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(AIJBES)**[www.aijbbs.com](http://www.aijbbs.com)**AN ANALYSIS OF STUDENTS' SATISFACTION AT LOCAL  
STREET COFFEE SHOP IN PENANG**Nurul'Aishah Zakaria<sup>1\*</sup>, Noraini Jaafar<sup>2</sup>, Nurul Istiqomah Mohamad Fuad<sup>3</sup>, Syuhirdy Mat Noor<sup>4</sup><sup>1</sup> Faculty of Hotel and Tourism Management, Universiti Teknologi Mara Cawangan Pulau Pinang, Malaysia  
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**DOI:** 10.35631/AIJBS.723003**This work is licensed under** [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)**Abstract:**

Street coffee shops are small, informal establishments often found in busy urban areas, offering a limited menu of coffee, tea, and light snacks. Known for their convenience, these shops cater to people on the move, commonly located in pedestrian-friendly zones or near public transport hubs. Customer satisfaction plays a crucial role in driving repeat visits and word-of-mouth referrals, making it essential for owners and managers to understand customer preferences and improve service. This study investigates factors influencing customer satisfaction at local street coffee shops, focusing on price, quality, and location. Additionally, the study considers the impact of competition among coffee shops and evolving market trends on customer satisfaction, emphasizing the importance of staying competitive in a dynamic environment. Demographic factors, such as age, gender, and income, are also analyzed to explore their influence on consumer preferences and satisfaction levels. Using simple random sampling, data was collected from 390 respondents via an online questionnaire. The results reveal that price, quality, and location significantly impact customer satisfaction in this setting. Based on these findings, the study offers recommendations for coffee shop managers and outlines suggestions for future research.

**Keywords:**

Customer Satisfaction, Local Street Coffee, Location, Price, Product Quality

## Introduction

Coffee is cultivated as a commodity in over 50 countries worldwide, with Robusta (*Coffea canephora*) and Arabica (*Coffea arabica*) as the two most popular varieties. Coffee culture has become deeply ingrained globally, especially among young people in both developed and developing countries. It has risen in popularity as a social connector, frequently enjoyed with friends and family or as a companion during schoolwork (Siti Nurhasanah & Chika Dewi, 2019). With a wide variety of brands available on the global market, coffee is easily accessible, and its growing consumption has led to a renewed interest in coffee culture. Coffee is also a staple household product due to its regular use, and it holds a significant economic role as one of the leading crops in international trade (Pendergrass, 2009). Additionally, recent studies have explored the evolving dynamics of coffee culture. For instance, a 2023 study by Maspul & Almalki investigates how modern coffee shops in Unaizah have impacted social behavior and cultural dynamics, particularly among youth, fostering new social interactions and challenging traditional cultural values. Furthermore, a 2022 article from Texas Coffee School highlights the increasing coffee consumption among young Americans, particularly within the 18-24 age group, noting that 51% of them drank coffee daily in 2022, a rise from 42% in 2021. This study also discusses emerging trends in coffee shop preferences, such as the growing popularity of cold beverages among Gen Z consumers. These findings underscore the central role of coffee in shaping both social behaviors and consumer habits worldwide.

In Malaysia, coffee shops are widely known as Kopitiam, among the country's earliest coffee establishments. A Kopitiam is a traditional coffee shop offering both classic coffee and Malaysian delicacies (Omar et al., 2019). Typically, these shops serve black coffee or coffee with milk, occasionally adding butter for extra creaminess and using condensed milk as a sweetener. Kopitiam primarily use Robusta coffee beans, traditionally roasted, with some roasters enhancing the aroma and flavor by adding ingredients like butter, ginger, or cinnamon. The increase in coffee consumption in Malaysia is partly driven by urbanization and a fast-paced lifestyle. The country's strong coffee culture is reflected in the enduring presence of Hainanese coffee shops (Kopitiam) and Malay Indian restaurants, which have served coffee for decades. Additionally, the growing population of international residents in Malaysia has fostered the integration of foreign coffee culture into the local scene (Thomas et al., 2020). Moreover, studies have shown that the physical environment of Kopitiam plays a crucial role in enhancing customer satisfaction, with factors such as cleanliness, ambiance, and design contributing significantly to the patrons' overall experience (Safri & Mohi, 2022). In line with this, the concept of neolocalism has emerged in Malaysia, where traditional Kopitiam are adapting to modern trends while preserving their cultural essence, reflecting a balance between innovation and tradition in the Malaysian coffee scene (Maspul & Almalki, 2023).

