

Study on the Advantages and Disadvantages of the Coffee Experience Service Industry

-- Taking Starbucks as an Example

Zichun Wang*

Bo Ya College, Macau University of Science and Technology, Macau 999078, China

*1240022451@student.must.edu.mo

Abstract

In today's society where the demand for coffee is on the rise, Starbucks stands out among coffee companies. This article will take Starbucks as an example to explore the strengths and weaknesses of the coffee experience service industry and make assumptions and conduct research on the correlation between perceived prices and purchase intentions. The study was mainly conducted in the form of an online questionnaire survey (N=115), and individual interviews were conducted with those who answered in detail. Data analysis shows a positive correlation between perceived price and purchase intention. Starbucks coffee shops have an advantage in dining environment and staff service, but are slightly lacking in product innovation.

Keywords

Starbucks; Marketing Strategy; Consumer Experience; Perceived Price.

1. Introduction

With the development of society, coffee has gradually become the most common drink in People's Daily lives. In recent decades, various coffee brands have developed, such as Luckin Coffee, Nestle, etc. They have brought leisure and joy to people's lives. And Starbucks is a typical example. It has launched a lot of seasonal products and offers experience economy services to customers in big cities like Shanghai. This article will aim to investigate and analyze the experience of consumers in this type of coffee industry, understand consumer preferences, help related enterprises formulate effective marketing strategies, predict market trends, implement reasonable pricing strategies, enhance brand image, and achieve sustainable development. The remainder of this article is structured as follows. The second part sets out our theoretical framework. The third part elaborates on the analysis of the hypotheses we put forward. Part Four Outlines the experimental design, Part Five conducts the discussion, and Part six is the conclusion.

2. Theoretical Basis

This article will provide a theoretical review of the experience economy, the current development of the coffee industry in China, current research on the experience economy, the experience economy activities launched by Starbucks Coffee, and the impact of prices on consumers. The experience economy emphasizes enhancing consumers' immersion and interaction through contextualization, as well as improving brand stickiness and consumption conversion rate. Experience marketing, on the other hand, is a marketing concept that centers on the consumer's experience and achieves corporate marketing goals by creating, guiding, and fulfilling various experience needs of consumers during the consumption process. With the

progress of society, the coffee industry has witnessed a period of rapid development in the Chinese market, and the domestic coffee industry chain has transformed from a simple raw material supply industry to an industry of taste improvement and technological innovation. Today, China has become one of the world's major coffee producers and consumers. According to related development reports, China's coffee planting area reached 81,300 hectares in 2024, up 4.20 percent year-on-year, ranking 32nd globally; Coffee production reached 152,300 tons, ranking 13th in the world. In addition, the experience economy plays a significant role in the catering industry. Restaurant brands should build a strong emotional bond with consumers in order to give them a unique experience. Catering businesses need to reintroduce their new products and services based on consumer demands [1]. For consumers, omni-channel experiential coffee service businesses are receiving increasing attention. Digital transformation and technological innovation provide it with a strong infrastructure and a large number of sales channels. And Starbucks coffee Company is a typical example. In many regions where coffee culture is still in its infancy, especially in China in the early 21st century, Starbucks popularized the concepts of "freshly ground coffee" and "third space" through standardized products, comfortable environments and consistent quality. It has moved more people from instant coffee to specialty coffee, and has cultivated a huge consumer base for the entire coffee market. At the same time, Starbucks has integrated advantages such as mobile payments and membership points, and has analyzed consumer behavior through AI and big data to provide customized recommendations and has successively launched new products in line with market trends. In this article, we will focus on studying consumers' experiences and feelings towards this coffee industry, exploring their deep-seated needs and the factors and trends that influence their consumption decisions. In consumer behavior, both emotion and cognition influence consumer behavior: emotion drives attitudinal change and direct purchase, while cognition focuses on rational analysis. The two interweave, and brands need to optimize marketing strategies and improve the quality of purchase decisions through emotional connection and rational persuasion. Studying their interactions is of great significance to marketing. We'll take Starbucks as an example. Starbucks provides customers with a direct view of the coffee-making process through an open bar, and its coffee offers a great taste experience with rich and smooth layers. The brand also continues to innovate its products, such as the "Longjing Tea Suyang Latte" launched during the Qingming Festival in 2023, which conveys the poetry of traditional culture with its unique flavor[2]. In addition, Starbucks showcases its coffee-making process on its official website and hosts activities such as summer family Tours at its Shanghai Roastery, allowing families with children to participate in DIY coffee and pizza and gain unique physical experiences through interaction[3]. Starbucks' brand building is aimed at the global market. In the context of fragmented global consumer markets, businesses need to meet diverse demands through differentiated products, services and experiences. Local marketing should be strengthened, regional cultures integrated, and a global brand matrix built to precisely respond to user demands. At the same time, promote differentiated marketing in line with regional characteristics, and enhance brand influence and user interaction through international sports events, cultural activities, etc., to establish emotional connections. Encourage brands to participate in international cooperation, promote the formulation and sharing of international standards for brand evaluation and management, and facilitate the global development of brands.

