Consumer Satisfaction for Starbucks
Analysis and Possible Strategy

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ABSTRACT
Starbucks has recorded one of the biggest success stories of the coffee brand since its entrance into the China market. However, many customers feel that Starbucks did not pay much attention to its customer satisfaction, especially in China market. The purpose of this study was to explore possible strategies for Starbucks to improve its consumer satisfaction, using literature reviews on brand image, word of mouth, and customer satisfaction. The SWOT analysis method was used in this paper to gather data and analyze Starbucks’ existing strengths, weaknesses, opportunities, and threats. According to the research analysis, this study found that Starbucks had several disadvantages in the following areas: high product price, average product quality, low customer satisfaction of individual unique products, insufficient understanding of customer feedback, poor service of individual stores, and insufficient advertising and marketing. This study concluded that Starbucks should focus on optimizing product and service quality to improve customer satisfaction, which partially met this study’s hypothesis that improving the Starbucks products and focusing on customer feedback can help Starbucks improve customer satisfaction.

Keywords: Consumer Satisfaction, Starbucks, SWOT analysis

1. INTRODUCTION

1.1 Background

Chinese coffee market is one of the largest markets around the world, and it is one of the best areas for the Starbucks company to invest in and compete with local tea and coffee markets. Starbucks is an American brand that has penetrated the Chinese market and positioned Chinese culture close to its roots. The domestic coffee brands in China have been showing the market with companies like Luckin Coffee. Therefore, China would be a good market for Starbucks to operate based on the competition in the international market. However, in 2021, Starbucks is facing many problems in the China market due to the pandemic of COVID-19. One of the significant problems is that many customers think that Starbucks’ focus on customer satisfaction is not in line with the trend of the times. This shows that customers have a confident expectation of the level of satisfaction that the company would meet. The problem of customer satisfaction is witnessed in 2021 as customers always pursue a higher level of pleasure, and the year 2021 is an excellent period to determine the customer satisfaction level in Starbucks as many changes in technology had taken place, compared to the years like 1999 when the company was launched in China. This paper will also focus on Starbucks’ customer satisfaction in 2021 for customers aged between 18 to 40 years. This aged of customers’ needs customized products from the Starbucks company as most of them are regular customers. Customers need to feel valued by the organization by serving their preferences and being recognized as customers of that organization. The diversity of customer tastes and preferences led to the current research on the customization of products for regular customers. In summary, the current status for Starbucks is that regular customers are not satisfied with the services offered as they are constantly being asked about their preference which their systems should have captured. Customers expect to what the products and services which fit their needs.
focused on analyzing the problems of Starbucks's experience in China market [1]. They suggested that understanding customer psychological needs and improving product quality can win customers' trust and improve customer satisfaction [1]. They further stated that Starbucks should pay more attention to understanding customers’ psychological needs, customers' concerns, such as price, products, family, or educational factors [1]. This can make customers trust the brand and the products. Furthermore, at the same time, customers will come to buy the company's products [1]. Also, Starbucks should focus on some of their quality problems, including food safety issues, labeling needs to be standardized [1] since these problems can affect the brand badly and decrease customer satisfaction. Their research pointed out Starbucks's lack of understanding customers' needs, which directly led to some strategies for Starbucks to improve their customer satisfaction.

Moreover, Jiachen Gao, Jiajun Zhao, Jiaqi Chen, and Tianyi Zhuge researched Starbucks' customer brand strategy by analyzing how Starbucks creates customer superiority and satisfaction [2]. They mentioned that customization could achieve customer superiority, not adding sugar or milk in the coffee; it is about the choices of cups, coffee flavors, the hidden menu [2]. These can make customers feel that Starbucks wants to improve the customer experience from the customer's perspective, which is a significant important strategy for Starbucks to improve customer satisfaction [2].

1.2 Research Gap

The primary research gap that has been witnessed in Starbucks company is the lack of customer customization. Starbucks has millions of customers in China, and some of these customers are regular customers making similar orders. The company had to implement systems that could monitor the trend of regular customers and customize their orders.

