A Study And Analysis: The Impact Of Customer Service On Customer Retention In Dubai's Coffee Café Industry

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Abstract:
This study examines how the quality of customer service in Dubai's coffee cafés impacts the café's customer retention. Amid a population increase alongside a growing market with an already large number of coffee café's existing within the Dubai area; this results in competition and a focus on differentiation for economic impact of market gain in the coffee café sector, and symbolizes the importance of maintaining customer relationships via satisfaction at the individual level of Dubai's vibrant coffee café market for long-term success. The research findings show that with the right approach of building strong relationships through satisfaction can result with Dubai's coffee cafés to thrive. A loyal customer base can be essential to strengthen and flourish Dubai's coffee cafés within the dynamic market. Additionally, the continuous positioning for service excellence and responsive staff leads the cafés and its people to be successful by offering an exquisite and enjoyable experience for customers.
Keywords: Customer Service, Customer Retention, Customer Satisfaction, Customer Loyalty, Service Quality, Coffee Café Industry

1. BACKGROUND

The location of this investigation is focused in Dubai, United Arab Emirates. Dubai is one of the seven emirates in the United Arab Emirates, as well as a multinational city. Dubai is a diverse city that continues to grow; along with the continuous population increase and construction of skyscrapers, the number of cafés within the emirate increases too (Konnur and Gupta, 2023). Coffee culture in Dubai has existed for years and only has continued to expand, and is projected to continue booming, causing the competition to increase (Busch, 2024). In June 2024, there were an estimated 4800 cafés within Dubai with a population of 3.6 million people and approximately 17 million annual tourists (HCNME Digital Editor, 2024). This is important to note in regard to the stakeholders and target population in this study. The stakeholders are the cafés themselves as entities, and attached to this are the cafés' owners, the cafés' leaders, and the government of Dubai in terms of economic impact by existing as a business. The target population of this study are the cafés' population, which consists of the cafés' frequent customers and the cafés' servers.

1.1 PROBLEM

With various locations for a coffee consumer in Dubai to receive their daily cup of coffee, competition exists. There are many reasons why a consumer chooses one place versus another, but a reason why a coffee drinker may continue to return to a select café is based on customer satisfaction. The problem is that customer service provided to the customers impacts the café's customer retention. As a result, customer retention can affect the café's profitability. The key stakeholders in this issue are the customers, the café's owner(s), and the café's management and servers/baristas.

Customer satisfaction focuses on the customers being content with the services they receive. This is done by meeting the customers' expectations and/or their needs. A customer can be satisfied with various factors of a coffee café; however, the focal point of this study is the customer service provided. By a café providing preferred and optimal customer service it can lead to a customer to be satisfied with the café. As a result, this can lead the can to the customer to return, causing customer retention.

Customer service refers to the treatment or support that the customer receives from the café's staff (Iwuozor, 2023). It is noted that Dubai has a large number of visitors per year, so it is plausible that a café worker may not always provide the best attention to the customer because it is likely to not see that customer again. As well, depending on the location of the café it can be noted that there can be an influx of customer traffic, as well leading the customer to not receive the service desired. When a customer does not receive the service they would like, even if the quality of the product is well, it leads that customer to not return to that location. Given the availability of multiple cafés existing in Dubai, it can lead the consumer to simply try another. As a result, having a problem with the customer service can impact the customer retention.

Customer retention refers to not only the café's first-time customers turning into repeat customers at a café, but also it is about the café keeping the repeat customers satisfied; so, the café can maintain them as repeat customers. In addition, customer retention may lead the customer to be loyal to a specific café. This helps the café in regard to profitability and leads the café to worry less,

regarding the competition. Customer retention is important for a café to have to have, and it can be created by a café's preferred and optimal customer service.

1.2 RESEARCH AIM AND RESEARCH QUESTIONS

The research aim is to assess the impact of customer service on customer retention in Dubai's coffee café industry. The independent variable is customer service, which will be investigated for the outcome, the dependent variable, customer retention. This is important because the research question is "Does customer service impact customer retention in Dubai's coffee café industry?" The research that will be conducted will occur within Dubai at its local cafés to assess the relationship between the variables, which is the impact of customer service on customer retention.

Research Questions

1. What is the relationship between the quality of customer service and customer retention in Dubai's coffee café industry?
2. What key factors are responsible for customer retention?
3. What is the role of personalized customer service and customer feedback to enhance retention rates in Dubai's coffee cafés?
4. How do customer relationship management in Dubai's coffee cafés influence customer retention and brand loyalty?
5. What are the key customer service factors that impact customer loyalty and retention in coffee cafés?

1.3 RESEARCH OBJECTIVES

1. To study the relationship between the quality of customer service and customer retention in Dubai's coffee café industry.

