

A Study of the Role of Psychological Contract in the Interaction between Consumer Loyalty and Brand Satisfaction: A Case of Starbucks

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Abstract. In nowadays market, most consumers choose downgrades consumption and also faced globalization of competition. Therefore, customer satisfaction with the brand become the most important factor of enterprise development. Consumer loyalty is the preference and repetitive purchasing behavior that consumers maintain for a specific brand for a long period of time. Customer satisfaction refers to a major concept in the field of marketing and consumer behavior. This essay will divided psychological contract into experience marketing, Starbucks rewards card strategy, brand responsibility degree to analyze. Research shows that experience marketing, Starbucks rewards card strategy, brand responsibility degree would be a big factor to influence the customer satisfaction. Also, higher in customer satisfaction, higher in consumer loyalty. Hence, explore the influence of psychological contract on brand satisfaction and then influence consumer loyalty to play a mediating role. Therefore, it is reasonable suggestions can be put forward for brand marketing by analyzing different kind of psychological contracts which been used.

Keywords: Psychological contract, consumer loyalty, brand satisfaction, Starbucks.

1. Introduction

In the current competitive market environment, consumer loyalty and brand satisfaction have become key factors for companies to achieve sustainable growth. With the increasing variety of products and services available in the market, consumers have a wider range of choices to choose from, which puts more pressure on companies to retain old customers and attract new ones. Consumers' needs and expectations are becoming increasingly diverse, and companies must continually improve the quality of their products and services to meet these diverse needs. Consumer loyalty and brand satisfaction have been the subject of extensive attention in the field of marketing. Although research has shown that brand satisfaction is an important factor influencing consumer loyalty, traditional studies usually view the two as a unidirectional relationship, i.e., it is assumed that an increase in brand satisfaction will inevitably lead to an increase in consumer loyalty. However, these studies have often neglected to explore the interactions and patterns between the two from the perspective of the psychological contract [1]. Based on this, this study aims to explore the following issues: the role played by the psychological contract in the interaction between consumer loyalty and brand satisfaction; the differences in the impact of the psychological contract on consumer loyalty and brand satisfaction in different market environments and industry contexts; and the relationship between consumer satisfaction and its loyalty. This study has important theoretical and practical implications. Theoretically, this study will enrich the theoretical framework of the interaction between consumer loyalty and brand satisfaction from the perspective of the psychological contract and reveal the complex interaction mechanism between the two. In practice, this study will provide valuable management insights for enterprises, and provide a reference basis for developing more effective customer relationship management strategies.

This study utilizes the process-tracing method of case study and selects the Starbucks coffee brand as the subject of the study. The study investigates the acceptance and recognition of each product and new product by loyal Starbucks customers and then compares it with the acceptance and recognition of non-loyal customers. The study also examines the change in acceptance and recognition between

first and subsequent purchases by specific customers. Through the process-tracking method, this study examined Starbucks brand-specific new and existing customers, sales behaviors, and market share, confirming the conclusion that the higher the satisfaction with the brand, the stronger the psychological contract between the consumer and the brand.

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2. About Starbucks

Starbucks is an American coffee company founded in 1971 and headquartered in Seattle, Washington, United States. It is the world's largest coffee chain, specializing in commercially and ethically sourced and roasted Arabica coffee of the highest quality in the world. With over 32,000 stores in 82 markets worldwide, Starbucks is a specialty coffee roaster and retailer. Since entering China in 1999, Starbucks has been committed to developing a differentiated company that cares for its partners and offers a different kind of Starbucks experience to its customers while preserving the classic coffee culture. In March 2024, Starbucks inaugurated its 1,000th store in Guangdong, which is the third region in Mainland China to surpass the 1,000-store mark, following Shanghai and Zhejiang Province. Starbucks also launched Starbucks Select™ coffees, which are carefully screened and only available in limited quantities at select Starbucks stores, representing Starbucks' pursuit of high-quality coffee and its emphasis on the human stories of the places where coffee is grown. In addition, Starbucks is strengthening its position in the global marketplace through its global expansion program, which aims to revolutionize the customer experience by using its physical stores as “community cafes”.

