

Environmental Characteristics, Service Quality, and Brand Image as Drivers of Customer Loyalty in Malaysian Book Cafés

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Abstract. This study explores the impact of overall quality and brand image on customer loyalty within the context of book cafés. Book cafés are special foundations that combine the experience of eating with the enjoyment of books, offering a loose atmosphere for customers. The research focuses on overall quality and brand image, and their impact on customer loyalty. Additionally, the study also explores the impact environmental characteristics that encompasses menu, price, food and beverage, employee service, and atmosphere on the overall quality and brand image. A non-probability sampling method, convenience sampling, was used to recruit 150 customers of book cafés for this study. Data was collected with a set of self-administered questionnaires that collected via Microsoft form. Data was analysed through Partial Least Square Structural Equation Modelling to check on the validity and relationship between the variables. The findings have demonstrated that overall quality and brand image have significantly influenced the customer loyalty of the consumers towards book cafés. Overall quality is in turn affected by food and beverage and employee service. Meanwhile, brand image is explained by food and beverage and atmosphere. The findings of this study highlight the significance of different environmental characteristics in shaping the overall quality and brand image of book cafés, which in turn influence customer loyalty. This research gives profitable insights for book café operators in Malaysia to upgrade their service offerings and strengthen customer loyalty through improved quality and brand image.

Keywords: Overall Quality, Brand Image, Customer Loyalty, Book Cafés

1. Introduction

In the last couple of years, book cafés have emerged as a hybrid place that synthesizes the comfort of a coffeehouse with the intellectual atmosphere of a bookstore. Book café is a convergence space that harmonises the aspect of a bookshop and that of a café. It is a destination where book lovers and coffee aficionados have a venue where they get to indulge in their love of food and reading (WorldAuthors.Org, 2024). Book cafes typically have stylishly designed bookshelves, cozy seating areas, and café offerings of coffee, tea, and baked goods. The contemporary book cafés feature amenities like free Wi-Fi, in addition to offering a quiet space that is conducive to studying and reading, and even organising activities like book readings, authors' signings, and literary forums. These advances are a demonstration of evolving consumer preferences and technological advancements.

Malaysian café culture, like book cafés, has been fashionable with more and more venues offering spaces that meet the need for new and intimate spaces. Book Barter Café, MeTime BookCafe, and The Biblio Book Café are a few of these book cafés. But the book cafés mainly locate in the central city of Malaysia, for example, Kuala Lumpur, Selangor and Penang. As reported by Easystore (2025), book café in Malaysia serves as platform in promoting lifelong learning and reading culture to Malaysian. In recent Kuala Lumpur International Book Fair (KBIF) 2025, Malaysian book café has set a remarkable record in the book industry through delivering 50 000 books to readers. It shows Malaysian has strong preference for physical books despite increasing digital content in this era.

Book cafés provide a unique experience that is attractive to a niche market of book enthusiasts and coffee lovers. As illustrated by Soloha et al. (2021), the book cafés have become popular, especially among young and experience-driven consumers who give importance not just to the product but also to meaningful environments and emotional connections. With the increasing popularity of these specialty establishments among younger, experience-driven buyers, the challenge of creating long-term customer loyalty becomes even more pressing. Unlike conventional cafes, book cafes depend not just on the quality of their products and services but also on the emotional and symbolic value attached to their brand image (Suprayogi et al., 2024).

Customer loyalty of newly opened restaurants and cafés depends primarily on the quality of products and services offered, as Lim et al. (2014) argue. Similarly, Lim et al. (2022, p94) conducted a study which found that 44.2% of Malaysians visiting cafés are motivated by food and coffee and 22.9% are for relaxation. Djakaria (2024) emphasized that overall service quality and brand image were among the key drivers that appeared consistently. This proves that quality of product and setting are strong factors influencing customer satisfaction and loyalty. This aligns with the broader trend in the Malaysian market in which quality and brand reputation are key factors for customer loyalty. Therefore, understanding these dynamics is essential for book café owners aiming to foster customer loyalty, which is a critical factor for sustainability to success.

To date, there are only a handful of studies on customer loyalty in the café industry. Recent research by Prasetyo and Pangaribuan (2020) and Said and Tiong (2023) did not specifically address customer loyalty in book cafés. In Malaysia, studies by Lim et al. (2024), Tuan Zakaria and Che Ku Mohd (2024) focused on customer loyalty in traditional coffee shops. Meanwhile, Oh et al. (2024) analysed customer retention in the Malaysian coffee shop industry. As underscored by Lee et al. (2021) and Rashid et al. (2021), there remains a gap in understanding how the interaction of overall service quality with brand image influences loyalty when it comes to book cafes. This highlights the scarcity of research on customer loyalty in the context of book cafés specifically deploying Service Dominant Logic (SDL). Thus, this research aims to reveal how the overall quality and brand image of book café influences consumer loyalty which drive repeat patronage and brand attachment. However, this study examines the customer loyalty from Malaysian perspective.