Customers should get what they order from the company. This requires high-end positioned catering and serving businesses to Starbucks to its customers. Although there is much research on customer satisfaction, Starbucks has undergone some changes where customer feedback is required to help the management make informed decisions on their products and customer needs. Effective strategies are required to address the customer satisfaction experienced by Starbucks. Therefore, the emergence of this gap in customer satisfaction needs the development of effective strategies that will lead to customizing customer needs, increasing their level of satisfaction.

1.3 Fill the Research Gap

The purpose of this paper is to determine the strategies that can be used to improve customer satisfaction. The hypothesis that improving the Starbucks products and focusing on customer feedback can help Starbucks improve customer satisfaction is correct as the customers provide feedback on their preferences and areas that should be improved. The SWOT research method will be used to gather data that will be used for this research and will help the researchers to study the customer's needs and expectations that should be addressed to improve Starbucks products and customer satisfaction.

2. LITERATURE REVIEW

2.1 Brand Image

Many people have studied the best way to shape Starbucks’ brand image. They used where various indicators and benchmarks were implied to their studies. The research on Starbucks brand image generally involves the following aspects: the definition of Starbucks brand image, how Starbucks brand image plays a role, how Starbucks brand image is established, and so on. Previous scholars defined brand image as "visual elements before the verbal elements." Pictures in advertising are useful as attention grabbers. Brand image is a kind of "visual element" [3]. The author advocates that visual element precede language elements, and pictures are helpful tools to attract attention in advertising.

There is a positive correlation between the word of mouth and consumers' purchase intention. Brand image mediates the relationship between word of mouth and consumers' purchase intention to a certain extent, that is, word of mouth, which will be discussed in the latter content, and brand image jointly affects purchase intention [4]. Different people also have different opinions on how to play the role of their brand image. Some people think that brand image is a medium in which other factors affect purchase intention, acting as an intermediary, and other factors and brand image jointly affect purchase intention; others think that brand image is expressed through brand association. The preference, power, and uniqueness are understood in the eyes of consumers—for example, the citation: a computational model to estimate brand image from online consumer review. Brand image is consolidated in consumers’ minds through popularity, strength, and unity of brand associations [5].

Another citation states a view similar to this concept: blending package shape with the gender dimension of brand image: how and why?

Although people have a different understanding of brand image, some think it is a kind of media, and others think it is synonymous with mass media advertising. S, such as citations, offers many, and marketing is synonymous with mass media advertising, which can be a powerful tool. Brand image is built by these tools [6].
Some people believe that it directly affects purchase intention, others believe it indirectly affects purchase intention, and others believe it influences consumers' purchase intention with other factors. These measurements depend on different sample types and theoretical models.

In particular, before people find the most appropriate and scientific method, they all use different personal methods to study Starbucks’ brand image from different dimensions.

### 2.2 Word of Mouth (WOM)

Many people have expressed different opinions on Starbucks' brand reputation research. They used various indicators and benchmarks but did not include customers' word of mouth. The research on Starbucks brand word-of-mouth generally involves the following aspects: the definition of word-of-mouth, the types of Starbucks word-of-mouth play different roles in the customer search process, how word-of-mouth plays a role, how Starbucks word-of-mouth is regarded as an important indicator, and word-of-mouth is used as the basis for investigation and a method to investigate the symmetrical competition between retailers, and the role of word-of-mouth communication to others. Previous scholars defined brand word of mouth as "for customers, online word of mouth is what they refer to when purchasing a product" [7].

Subsequent studies have shown that word-of-mouth types play different roles in customer search (e.g., A process-related analysis also recommends differentiated parts of WOM types during consumers' search procedure, such that face-to-face communication and online idea sites tend to be consulted early, whereas social media primarily regard as final information sources). Overall, the findings warn against assuming that the various WOM types are arbitrary or random substitutions [8]. Word of mouth (WOM) has become an essential indicator for influencing customer behavior and developing marketing strategies. In addition, other studies have shown that word of mouth is used as a basis for investigation and a method to investigate the symmetrical competition between retailers. Using word of mouth data explores what (a) symmetric competition is among retailers [9].

