong effect toward satisfaction. On the other hand the impact of hedonic quality by emotional stimulation to satisfaction is rejected. Moreover, according to this study, satisfaction was confirmed to have an effect on attitudinal loyalty.

#### **DISCUSSION**

Seven out of the ten hypotheses proposed by this research were accepted, according to the testing using *smartPLS* 3 (Table 5). The first notable result from this study is the role of customer experiences' influence toward customer satisfaction and attitudinal loyalty. Teenagers are able to quickly recognize a new cafe in their area and have proved to have different experiences with each cafe. The results from this study support the findings from Teng (2011); Collins (2010); Jalil, et al. (2016); and Ali, et al. (2016).

This study found that in the cafe business, the experience is generated by three dimensions:

the physical environment, the interaction with staff and the interaction with customers. Additionally, we successfully constructed the items of a café's physical environment that produce this experience; they are its lighting, and the design of its layout for both the interior and exterior of the cafe. From the three dimensions proposed, all of them have an influence on satisfaction, but it is only the physical environment that affects teenage customers' attitudinal loyalty.

The strong influence of the physical environment toward attitudinal loyalty is recognized as a result of the social media trends among the younger generation. Teenage customers are more likely to be satisfied if the cafes can provide a good physical environment to take pictures of themselves and their friends, which will be posted to their social media. Thus, the cleanliness and the interior and exterior design of the cafe are highly valued by the teenage customers. Additionally, there are intangible elements, such as music and the scenic view, which is provided by the location of the café, that should be considered by the owner and manager of the cafe (Jensen and Hansen, 2007; and Hemmington, 2007)

Despite the interaction with other customers, and the interaction with staff, having no significant effect on attitudinal loyalty, they still should be considered because these two elements of a customer's experience have a significant effect on the customer's satisfaction. Moreover, prior studies (Lashley, 2008: Brotherton, 2005; O'Connor, 2005; and Telfer, 2000) indicated that building satisfaction by creating positive experiences would generate loyalty. The prior findings also give a chance for a future researcher to explore the mediating role of customer satisfaction in the relationship between the three elements of customer experiences and loyalty.

hospitality of their keeping the employees focused on the customers (welcoming staff, warm, sincere, friendly and appropriate service), teens feel more satisfied. A café might consider have signs that show the importance of keeping conducive behavior ever-present and respecting each other, or providing special rooms for customers who like more privacy. This all relates to the finding that interaction other customers influences with teens' satisfaction.

In this study, among the three elements of customer experience, the interaction with staff and the interaction with other customers have no significant effect on teens' attitudinal loyalty, while the physical environment has a strong effect on teens' attitudinal loyalty. Perhaps the reason for this findings is due to the main motivation for teens to go and hang out, which is for them to find a cozy place to socialize and to show their existence, whether in the real world, or the virtual world by posting their activities (Arnold and Reynolds, 2003; Babin, et al, 1994; and Wakefield and Baker, 1998). It means teens will be satisfied with good service from cafe staff and a conducive situation among the café's customers, but these factors are not enough to make them willing to recommend the café's services to others, or think they will revisit the cafe.

It would be different if teens feel satisfied with the physical environment of the cafe. They will share their hang out experiences by taking pictures, giving them interesting captions and posting them to their social media. Teens will also be able to inform others of their location by using the check-in menu on facebook, instagram or any other form of social media.

Studies have proven that activities on social media will contribute to attitudinal loyalty (Castronovo and Huang, 2012; Brodie et al., 2013). By offering a good physical environment

(unique spots, interesting layout and so on), the popularity of a cafe will increase as more teens share photos on social media when they are at the cafe. The more popular the café gets, the more teens want to be part of the trend and the more willing they are to revisit it and to recommend it to others. Hence, this study expects a further study to validate these findings

The second finding of this research is the role of customer hedonic quality, which is proven to be important because it has a significant effect toward customer satisfaction. This finding supports prior studies, such as those by Gallarza and Saura, (2006); Berry and Wall, (2007); Kim and Moon, (2009); Pullman and Gross, (2004); Pullman and Robson, (2007); Ryu and Jang, (2007); Magnini and Parker, (2009).

Hedonic quality is proposed to have a higher value for the customer than utility (Dhar and Wertenbroch, 2000; Diefanbach and Hassenzahl, 2011; and Okada, 2005). This research found that the hedonic quality by identification and rational stimulation could affect teens' satisfaction, but the emotional stimulation does not.

A non-significant effect of hedonic quality by emotional stimulation on teens' satisfaction might be contributed by teen characteristics; although, this finding is rarely found in the marketing literature. Being moody is one teen characteristic that is caused by hormonal changes during puberty (Vulliamy, 2016). A teenager's mood can change rapidly. It means that a teen's emotional experiences are complex, and it is difficult for them to be a satisfied customer. Teens tend to adjust to other factors to gain their satisfaction.

Chaet (2012) stated that teens tend to be ambitious, opinionated, and influential. These characteristics also support the findings of this study. Even though teens feel happy and enjoy their time in a café, it does not guarantee they

feel really satisfied. Their feeling of satisfaction is influence by others (friends and family) and others' opinions.