Starbucks is the world's premier roaster, marketer and retailer of boutique coffee, with operations in 86 markets worldwide. Starbucks sources, roasts and sells high-quality coffee and handcrafted coffees, teas and other beverages through company-operated stores, and offers a wide range of premium food products. In addition, Starbucks sells and licenses trademarks for a variety of coffee and tea products through other channels, such as franchises, and sells groceries and foodservice through its global coffee alliance with Nestlé. In addition to its flagship Starbucks Coffee brand, Starbucks sells goods and services under the Teavana, Ethos, Starbucks Reserve and Princi brands.

Since its founding in 1971, Starbucks has undergone a transformation from a retailer of coffee beans and appliances to the world's largest coffee chain. 1982 saw the opening of Starbucks' first coffee shop and the beginning of its journey toward becoming a coffee chain. In the 1990s, Starbucks expanded rapidly into other cities in the U.S. and global markets, and in the 2010s, Starbucks introduced more innovative products and services through acquisitions and partnerships.

Starbucks ensured consistency in coffee quality and service through the directly managed store model, adopted an open kitchen design to increase interaction with customers, and implemented lean manufacturing methods to improve product quality.

3. Marketing Analysis of Starbucks

3.1. Experience Marketing

Experiential marketing is often considered a part of the service sector, but in reality, an experience is an economic good similar to tangible products such as services or goods. Unlike before, where goods and services catered to the external needs of consumers, experiences cater to their internal feelings and personal emotions [1]. As participants in the experience, consumers begin their "experience" the moment they enter Starbucks and form an emotional understanding of their feelings.

For people all around the world, the Starbucks logo represents not only high-quality coffee but also a pursuit of a high-quality lifestyle [2]. Starbucks has always been committed to creating a "third

space" outside of homes and offices. In this space, individuals are free and equal without hierarchical awareness or discomfort stemming from various social roles. What consumers purchase is not just coffee but more so the environmental culture. Furthermore, Starbucks stores offer European and American classic music, popular market newspapers, magazines, allowing customers to enjoy coffee and life in an unprecedented way. Within this "third space," they can shed societal constraints and relax, embracing a lifestyle that fascinates white-collar workers. In just a few decades, Starbucks has created a coffee culture focused on experience that resonates deeply with consumers. Hence, Starbucks conveys these core cultural values to its target groups and gradually expands worldwide.

Starbucks emphasizes interaction with customers in their cafes, particularly communication between baristas and customers. Starbucks views their product not merely as coffee but as a unique culture transmitted through baristas. For example, Starbucks encourages customers to take home used coffee grounds for fertilizer, helping consumers better understand Starbucks while fostering connections with staff. Additionally, some stores have suggestion boxes on the counter for customer feedback, which Starbucks responds to and records. Through such processes, consumers unconsciously integrate into the "space" cultivated by Starbucks.

3.2. Starbucks Rewards Cards

The launch of the Star Rewards Club has strengthened the bond between Starbucks and its customers. The difference between Starbucks and the other restaurants, Starbucks does not spend much on ads with famous people or pushing products. Instead, things like relax stores, kind workers, and great coffee do the job. Also, in their stores, they sell membership cards like Star Gift Cards and Star Rewards Cards. This not only makes sales but also sets up future sales. People with Star Rewards Cards get many benefits, like points for buying coffee that can be used later for other stuff. This interaction helps make customers feel close to the brand and think of Starbucks first, creating a kind of promise between them.

3.3. High Socially Responsibility

The world famous brand Starbucks adheres to the SA8000 standard and strictly controls the cultivation and procurement of coffee beans to meet the requirements of social responsibility. Starbucks' choice to partner with coffee farmers and adopt fair trade prices in the process both improves the living conditions of coffee farmers and promotes sustainable agricultural practices, reflecting the responsibility of a global brand. Over the years, Starbucks has continued to pay attention to the cultural poverty alleviation work in poor areas [3].