This objective is achieved via the research and analyzation of the interviews and surveys provided as response to the customer service and number of regular visits the person makes, focusing more so on the residents versus tourists (unless the tourists are repeat customers).

2. To analyze the key factors responsible for customer retention in Dubai's coffee café industry.

This objective is achieved by interviewing and surveying customers on their reason(s) for returning to the café of their choice, versus on trying a new or different café.

3. To evaluate the role of personalized customer service and customer feedback in enhancing retention rates in Dubai's coffee cafés.

This objective is achieved by literature review via interviews with the café's customers, the café's management, and the café's baristas and/or servers. As well, via observation of the café's operations, such as if there is a recommendation box, a customer satisfaction survey, or a review rating that takes place with each customer in regard to the service they received with their visit.

4. To study customer relationship management (CRM), which impacts customer loyalty in Dubai's coffee café industry.

This objective is achieved by studying the marketing techniques, loyalty programs, and information the café has about the customers in regard to helping the café's business with its potential sales and the customers' return visits.

2. LITERATURE REVIEW

2.1 CONCEPTS AND DEFINITIONS

Customer Service:

Customer Service is defined as the attentiveness and assistance provided by the staff to the café's customers before, during, and after their purchase. As well, customer service refers to the care provided to the customer throughout their experience at the café.

Service Quality:

Service quality at a café refers to the suitability of the customer's expectations. It can refer to the physical location and interior atmosphere of the café, while also including the staff's presentation of behavior, speed of service, and attitude. Additionally, service quality can also refer to the products that the café offers, specifically with consistency.

Customer Retention:

Customer Retention refers to the idea that customers keep coming back again and again. The basis relates to loyalty to the café. A significance of customer retention is to have the total number of customers at the end of a period be the same customers that began in the period, and to also have the new customers become repeat customers.

Customer Loyalty:

Customer loyalty pertains to the idea that customers creates an attachment to a specific café, which leads them to continuously return and make purchases from that café rather than choose to go to a different café. This connection that a customer has with a café leads to the customer retention.

Customer Satisfaction:

Customer Satisfaction refers to the concept that customers have a satisfied, good emotional feeling or a positive experience with the café establishment and or its product(s) offered. Customer satisfaction refers to the way a customer's expectations are met by the service they receive.

To begin with, product quality and service quality positively influence customer satisfaction. The café's atmosphere affects the customer's satisfaction, too; but while ambiance is important it may not be the main driver of satisfaction in premium coffee shops (Nor et al., 2024). People need more than to eat and drink to be satisfied, so the physical environment aside where the patrons sit to eat/drink is a factor of a customer's satisfaction with the café. This could include the café's atmosphere and/or interior

design. Additionally, apart from the food aesthetics, the food's display/presentation contributing to a customer's satisfaction; labor aesthetic is significant. In the study, "labor aesthetic relates to employee characteristics and behavior such as stylishness, sympathy, attractiveness, is cultured, speaks well, shows imagination, uses expressive body language, and has good personal hygiene" (Shu and Tisna, 2025). This factor refers to the workforce inside the café and partially relates to the customer service that can be received by the customer via the actions of speaking well and showing sympathy towards the customer. Furthermore, the labor aesthetic relates to the idea of a customer being satisfied by personal choice of expectations being met. Labor aesthetics have the biggest influence on customer satisfaction and retention in the café industry in Bali (Shu and Tisna, 2025). Thus, aesthetics of a café can cause customer retention.

With this, the influence of service quality on customer satisfaction was analyzed in Markobar Kafe Manado, a café located in Indonesia, and it was shown that service quality partially affects customer satisfaction, as well as the physical environment, while price does not have a significant relationship (Cristo, Saerang, and Worang, 2017). Meanwhile, "the 4P's mix approach, comprising of product, price, place, and promotion, had a notable influence on customer satisfaction and loyalty in the coffee shop industry of Krabi, Thailand" (Limna et al., 2023). This is important to note that customer satisfaction stems to the customers' expectations being met, so there may be differences, however, a requirement that seen through a lens of the different cases is that service quality is must for customer retention. Accordingly, a café's atmosphere, food quality, and customer service lead to customer satisfaction. This customer satisfaction has a significant influence on customer loyalty (Atsnawiyah, Rizan, and Rahmi, 2022). As a result, "customer retention is the result of good customer service and satisfaction that can only be achieved through empathy and responsiveness" (Al Falasi and Nallaluthan, 2023). This idea is shown in the study *Improving Customer Retention in the UAE*, such that by a café poorly handling its products, despite being top-notch quality, it can lead to customer dissatisfaction and reduce customer retention in a café (Al Falasi and Nallaluthan, 2023). This demonstrates that customers unsatisfied with the customer service can impact customer retention.