2. Literature Review

2.1. Underlying Theory

Traditional business models focus on good-dominant logic (GDL) and highlights value is determined by business and delivered to customers (Vargo and Lusch, 2004). Meanwhile, SDL presents a transformative framework on how value is created in business, shifting from product-dominant to service-dominant (Dupej and Choi, 2025).

SDL distinguishes resources into operant and operand (Vargo and Lusch, 2004). Operant resources refer to intangible assets such as knowledge, skills and networks that are complementary to operand resources and can be used to increase value creation (Pham et al., 2024; Chandler et al., 2011). In contrast, operand resources include tangible and physical assets (Madhavaram and Hunt, 2008) which are the main drivers of value under GDL framework.

SDL focus on capabilities of actors in transforming operand resources in the value co-creation process. Customer as central to interact with operand resources in designing customer experience (Nguyen, 2024; Kleinaltenkamp et al., 2023). Adopting customer collaborative engagement approach as core strategy for business (Sachedeva et al., 2025; Bal et al., 2023) and customers become active value co-creators (Bosisio, 2024) are crucial business insights in competitive marketplace. Extensive study conducted focused on value co-creation through customer engagement (Qasim et al., 2025; Tran and Le, 2025; Tuan and Doan, 2025) and reaffirmed the customer participation in formulating business strategy.

SDL has become multidisciplinary (Helmefalk et al., 2023) and studied in various fields such as cannabis agritourism (Dupej and Choi, 2025), tourism management with generative artificial intelligence (Giri et al., 2026), recycling ecosystem (Helmefalk et al. 2023), industrial brand personality management for business to business (Kovalchuck et al., 2023) and supply chain sustainability (Manurung et al., 2023). These studies demonstrate how multiple actors integrate intangible resources in the dynamic value co-creation process.

2.2. Customer Loyalty

Loyalty customers will bring in their friends and families, increasing word-of-mouth advertising and minimizing push advertising needs (Freedman, 2024). According to Khowjoy et al. (2022), customer loyalty can be defined as a consumer's consistent preference for a brand or business, which may manifest itself in the form of repeat patronage and advocacy. Indeed, satisfaction, trust, emotional connection, and perceived value are drivers of customer loyalty. This reasserts customer loyalty shaped by attitudinal and behavioral dimensions (Li et al., 2020; Narvanen et al., 2020). Recent studies also emphasize that loyalty is no longer transactional but relational, especially in immersive environments such as themed cafés (Akrimi, 2025; Sobrinho et al., 2025). This is also supported by Komesarook (2023), in which customer loyalty also leads to an emotional attachment to the café, resulting in a sense of belonging and community.

Empirical research in the recent past has identified drivers of customer loyalty in book cafés. For example, the atmosphere, or so-called 'experiential atmosphere', created by book cafés is crucial to influencing customer satisfaction and loyalty. The themed environments of such places, due to quiet ambiance, literary decoration, and cozy sitting, create immersive experiences that encourage emotional commitment (Meeprom & Kokkhangplu, 2025). Along with the atmosphere, service quality and personalization are other components of the experience. Dimensions like friendliness of employees, attention to minute details, and tailored recommendations, such as a recommendation of a book or making a special coffee, significantly influence customer satisfaction and loyalty (Chitez et al., 2025). Similar findings also revealed by Coronel et al. (2024) that a friendly and welcoming environment improves the overall customer experience and, consequently, improves the customers' intentions to be loyal.

Medrano et al. (2025) also argued that the connectivity between product and experience, provided through selections of books available in the stores, including literary-themed food choices, and events like the reading of books or writing workshops, increases customer involvement and therefore leads to brand attachment. Meanwhile, Akrimi (2025) demonstrated that emotional and cognitive commitment are the most significant antecedents of loyalty in thematic cafes, where a person emotionally connected with the brand tends to revisit and recommend the brand to others; thus, the role of trust and cognitive evaluation is crucial for long-term loyalty. This is in line with study by Zhang (2017) which found that positive experience at the café, such as good quality of service and friendly environment, results in customer loyalty.

2.3. Environmental Characteristics

Environmental characteristics of a café as per Cho et al. (2020) encompasses physical/non-physical attributes that consist of environmental and non-environmental stimuli. If customers' expectations in the physical environment of a book café are fulfilled, it raises their rating of the quality of the café as well as promoting the brand image positively (Jahanshahi et al., 2011). Lee et al. (2021) emphasized that physical surroundings, flavor of the beverages, and menu items are key customer loyalty attributes for coffeehouses, which can be applied to book cafés. Environmental attributes of a book café can be an important element in determining its overall quality as well as brand image (Cho et al., 2020). The environmental characteristic for this study includes menu, price, food and beverage, employee service and atmosphere as suggested by Cho et al. (2020).

The menu is a strategic tool that influences customer perception and operational efficiency. A well-designed menu reflects not only the brand's identity but also guides customer choice and supports profitability (Saraiya, 2025). The menu that has variety of choices specialty coffees and teas, and light snacks would be able to meet the needs for different preferences of the customers that will encourage them to stay longer in the café. According to Española & Janaban (2023), attractive presentation of food and beverages also creates a sense of sophistication and aligns with the café's thematic concept, reinforcing perceived quality and brand image. This means the reputation of the book café will be elevated once the customer attracted by creativity and uniqueness and offering a pleasant and enjoyable experience. Research has proven that menu affect overall quality (Española & Janaban, 2023) and brand image (Cho et al., 2020) positively. Therefore,

H1: Menu positively influences consumers' overall quality of Book Café.

