

# Third-Place Engagement: Brand-image and Customer Patronage Behaviour in Café settings

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# **Third-Place Engagement: Brand-image and Customer Patronage Behaviour in Café settings**

## **Abstract**

This paper studies third-place engagement (leisure) as a second-order construct reflected by four first-order dimensions: interior design and décor, front-line service staff, sociability, hospitality, and investigates its mediating role in the nexus between brand-image and customer patronage behaviour. A systematic sample of 444 repeat customers at Starbucks in the Klang Valley, Malaysia were surveyed in this study. The results revealed that third-place engagement influences customer patronage directly, mediating the brand image – customer patronage nexus. The results emphasise café management's focus on third-place engagement to reduce the gap between brand-image and customer patronage behavior. With the complexity of third-place and attachment, we believe the hierarchical order of a third-place should be defined. Such types of hierarchical model are regarded as descriptive, higher-order theoretical guidance on alternative contexts, and effects of third-place engagement.

**Keywords** *Third place, brand image, customer patronage.*

## **1. Introduction**

A number of researches have been conducted within the settings of branded restaurants and shopping malls, the premise of which consumers hang-out with their peer groups and enjoy third-place engagement (Lee et al., 2018; Rickard & Stedman, 2015; Sandiford, 2019). In community building, the “third-place” is the playful social surroundings (leisure) separated from the two usual social environments of home (the "first-place") and the workplace (the "second-place") (Song et al., 2019). When it comes to third-place engagement, Jiseon (2019) and Kanika (2018) assert that perceptions of the brand-image are likely to be most salient when consumption experience is hedonic (playful). However, despite the widespread applications of brand-image, there has been significantly less attention paid from the perspective of third-place engagement concerning consumer patronage behaviour, especially in café settings where third-place engagement is highly social and practical (Sandiford, 2019; Wu & Chang, 2021). In this article, we therefore aim to investigate the relevance of third-place engagement in brand-image and consumer patronage relationships in café settings and accomplish three objectives. First, we seek to understand what constitutes a third-place engagement in café settings. Second, we examine the direct influences of brand-image on third-place engagement and on consumer patronage behaviour exerted by the third-place engagement. Finally, we explore the mediating role of the third-place engagement on the relationship between brand-image and consumer patronage behaviour.

## **2. Conceptual framework**

The conceptual framework is based on the literature on brand-image, patronage, social support theory, and third-place engagement. Firstly, in restaurant-related research, the idea of brand-image is a key concept which influences consumers' experience and subjective perception (and attachment) and stimulates consumers' favourable emotions regarding future patronage behaviour and their return visits (Han et al., 2021; Hanks & Line, 2018; Huang et al., 2018; Jin et al., 2012; Nyadzayo & Khajehzadeh, 2016; Pitas et al., 2018). Secondly, researchers of the social support stream describe home and work as the key sources of support for a person, emphasising the role of social relations with family, friends and workplace in promoting the well-being of a person (Mody et al., 2019) and enhancing consumers' self-esteem (Barker, 2016). Nonetheless, marketing researchers still found consumers' reliance on service employees' support (VieMing et al., 2017).

In light of the above backdrop, we use brand-image, third-place engagement and the consumer patronage behaviour to construct a conceptual framework that explains the

mediation effect of third-place engagement on the connection between brand-image and consumer patronage behaviour. Furthermore, we incorporate the role of interior design and decor, front-line service staffs, sociability and hospitality as the first-order dimensions of the third-place engagement in the higher-order construct. We then test the following hypotheses on the millennial consumers of Starbucks café in the Klang Valley, Malaysia:

H1: Third-place engagement is a second-order construct reflected by the four first-order dimensions: interior design and décor, front-line service staff, sociability, and hospitality.

H2: Brand-image positively influences consumer patronage behaviour.

H3: Third-place experience has positive mediation effects on the relationship between brand-image and consumer patronage behaviour.

### **3. Methodology**

This research has established and administrated a questionnaire to gather the data needed to test its hypotheses using the survey method. Three main parts were included in the questionnaire. In part one of the questionnaire, demographic information was collected. In the second part, participants were asked to evaluate the third-place engagement dimensions (as listed above). The third part focused on brand-image and consumer patronage behaviour constructs. All the items in the second and third parts were adapted and adopted from past studies (e.g., Baker et al., 2002; Heung & Gu, 2012; Jin et al., 2012; Saleh & Ryan, 1991). The seven points Likert scale were used.