Customer retention is important for company success. Improving customer retention techniques can lead to an increase in the sales and profit turnover of any company (Al Falasi and Nallaluthan, 2023). Keeping this in mind, customer satisfaction is a great part of customer retention. Next, in a study based in a local coffee shop named Nomad Coffee Shop, located in Manado, Indonesia it was found that there are components that build the customer's emotional experience and this helps to retain customers. In the study, it was found that that this café's customer retention is found with those who have been customers since the café's opening and also with those who are familiar with the products being offered (Mamonto, Lapian, and Tielung, 2020). For a customer to have loyalty to a café, it creates customer retention. Components to form this loyalty are first based on the service quality. When the customer service relationship with the customer consists of: tangibility, empathy, communication, and ambiance; the components are met and customer satisfaction occurs. With customer satisfaction being met, the customer forms a loyal relationship with the café (Alqasa and Piaralal, 2022). Accordingly, in another study with the focus on modern-day coffee shops in Indonesia, it was concluded that customer loyalty is a result of customer satisfaction, thus, a satisfied customer becomes a loyal customer.

Customer satisfaction can be the bond between customer service and customer retention. Customers can be satisfied in various ways, depending on what their expectations are and how they are met. With the focus study of modern-day coffee shops in Indonesia, it was surveyed and concluded that the store atmosphere, employee attitude, coffee quality, and price fairness all support customer satisfaction (Darussalam, 2020). Furthering the idea of what creates a satisfied customer within a café includes food quality [food freshness and food presentation], service quality [service reliability and service responsiveness], and the restaurant environment [ambient scent and cleanliness] (Amin et al., 2024). From these studies, the concept that customer service results in a satisfied customer is represented. As well, the idea that a satisfied customer becomes a potential loyal customer and/or a returning customer, proves the concept that customer retention is a result of the customer service received by the café.

This idea, in *A Study on the Impact of Coffee Service Quality on Customer Satisfaction and Loyalty*, is also accepted via service quality results with customers to have positive emotions, which correspondingly leads the customers to have loyalty with the café establishment. The service interaction leads to positive emotions, as well as the result of quality, representativeness, and diversity; all lead to positive emotions. These positive emotions lead to loyalty (Lee and Kim, 2021). Furthermore, a study of the consumers' emotion at the J.Co Donuts and Coffee Restaurant in Depot City, Indonesia shows a significant influence on consumer's satisfaction, such that "consumer emotions, restaurant aesthetic value, and service quality influence consumers' satisfaction and loyalty" (Kuswanto, 2024).

In continuance, a study based in Ho Chi Minh, Vietnam, with the focus on Starbucks cafés, in which concluded that the customer experience leads to

customer satisfaction, and results in customer loyalty. Customer experience is defined as a sensory experience, an emotional experience, a social experience, and pertains to service quality. All these parts of customer experience support a customer's satisfaction, which correspondingly further supports the concept that this customer satisfaction leads to loyalty (HA, 2021).

Therefore, "coffee shop owners can build customer loyalty and success in this competitive industry by focusing on product and service quality" (Nor et al., 2024). This assumption is derived from studying factors that affect customer satisfaction in premium coffee shops in Penang, Malaysia. Within this study, "service quality evaluation in coffee shops is primarily based on consumer opinions and expectations. The operating performances of coffee shops are influenced by service quality, which is a significant factor in determining customer satisfaction" (Nor et al., 2024). Customer service is important for customer retention, so the connection with customers is essential for customer happiness (Alqasa and Piaralal, 2022). "The relationship between service quality and positive emotions was confirmed by classifying customers' feelings perceived as satisfaction after consuming products and services as positive feelings, assuming that the higher the quality of service is perceived to the customer, the higher the positive feelings become" (Lee and Kim, 2021). These positive feelings lead to a customer to be satisfied as a result of the customer service. In conclusion, the customer's satisfaction with the customer service at the café leads to the customer retention.

2.2 THEORIES AND SCIENTIFIC LITERATURE

Engagement and Loyalty Theory

Customers feel like they are a part of the café's business. Customers feel that with their participation, they have a connection, and that the relationship is reciprocal via the intrinsic relationship is formed by the extrinsic action. This concept is shown with the customers' satisfaction with the café by having these positive emotions occur when their expectations are met (Lee and Kim, 2021). By having positive emotions, it creates a stamp on the customer's memory by associating satisfaction with their café experience. A customer's café experience is mostly shaped by the customer service that he/she receives at a café. This customer service received by the customer makes him/her feel as they are a part of the café culture, creating further customer satisfaction and an attachment to the café. This positive relationship stems to the customer to return to the café. This customer retention results in making the satisfied customer into a loyal customer (Alqasa and Piaralal, 2022).