H6: Menu positively influences brand image of Book Café.

Price is an intricate variable interacting with perceived value in which fair pricing will help in maintaining trust and ensure affordability and experience of the customers. customers in niches like book cafes may prioritize experience over cost despite the affordability is also important (National Restaurant Association, 2025). This indicates that pricing strategy not only a factor of brand image but also a way for the company to communicate the value and quality of its products to the customers. For instance, in book cafés, customers easily relate reasonable pricing to accessibility and inclusivity, whereas premium pricing may suggest exclusivity and luxury. Nevertheless, it is very important to keep a good quality (price-to-value ratio) during inflation to be able to keep the brand's reputation intact (Spry, 2025). Studies have shown that price perception greatly influences loyalty when combined with quality and ambiance (Lestari et al., 2022; Yeo et al., 2025). Hence,

H2: Price positively influences consumers' overall quality of Book Café.

H7: Price positively influences brand image of Book Café

Quality of food and beverages is one of the key indicators of customer satisfaction and loyalty.

While high quality promotes both perceived value and return visits (Lestari et al., 2022). Customers demand premium coffee, artisanal teas, and fresh snacks that legitimize their time and money. customersity products may weaken the café's concept and thus, its clientele, while top-notch quality makes the customer feel valued and thus, positive word-of-mouth gets generated and make the time spent in the café worthy (Abdullah et al., 2023). The authors also found that food and beverage quality directly influences customer retention and perceived value like overall quality and brand image in hospitality settings. Therefore,

H3: Food and beverage positively influence consumers' overall quality of Book Café.

H8: Food and beverage positively influence brand image of Book Café.

Employee service includes professionalism, responsiveness, and empathy. The SERVQUAL model describes that the service quality dimensions of empathy, and assurance (Min et al., 2023) relate to customer satisfaction. Previous work shows that training and perceived support like wellness initiatives at workplace for employee training has positive impact on service quality that in turn enhances overall quality in hospitality businesses. Meanwhile, (Du Plessis & Rabie, 2025; Waqanimaravu & Arasanmi, 2020). In book cafés which are basically the customers' choice of a peaceful and relaxing environment, polite and knowledgeable staff are the ones that really take the brand to the next level by not only giving the customer the comfort but also the intellectual engagement. Thus,

H4: Employee service positively influences consumers' overall quality of Book Café.

H9: Employee service positively influences brand image of Book Café.

Atmospheres include the physical design, the light level, the noise level, and the theme-related decor. In a book café, where the atmosphere can be the main reason for reading, relaxing, and socialising, it is, thus, very significant. The right and thoughtful atmosphere is one of the elements that can lead to customer-brand emotional connection and can become a unique feature of the brand (Sharma et al., 2024). Tangible aspects, such as furniture, music, and scent, add richness to the sensory experience of a book café and overall perceived quality. This means a well-designed ambiance not only improves perceived quality and brand image but also drives revisit intentions and positive word-of-mouth. Previous studies showed that atmospherics strongly influence customer satisfaction and behavioural intentions in restaurant and make it an important determinant for overall quality perception and a strategic tool for brand differentiation (Khuong & Mai, 2025; Rathnasiri et al., 2025). Therefore,

H5: Atmosphere positively influences consumers' overall quality of Book Café.

H10: Atmosphere positively influences brand image of Book Café.

2.4. Overall Quality

Overall quality is customers' perceptions regarding the overall superiority and excellence of products and services (Parasuraman et al., 1985; Parasuraman et al., 1988). Overall quality, also known as service quality by Arli et al (2024), is one of the factors that drive customer satisfaction and loyalty. In the book café context, overall quality is key component in creating customer loyalty given it is a service-oriented outlet. Customers often seek a quiet and intellectually stimulating environment. Zhang (2017) found that positive experience at cafés such as good quality of service and friendly environment leads to customer loyalty. Hence, apart from basic hospitality it incorporates ambiance, staff attentiveness, and personal experience as well.

Prior studies report overall quality significantly affects customer satisfaction and mediates loyalty as suggested by Villanueva et al. (2025). Djakaria (2024) further confirmed that overall quality does not only have a direct effect on loyalty but also indirectly increases loyalty by developing customer experience and satisfaction. From this perspective, this indicates that book cafes must be very concerned

with the provision of service at all times to ensure emotional bonding and repeat patronage. Chow et al. (2007) has also suggested that quality of service at restaurants can be measured with three dimensions: food, physical environment, and staff service. Physical ambiance and appearance of the restaurant can create a long-lasting effect on the perceived food and service. Quality has been shown, by Shrestha (2021) and Sambo et al. (2022), to positively influence customer loyalty in their studies. Lin et al. (2025) has confirmed that a good service quality will boost the revisit intention of the customer in their study.

H11: There is a positive correlation between overall quality and loyalty.