A two-step probability sampling techniques was used to identify 6 Starbucks outlets around the Klang Valley, Malaysia and its consumers randomly. We restricted the day and time of data collections (i.e., Saturday, between 6 pm and 9 pm) and employed a 1-in-5 systematic sampling procedure to collect our data. With *a priori* consent from the Managers-in-charge, we approached customers and collected between 60 – 90 samples from each outlet, ending with a total collection of 444 responses. As millennials utilise space and attachment as part of the social lives and activities (Shapoval et al., 2018), majority of our respondents were millennial cafe consumers of age of 18 - 38 years (i.e., 58.1% of the sample). Likewise, due to strong millennial presence, the earnings of the majority of the respondents were RM 1,000 or less (students) (as of 9<sup>th</sup> February 2021, RM1.00 = US\$0.25). 49.8% of the sample were females and 40.5% of the sampled population held higher education degrees.

This study applied the partial least squares – structural equation modeling (PLS-SEM) and used SmartPLS3.2.4 software to investigate and test the hypotheses. PLS-SEM is a numerical method for evaluating theoretical frameworks. PLS-SEM enables researchers to

study, establish and analyze the relationships between specified constructs in the conceptual model (Hair Jr et al., 2021). Following the steps of Ahmed and Ting (2019), the evaluation of the PLS-SEM model is done in two phases, i.e., the measurement model and the structural model evaluation. The analysis of the measurement model evaluates the accuracy and consistency of the relationship between latent variables and associated measurable variables and assesses the relation between constructions with the structural model.

#### 4. Findings

We used two measurement models (1<sup>st</sup> order and higher-order). Each measurement model was evaluated through four key criteria that are indicator loading, composite reliability (CR), Cronbach’s Alpha and average variance extracted (AVE) (Ahmed & Ting, 2018).

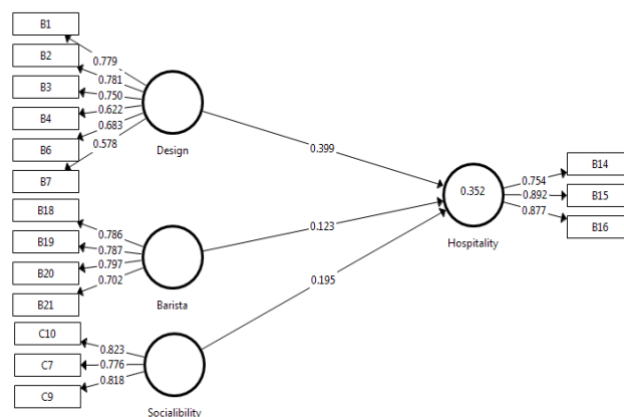


Figure 1. Measurement Model (First Order)

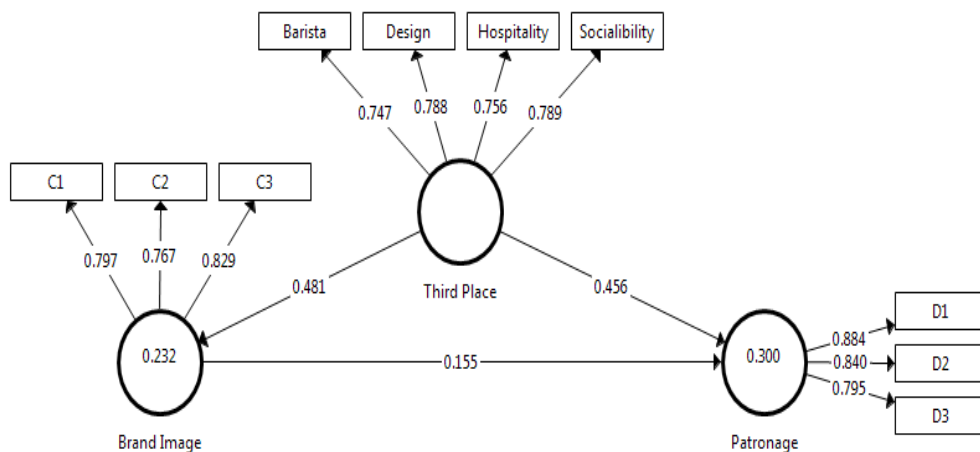
The results of the first-order measurement models show high internal consistency and reliability (Table 1). The entire indicator loadings were greater than 0.578 and above, and the CR range is 0.847 to 0.880 and Cronbach’s alpha ranged from 0.730 to 0.799. The AVE values of all the constructs used in the measurement model were adequate (greater than 0.5) except design which is close to 0.5 (i.e., 0.494). We accepted this result. Therefore, the convergent validity of the measurement model was satisfactory (Joe, 2017).