### 2.3 Customer Satisfaction

A large amount of literature has already looked deeply into consumer satisfaction in the past decades by many people specializing in business. At the end of the 20th century, attention was more focused on its effect on loyalty and purchasing intentions [10, 11].

In 1994, Anderson, Fornell, and Lehmann proposed that consumer satisfaction, or customer satisfaction, is an essential concept and a relevant KPI of all business activities [10]. They also pointed out that consumer satisfaction is tied up with many aspects, including customer loyalty. However, four years later, in 1998, Andreassen and Lindestad studied complex service areas and claimed that brand image has more effect on customer loyalty than customer satisfaction [11].

Even though the relationship between customer satisfaction and loyalty is blurred, researchers still emphasized the importance of this figure. By 2001, Chan and many other Hong Kong scholars summarized that consumer satisfaction is the best index for the company to measure and predict profits, given that it is related to financial returns and productivity [12]. Consumer satisfaction is also believed to affect purchasing patterns. Cho and Park proposed evaluating satisfaction through electronic commerce user-consumer satisfaction index (ECUSI) to study customers' purchasing intention, which turns out to be highly relevant [13].

In the food retailing industry, which is similar to our target beverage industry to a certain degree, Calvo-Portal and Levy-Mangin illustrated the relationship between purchase frequency and consumer satisfaction [14]. The authors related that the offline shopping experience creates consumer satisfaction in this paper. They believed that many tangible and intangible elements such as quality and service are linked to better satisfaction.

### 2.4 Over-view & Limitation

The studies mentioned above outlined the effect of brand image and consumer satisfaction is related to purchasing intention and frequency. Also, word of mouth could be regarded as a reflection of customer loyalty. These studies pointed out the significant relationship between brands and customers on these three levels, focusing on either purchasing experience or brand loyalty. According to the results, stressing these three aspects is essential to company profits in brand management.

However, the inter-relationship between these three terms is yet to be discussed in papers. Consumer satisfaction, an important proven index for brand profits prediction, is not widely discussed associated with neither brand image nor customer comments (word of mouth). Besides, as social media platforms advanced in recent years, attention should be paid to improve consumer satisfaction through a brand's online image and studies on word of mouth.

### 3. METHODOLOGY

#### 3.1 Research Design

Based on the literature review, the research results on brand impression and the process of previous studies on Starbucks brand impression, brand cognition, word-of-
mouth, and consumer satisfaction can be clearly understood. In the following parts, this paper will make a SWOT analysis of Starbucks from the aspects of enterprise influence, brand image, product price, quality, and competitors in detail and conduct a more in-depth analysis of the Starbucks brand.

3.2 Research Object

Starbucks was founded by Jerry Baldwin, Zev Siegl, and Gordon Bowker at Seattle's Pike Place Market in 1971. The Starbucks Center is the headquarter of Starbucks, and it is located in Seattle, Washington, where its first store opened in 1971. As for Chinese market share, according to Starbucks Reports Record Q3 Fiscal 2021 Results, the company's revenue in China had increased 45% to 905.2 million dollars compared to the same period last year, with 688 new stored opened up, reaching 5135 stores including temporarily closed stores due to COVID-19 [15].

Starbucks' major products are espresso coffees, including Latte, Mocha, and others, radiating to several branches: instant coffee and coffee beans, food, and mugs. Starbucks provides several specialties for Chinese customers in China, including Mooncakes and Zongzi. Its equity is not only about a cup of high-quality coffee but a valuable experience [16].

3.3 SWOT Analysis

3.3.1 Strength

As a mature and developed brand, Starbucks itself has many internal advantages.