3. Theoretical Analysis of Assumptions

According to previous theories, consumer price satisfaction often has a significant impact on consumers' decision to choose the products of the coffee experience service industry. Perceived value shows a positive correlation with purchase intention. Perceived savings are positively correlated with purchase intention [4]. Therefore, this paper makes the following assumptions:

With the same frequency of coffee consumption, Starbucks price satisfaction is positively correlated with the probability of choosing Starbucks coffee.

4. Experimental Design

To explore consumer satisfaction with Starbucks' experience service, this paper will conduct a quantitative study of consumers by distributing electronic questionnaires. Participants entered the experiment via a link to the online test and answered 15 to 20 questions, which took approximately 5 to 10 minutes. The questionnaire was mainly aimed at Starbucks coffee consumers to understand their consumption experience. The questionnaire will ask questions in terms of purchase frequency, product preference, price satisfaction, reasons for purchase, proportion of coffee consumption, perceived shortcomings, reasons for first learning about the product, peripheral purchases, improvement suggestions, etc., and will be multiple-choice questions. The questions related to personal experience are short-answer questions, and there are also basic surveys on personal information such as age and gender. After the questionnaires were distributed, additional interviews were conducted with those who answered in detail to learn more about a service they had experienced at a Starbucks cafe.

5. Discussion

The survey, which aimed to gain a deeper understanding of the consumption experience of Starbucks coffee consumers, collected a total of 115 valid responses. Among them, 52.2% were male and 47.8% were female, with a relatively balanced gender ratio. Those aged 18 to 25 accounted for the highest proportion at 62.6%, indicating that the main consumer group of Starbucks is the younger generation. The analysis of coffee consumption frequency and Starbucks choice frequency found that consumers who consume coffee once or twice a week, accounting for 40.9%, suggest that Starbucks consumers have a certain degree of brand loyalty. In addition, the proportion of consumers who choose Starbucks occasionally is the highest, reaching 64.3%, indicating that Starbucks is not the first choice in consumers' minds, but still has some market influence.

Among the consumption scenarios, the largest number of consumers choose Starbucks in small gatherings with friends, accounting for 35.7%, indicating that Starbucks has a certain appeal in social situations.

In the Starbucks service experience analysis survey, it was found that the ambient atmosphere was the most important factor for consumers to choose Starbucks, accounting for 52.2%, followed by coffee quality and brand appeal.

In the price satisfaction study, the proportion of consumers who were indifferent was the highest, reaching 41.7%, indicating that Starbucks' pricing strategy had little impact on consumers. 79.1% of consumers tend to use the mobile App to place their orders in advance, indicating that digital services play a significant role in Starbucks' consumption experience. Finally, 73.9% of consumers were satisfied and very satisfied in the surveys of employee service satisfaction and environmentally friendly activities, indicating that Starbucks' employee service has been recognized by consumers. Resting and socializing are the activities that consumers consider most suitable for the Starbucks environment, accounting for 30.4% and 37.4% respectively.

However, in the product and activity engagement analysis, 50.4% of consumers have occasionally or never tried Starbucks' seasonal limited edition new products, indicating that the promotion effect of new products needs to be improved. The 83.5 percent of consumers have occasionally or never participated in Starbucks' experience activities, indicating that Starbucks' experience activities are not attractive enough.

In the Starbucks experience described by the interviewer, there are two main advantages of Starbucks cafes: it precisely captures long-tail demands such as office and study through atmosphere creation and hardware configuration (sockets, quiet environment), forming a core difference from other budget coffee brands, and further strengthens user stickiness with an inclusive policy that allows users to stay comfortably even without spending. In addition, the staff's non-utilitarian recommendations, patient responses, proactive attention to potential customer needs (such as reminding the cup wall to be cold), free provision of room-temperature water, new product tasting and other value-added services convey the brand's humanistic care, enhance customer favorability, and make up for the lack of product cost-effectiveness. However, the shortcomings of Starbucks' service are equally obvious. The interviewer believes that while similar brands are launching cross-brand blends of fruits, vegetables, etc., Starbucks still relies on its classics, and its new products are mostly innovative in form (latte, cup shape), lacking substantial taste breakthroughs. It is difficult to attract customers who seek fresh experiences and also weakens the rationality of product premium. In addition, the lack of timely table cleaning during peak hours and the absence of self-service item labels reflect loopholes in the service process during peak hours, which contrasts with the overall tone of quality service and affects the integrity of the user experience.

