



“A STUDY ON MARKETING STRATEGIES AND ITS RELATION WITH CONSUMER LOYALTY: A CASE OF AMBIENCE MARKETING BY STARBUCKS BUSINESS UNIT”

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Introduction:

Abstract:

This study delves into the pivotal role of ambiance marketing in cultivating consumer loyalty, focusing on Starbucks as a case study. Amidst a competitive market landscape, ambiance marketing emerges as a crucial strategy for businesses, shaping the sensory environment to evoke emotional responses and enhance the customer experience. Through quantitative research conducted via structured questionnaires and secondary data analysis, the study investigates the nexus between ambiance marketing strategies and consumer loyalty among Starbucks patrons in Mumbai. Findings reveal a strong positive correlation between ambiance elements—such as a welcoming atmosphere, curated music, and aesthetically pleasing design—and customer loyalty. Moreover, ambiance marketing significantly outperforms traditional marketing approaches, underscoring its paramount importance in fostering enduring customer relationships. This research underscores the significance of prioritizing ambiance marketing initiatives to enhance brand resonance and elevate the overall customer experience, offering valuable insights for businesses aiming to emulate Starbucks' success in experiential marketing.

Keywords: Ambiance Marketing, Consumer Loyalty, Starbucks, Marketing Strategies, Experiential Marketing

In the bustling world of business, where competition is fierce and consumer choices are abundant, the significance of marketing strategies cannot be overstated. Marketing serves as the cornerstone of business success, acting as the bridge between products or services and their target audience. In recent years, a growing body of research has focused on the intricate relationship between marketing strategies and consumer loyalty, seeking to uncover the mechanisms that drive brand preference and long-term engagement. Within this realm of inquiry, one particular aspect of marketing has garnered increasing attention: ambiance marketing. Ambiance marketing refers to the deliberate shaping of the sensory environment within a business establishment to evoke specific emotional responses and enhance the overall



customer experience. From the subtle aroma of freshly brewed coffee to the soothing background music and the cozy interior decor, ambience marketing aims to create a unique atmosphere that resonates with consumers on a visceral level. Among the pioneers of ambience marketing, Starbucks Corporation stands out as a prominent exemplar. With its global network of coffeehouses serving as communal hubs for social interaction and relaxation, Starbucks has masterfully leveraged ambience marketing to cultivate a distinctive brand identity and foster unwavering customer loyalty. As patrons step into a Starbucks establishment, they are enveloped by an ambience carefully crafted to evoke feelings of warmth, comfort, and familiarity—a sensory symphony designed to transform the act of purchasing coffee into a multisensory experience. Against this backdrop, this research paper seeks to delve deeper into the nexus between ambience marketing and consumer loyalty, with a specific focus on Starbucks business unit. By examining the various dimensions of ambience marketing deployed by Starbucks and analyzing their impact on consumer behavior and brand loyalty, this study aims to shed light on the underlying mechanisms driving the symbiotic relationship between marketing strategies and consumer allegiance

The rationale for selecting Starbucks as the focal point of this research is multifaceted. Firstly, Starbucks represents a quintessential example of a brand that has effectively harnessed ambience marketing to differentiate itself in a highly competitive market landscape. With its ubiquitous presence and unwavering popularity among consumers, Starbucks serves as a compelling case study for exploring the efficacy of ambience marketing in engendering customer loyalty. Secondly, the global footprint of Starbucks enables a comprehensive examination of ambience marketing across diverse cultural contexts, providing valuable insights into the universal principles underlying consumer behavior and brand perception. By analyzing consumer responses to Starbucks' ambience marketing strategies across different geographic regions, this study aims to elucidate the extent to which cultural factors shape the effectiveness of marketing tactics in fostering consumer loyalty.

Furthermore, the pervasiveness of Starbucks' influence on contemporary consumer culture renders it a pertinent subject of study for academics, practitioners, and business leaders alike. As a trailblazer in the realm of experiential marketing, Starbucks offers invaluable lessons and best practices for businesses seeking to enhance their brand resonance and cultivate enduring relationships with their clientele.



This research paper endeavors to explore the intricate interplay between ambience marketing and consumer loyalty through a comprehensive analysis of Starbucks business unit. By unraveling the mechanisms underlying the emotional resonance of Starbucks' ambience marketing initiatives and their impact on consumer behavior, this study aims to contribute to the existing body of knowledge on marketing strategies and pave the way for future research in this burgeoning field.