Table 1. Measurement Model (First Order)

Items	Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
<b>Front-line service staff</b>				
B18	0.786	0.77	0.852	0.591

B19	0.787			
B20	0.797			
B21	0.702			
		<b>Design</b>		
B1	0.779	0.791	0.853	0.494
B2	0.781			
B3	0.75			
B4	0.622			
B6	0.683			
B7	0.578			
		<b>Hospitality</b>		
B14	0.754	0.799	0.88	0.711
B15	0.892			
B16	0.877			
		<b>Sociability</b>		
C10	0.823	0.73	0.847	0.649
C7	0.776			
C9	0.818			

Figure 2 and Table 2 show the higher-order measurement model, indicator loadings were greater than 0.578 and above, and the CR range is 0.847 to 0.880 and Cronbach's alpha ranged from 0.730 to 0.799. Table 2 also shows that the AVE values of all the constructs were adequate (greater than 0.5) except design, which is 0.494. We accepted this value. Therefore, the convergent validity of the measurement model was satisfactory.



**Figure 2. Structural Model**

From the results, it is asserted that both the first and higher-order measurement models were valid and reliable. Thus, we confirm hypothesis H1 as acceptable.

Table 2. Measurement Model (Higher-order)

Third-place	Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Front-line service staff	0.747	0.772	0.854	0.593
Design	0.788			
Hospitality	0.756			
Sociability	0.789			
Brand Image				
C1	0.797	0.721	0.84	0.637
C2	0.767			
C3	0.829			
Patronage				
D1	0.884	0.792	0.878	0.706
D2	0.840			
D3	0.795			

The whole path coefficients were significant, with a built-in p-value below 0.05 and t-value above 1.96 (Hair Jr et al., 2016). Table 3 presents that brand-image has a direct positive influence on consumer patronage behavior. Furthermore, third-place engagement significantly mediates the positive relationship between brand-image and consumer patronage behavior. Thus, hypotheses H2 and H3 are supported.

Table 3. Structural Model

Hypothesis	Beta coefficient	Standard Deviation	T Statistics	P Values	Decision
Hypothesis 2: Brand Image -> Patronage	0.155	0.05	3.126	0.002	Accepted
<b>Mediation effects</b>					
	Indirect effect	Standard Deviation	T Statistics	P Values	Decision
Hypothesis 3: Third-place -> Patronage	0.075	0.025	3.027	0.002	Accepted

## 5. Conclusion and Implications

The third-place concept is flourishing. However, the approaches and findings on third-place engagement in extant literature are mostly descriptive and qualitative, focusing on the ambience of café rather than on what constitutes third-place. This research contends that empirical insights are essential to define the third-place construct and its dimensions, and extends extant understandings on café settings by adopting a social support lens in its designing and analysis. One of the significant contributions of this study is successful testing

and introduction of a third-place hierarchical model. The model is important because third-place (Starbucks in this study) provides a more relaxed environment where people feel comfortable with the companions around them (Rosenbaum et al., 2007) while work-place is a structured and formal social experience and home is a private experience. Also, given the widespread and growing lonely societies and the proportion of people feeling isolated due to poor work-life balance, family separation, lack of social support and the increasing elderly population (Matthews et al., 2019), results of this study along with its hierarchical model of third-place could provide new hope for social reconstruction.

The outcomes of the PLS-SEM analysis supported all the hypotheses in this study and endorsed a direct relationship between brand-image and consumer patronage behaviour, and a significant mediating role of the hierarchical model of third-place in the nexus. These findings overall have two significant implications in this regard. Firstly, given that brand-image standalone could not create consumer patronage behavior in café settings, improving consumers' perceptions of interior design and décor, front-line service staff, sociability and hospitality along with positive brand-image could effectively raise consumer engagement, leading ultimately to a patronage behavior. Secondly, although past researchers have studied some of the dimensions of the third-place engagement in various contexts, these intra-relationships have received little attention in the hospitality literature. The multidimensional and hierarchical construct of third-place and methodology developed in this study may therefore serve a useful framework for researchers seeking to determine the interrelationships among these important dimensions, as perceived by third-place consumers.

In light of the empirical findings, this study emphasises investing more efforts in providing a consistently reliable engagement facility to meet its consumers' wants and needs. The café marketers therefore need to create a third-place engagement conducive to convivial social interactions (Rosenbaum et al., 2007), accomplishing four engagement dimensions of the third-place hierarchical model, by focusing on interior design and decor (e.g., ensuring cleanliness of the coffeehouses; traditional, attractive and comfortable outlook of the furniture, etc.), front-line service staffs (e.g., training and development of attitude, behavior, and expertise of the employees) (Kaminakis et al., 2019), socialisation (e.g., facilitating pleasant consumer-employee and consumer-consumer relationships) and hospitality (e.g., ensuring consumer's freedom of space and sense of belonging and safety). Modelling the higher-order constructs with these dimensions provides a holistic view for third-place management to use in its strategic planning process and allocate resources based on the relative importance of the dimensions in different market segments.



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