A local street coffee shop is a small, neighbourhood-based establishment that operates on the streets or in open public areas, often catering to the local community. These coffee shops are usually modest in size and setup, with a focus on providing accessible, affordable coffee to residents and passers-by. Local street coffee shops typically serve traditional or popular coffee drinks that resonate with the local culture. They might also offer a selection of simple snacks or pastries. The atmosphere is generally laid-back and informal, making these spots popular for socializing, quick breaks, or a convenient coffee on the go. These shops are closely tied to the local culture, often showcasing the distinctive flavours, preferences, and traditions of the area. They play an important role in the community's daily life, serving as a gathering spot where people can come together and enjoy a cup of coffee in a familiar, welcoming environment. Some examples include "Kopi and Studio," "Kopi Hainan," "Kopi Gantung

Perlis," "The Sum Kopi," "Kopi Tepi Jalan," and many others. A study done by Mayasari et al. (2022) investigates how different value dimensions, such as product quality, price, service, and ambiance, affect customer preferences and choices in local coffee shop settings. The findings reveal that product quality and service are the most important factors in shaping consumer choices. Customers prioritize the taste and quality of coffee, as well as the friendliness and efficiency of the staff. Ambiance and the overall environment of the coffee shop also play a significant role, though they are secondary to the product and service in influencing decisions.

Although local street coffee shops are becoming increasingly popular, little is known about the factors that drive customer satisfaction in this niche of the coffee industry. Unlike major coffee chains, street coffee shops encounter distinct challenges in attracting and retaining customers, such as competition, pricing, service quality, and product variety. However, customer expectations and satisfaction at these smaller, often independently run establishments have not been thoroughly researched. A

This study aims to address this knowledge gap by investigating essential factors such as price, location, and food quality that impact customer satisfaction at local street coffee shops. Insights into these factors are vital for improving service delivery, fostering customer loyalty, and supporting the long-term sustainability of these small businesses in a competitive marketplace.

## Literature Review

Customer satisfaction is a key determinant of success for businesses in the competitive food and beverage industry, and it plays an especially important role for small, local street coffee shops that rely on regular patrons and positive word-of-mouth. Research in the field has consistently shown that factors like price, product quality, and location significantly impact customer satisfaction, particularly in smaller establishments where customers often value convenience, affordability, and the overall experience as much as the product itself.

### *Customer Satisfaction with Coffee Shop.*

Kim, Park, & Jeong (2004) define customer satisfaction as the customer's reaction to their experience, based on their assessment of how well their expectations have been met. It is often described as the pleasure or disappointment a person feels when comparing a product's performance to their expectations (Kotler, 2006; 2019). For local coffee businesses, customer satisfaction is critical to their success. Specialty coffee shops are becoming more prevalent in Malaysia. While traditional kopitiam have been a staple for years, the coffee culture is undergoing a shift. The growth of small chains and cafes is changing the way Malaysians enjoy coffee in public spaces. These coffee shops, whether located within buildings or along local streets, offer a wide variety of coffee options. The expansion of coffee shop chains has increased competition within the food and beverage industry, signalling a cultural shift toward coffee consumption among Malaysians (Hung, 2012).

The research conducted by Yahui et al. (2023) highlights that service quality plays a crucial role in customer satisfaction, with most customers in Malaysia preferring high-quality service at Starbucks. Exceptional service quality leads to increased customer loyalty. Furthermore, higher levels of satisfaction correlate with greater customer loyalty, suggesting that satisfied customers are more likely to continue their patronage. Another study found that product quality, service quality, and the overall restaurant environment all contribute to customer satisfaction and the intention to revisit (Fadzli et al., 2023). Additionally, Hermina & Fauziah (2021) identified four primary factors affecting customer satisfaction: the taste, freshness,

appearance, and originality of the coffee. Their findings indicated that customers perceive the freshness of the coffee and the originality of the menu similarly in terms of satisfaction. However, the taste and appearance of the coffee were viewed differently, suggesting that customers have varying expectations regarding what constitutes a satisfying coffee shop experience. Besides, Edy Suryawadana & Doni Nudeagraha (2020) discovered that factors such as price, service quality, product quality, product variety, promotion, and location all positively and significantly influence customer satisfaction. This conclusion was supported by the statistically significant probability values for these variables, all of which were below 0.05, indicating a strong connection between these factors and customer satisfaction.