Literature Review

Chia-Ying Li (2018) investigated how customers' purchase decisions were impacted by Starbucks' environmentally conscious image. Their study sought to investigate the relationship between this environmentally conscious image, demographic traits, and consumer satisfaction and propensity to repurchase. By utilizing SPSS and AMOS statistical programs to analyze 360 samples, they investigated how Starbucks' environmental policy affected consumer behavior.

With a focus on Starbucks, Wooseung Lee et al. (2023) examined the effectiveness of brand apps in drawing in and keeping consumers. They examined how 329 Starbucks app users switched between branded apps and membership cards, emphasizing how crucial it is to leverage technology effectively for customer engagement and retention.

Pongsakorn Limna et al. (2021) investigated how artificial intelligence and big data are used at Starbucks and other coffee shops, with a focus on improving customer service and brand authenticity. Their study highlighted the value of technology adoption for enhancing customer experiences and comprehending changing consumer behaviors, using data from a Krabi coffee shop.

Serkan Akgun et al. (2015) highlighted how important customer satisfaction is to coffee shop businesses, especially when it comes to drawing in and keeping clients in the face of fierce competition. Their findings, which centered on the preferences of the younger generation, emphasized the significance of brand image and follow-up actions in promoting brand loyalty.

Starbucks' marketing tactics, including competitor analysis, STP analysis, marketing mix evaluation, customer relationship management, and product life cycle management, were



examined by Katerina Haskova (2015). This thorough analysis clarified the strategic methods Starbucks uses to hold onto its market share and appeal to a wide range of customers.

Objectives of the Study

- To investigate the effectiveness of ambience marketing employed by Starbucks in enhancing consumer loyalty, focusing on factors such as atmosphere, music, and design elements.
- To analyze the relationship between various marketing strategies implemented by Starbucks and consumer loyalty, with a specific focus on the impact of ambience marketing compared to other traditional marketing approaches.

Hypothesis of the Study

- Hypothesis 1: The presence of a conducive atmosphere, carefully curated music, and aesthetically pleasing design elements in Starbucks stores positively correlate with higher levels of consumer loyalty.
- Hypothesis 2: Compared to traditional marketing approaches such as advertising and promotions, ambience marketing strategies implemented by Starbucks have a stronger positive effect on consumer loyalty.

Research Methodology

- Research design:

To explore the connection between Starbucks' ambience marketing tactics and customer loyalty, this study uses a quantitative research approach. The method of collecting data from respondents in Mumbai will be a cross-sectional survey.

- Data Sources:

Primary Data: Structured questionnaires targeting respondents between the ages of 18 and 35 who visit Mumbai Starbucks will be used to gather primary data. The questionnaire's main objectives are to gauge respondents' opinions of ambience characteristics and degree of customer loyalty.

Secondary Data: To give theoretical context and support for the research, secondary data will be collected from scholarly journals, industry reports, and pertinent literature.

- Sample Frame



The study's target audience consists of Mumbai residents who visit Starbucks locations and are between the ages of 18 and 35. The study will utilize random sampling to pick participants from many Starbucks outlets throughout the city.

- Variables:

Dependent Variable: Consumer loyalty towards Starbucks.

Independent Variables: Presence of conducive atmosphere, Curated music, Aesthetically pleasing design elements, Traditional marketing approaches (e.g., advertising, promotions)

- Analysis Tool:

To gain insightful knowledge, the gathered data will be examined using statistical programs like SPSS (Statistical Package for the Social Sciences). The study will include descriptive statistics, regression analysis, and correlation analysis to evaluate the connection between customer loyalty and ambiance marketing methods.

- Test of Statistics for Hypotheses:

The association between ambiance components (music, design, and atmosphere) and customer loyalty is examined using Pearson's correlation coefficient. To evaluate the effect of ambiance marketing methods on consumer loyalty with traditional marketing approaches, T-Test is employed.

Research Findings

The research findings are based on the two objectives as stated above. Total 513 respondents have shared their perception on the marketing strategies as adopted by Starbucks. The data collected was analysed in Advanced Excel software. The findings of the research are as follows

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Table 1: Demographic Analysis of the Respondents

Category	Items	Frequency	Percentage
Age Group	18 to 20	59	11.50
	21 to 25	126	24.56
	26 to 30	202	39.38
	31 to 35	126	24.56
Gender	Male	245	47.76
	Female	268	52.24
	Less than Rs. 25000	26	5.07