These facts bring new insights that a café manager may consider, to provide goods and services that are authentic, to use buzz marketing, and to offer unique products (Schiff, 2007; Goodstein, 2007).

The need for self-expression from the teenage customer is considered to be the strongest reason why it has a strong effect on satisfaction. This finding should encourage cafe owners and managers to make their cafes exclusive, to improve the self-confident of the customers when visiting their cafes. Solomon (1999) found that one motive for why consumers visit a famous restaurant is so that they gain a certain position among other people inside and outside their social circle.

The second dimension of hedonic quality that affects satisfaction is the rational stimulation. This finding has proved that there is a uniqueness that a customer looks for from the cafe they visit. If the cafe has the following attributes, such as it is unique, new, adorable, bold, creative, and innovative, the cafe is more likely to satisfy its visitors, especially the teenagers. Teens have the intention of trying something that is new and coherent with their personality. By analyzing the trends of teenagers in their area, a cafe's owner or manager should be able to determine what theme their cafes should try.

Holbrook (1999); Jones, et al (2006); Chadon, et al. (2000); and Deb (2012) previously found that a hedonic customer tends to be satisfied by the following attributes: themed environments, unique events and contests, various food courts, an entertaining game zone, nice music, a good aroma, comfortable seating space, and the overall atmosphere. They conclude that fulfilling these hedonic

aspects is valued higher than any utilitarian aspect for the customer.

Lastly, this research finds that customer satisfaction has a significant effect on attitudinal loyalty. This finding is commonly found in the prior research (Hussein, et al., 2015; and Rauyruen and Miller, 2007). Achieving customer satisfaction is the key to creating customer loyalty, thus owners and managers of cafes should be able to maintain and improve their customers' satisfaction in order to achieve attitudinal loyalty.

#### **CONCLUSION**

Fast growth in the customer food services' market is considered here because of the rising demand triggered by the changing community lifestyles and consumption patterns. One of the most influential customer groups that are reshaping the market is the teenage group. Despite the high demand in the market, the competition is difficult since they are facing a different generation that have a strong influence on their families' purchasing behavior.

Achieving and maintaining long-term customer relationships is considered to be the first priority of a company (Oliver, 1980; and Zeithaml et al., 1996). In order to achieve that goal, a company must fulfill its customers' needs and make sure the customer is satisfied with their goods and services. Unfortunately, there are only a few recent studies into teenage customers' behavior, especially in the hospitality industry.

This research is proposed to analyze key variables that could affect teenage customers' satisfaction and attitudinal loyalty. As suggested by Collins (2010), the atmosphere of a cafe is considered to have an effect toward customer satisfaction and loyalty. A café's atmosphere is

one dimension of a customer's experience; therefore we collected previous research about customers' experiences and found a new experience quality for cafe visitors. Additionally we included the hedonic quality as a determinant of customer satisfaction and attitudinal loyalty.

Seven out of our ten hypotheses are accepted with the help of the *SmartPLS 3* application. The physical environment and the interaction of customers and staff are found to have an influence toward customer satisfaction; furthermore the physical environment can generate customer satisfaction. Additionally the customers' hedonic quality dimensions have a significant effect toward customer satisfaction, but hedonic quality by emotional stimulation does not.

The results of this research make several academic contributions, such as the teenage customers' experience constructs which are: the physical environment and the interaction between the staff and with the other customers. This research also provides a variable construct for the hedonic quality of cafe visitors.

Empirically, this research provides an insight into how teenage satisfaction and attitudinal loyalty is generated. The physical environment is considered to be the key factor that contributes to both satisfaction and attitudinal loyalty; meanwhile we suggest that cafe owners and managers should make sure their employees maintain a good service quality for their customers. Additionally, a new cafe owner or manager should be encouraged to do market research and a consumer analysis before creating a new cafe. This approach is considered important because one of the hedonic qualities that is valued by the teenage generation is the novelty and uniqueness of a cafe.

### MANAGERIAL IMPLICATION, RESEARCH LIMITATION, AND FUTURE RESEARCH

Teenagers are considered to be the new influencers of domestic purchasing; therefore analyzing the factors that could affect their satisfaction and attitudinal loyalty is considered important for achieving and maintaining customer satisfaction, and thus generating attitudinal loyalty. This research specifically analyzes factors that could affect teenage customers' satisfaction and attitudinal loyalty with cafes. The results of the research should encourage cafe owners and managers to consider altering and improving their cafe's physical environment, in order to achieve customer satisfaction and generate their loyalty Additionally, a good cafe should have its own novel and unique aspects, so it will attract new customer to the cafe.

Despite the theoretical and empirical contribution provided by this research, we need to evaluate our model. In the near future we should analyze the mediating role of customer satisfaction in the relationship between customer experience and hedonic quality toward customer attitudinal loyalty,

We suggest that future research explores any remaining variables that could affect teenage customers' satisfaction and attitudinal loyalty, including the brand image, brand personality, self congruity, and perceived quality The fast development of technology is creating a gap between the generations, and that is one reason why the newer generation is unique and needs further research to analyze its behavior. Additionally we encourage future researchers to build different construct for the variables included in this research if they apply the model to different industries.

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