Higher levels of customer satisfaction can significantly boost customer loyalty, reduce churn, decrease price sensitivity, and lower costs associated with both marketing failures and expanding the customer base. Additionally, it can enhance advertising effectiveness and improve a company's reputation (Doni et al., 2020). Customers tend to remain loyal to service providers with whom they've had positive experiences, as they prefer to minimize risk. Prior studies, such as those by Ngo Vu Minh (2016), suggest that satisfaction often leads to loyalty in service settings. Riani Yunita et al. (2022) note that a person's satisfaction is shaped by comparing their feelings and expectations with the actual performance or results they receive. Achieving customer satisfaction can be challenging if a service provider doesn't fully understand customer needs, as different individuals may experience varying levels of satisfaction from the same products or services (Luthfy Kasim, 2021).

### ***The Relationship Between Price and Customer Satisfaction***

Price is a crucial factor influencing customer satisfaction, particularly in competitive markets like coffee shops. One theory offer insights into the role of price in shaping satisfaction is Equity Theory. This theory, proposed by Adams (1965), suggests that customers evaluate the fairness of the price they pay relative to the benefits received. If customers perceive the price as equitable compared to competitors or their expectations, they are more likely to feel satisfied. Bolton & Lemon (1999) further applied this theory to pricing fairness, emphasizing its importance in service industries like coffee shops.

Customer satisfaction is closely tied to the perceived value in the customer's mind, rather than being dictated by what a brand considers valuable (Nancholas, 2022). A study by Herman (2023) found that price significantly influences consumer satisfaction. Price not only serves as a key indicator of customer satisfaction but also has the power to either attract or deter customers (Fornell, 1966). Price can be defined as the amount of money a buyer pays to a seller for goods or services, encompassing both the profit margin and the cost of the goods or services provided (Surbhi, 2014). Han & Ryu (2009) discovered that in Korea's restaurant industry, customer satisfaction is greatly influenced by perceived pricing; customers are more likely to be satisfied when they believe the product is fairly priced. Kotler & Keller (2012) emphasized that price is a key element of the marketing mix that generates revenue, while the other elements typically incur costs. Pricing plays a crucial role in shaping customer satisfaction.

Coffee drinks are generally sold at fixed prices, and customer satisfaction often depends on how the price compares to the quality. Some customers feel satisfied when the price is affordable or when the coffee's taste provides good value for money. This aligns with the findings of Konuk (2018), who noted that customer satisfaction tends to rise when coffee drinks are reasonably priced and of high quality. However, if the coffee is overpriced, does not meet

the expected quality, or fails to compete with similar options, customers are likely to feel dissatisfied (Runtunuwu et al., 2014).

### ***The Relationship between Product Quality and Customer Satisfaction***

Product quality is a key factor that significantly impacts customer satisfaction. The SERVQUAL model, developed by Parasuraman, Zeithaml, & Berry (1988), emphasizes the gap between customer expectations and the actual quality delivered. Key dimensions of service quality include reliability, tangibles, responsiveness, assurance, and empathy. In the context of coffee shops, factors like the taste and freshness of coffee, the cleanliness of the shop, and the responsiveness of staff play a significant role in shaping customer satisfaction.

Product quality is a critical factor for the success of any business, playing a significant role in shaping customer satisfaction. It encompasses the attributes and characteristics of a product that meet or surpass customer expectations, such as functionality, durability, reliability, and overall performance. High product quality is often seen as a key indicator of value, influencing customers' purchasing decisions and their likelihood of becoming repeat buyers. It is closely tied to a product's ability to perform as intended, including aspects like functionality, accuracy, reliability, ease of use, maintenance, and other valuable features (Grace et al., 2021). As a result, customer satisfaction with both the purchase and use of a product is directly affected by its quality (Hidayat, 2009). For many coffee drinkers, product quality is closely tied to the authenticity of the beans and the accuracy of the brewing process. Specialty coffee shops prioritize the traceability of their beans, ensuring they are sourced from reputable growers who follow sustainable practices. This commitment to high-quality, ethically sourced beans attracts consumers who seek not only exceptional taste but also wish to support responsible production methods.