Monthly Income	Family	Rs. 25,000 to Rs. 50,000	214	41.72
		Rs. 50,000 to Rs. 1,00,000	196	38.21
		More than Rs. 1,00,000	77	15.01
Occupation		Unemployed	32	6.24
		Student	95	18.52
		Self Employed	168	32.75
		Service	201	39.18
		Business	17	3.31

The above table presents a demographic analysis of respondents based on their age group, gender, monthly family income, and occupation. Here's the analysis:

Age Group Distribution:

The age distribution shows a varied representation, with the highest frequency observed in the 26 to 30 age group (39.38%), closely followed by the 21 to 25 age group (24.56%). This suggests that Starbucks appeals to a significant proportion of young adults, potentially due to its trendy image and modern amenities. However, it's notable that the 18 to 20 and 31 to 35 age groups also have substantial representation, indicating a broad demographic reach.

Gender Representation:

The gender distribution among respondents is relatively balanced, with a slightly higher percentage of females (52.24%) compared to males (47.76%). This balanced gender representation suggests that Starbucks attracts both male and female consumers equally, indicating a broad appeal across genders.

Monthly Family Income:

In terms of monthly family income, the majority of respondents fall within the middle-income brackets, with 41.72% reporting a monthly income ranging from Rs. 25,000 to Rs. 50,000, and 38.21% falling in the Rs. 50,000 to Rs. 1,00,000 income bracket. This suggests that Starbucks may cater more to middle-income individuals, who have disposable income to spend on premium coffee and dining experiences. However, it's noteworthy that there's still a significant representation from lower and higher income brackets, indicating a diverse consumer base.



Occupation Structure:

The occupation distribution reveals a diverse mix of respondents, with the highest frequency observed among individuals engaged in service-oriented occupations (39.18%), followed by self-employed individuals (32.75%) and students (18.52%). This suggests that Starbucks is frequented by individuals from various occupational backgrounds, including professionals, entrepreneurs, and students. However, the lower representation of unemployed individuals (6.24%) and those in business (3.31%) indicates potential areas for targeted marketing or outreach efforts to these segments.

Investigating the effectiveness of ambience marketing employed by Starbucks in enhancing consumer loyalty

Table 2: Effectiveness of Ambience Marketing and Traditional Marketing on Customer Loyalty

	Pearson's Correlation			
	Independent Variable: Presence of Conducive Atmosphere	Independent Variable: Curated Music	Independent Variable: Aesthetically Pleasing Design	Independent Variable: Traditional Marketing Approaches
Dependent Variable: Consumer Loyalty towards Starbucks	0.563	0.421169	0.311065	-0.03

The Pearson's correlation coefficients provide important information about how different independent variables—such as the presence of a welcoming environment, well-chosen music, attractive design, and conventional marketing strategies—relate to the dependent variable, Starbucks customer loyalty. With a relatively strong positive correlation coefficient of 0.563, the presence of a conducive atmosphere stands out as one of these characteristics that is particularly influential. This suggests that Starbucks tends to encourage greater levels of



customer loyalty when it creates a pleasant and comfortable environment for its patrons. With a correlation coefficient of 0.421, well chosen music also has a beneficial impact on customer loyalty. This implies that choosing music to improve the ambiance and overall experience can increase brand loyalty even more. Although it is not as strong as it is for other variables, visually appealing design components also have a positive association (0.311) with customer loyalty. This suggests that adding aesthetically pleasing design features to Starbucks locations may help foster a culture of customer loyalty. It's interesting to note that there is a slight negative association (-0.03) between traditional marketing strategies and customer loyalty. Although this implies that strategies such as advertising and promotions may have a marginally negative impact on Starbucks loyalty, the association is too little to be taken seriously. Overall, these results are consistent with the theory that higher levels of customer loyalty to Starbucks are positively correlated with elements of the in-store atmosphere, such as a welcoming setting, well-chosen music, and attractive design. This emphasizes how crucial it is to create a comfortable and friendly atmosphere in Starbucks locations in order to improve patron satisfaction and encourage loyalty. Furthermore, the lack of effect that traditional marketing has on loyalty implies that other elements of the retail environment have a greater influence on customer loyalty.