Firstly, Starbucks has an incomparable enterprise impact than many other coffee brands. As the top brand in China's coffee market, Starbucks has a good corporate reputation and solid corporate background. Starbucks has a mature set of fixed processes from the production line, raw materials to product processing and packaging design as a mature large-scale company. This makes Starbucks have a stable and efficient product production capacity. Subsequently, the emergence of several similar competitive brands can better highlight the strength of Starbucks Enterprises - all aspects of the capabilities of other subsequent competitive brands are not as vital as Starbucks. For example, according to the histogram of ready-to-drink coffee market share in China, the data demonstrate that Starbucks has a market share of 59.2%, which is far ahead of its biggest domestic competitor, Luckin coffee (2.4%) [17].

Second, Starbucks’ customer loyalty is tight. Starbucks uses exquisite membership cards as a means to lock in their customers. Starbucks customers are also loyal to Starbucks through the taste of products and the experience of the whole purchase process. Alternatively, Starbucks first provided comfortable office seats and charging equipment for electronic products in the early days, attracting many office workers. Since then, the choice of office workers has been fixed in Starbucks.

Third, Starbucks has strong brand awareness. Thanks to Starbucks and its efforts to build its brand early, Starbucks has established a good reputation. Most of the follow-up customers come from the publicity of old customers. When their trusted friends recommend this coffee brand to them, it has muscular strength and its own beliefs and values, which is easy to be the first choice of the recommended person.

Fourth, the brand scale is enormous. This coffee shop giant currently operates with 31,256 locations across the world. On average, Starbucks has opened two new stores every day since 1987. The industry grew by 3.3% year on year, [18]. Starbucks was one of the largest coffee shop chains in China, with 5400 stores. Starbucks has a complete and powerful company, including public relations, brand building, product design, and many other departments, making Starbucks stable operation, good reputation, and high product quality. So far, its stores have been opened almost all over the world and have a broad audience.

Fifth, the market share is significant. According to the preliminary survey, Starbucks' market share in the Chinese market is higher than many other brands.

Sixth, the competitive advantage is obvious. Starbucks recently transformed some stores located in commercial streets or shopping centers into "selection stores." "Selection shop" is generally opened in a single building, about three floors. The products sold in the store are different from ordinary stores. Most of the products are different from lattes or American coffee made by this machine. However, some high-quality hand-brewed coffee can choose coffee beans' type and taste. Some stores also sell unique cocktails. These innovative products will attract more coffee lovers to visit and buy. Establishing a "selection store" has dramatically increased Starbucks' competitive advantage and improved brand competitiveness. This is a creative approach. Other competitive brands in the Chinese market have not made similar moves until this paper was written.

3.3.2 Weakness

Starbucks has the following disadvantages in market competition: high product price, average product quality, low customer satisfaction of individual unique products, insufficient understanding of customer feedback, poor service of individual stores, and insufficient advertising and marketing.

First, the product price is high. Starbucks rarely gives coupons to customers. The price of coffee and beverage,
accessories and mugs are slightly higher than the average price of coffee shops in the market. The price remains high, and occasionally there are mistakes in the proportion of beverage ingredients, which dramatically reduces the expectation and experience satisfaction of customers. In this case, the cup of coffee in customers’ hands has depreciated.

Second, the product quality is average. Starbucks’ peripheral products often have quality problems, such as cold-water cups and mugs. The cold-water cup leaks and cannot help falling, the mug cracks, and the insulation effect of the thermos cup does not comply with national regulations. There is a hole in the canvas bag, which may cause users to lose without the upper limit. These are serious problems existing in Starbucks products.

Third, the customer satisfaction of limited products in individual special seasons is low, and understanding customer feedback is not enough. For example, Starbucks mooncakes were on sale during the Mid-Autumn Festival and Starbucks Zongzi during the Dragon Boat Festival. According to the previous word-of-mouth survey, most customers are dissatisfied with their taste. Starbucks is indeed making efforts to innovate its products and cater to its target market - the Chinese market. However, its taste survey in the early stage of the Chinese market is not enough, or it does not timely consult and improve the feedback of Chinese customers, resulting in low evaluation of seasonal products and customers’ expectations far higher than the quality of products.