Kannan (2017) discovered that overall food quality has a significant influence on customer satisfaction and behavioral intentions. Regression analysis identified taste and presentation as the most important factors contributing to customer satisfaction and intentions to revisit. Therefore, restaurant managers should focus on key food quality elements that enhance customer satisfaction and encourage repeat visits. Similarly, Jalal Hanaysha (2016) found that food quality significantly and positively impacts customer satisfaction. The study also highlighted that price fairness and the physical environment have a substantial positive effect on customer satisfaction. Furthermore, a study by Nor et al. (2024) conducted at premium coffee shops in Penang revealed that product quality positively affects customer satisfaction, underscoring the importance of high-quality coffee and related products in fostering customer satisfaction.

### ***The Relationship Between Location And Customer Satisfaction***

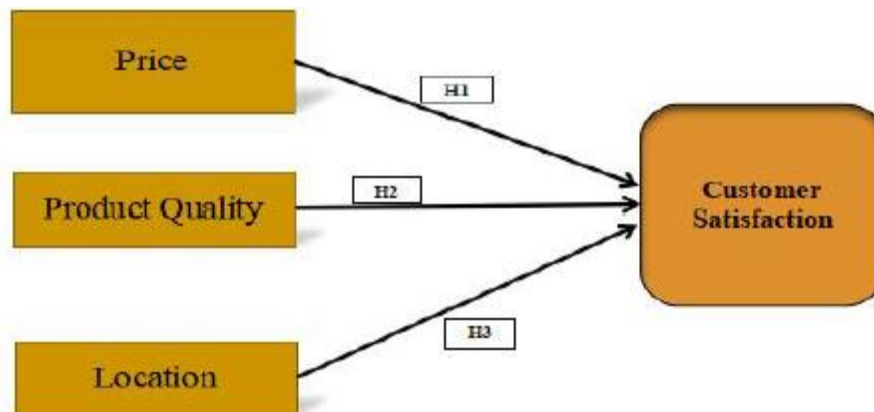
A location refers to the specific area where a business operates and carries out its activities. Key factors that influence a company's growth include its placement within a metropolitan area, ease of access, and the travel time needed to reach the site. When choosing a location for service facilities, two main considerations arise: one where customers visit the service provider, and another where the service provider travels to the customers. Some businesses combine both strategies (Swastha, 2012). For a coffee shop, the location should be easily accessible, with convenient public transportation options. An ideal location is highly visible, noticeable from a typical viewing distance. Traffic considerations also play a role, with factors such as sufficient, comfortable, and secure parking being essential. Additionally, the location should have enough space to allow for potential future expansion of the business.



The study by Han et al. (2020) highlights that location characteristics, especially demographics and competition, have a significant impact on customer satisfaction in restaurants. Afifudin (2016) found that the more attractive a location is to consumers, the higher their satisfaction with it. Similarly, Akpoyomare (2014) stressed the importance of location selection in the industry, noting that location is a crucial factor consumers consider when choosing a store or service provider.

### Research Framework

Figure 1 show the framework for this study



**Figure 1: Conceptual Framework of The Study**

### Problem Statement

Malaysia's coffee market is growing rapidly and becoming more competitive, with both local cafés and international coffee chains expanding their presence. Coffee consumption is increasing, especially among the younger millennial generation, making it a popular daily beverage. As a result, Malaysia is now ranked among the top 50 coffee-consuming countries (Ali, 2021). In Malaysia, "local street coffee" refers to coffee prepared and sold outdoors or at roadside stalls, rather than in formal coffee shops. This informal style of coffee service is typically provided by local vendors, small stands, or mobile carts set up along streets, sidewalks, or public spaces (Gregar, 2019). This contrasts with street coffee culture abroad, where it is often found in bars or malls, whereas in Malaysia, it is served by roadside vendors, typically under tents.