4. The Relationship between Consumer Loyalty and Satisfaction in Starbucks Based on Psychological Contract Theory

Psychological contract is a kind of subjective psychological agreement, brand is essentially a psychological contract between customers and brands [2]. In today's world where brand is becoming the main source of competitive advantage for enterprises, customer brand psychological contract is the psychological source of brand equity, which can be realized by driving brand loyalty. Attaching importance to the management of customer brand psychological contract is of great significance to enterprise brand operation.

In the increasingly serious homogenization of products and consumer habits continue to evolve today, the brand has become the main source of competitive advantage for enterprises. The reason for this is that the brand has built a psychological communication link and bridge between the enterprise and the customer [3]. On the one hand, the enterprise creates value for the customer, meets the customer's needs, the enterprise with its products and services as a carrier, through the brand to the customer to provide tangible use value and intangible spiritual value; on the other hand, the customer through the brand of its consumer behavior returns to the enterprise, to the enterprise and its brand to generate trust, loyalty and dependence. Therefore, through the brand, the enterprise and

the customer form a psychological contract relationship of mutual trust, mutual expectation and mutual commitment in value return, which is the psychological motivation of brand equity [4].

5. Starbucks Marketing Strategy Recommendations

5.1. Optimize Product Strategy

This includes strictly controlling the quality of products, ensuring the procurement of the best quality coffee beans, exploring new technologies to develop better coffee beans, and optimizing the product portfolio to meet the diversified needs of consumers [5]. In addition, the concept of healthy diet should be emphasized, taking into account the health consciousness of the major customer groups and developing new products in line with the trend of healthy diet. Based on this, customers are able to favor Starbucks more and keep looking forward to its new products.

5.2. Strengthening Supply Chain Management

Starbucks can establishing long-term partnerships with coffee bean producers around the world through centralized purchasing strategies to ensure reliability of quality and stability of purchasing volume. Starbucks can adopt advanced inventory management system and bill of materials management to effectively forecast demand and avoid inventory backlog and waste. At the same time, the research optimizes the logistics and distribution system to achieve fast and accurate delivery of products to stores around the world. Giving customers the feeling of being respected and valued will better enable them to still choose Starbucks for their next purchase.

5.3. Clear Brand Positioning and Marketing

Starbucks can increase brand awareness and customer loyalty through clear brand positioning and diversified marketing methods, such as advertising, promotion and sponsorship activities. Starbucks can cooperate with cultural and art organizations to enhance the cultural connotation and influence of the brand [6]. Identifying potential target customers is beneficial for Starbucks to bind psychological contract relationship with new customers more efficiently [7].

6. Conclusion

As competition among brands intensifies, consumer standards are declining, leading to issues like customer attrition for businesses. Simultaneously, consumers' expectations for brand culture, products, and services are rising. Consequently, this study focuses on how to enhance consumer loyalty by improving brand satisfaction and the psychological contract through optimized marketing strategies.

Hence, the customer satisfaction can be increased by improve the experience marketing, Starbucks rewards card strategy, brand responsibility degree because these can increase the psychological contracts. Through a series of strategies, Starbucks has strengthened the connection between consumers and brands, which reflects the attention of Starbucks for consumers in all aspects. These strategies have not only greatly deepened consumers' psychological contract with Starbucks, but also deepened Starbucks' influence and competitiveness in the market. In order to provide consumers with higher quality products and services, but also further increase sales, to achieve a win-win situation between customers and brands.

Based on marketing theories, this research analyzes how Starbucks increases consumer loyalty by improving the psychological contract, hoping to provide some theoretical references for other catering enterprises. However, this paper also has some shortcomings. This paper analyzes global Starbucks, so there is not enough data support to fully reflect the strategies made by Starbucks and to understand the consumption preferences of consumers in different regions comprehensively. Therefore, the further analysis could collect more data worldwide.

The environment is always changing, so these strategies need to constantly change with The Times. Starbucks should pay close attention to the environment and market demand, improve its strategy in time, and provide consumers with richer offline experience so as to strengthen the psychological contract.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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