Fourth, store service attitude. In the Internet age, people can easily hear the voice of dissatisfaction from each individual on the social platform. The poor service attitude of the store is a severe problem and should not be underestimated.

Fifth, the marketing strength of advertising, endorsement, and other marketing means is not enough. Starbucks has seldom used marketing means to promote its products in the network in China (In the US, Starbucks products purchased through Instagram advertisements in 2019 account for 18%) [19]. If advertising and other means are appropriately used, with the spread of word-of-mouth by individual users in social media or the endorsement of famous artists, Starbucks’ sales may reach a new high.

3.3.3 Opportunities

Firstly, the entire beverage market contains excellent potential. In the past decade, especially under the circumstance of COVID-19, more and more people are paying attention to a healthier lifestyle, including a preference for more nutrition-offering beverages catering to their demand [20]. According to research in the hospitality industry in Australia and New Zealand in 2016, cafes are the most prominent place to sell healthy beverages [20]. Moreover, among all the ready-made and non-alcoholic drinks, studies show that milk-based beverages offer the richest energy density [21].

Narrow down to the Chinese market, according to the China 2021 White Paper of Food and Beverage, Chinese customers are hoping for products with less fat or sugar [22]. Besides, the coffee industry in China is consistently growing, while the public is paying more attention to its flavor [22].

These findings are presenting opportunities to Starbucks. At the moment, Starbucks had already offered coffees with options, including less sugar or low-fat milk, catering to customers’ various demands. Besides, the cooperation with Oatly this year provides customers products without lactose, allowing more people to consume coffee with milk [23]. Furthermore, as an old-fashioned chain coffee cooperation, Starbucks’ constant flavor brings loyalty to its customers, suggesting that a considerable number of people already accept its flavor.

However, as more and more beverage brands are growing simultaneously in China presenting either higher-quality or lower-price drinks, Starbucks’ opportunities are relatively narrow. In the coming future, if Starbucks can persist in its healthy beverage and provide more flavor options, their customer satisfaction is more likely to rise.

3.3.4 Threats

Starbucks has also gained recognition in and popularity for the coffee they produce; however, in terms of their current positioning and customer value, they are more than likely to break compared to their existing competitors within China.

Hey Tea is a franchise within the China Region in beverage industry. Like Starbucks, it initially began as a single store and now has franchises across Asia. Up to 2020 December, Hey Tea had already opened 695 stores in 61 cities worldwide [24].

Notably, the brand focuses a lot on its overall customer experience, not only on their various ordering options but also on the value of feedback: on their ordering page, Hey Tea offers a large scale of options; for example, in the temperature category, each drink has the choice from ice, less ice, cold, warm to hot, offering a unique choice for every buyer. Also, they promised to remake the drink if customers found the flavor unacceptable. Besides, Hey Tea put great efforts into research and development; averagely, Hey Tea put forward one new product every 1.2 weeks [24]. Therefore, the brand supplies different coffee and teas, but it also supplies various unique flavors of coffee and teas for different seasons.

In the coffee market, Saturn Coffee is also a competitor to Starbucks. As an instant coffee brand, Saturn Coffee had already ranked the first place in the T-
mall Coffee category in 2021, reaching over 40 million sales within one day [25]. By uniquely providing six different flavors of instant coffee, which they call the number series, the brand offers different coffee beans for customers to choose from. Saturn coffee also has significant partnerships with independent brands that match Saturn's core values [26]. The brand also collaborates with other brands to determine flavor preferences, which ultimately leads to better product development [26].

On the contrary, Starbucks is facing a massive threat from its competitors. Limited choice for customers to design their unique refreshments silently pushing the customers away from brands like Hey Tea, while the inconvenience of a single choice of coffee beans separates the coffee lovers from choosing other optional brands like Saturn Coffee. As for customers satisfaction, Starbucks does not have a systematic regulation for collecting customers' feedback or helping with flavor promotion. Plus, lacking brand collaborations undermine its competitiveness with other local brands.

4. RESULTS

According to the above SWOT analysis, this paper found that Starbucks has the advantages of good enterprise influence, high customer loyalty, high brand awareness, large enterprise-scale, significant market share, and competitive advantage.