In the context of local street coffee shops, coffee quality is essential in influencing consumers' purchasing decisions and overall satisfaction. Kotler and Armstrong (2008) emphasize that high product quality increases the likelihood of consumer preference and satisfaction. As such, it is vital for local street coffee shops to consistently offer high-quality coffee to enhance customer satisfaction and loyalty. Additionally, in the competitive landscape of local street coffee shops, pricing strategies are equally significant in shaping consumer choices and satisfaction. Kotler & Keller (2009) argue that price is a crucial differentiating factor, with consumers carefully assessing various price points before making a purchase. To stay competitive, local street coffee shops must implement pricing strategies that meet consumer expectations, thereby attracting customers and fostering satisfaction.

Zeithaml et al. (1996) propose that convenient locations foster positive customer attitudes and encourage word-of-mouth referrals. Therefore, it is crucial to understand how the accessibility of public locations affects customer satisfaction and influences behavior in local street coffee shops to drive business success. Furthermore, Wailmy & Tamam (2020) noted that both service quality and location have a significant impact on customer satisfaction, indicating that improvements in either aspect lead to higher levels of satisfaction.

This study aims to enhance the success of local coffee shops by focusing on the factors that contribute to customer satisfaction. Customer satisfaction and happiness are fundamental to fostering loyalty, as consumers are more likely to remain loyal to a business when they are satisfied. The findings of this study provide valuable insights for coffee shop owners, helping them expand their customer base and offering a clear path for future improvements in customer satisfaction. The ability of a business to adapt its products or services is crucial, as loyal customers believe they cannot find the same level of satisfaction elsewhere, encouraging repeat patronage. Therefore, this research will examine the relationship between price, product quality, and location in shaping customer satisfaction at local street coffee shops.

### ***Research Objective and Questions***

This study aims to explore the impact of price, product quality, and location on customer satisfaction at local street coffee shops. To achieve this, the following research question is addressed: How do price, product quality, and location affect customer satisfaction in the context of local street coffee shops?

### ***Research Hypotheses***

Based on the framework, three hypotheses of this study are formulated:

H1: The price positively influences the customer satisfaction at the local street coffee shop.

H2: The product quality(coffee) positively influences the customer satisfaction at the local street coffee shop.

H3: The location positively influences the customer satisfaction at the local street coffee shop.

### ***Methodology***

#### ***Research design***

This study employs quantitative methods to assess the acceptance of local street coffee among UiTM Penang students. Data will be gathered through questionnaires distributed via Google Forms on social media platforms such as WhatsApp, Telegram, Instagram, and Facebook. The research will focus on factors including price, quality, and location of local street coffee shops. Convenience sampling, a non-probability sampling method, will be used to select participants based on ease of access. A descriptive and hypothesis-testing approach has been chosen, as the use of questionnaires allows for the collection of detailed information from respondents to enhance the study.



**Figure 2: Research Design**

### ***Unit of Analysis***

This study is centered on the Permatang Pauh branch of UiTM Penang, targeting students from five faculties: the Faculty of Civil Engineering, Faculty of Electrical Engineering, Faculty of Mechanical Engineering, Faculty of Chemical Engineering, and the Faculty of Hotel and Tourism Management. The unit of analysis in this research is individual students from these faculties, as their perceptions and behaviors toward local street coffee shops are central to understanding the factors influencing customer satisfaction. A convenience sampling method was used to select participants, focusing on those who are easily accessible and willing to provide insights on their experiences with local street coffee shops.

### ***Population and Sampling***

This study employs scientific methods to gather information from participants through the distribution of questionnaires, with the resulting data being analyzed to generate comprehensive statistics and identify patterns. Using the Roasoft program, a recommended sample size of 384 participants is determined, ensuring reliable and accurate estimates. A pilot study was conducted with 30 students from UiTM Penang to gather preliminary data and evaluate the data entry and processing procedures. The study focuses on a specific age group of 19 to 30 years, as individuals within this range are more likely to have experience purchasing from local street coffee vendors. Survey responses from this group will provide valuable insights into the factors influencing customer satisfaction at local street coffee shops.