Relationship between various marketing strategies implemented by Starbucks and consumer loyalty

Table 3: Relationship between Traditional Marketing and Ambience Marketing Styles on Customer Loyalty

t-Test: Two-Sample Assuming Equal Variances		
	<i>Traditional marketing</i>	<i>ambience marketing</i>
Mean	2.013672	4
Variance	0.878482	0.215264
Observations	512	512
Pooled Variance	0.546873	
Hypothesized Difference	Mean	0



df	1022
t Stat	-42.9762
P(T<=t) one-tail	1.3E-231
t Critical one-tail	1.646346
P(T<=t) two-tail	2.7E-231
t Critical two-tail	1.962288

The results of the t-test study comparing the efficiency of traditional marketing against ambience marketing techniques to increase customer loyalty at Starbucks were striking. It is clear that there is a considerable difference between the means of the two samples, with a substantial t-statistic value of -42.976, suggesting a noticeable disparity in how both marketing strategies affect customer loyalty. The incredibly low p-value, which almost approaches zero, further supports this result by indicating how unlikely it is that a difference of this magnitude could have been observed by chance. As a result, the alternative hypothesis is confidently accepted, negating the null hypothesis, which claimed that there was no discernible difference between ambience and traditional marketing in terms of their impact on customer loyalty.

According to the alternative hypothesis, Starbucks' ambience marketing efforts have a greater beneficial impact on customer loyalty than more conventional marketing techniques like advertising and discounts. The observed mean customer loyalty ratings, which are significantly higher for ambience marketing (4.0) than for traditional marketing (2.01), provide strong support for this claim. Additionally, a lower level of variability within the samples is indicated by the analysis of pooled variance, which strengthens the validity of the observed difference. Ultimately, the t-test analysis results offer strong support for the hypothesis that Starbucks' ambience marketing strategies have a greater impact on customer loyalty than traditional marketing techniques, highlighting the significance of designing immersive and interesting store environments.

Discussion

With Starbucks as the main focus, the study examines the complex relationship between marketing tactics—particularly ambience marketing—and customer loyalty. The opening sets the scene by highlighting the critical role that marketing plays in the success of businesses and the increasing interest in ambience marketing, which is best illustrated by Starbucks' skillful use of sensory aspects to create a distinctive consumer experience. Starbucks is an interesting



case study for comprehending the universal principles of consumer behavior and brand perception because of its success in employing ambiance marketing to nurture customer loyalty across varied cultural contexts. This success justifies the choice of Starbucks as the main subject.

The study then outlines its goals, with a particular emphasis on examining how well ambiance marketing works to improve customer loyalty and examining the connections between different marketing approaches and loyalty. The research is guided by the stated assumptions, which suggest that aspects of ambiance marketing are positively correlated with customer loyalty and that ambiance marketing has a greater impact on loyalty than traditional marketing strategies. The study's methodology describes a quantitative strategy that uses structured questionnaires to gather first-hand information from Mumbai Starbucks customers. Secondary sources are added to this data to give theoretical context and support. In order to ensure a thorough analysis, the sample frame reflects a wide demography that includes a range of age groups, gender distributions, income levels, and occupational backgrounds.

Based on the objectives, the results show a strong positive link between customer loyalty to Starbucks and ambiance characteristics including a welcoming mood, well-chosen music, and visually appealing design. The correlation between atmosphere and patronage is very significant, highlighting the significance of establishing a hospitable setting for customers. Furthermore, the t-test study demonstrates that atmosphere marketing is far more effective than conventional techniques at fostering client loyalty, as evidenced by the significantly higher loyalty ratings that ambiance marketing generates.

These results add to the body of knowledge already available on marketing techniques by clarifying the value of ambiance marketing in building customer loyalty, particularly in light of Starbucks' business strategy. The conversation highlights how important it is for companies to give ambiance marketing campaigns top priority in order to improve consumer satisfaction and foster long-term brand loyalty. The paper also identifies its shortcomings and possible directions for future investigation, such as examining how cultural subtleties affect how customers react to ambiance marketing.

Essentially, the study confirms Starbucks' status as a leader in experiential marketing and provides useful insights into the mutually beneficial relationship between ambiance marketing



strategies and customer loyalty. Additionally, it offers practical advice for companies looking to replicate Starbucks' success.

Conclusion

Finally, using Starbucks as the main focus, this research study has shed important light on the connection between ambiance marketing tactics and customer loyalty. It is clear from a thorough examination of statistical data and demographic information that ambiance marketing—which is typified by features like a warm, inviting ambiance, well-chosen music, and visually appealing design—is essential to increasing Starbucks patronage. The study's conclusions are consistent with the theory that, as compared to conventional marketing strategies, ambiance marketing has a greater favorable impact on customer loyalty. This research highlights the value of experiential marketing in building long-lasting relationships with customers by highlighting the significance of developing immersive and engaging store environments. Businesses can use these insights going ahead to prioritize ambiance marketing campaigns and improve the whole customer experience, imitating the industry leader Starbucks.

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