2.5. Brand Image

Brand image is a vital component in the marketing strategy of book cafés that will shape the customer's perception and sentimental attachment to a business. It refers to consumer's perception toward a brand that shaped their mind (Keller, 1993, p.3). Their perceptions and beliefs about a brand are influenced by individual experiences, marketing interactions and response to a brand. This, in turn, influences consumer attitude and purchase decisions. Aligned with cotemporary economy environment, brand image is co-created via customer engagement and social value exchanges instead of unidirectionally coming from firm (Yahya et al., 2024). For context of niched hospitality such as book cafes, brand image parlays into values of creativity, intellectualism, and community that are deeply connected with the targeted audience. A good brand image can help a cafKele to stand out in a competitive environment and provide a sense of home for its customers (Çelikkol, 2020). Similar opinion also provided by Suprayogi et al. (2024) that a positive brand image can differentiate a book café from its competitors, creating a unique identity that resonates with customers). This differentiation is essential in attracting and retaining customers, as a strong brand image fosters trust, satisfaction, and emotional connections, which are critical for customer loyalty (Guerriche et al., 2015).

Empirical studies have consistently shown that brand image significantly impacts customer loyalty in book cafés (Djakaria, 2024; Mai & Cuong, 2021). Calvino et al. (2023) on the other hand, found that brand image directly and indirectly affects loyalty through customer satisfaction. This also means the branding strategies is important. In the case of book cafes, for which branding often involves storytelling, aesthetic design, and thematic coherence, a strong brand image may contribute to the overall experience and create a motivation to revisit. Surapto (2020) corroborates this, showing that service quality significantly enhances brand image, leading to increased brand loyalty.

H12: There is a positive correlation between brand image and loyalty.

The following research framework have been proposed based on the above.

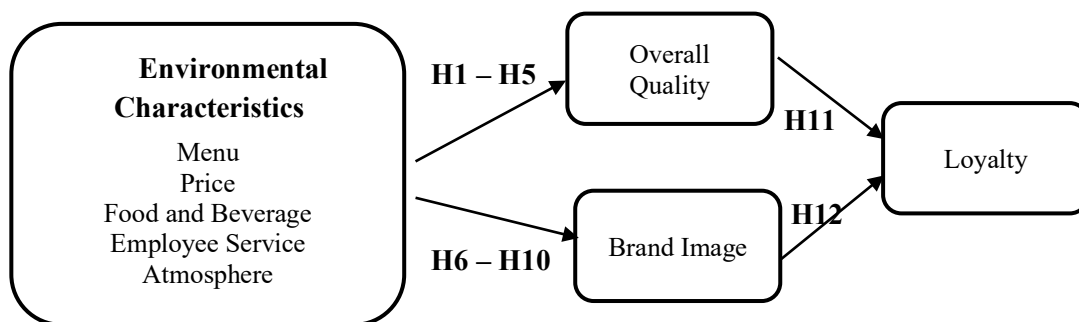


Fig. 1: Research Framework of this Study

3. Research Method

G*Power analysis was used to determine the required minimum sample for the study. With the setting

of 0.15 for effect size, 0.05 for alpha value and 0.8 for statistical power, the indicated minimum sample size is 92. According to Cohen's guidelines (1988), an effect size of 0.15 represents a small to medium effect. Brydges (2019) highlighted that using 0.15 ensures that the analysis is sensitive enough to detect meaningful relationships without requiring an excessively large sample. Furthermore, many psychological and social science empirical studies suggesting effects fall within the medium range, making 0.15 a realistic and practical choice (Pek & Flora, 2018). Hence, a total of 150 participants who are of the age ranged from 18 to 35 were included in this work focusing on data retrieval using convenience sampling methods.

Using convenience sampling was due to its practicality and efficiency in situations where time, resources, and accessibility are limited as pointed by Golzar et al. (2022). It enables the data to be collected easily and quickly by selecting participants who are readily available and willing to participate. Hence, make it reasonable to use it for this project specifically the period for this project was within a four-month period (Golzar et al., 2022). This is further supported by Ungvarsky (2025), who notes that constructing a complete sampling frame for all customers is often infeasible due to the absence of centralized customer databases in such establishments, making random selection unrealistic.

The reason for targeting consumers with the age ranged from 19 to 35 is because they are primarily Millennials and Generation Z. As emphasised by Agrawal et al. (2024) and Islas (2025), consumers from this age group exhibits high visit frequency, ready to spend more for premium experiences, sustainability, and ethical sourcing, which goes hand in hand with the increase of boutique and niche concepts. Moreover, Opeepl (2025) also underscores that they can drive the trends of the social media and making them pivotal for brand visibility and engagement strategies. Their openness to innovation and experiential consumption makes comfortable, intimate book cafés perfect places to reach this segment.

Survey method was deployed in this study, hence, informed consent, which includes the confidentiality of the collected information, anonymity of the participants, and data for academic purposes was provided on the cover page of the questionnaire for ethical consideration. The measurement constructs used for the survey, namely menu, price, food and beverage, employee service, atmosphere, overall service, brand image and loyalty were adapted from Cho et al. (2020). This is to ensure the validity and reliability of the constructs. Pilot study was conducted with a participation of 30 respondents. The actual data collection took place in June 2024 and took approximately a month to complete.