### ***Instruments***

An online survey questionnaire was designed using Google Forms, with questions available in both English and Malay to ensure accessibility and ease of understanding for participants. This bilingual approach allows respondents to choose the language they are most comfortable with,



improving the quality of their responses. The questionnaire consists of five sections: Section A collects demographic information from participants; Section B contains four questions addressing independent variables such as price; Section C includes five questions focused on product quality; Section D features five questions related to location; and Section E comprises five questions targeting the dependent variable, customer satisfaction. To assess responses, a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) will be used, enabling a clear measure of participant attitudes and perceptions.

### ***Data Analysis***

Specialized software will be utilized to analyze the data, ensuring precision and efficiency in the process. IBM SPSS Statistics (SPSS) has been chosen for this study due to its robust analytical capabilities. The research will primarily focus on descriptive data, exploring customer satisfaction with coffee shops in the Klang Valley, Malaysia, with a focus on factors such as price, location, and product quality. SPSS will be used to perform descriptive analyses, including calculations of mean, frequency, and standard deviation, along with graphical representations such as bar charts. Furthermore, Pearson Correlation Coefficient and Regression Analysis will be employed to examine the relationships between the variables in greater detail.

## **Result and Discussion**

### ***Reliability test***

A reliability test is a statistical technique used to evaluate the consistency and stability of a measurement tool or its components. Its purpose is to determine how consistently the tool or test items measure the same concept across multiple administrations. Cronbach's Alpha is a widely recognized metric for assessing reliability, as it gauges the internal consistency of a set of items or a scale. In this study, the Cronbach's Alpha coefficient was used to measure consistency, revealing how well the test items correlate with each other and whether they assess the same underlying construct. A Cronbach's Alpha value of 0.6 or higher is generally recommended (Sekaran, 2003). The number of items in a scale can influence the Cronbach's Alpha value, with shorter scales typically yielding lower values. The reliability test results showed a Cronbach's Alpha of 0.942 for 19 variables, indicating a high level of reliability for the instrument used in this study.

**Table 1: Reliability Statistic**

<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized items</b>	<b>N of Items</b>
.942	.946	19

### ***Demographic Profile of Respondent***

The demographic section of this study provides a comprehensive overview of the respondents' characteristics, offering insights into their profiles and how these factors may influence their preferences and behaviors regarding coffee consumption. The demographic information includes gender, age group, education level, and coffee consumption frequency.

**Table 2: Respondents Profile**

	n.	%
Respondent	390	
Gender		
Male	209	53.6%
Female	181	46.4%
Age		
19-21 years old	191	49.0%
22-24 years old	181	46.4%
25-27 years old	18	4.6%
Educational Level		
Diploma	118	30.3%
Bachelor Degree	272	69.7%
Frequency of Respondents Consuming coffee		
Once a day	149	38.2%
Twice a day	16	4.1%
Three or more times a day	22	5.6%
Three or more times a week	202	51.8%

*Descriptive Statistic on Price***Table 3: Mean Score and Standard Deviation for Price**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
B1	390	1	5	3.85	1.060	-.857	.124
B2	390	1	5	3.83	.969	-.876	.124
B3	390	1	5	3.77	1.140	-.715	.124
B4	390	1	5	3.75	1.075	-.790	.124
Valid N (listwise)	390						

The data presented in Table 3 illustrates the descriptive pricing of local street coffee shops. Most respondents, with an average score of  $M = 3.85$ , agree that these shops offer consumers great value on drinks compared to other coffee shops. Additionally, respondents perceive the pricing of local street coffee shops as providing good value, with a mean score of  $M = 3.83$ . The third highest mean score,  $M = 3.77$ , reflects the belief that the money spent on products at local coffee shops is well worth the value. Finally, a mean score of  $M = 3.75$  indicates that respondents agree the prices at local street coffee shops are aligned with the quality of the menu offered.

*Descriptive Statistic on Product Quality***Table 4: Mean Score and Standard Deviation for Product Quality**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
C1	390	1	5	3.67	1.109	-.585	.124
C2	390	2	5	3.49	.901	-.022	.124
C3	390	1	5	3.64	1.039	-.235	.124
C4	390	2	5	3.62	.957	-.175	.124
C5	390	1	5	3.55	1.040	-.512	.126
Valid N (listwise)	390						

The data in Table 4 highlights the descriptive statistics regarding the product quality of local street coffee shops. Most respondents, with a mean score of  $M = 3.67$ , agree that the taste of coffee from these shops is delicious. Following this, respondents expressed satisfaction with the coffee's diversity, reflected by a mean score of  $M = 3.64$ . The third highest score,  $M = 3.62$ , indicates agreement that local street coffee shops offer a wide variety of menu options. Additionally, respondents agree that the packaging is appealing, with a mean score of  $M = 3.55$ . Lastly, the same score of  $M = 3.55$  shows agreement that the coffee offers a diverse range of flavors.

