

**A STUDY OF THE SOURCES OF  
COMPETITIVE ADVANTAGE IN THE  
MALAYSIAN COFFEE CHAIN  
BUSINESS FROM THE CONSUMER  
PERSPECTIVE**

BY

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## **ABSTRACT**

Competitive advantage and the sources of competitive advantage are two of the most pertinent issues in business and strategic management literature. The two issues are at the core of strategic management especially, especially considering the difficult economic and financial environment of the past few years.

The main purpose of this thesis is to examine the sources of competitive advantage among coffee chains in Malaysia and the weight that each of these individual sources carry in producing competitive advantage. The other is to test the hypothesized relationship between these sources of competitive advantage and the purchase intention of customers who visit coffee chains. This paper develops a measure for exploring the weight of the individual sources of competitive advantage as well as their impact on the purchase intention of the customers.

This thesis will be guided by a theoretical framework which will seek to combine the two perspectives of competitive advantage – the resource based view and the institutional view. The general approach of the thesis will be a quantitative approach employing a questionnaire based survey of customers of coffee chains in Malaysia. Eight of the most frequently visited coffee chains in Malaysia were chosen and a questionnaire was developed and distributed among students at UCSI University South Wing.

This thesis contributes to the understanding of competitive advantage in general and the sources of competitive advantage and its impact on purchase intention. Following a theoretical review of literature about competitive

advantage, a conceptual framework was developed which introduced variables to explain the link between the sources of competitive advantage and purchase intention. This was guided by the Resource Based View and Porter's environmental analysis framework. The data used in the study was collected from students at UCSI University in October 2012. A sample of 162 responses was used in the data analysis.

The results of the thesis show that there is a positive relationship between the resources, activities and positioning of a firm and competitive advantage. The results indicate that the competitive advantage of a firm is based on the resources in its possession as well its positioning in the market and customer's mind. Further analysis was conducted to test the relationship between competitive advantage and the purchase intention of customers of coffee chains. Regression results show that there is a positive relationship between competitive advantage and purchase intention. This study provides some indications for further research in the field of the sources of competitive advantage, the effect of individual sources on the competitive advantage of the firms and the purchase intention of customers.