Using Microsoft Forms for the online survey facilitated collection and organisation of data which ultimately hastened the analysis process. This method is more effective because it allows easy dissemination of the questionnaire and quick responses to be collected. To make sure the responses were given by the correct targeted respondents who has visited book café and aged 35 and below, two filtering questions like have you visited book café for the past three months and are you in the age group 18 to 35 were included at first part of the questionnaire. The respondents will only proceed to the next section if both the answers are yes. The Microsoft Forms was then shared in social media platforms like WhatsApp, Facebook and others for data collection.

Due to the data is self-reported nature, common method bias (CMB) test was implemented using statistical remedies – Harman's single test as suggested by Podsakoff et al. (2003) and Tehseen et al. (2017). Harman's single-factor test, have demonstrated with a less than 50% variance in the percentage of variance for the first factor indicating CMB, is not a problem in the data. The data obtained was analysed using SPSS and PLS-SEM which provided the researchers with valuable statistical information to effectively test their hypotheses.

4. Findings

All the factor loading for the constructs are from 0.769 to 0.961. Referring to Table 1, all the composite reliability and the average variance extracted are above 0.7 and 0.5 respectively. Hence, the convergent

validity of all the constructs is deemed satisfactory as suggested by Hair et al. (2021). The discriminant validity using Heterotrait-monotrait (HTMT) criterion was used for this study (Henseler et al., 2015). As suggested by Franke and Sarstedt (2019), the HTMT values from the analysis were compared against the threshold values of HTMT.85 or HTMT.90 to conduct the assessment. All the HTMT values passed the threshold values of HTMT.85 as in Table 2. This suggests that the discriminant validity is adequate.

Table 1: Convergent Validity

Construct	Composite Reliability	Average Variance Extracted
Atmosphere	0.901	0.696
Brand Image	0.96	0.856
Employee Service	0.875	0.637
Food & Beverage	0.909	0.716
Loyalty	0.953	0.872
Menu	0.857	0.6
Overall Quality	0.961	0.924
Price	0.91	0.716

Table 2: Discriminant Validity Using HTMT Criterion

Construct	1	2	3	4	5	6	7	8
1. Atmosphere								
2. Brand Image	0.612							
3. Employee Service	0.71	0.488						
4. Food & Beverage	0.737	0.59	0.731					
5. Loyalty	0.611	0.704	0.63	0.607				
6. Menu	0.796	0.566	0.781	0.838	0.646			
7. Overall Quality	0.536	0.593	0.719	0.741	0.717	0.636		
8. Price	0.544	0.428	0.653	0.698	0.539	0.688	0.51	

Table 3: Results of Structural Model

Hypothesis	Relationship	Standardised Beta	Std Error	t-value	f ²	VIF	Confidence Interval	
							5.00%	95.00%
H1	Menu -> Overall Quality	0.05	0.141	0.355	0.002	2.433	-0.171	0.289
H2	Price -> Overall Quality	-0.017	0.069	0.251	0.000	1.772	-0.127	0.097
H3	Food & Beverage -> Overall Quality	0.449	0.123	3.645**	0.166	2.496	0.232	0.635
H4	Employee Service -> Overall Quality	0.343	0.114	3.017**	0.12	2.014	0.152	0.522
H5	Atmosphere -> Overall Quality	-0.032	0.089	0.363	0.001	2.06	-0.171	0.121
H6	Menu -> Brand Image	0.082	0.13	0.633	0.004	2.433	-0.125	0.304
H7	Price -> Brand Image	0.034	0.092	0.367	0.001	1.772	-0.132	0.174
H8	Food & Beverage -> Brand Image	0.243	0.106	2.292*	0.037	2.496	0.076	0.426
H9	Employee Service -> Brand Image	0.022	0.116	0.188	0.000	2.014	-0.168	0.214
H10	Atmosphere -> Brand Image	0.315	0.101	3.109**	0.076	2.06	0.145	0.479
H11	Overall Quality -> Loyalty	0.429	0.085	5.038**	0.291	1.437	0.3	0.578
H12	Brand Image -> Loyalty	0.422	0.093	4.546**	0.282	1.437	0.252	0.556

**p < 0.01, *p < 0.05

The result from structural model is presented in Table 3 and the structural model as in Figure 2. Critical value approach was deployed to assess the hypothesis for all the relationship. The path is significant if the t-value is greater than critical value of 1.6449 ($\alpha = 5\%$) and 2.3263 ($\alpha = 1\%$). For the impact of five environmental characteristics on overall quality, it shows that showing food and beverage ($\beta = 0.449$, t-value = 3.645, p -value < 0.01) and employee service ($\beta = 0.343$, t-value = 3.017, p -value < 0.01). For the brand image, food and beverage ($\beta = 0.243$, t-value = 2.292, p -value < 0.05) and atmosphere ($\beta = 0.315$, t-value = 3.109, p -value < 0.01). Meanwhile overall quality ($\beta = 0.429$, t-value = 5.038, p -value < 0.01) and brand image ($\beta = 0.422$, t-value = 4.546, p -value < 0.01). This illustrates that H3, H4, H8, H10, H11 and H12 are significant with t-value exceeding critical value of 2.3263 (p -value < 0.01) and 1.6449 (p -value < 0.05). On the other hand, the results show no support for H1, H2, H5, H6, H7 and H9.