*Descriptive Statistics on Location***Table 5: Mean Score and Standard Deviation for Location**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
D1	390	1	5	3.56	1.129	-.313	.124
D2	390	1	5	3.62	1.080	-.381	.124
D3	390	1	5	3.67	1.097	-.391	.124
D4	390	1	5	3.60	1.021	-.622	.124
D5	390	2	5	3.40	.961	.058	.126
Valid N (listwise)	390						

The data in Table 5 presents descriptive statistics regarding the location of local street coffee shops. Most respondents, with a mean score of  $M = 3.67$ , agree that these shops are strategically positioned near community hubs such as schools and offices. Additionally, respondents find it convenient to access local street coffee shops, as they are easily visible, with a mean score of  $M = 3.62$ . The third highest mean score,  $M = 3.60$ , indicates agreement that the shops are located along busy roads with a constant flow of people, making them easy to find. A mean score of  $M = 3.56$  reflects that respondents generally find it easy to locate local street coffee shops. Lastly, respondents rate the cleanliness and comfort of the shop locations with a mean score of  $M = 3.405$ .

*Descriptive Statistic on Customer Satisfaction***Table 6: Mean Score and Standard Deviation for Customer Satisfaction**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
E1	390	1	5	3.68	1.014	-.778	.124
E2	390	1	5	3.74	.963	-.919	.124
E3	390	1	5	3.65	.960	-.452	.124
E4	390	1	5	3.78	1.014	-.911	.124
E5	390	1	5	3.56	1.034	.453	.126
Valid N (listwise)	390						

The data in Table 6 presents descriptive statistics on customer satisfaction with local street coffee shops. The highest mean score,  $M = 3.78$ , reflects that most respondents feel happy with the beverages from these shops. Following this, respondents indicated they would recommend the local street coffee shops to friends, with a mean score of  $M = 3.74$ . The third highest score,  $M = 3.68$ , shows that respondents are satisfied with the drinks offered. Additionally, a mean score of  $M = 3.65$  suggests that respondents would encourage others to visit the local street coffee shop. Lastly, the lowest mean score of  $M = 3.56$  indicates that respondents, though fewer in number, still feel their experience with local street coffee shops is valuable.

*Pearson Correlation Coefficient Analysis***Table 7: Pearson Correlation Matrix between Variables**

		Price	Product Quality	Location	Customer Satisfaction
Price	Pearson Correlation	1	.725**	.692**	.785**
	Sig. (2-tailed)		.000	.000	.000
	N	390	390	390	390
Product Quality	Pearson Correlation	.725**	1	.644**	.817**
	Sig. (2-tailed)	.000		.000	.000
	N	390	390	390	390
Location	Pearson Correlation	.692**	.644**	1	.740**
	Sig. (2-tailed)	.000	.000		.000
	N	390	390	390	390
Customer Satisfaction	Pearson Correlation	.785**	.817**	.740**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	390	390	390	390

\*\* Correlation is significant at the 0.01 level (2-tailed)

The results presented in Table 7 reveal a strong positive linear relationship between price and customer satisfaction, with a Pearson correlation coefficient ( $r$ ) of 0.785 and a statistically significant p-value of  $<0.05$ . This highlights the significant role of price in shaping customer satisfaction, a conclusion also supported by Prasilowati et al. (2020). Additionally, Albari (2019) found that price positively influences both customer satisfaction and loyalty. Similarly,