Additionally, the main point of a business is to make money and be profitable. For a café to do this, a café focuses on its customer service and has quality products. For a café to have satisfied customers, especially customers who are satisfied with the customer service, the café has met its goal as an establishment. The satisfactory customer service creates customer retention, which in turn by having repeating customers the café becomes a preferable choice. By the customer making the decision to return to the café versus try another café, shows that customer loyalty has been created. By customers being loyal to a café, it represents that they prefer their experience at that café versus another. This loyalty creates customer retention, which in turn leads to an increase in the sales and profit of the café because instead of the café making a one-time sale, the café makes multi-time sales to the same customer (Al Falasi and Nallaluthan, 2023).

Customer Satisfaction Theory

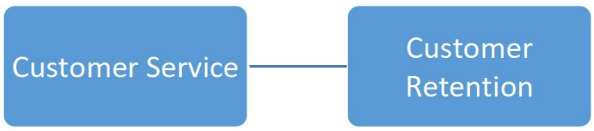
Customer Satisfaction Theory refers to the idea that customers evaluate a café's service and products by comparing their expectations with what actually occurs. If the expectations are met, the customers have a positive feeling and are satisfied. While on the other hand, if the expectations are not met, the customers have a negative feeling and are dissatisfied. For a customer to be satisfied with a café, there are a few expectations to consider. Customer service is a main expectation to be met for customer satisfaction. Other expectations include the product quality, the cafés atmosphere, and price fairness –the value received for the money paid (Darussalam, 2020).

Rating the quality of service within a café is based on the customer's opinion and relates to if his/her expectations of the service to be received were met or exceeded (Nor et al., 2024). When a customer's expectations regarding customer service are met, the customer is happy with his/her experience and interactions with the staff at the café (Alqasa and Piaralal, 2022). By the customer having this positive relationship and feeling towards café, he/she can be more likely attuned to repeat this experience. Upon doing so, and if the customer is once again satisfied with the service and the decision, this results in customer retention. Therefore, customer satisfaction creates positive emotions that lead a customer to become loyal to a café (Lee and Kim, 2021).

2.3 THEORETICAL FRAMEWORK AND PROPOSED MODEL

Based on the literature review the concept that the customer service leads to customer retention is proposed by the customer satisfaction and the engagement and loyalty theories. A customer who has an overall positive experience with the service they received at the café, results in the customer to be satisfied. The customer's satisfaction with the customer service leads the customer to return to the café. As a result, customer retention is created for the café, which stems from the customer service.

Customer retention furthermore creates customer loyalty. This can be shown in the model below, where the independent variable is customer service and the dependent variable is customer retention.



3. RESEARCH METHODOLOGY

3.1 Research Philosophy:

The research philosophy chosen is Interpretivism. The factors being customer service and customer retention can be subjective, by being based on others opinions. By the data and actions being based on opinions, there leads to be multiple truths that exist and that the knowledge is based on the customers' experiences and perceptions of the café and its staff. As well, for this research the researcher will be a part of the study (UCAM, 2024).

3.2 Research Approach:

The research approach will be inductive. This aligns with the research aim, to assess the impact of customer service on customer retention because during the investigation process there will be data that is collected and assessed to form a summarization of the connection of customer retention to customer retention. As well, this connects to the research aim which is to find the correlation between the two factors.

3.3 Research Design:

The research design will be descriptive based on analyzing the impact that customer service has on customer retention, while including the customer's favorability and satisfaction with the customer service and reasons for customer for customer retention.

3.4 Research Methodological Choice:

The research methodological choice will be mixed methods because it is important to use qualitative data to be informed of what already exists in the research and the theories, to be able to add to it and to find the gap. As well, the quantitative data is important to see the variance of opinions from the stakeholders and the data correlation of customer service to customer retention. Thus, the research methodology is mixed because of the surveys will provide data to the research goal, as well as interviews and the research articles read will be taken into account.

3.5 Sampling Methodology:

The sample methodology that will be used will collect opinions from café customers, café workers, and café managers/owners. There will be representative sampling, where everyone at the café has a chance to participate. The sample technique will include random and cluster group sampling (UCAM, 2024). The sample size will include a portion of the cafés that are in Dubai, but within the sample size there will be cafés located in different sections of the city, but cover the same price range of coffees. The reason for this is to show the importance of customer service for customer retention, and to try to limit factors that can vary. The technique to collect the information will be by using interviews and surveys to assess the relationship, identify the key factors, and evaluate the role of customer service on customer retention. The sample size is to include 355 cafés.

3.6 Data Collection:

The data collection method will include using a survey questionnaire. With the questionnaire there will be questions related to a consumer's habits and reason for choice of the café, with the focus on their opinion with café's customer service, and the likelihood of customer retention.

4. CONCLUSIONS AND IMPLICATIONS

Based on the research, it can be concluded that a café's customer service impacts the customer retention in cafés. As well, it can be inferred that a satisfied customer becomes a loyal customer to a café. The overall satisfaction a customer receives with a café is the customer service. Customer service is the pinpoint to determine if a customer will return to the café as a favorable choice.

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