The R-square (R^2) for overall quality, brand image and loyalty are 0.514, 0.367 and 0.561 respectively. This indicates 51.4% and 36.7% of variation in overall quality and brand image is explained by the environmental characteristics. For customer loyalty, the variation explained by overall quality and brand image is 56.1%. The R-square values for this study are considered moderate as per guidelines by Chin (1998), with 0.67 indicating substantial, 0.33 indicating moderate, and 0.19 indicating weak. Variance inflated factor (VIF) for all the variables is below 5 implying there is no multicollinearity problem in the model (Hair et al., 2021).

The effect size (f^2) for all the significance paths, food and beverage – overall quality has a moderate effect size with 0.166, employees service – overall quality has a small effect size of 0.12, food and beverage – brand image has a small effect size of 0.037, atmosphere – brand image has a small effect size of 0.076. The paths between overall quality and brand image with loyalty have moderate effect size of 0.291 and 0.282 respectively. While these values appear as small to moderate in magnitude as per Cohen (1988), however its contribution from the theoretical perspective cannot be neglected as effect size highlights practical significance which is not limited to statistical significance (Pek & Flora, 2018).

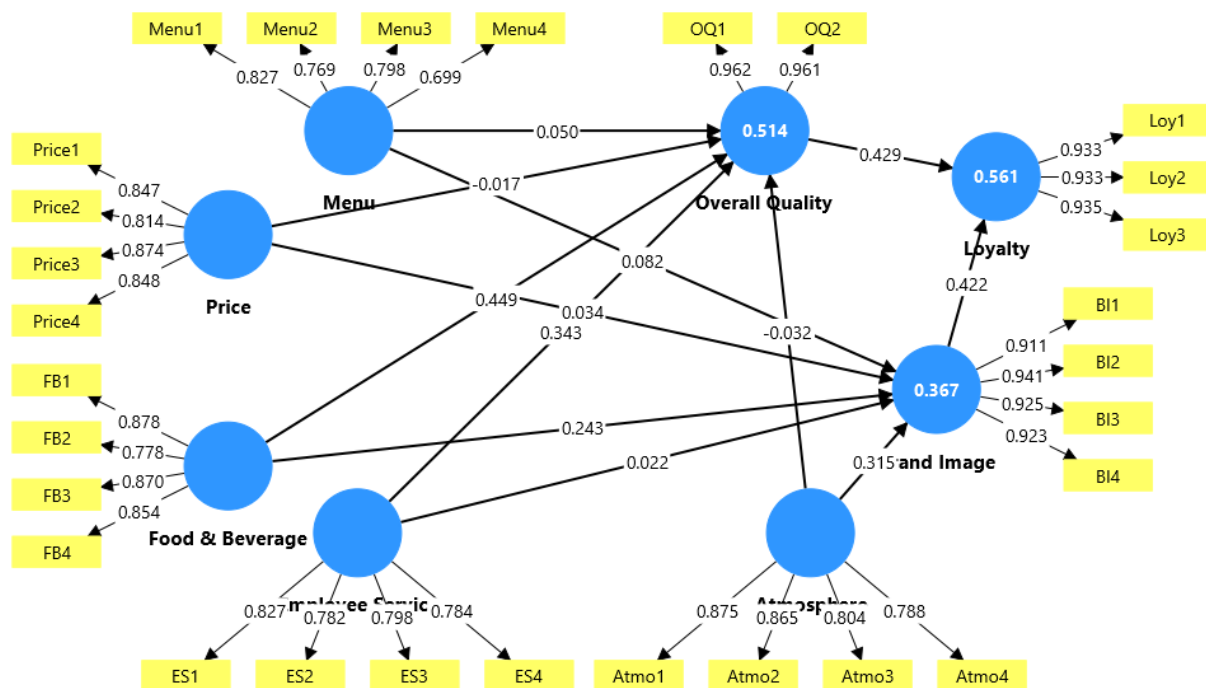


Fig. 2: Structural Model for this Study

Table 4: Demographic Profile of the Respondents

Variable	Frequency	Percentage
Gender		
Male	35	23.3
Female	114	76.7
Age Group		
18-25	132	88
26-30	14	9.3
31-35	4	2.7
Education Level		
SPM	4	2.7
Foundation	4	2.7
Diploma	9	6
Degree	111	74
Master	22	14.6
Occupation		
Student	130	86.7
Employed	15	10
Unemployed	5	3.3

$n = 150$

Referring to Table 4, more than half of the respondents are female (76.7%) and male (23.3%). Out of 150 respondents, 132 (88%) of them are in the age group of 18 – 25 years old. It is followed by age group of 26-30, which has 14 respondents and the remaining are in the age group 31-35 years old. 74% of the respondents are Degree, followed by master's degree holder with 14.6%. For the education, majority of the respondents are students which contribute 86.7%, 10% are employed and 3.3% are unemployed.