the data indicates a strong positive correlation between product quality and customer satisfaction, with a Pearson correlation coefficient ( $r$ ) of 0.817 and a  $p$ -value of less than 0.05. This aligns with Mahsyar's (2020) study, which suggested that high product quality contributes to customer satisfaction and increases the likelihood of revisiting a restaurant. Sambo (2020) further emphasized the importance of product quality in customer satisfaction, noting that declines in product quality can negatively impact customer loyalty. Furthermore, the analysis reveals a positive relationship between location and customer satisfaction, with a Pearson correlation coefficient ( $r$ ) of 0.740 and a significant  $p$ -value of  $<0.05$ . This finding is consistent with Han et al. (2020), who demonstrated that location factors, such as demographics and competition, significantly affect customer satisfaction in restaurants. The study by Diah Yulisetiari et al. (2022) also supports the positive impact of price and location on customer satisfaction, suggesting that these factors play a crucial role across different contexts. Given these results, restaurant owners should prioritize improving the location of their establishments, as a favorable location significantly enhances customer satisfaction and encourages repeat visits.

## Discussions

This study investigates the impact of price, product quality, and location on customer satisfaction at local street coffee shops. The primary objective is to examine how these three factors influence customer satisfaction. Three alternative hypotheses have been proposed for each of the variables: price, product quality, and location. The findings confirm that each of these factors significantly contributes to customer satisfaction, encouraging customers to return to their preferred local street coffee shops.

Regarding the first hypothesis, which explores the effect of price on customer satisfaction, the results show a positive correlation among UiTM Penang students. The hypothesis suggests that customers are generally satisfied with the prices at their preferred street coffee shops. The reasonable pricing and consistent value for money meet their expectations, fostering trust in these establishments. As a result, customers are more likely to return, feeling that the prices are reasonable and reflective of the quality offered. This underscores the pivotal role that price plays in enhancing customer satisfaction at street coffee shops.

In relation to hypothesis 2, the study reveals that a majority of respondents (with a mean score of  $M = 3.67$ ) agree that the coffee at local street coffee shops is of excellent taste. The findings emphasize the strong connection between product quality and customer satisfaction. High-quality coffee and service directly affect customers' satisfaction levels. When local coffee shops serve well-prepared, flavorful drinks in a welcoming environment, students are more likely to enjoy their experience, leading to repeat visits and fostering loyalty. The results highlight the importance of maintaining high-quality standards to ensure customer satisfaction, with the majority of students expressing satisfaction with the taste, variety, and presentation of coffee at these shops.

Finally, hypothesis 3 sheds light on the significance of location in shaping customer satisfaction. The findings indicate that most respondents perceive the locations of local street coffee shops as strategically placed, with proximity to key community areas like schools, residential neighborhoods, and roadsides. This convenience is especially appreciated by students, who value the easy access to coffee without the long waits typical of branded coffee chains like Starbucks and Coffee Bean. The proximity of local street coffee shops allows for



quicker service, enhancing customers' time management and satisfaction, further supporting the importance of location in driving customer satisfaction.

## Conclusion

The study successfully achieved its objective by analysing the key factors influencing customer satisfaction at local street coffee shops. The findings reveal that product quality, especially the taste and variety of coffee, is a significant factor in customer satisfaction. Additionally, location plays a crucial role, with customers favouring coffee shops situated near community hubs for convenience. While price is important, it is not the sole driver of customer satisfaction; rather, customers prioritize the overall experience, including product quality and the convenience of the location. The study highlights that coffee shop owners should focus on delivering high-quality products, ensuring cleanliness, and strategically positioning their shops in locations that are easily accessible to customers. By aligning their offerings with these customer preferences, coffee shop owners can enhance satisfaction, attract more customers, and improve their overall business performance.

However, one limitation of this study is its focus solely on the opinions of students from UiTM Penang, which may not fully capture the diverse perspectives of other customer groups, such as working professionals or tourists. Furthermore, the reliance on self-reported data presents potential biases, as participants' responses may not always accurately reflect their actual experiences. For future research, expanding the participant pool to include a wider range of demographics, including different age groups, professions, and locations, would offer a more comprehensive understanding of customer satisfaction in local street coffee shops. Incorporating additional research methods, such as observational techniques or analysis of sales data, could also help validate the findings. Exploring factors like pricing strategies, marketing tactics, and competition with larger coffee chains may provide further insights into the factors driving the success of local street coffee shops. These establishments offer a distinct appeal, providing customers with a sense of comfort and convenience that sets them apart from larger coffee chains. Therefore, supporting local street coffee shops is crucial, as they cater to the needs of students and workers, offering quick and accessible coffee when it's most needed.

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