In the survey of Starbucks price satisfaction and the probability of choosing Starbucks coffee, 115 valid questionnaires, after excluding invalid ones, were divided into four groups based on "frequency of coffee consumption" (once a day, one to two times a week, one to two times a month, occasionally or almost never).

Table 1. Starbucks Price Satisfaction and Frequency of Starbucks Choice

Frequency of coffee consumption	Price satisfaction	Always choose	About half choose	Occasionally choose	Never chosen
Once a day	Very satisfied	2	1	0	0
Once a day	Satisfied	1	1	4	0
Once a day	No sensation	0	1	3	1
Once a day	Dissatisfied	0	0	4	1
Once a day	Very dissatisfied	0	0	1	0
Once or twice a week	Very satisfied	2	1	4	0
Once or twice a week	Satisfied	0	3	4	0
Once or twice a week	No feeling	3	2	12	3
Once or twice a week	Dissatisfied	0	2	7	1
Once or twice a week	Very dissatisfied	0	0	1	2
Once or twice a month	Very satisfied	1	0	1	0
Once or twice a month	Satisfied	0	2	2	0
Once or twice a month	No sensation	1	1	5	0
Once or twice a month	Not satisfied	0	1	2	0
Once or twice a month	Very dissatisfied	0	0	0	1
Occasionally or almost never drink	Satisfied	0	0	7	0
Occasionally or almost never drink	No sensation	0	1	12	3
Occasionally or almost never drink	"Dissatisfied"	2	0	5	1

According to Table1, the higher the price satisfaction, the higher the proportion of people who "always choose" and "about half choose" Starbucks, regardless of the frequency of coffee consumption; When the price satisfaction was "unsatisfied" or "very unsatisfied", there were no "always choose" cases, and the proportion of "never choose" increased.

High-frequency coffee consumers (once a day) : Consumers who are very satisfied and satisfied with the price mostly always choose or about half choose Starbucks; Those who are dissatisfied and very dissatisfied with the price are more likely to choose occasionally or never.

More frequent coffee consumers (once or twice a week) : Similar to the case of once a day, consumers with high price satisfaction chose Starbucks relatively more frequently, but a larger proportion of consumers were indifferent and distributed across all selection frequencies.

Low-frequency coffee consumers (once or twice a month) : The overall sample size is relatively small, but it can still be seen that there is a certain association between price satisfaction and choice frequency, such as very satisfied consumers choosing Starbucks occasionally or always.

Very few coffee drinkers (occasionally or almost never) : Even those who are satisfied with the price tend to choose Starbucks occasionally; And a certain proportion of those who are not satisfied with the price have never chosen it.

Therefore, according to the data from the questionnaire survey, this is in line with previous studies.

6. Conclusion

Overall, among different coffee-drinking frequency groups, consumers' satisfaction with Starbucks prices was positively correlated with the frequency of choosing Starbucks, that is, the higher the price satisfaction, the relatively higher the frequency of choosing Starbucks. Starbucks has obvious advantages in terms of ambient atmosphere and staff service, but it has shortcomings in terms of pricing strategy, new product promotion and experience activities. Starbucks should further optimize these areas to enhance the overall consumer experience and brand loyalty.

Therefore, this article puts forward the following suggestions: Firstly, Starbucks could consider adjusting its pricing strategy, such as lowering the prices of certain products, to attract more consumers. Second, enhance the promotion of seasonal limited edition products, especially in second-tier cities where there are a large number of potential consumers, which can increase consumers' willingness to try and thereby expand the sales channels of Starbucks coffee.

The innovation of this paper lies in the fact that previous studies often focused on corporate strategy and marketing tactics, while this study pays more attention to the consumer experience. In addition, surveys and interviews with consumers of different age groups are more universal. The data and research investigated in this paper have some reference value in analyzing and investigating consumers' experiences with the Starbucks brand.

However, there are still shortcomings in this article. Compared with other scholars' research, this article only analyzes the Starbucks brand, which is not representative in some areas of the coffee industry, and has a small number of interviews, which may not represent the experience of the majority of consumers.

References

- [1] Luo, C. (2022). A Study on Experience Marketing Strategies for Catering companies. Thesis of Yunnan University.
- [2] Xiong, X.X. (2020). Analysis of the effect of Experiential Marketing at Starbucks' Shanghai Roastery. Thesis of Jiangxi University of Finance and Economics.

- [3] Huang, J.C. (2024). Research on the Optimization of Starbucks' Experience Marketing Strategy in the Chinese market. Thesis of Hainan University.
- [4] Wu, Y.Q. (2019). A Comparative study on the Impact of Price Presentation on Consumer Purchase Intention in Price Promotion. Thesis of Taiyuan University of Technology.