5. Discussion

The results indicated that food and beverage quality, along with employee service, positively influences the overall quality of a book café. This finding aligns with Cho et al. (2020), who reported that food and beverage quality and employee service are the dimensions of environmental characteristics that influence overall quality in their study. In this study, consumers perceived a good overall quality provided by book cafés if the food and beverage have good quality, tasty and, presentation of food is visually attractive. This means high-quality food and beverages enhance the customer experience by providing sensory satisfaction and contributing to the café's ambiance. As confirmed by Lectari et al. (2022), delicious and fresh food play an essential role in surpassing the competitors. The respondents in this study also perceived the employees of book cafés as willing to help customers, friendly and have a prompt response to their request as good quality. Research conducted by Suib and Ismail (2020) indicates that positive interactions between staff and customers enhance satisfaction and encourage positive customer behaviour. This has thus showed that the quality of food and beverage offerings and the level of employee service are critical determinants of the overall quality of a book café.

Conversely, factors of environmental characteristic such as the menu, pricing, and atmosphere were found to have no significant impact on the overall quality. These findings are contradictory to the findings by Cho et al. (2020). This indicates that the respondents of this study are not affected by the stylist of the menu and the type of food and beverage listed of the book cafés. They also seem to ignore the level of price for the food and beverage as well as the atmosphere settings like decoration, layout and lighting of the book cafés. As demonstrated by Effendi et al. (2025), menu variety and promotions did not significantly affect customer satisfaction or perceived value (Effendi et al., 2025). Meanwhile

Lestari et al. (2022) also revealed that price and menu variations had insignificant effects on ordering decisions in their study.

The results of this study revealed that food and beverage quality, as well as the atmosphere, significantly impact on the brand image of a book café. The finding of atmosphere associating with brand image is collaborate with the finding of previous study (Cho et al., 2020). Similar results also found by Rahmadi et al. (2025) that both atmosphere and food quality are related positively with customer satisfaction. Despite study by Rahmadi et al. (2025) was mainly to examine satisfaction and loyalty rather than brand image, their findings have indicated the essential role of those elements in the customers' positive perception of their experience at the cafés. The respondents of this study perceived that tasty, good quality, and visually attractive presentation of food served are important to shape their perception towards the brand image of book cafés. In addition, a warm and cozy atmosphere makes their visits more memorable, encouraging them to return and spread the word about the book cafés. This suggest that tasty food and beverages satisfy what customers like and make their visit more enjoyable. This positive impression will enhance their perception on the brand image of the book cafés. As supported by the study Pangaribuan and Sitinjak (2019) which shows that the atmosphere in a café strongly affects how happy customers are and whether they plan to come back.

On the other hand, the menu, price, and employee service do not have a notable effect on brand image. The findings of insignificant effect of price and employee service on are consistent with the study by Cho et al. (2020) but not for menu as it was revealed to have influence brand image. These results show that the respondents do not perceived stylist menu that with variety of choices of food and beverage, price of the food and beverage and the service provided by the employees determining the brand image of the book cafés. Perhaps future studies should revisit this association.

The structural model's result illustrated that overall quality positively influences customer loyalty towards book cafés. This matches what Shrestha (2021) and Sambo et al. (2022) found in their research. This study has discovered that service quality of book cafés in forming the loyalty of customers. When book cafés offer excellent service and products that go beyond customer expectations, people tend to return more often and share positive feedback with others. Similarly, Coronel et al. (2024) found that the quality of food and drinks plays a major role in making customers satisfied and loyal in café settings.

The study discovered that brand image of a book café's brand greatly affects customer loyalty. This backs up what Djakaria (2024) and Mai and Cuong (2021) discovered that brand image is crucial for customer loyalty in book cafés. As revealed by this study, a good brand image will be established and if the brand of the book cafés stands out for its uniqueness, exudes a distinct personality and distinct character. This demonstrated that when people think of a book café as reputable and trustworthy, they are more likely to come back and recommend it to others. A strong, positive brand image leads to more loyal customers. As highlighted by Bernarto and others (2020), a good brand image combined with customer satisfaction elevates loyalty to the next level.

6. Implications

This study has some implications from the theoretical and operational perspectives which are discussed as follows:

6.1. Theoretical Implications

First, SDL provides a framework in understanding contemporary business models within the digital economy landscape. In our study, the context of book café illustrates its relevance. The theory has significant impacts on book café business models as it offers more holistic and strategic business solutions. It recognizes the dimension of customer in contributing to service quality through value creations and exchanges between service provider and customer. Book café owners are encouraged to focus on collaboration and interaction with customers as their active participation is crucial in the service dominant value creation process. Book café owners should embrace value from customers

toward brand image and overall quality in designing personalized marketing and long-term customer loyalty reward program.