However, Starbucks's disadvantages are also clear: high product price, average product quality, low customer satisfaction of individual unique products, insufficient understanding of customer feedback, poor service of individual stores, and insufficient advertising and marketing.

The outside effects for Starbucks are also harmful. Opportunities for this brand are limited to its persistence on a healthy diet, which largely depends on the public's preference. New brands from Chinese local beverage industries cause competition, given that Starbucks has fewer options of flavor for customers to choose from.

5. DISCUSSION

Given all the elements mentioned above, Starbucks needs a change in its strategy to improve customer satisfaction.

With the strong influence and significant brand awareness, Starbucks should improve its inside factors: products and services. Products should be designed catering to the public's preference as many other beverage brands do, which means that even though Starbucks was founded in the US, it should consider Chinese customers' unique preferences when it comes to China. Service for offline stores should also be improved to the same level by offering staff more tutorials and benefits, instead of blindly opening up new stores.

As for the future, Starbucks should pay attention to its competitors and study their success in China thoroughly. Initially, the brand should value customers' comments or words of mouth to offer more suitable options. By properly using their official accounts online, Starbucks will learn Chinese customers' behaviors, which gives instructions to the research and developing departments. With its products more satisfying, Starbucks needs to put more effort into publicities and marketing. Constructing halo brands with other inspirational companies will bring volumes from other brands, while a better interaction with customers, e.g., co-designing beverages or voting for the best graffiti on Starbucks cups, can tighten brand loyalty.

6. CONCLUSION

Based on the problems that the products of Starbucks are witnessing the customer satisfaction decreases year by year, this paper makes an in-depth analysis of an American coffee brand giant that does not conform to the trend of the times and fail to meet the taste needs of most customers, and customer satisfaction decreases year by year, this paper makes an in-depth analysis of Starbucks. In order to get a reasonable solution to Starbucks' existing crisis in the Chinese market, based on the research of many previous scholars, this paper further adopts the SWOT analysis method to analyze Starbucks' existing strengths, weaknesses, opportunities, and thread, and explore the most suitable strategy for Starbucks to improve customer satisfaction. By collating previous relevant literature and in-depth SWOT analysis of the Starbucks brand, this paper finally concludes that Starbucks needs to change its strategy to improve customer satisfaction. As assumed, Starbucks should focus on optimizing product and service quality. It needs to meet people's personalized needs and unique taste preferences in different regions. In short, Starbucks needs to take marketing publicity and other means further to stabilize its market position and improve customer satisfaction and loyalty.

This paper aims to identify strategies that can improve customer satisfaction. The assumption that improving Starbucks products and paying attention to customer feedback will help Starbucks improve customer satisfaction is correct because customers provide feedback on their preferences and areas that should be improved. The investigation and analysis of how Starbucks improves customer satisfaction also provides a good case for many mature brands to continue to develop steadily.

According to the relevant literature, it is not difficult to verify the practicability of the SWOT analysis model in analyzing Starbucks' brand characteristics and development strategy, and it is suitable for more research
of the same type in the future.

Although this paper verifies the application of the SWOT analysis method in analyzing and correcting brand development strategy, it has insurmountable defects such as too limited target market and too subjective personalized experience. Therefore, this paper is sincerely welcomed more researchers and scholars to verify further and study and point out the problems of this paper. In addition, it is found that the research status in this field is not balanced, and there are too many, too broad, and not specific areas to change the development strategy.

This paper is only research and analysis based on the author's own experience and personal experience. It has subjective influence and belongs to a personal point of view and evaluation. Although some viewpoints and conclusions of this paper are different from those of previous studies, this paper pays homage to previous studies because of its contribution to further research and ensuring the smooth progress of the study. The problems and analysis of Starbucks in this paper are limited to the Chinese market and only cover the user satisfaction survey in the Chinese market in the recent ten years. In other developed countries, such as Britain and Canada, or their home country: the United States; In the long term, such as ten years later.

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