Second, under SDL, it requires book café operators to re-strategise their business model by shifting from product-value to service-value basis. In this framework, key players such as customer, partner and employee are seen as collaborators to create value for the business service ecosystem. In practice, book café operators must prioritise more customized and personalized service delivery. The long-term collaborative efforts between major players are seen as dominant source of values for enhancing book café customer experiences and strategic business marketing and opportunities. Customer engagement, satisfaction and loyalty thereby become crucial elements for long term business competencies.

Finally, through the engagement with book café operators, young customers are empowered to contribute constructive feedback and enhance the service ecosystem through value-co-creation. They may provide individual knowledge, preferences and experiences to the business model of book café. More importantly, young customers play active role in shaping the value they receive from the book café operators. As a result, this may lead to long-term collaboration between young customers and book café owners in creating and exchanging values on the basis of service. According to Dewinataia and Irwansyah (2022), young customers are active electronic feedback givers as they regularly use social networking sites. Active and quality feedback from customers may contribute to innovation effectiveness (Ponsignon et al., 2020). Thus, young consumers are important co-value creators.

6.2. Operational Implications

In addition to theoretical implications, this study has some operational implications for book café business owners. Firstly, to attract and retain customers, book cafés need to offer a broad selection of high-quality food and drinks. Equally important is the role of the staff, whose behaviour and attitude greatly influence customer satisfaction and their likelihood of returning. Therefore, investing in comprehensive staff training is crucial for book cafés. Employees should be attentive, friendly, and well-informed to deliver excellent service and create a welcoming atmosphere.

Secondly, book cafés should always aim to improve their service and product quality. They should also design effective loyalty programs and engage with customers on a personal level. In this way, book cafés can keep their customers coming back, grow steadily, and stay ahead of the competition. They might consider adopting self-service technologies, like those used in fast food chains, to enhance customer convenience and overall enjoyment (Lim et al., 2025).

Finally, book café owners and managers need to consistently improve their food, drinks, and atmosphere to stay competitive in the market. They should create a cozy, welcoming environment and offer personalized experiences that build strong emotional ties with customers. Consistent service and high-quality products are key to maintaining a positive brand image. Additionally, effective marketing strategies such as social media and community involvement help communicate a café's values and unique qualities. By leveraging these strategies, book cafés can enhance their brand image and foster long-term customer loyalty.

7. Conclusion

The overall quality and brand image of a book café has been confirmed as the critical determinants of customer loyalty. It has thus contributed to enhance the existing literature of the customer loyalty in the context of book cafés. This study also provides an insight into driving the patronage and brand engagement of customer towards a book café. From a managerial perspective, it is vital to understand customer loyalty to book cafés. There are a variety of factors that influence customer loyalty, and the results of the study provide café managers with valuable insights to help them effectively target customers and improve overall quality. With this knowledge, cafés will be better able to meet customer needs, respond quickly to customer preferences, and capitalize on untapped market opportunities for the growth of the book café industry.

This research has a few limitations. First, the information such as frequency of visit and average of spending per visit were not included in the questionnaire. It may limit the customer loyalty analysis to be assessed significantly and comprehensively. This information may be useful in assessing actual repeat patronage of customers and the possible economic value towards book cafés. Second, the use of non-probability convenience sampling may result in an under-representation of the broader population frequenting book cafés, restricting the sample's representativeness. Third, the limited sample size of 150 may not represent the entire customer base of the book café, highlighting potential restrictions in generalisability. Thirdly, the number of independent variables considered may also be inadequate to fully capture the extent of the variables that have an impact on overall quality, brand image, and customer loyalty. Fourth, this study only focuses on the consumers with the age ranging from 10 to 35 years old. It may limit the generalisation of the findings. Fifth, this study did not include the moderating analysis such as visit frequency or customer demographics like gender, different age groups etc. Sixth, the use of different Likert scales for the variables like 5-point scale for environmental characteristics and 7-point Likert scale for overall service, brand image and loyalty may confuse the respondents and complicate the data interpretation. Lastly, the study's primary focus on the book cafés, its findings are constrained to this establishment and cannot be generalised to other themed cafés. Customers' preferences and trends may change across different book cafés due to environmental characteristics.

Therefore, it is advised that future studies to include the related information of visit frequency and average of spending per visit in the questionnaire, to have a more robust and actionable understanding of customer loyalty. Meanwhile, to utilise the probability sampling techniques to better assess environmental characteristics and ensure customer loyalty. With probability of sampling, each part of the target population has an equal and predictable chance of being selected, resulting in a more representative sample. Next, it is recommended that future researchers obtain a larger or more sufficient sample size to get more accurate results and decrease uncertainty. Improving the sample size and include those consumers from other age groups that will strengthen the reliability of conclusions appropriate to the broader population. Future studies should also incorporate extra variables or moderators not included in this research to better explain and get it the effect of environmental characteristics on customer loyalty in book cafés. Future studies also need to deploy the consistent Likert scales for all the variables to avoid confusion and have a better data interpretation. Variables such as technological advancements, social media presence, and economic conditions might be included to expand the scope of the research. By broadening the range of possible results, this study can serve as a reference in different related fields. Lastly, future research can focus on the different type of themed cafés to explore the role of environmental characteristics in affecting customer loyalty.

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