Comparative Study on Examining Brand Loyalty and Customer Preference Towards Starbucks and Cafe Coffee Day (Reference with Coimbatore City)

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Abstract

This study examines brand loyalty on Customer preferences toward Starbucks and Cafe Coffee Day in Coimbatore. It explores factors influencing customer choices, such as quality, ambiance, service, and pricing. The research employs surveys and statistical analysis to assess emotional connection, and switching behaviour. The findings highlight the role of brand trust, marketing strategies, and loyalty programs in shaping customer retention. The study provides insights for businesses to enhance customer engagement and brand positioning. Understanding these factors helps improve competitive strategies and Customer experience in the Cafe industry.

Keywords: Brand Loyalty, Customer Preference, Starbucks, Cafe Coffee Day, Marketing Strategies, Customer Behaviour, Customer engagement, Service Quality.

INTRODUCTION

Customer preference for Starbucks and Cafe Coffee Day (CCD) is influenced by a number of factors that extend beyond coffee quality. Both of these businesses have developed a devoted following in Coimbatore city and have attracted a lot of attention. The main elements that influence Customer preferences are examined in this part, including pricing, ambiance, customer service, product variety, quality, brand perception, and the entire experience that each company provides. Also, social factors, cultural relevance, and marketing strategies all have a significant impact on Customer decisions. Gaining knowledge of these elements helps one better understand what motivates devoted customers and how these two coffee behemoths have kept a competitive edge in Coimbatore's vibrant cafe scene.

OBJECTIVES OF THE STUDY

1. To Examine Brand Loyalty and Customer Preference towards Starbucks and Cafe Coffee Day.

HYPOTHESIS OF THE STUDY

A null hypothesis has been framed to test the significance of socio-economic factors and examination of brand loyalty and Customer preference towards Starbucks and Cafe Coffee Day in Coimbatore City.

(H_0): There is no significance relationship between customer preference and Brand loyalty with Socia economic factors (Age, Gender, Occupation, Educational level, Martial Status, Annual Income, Number of persons earning, Liking of cafe, And frequency of visiting cafes).

REVIEW OF LITERATURE

Ghosh, S., & Saha, S. (2015) "Impact of Brand Experience on Customer Loyalty" This paper explores how the brand experience at Cafe Coffee Day (CCD), particularly elements like customer service and ambiance, plays a significant role in shaping Customer loyalty. The study reveals that CCD has successfully created a distinctive store environment that appeals to its customers, offering a cozy and welcoming atmosphere where Customers can relax and socialize

Hughes, R., & Ahearne, M. (2010) "The Impact of Brand Experience on Customer Loyalty" This research emphasizes the critical role that Starbucks' in-store experiences play in shaping Customer loyalty. Factors such as the store's ambiance, the quality of customer service, and the ability to customize drinks are central to creating a positive and memorable experience for customers. Starbucks has meticulously crafted an environment that invites relaxation and connection, making each visit more than just a transaction it becomes an experience.

Sinha and Uniyal (2005) "Customer Behaviour in Indian Cafes" Cafe Coffee Day (CCD) successfully positioned itself as a local coffee shop chain that created a strong emotional connection with Indian Customers. Unlike global competitors, CCD focused on affordability and the concept of providing a social space, which resonated deeply with its target audience.

RESEARCH METHODOLOGY

➢ This study employs a quantitative research approach in examining Brand loyalty and Customer preference toward Starbucks and Cafe Coffee Day. A structured questionnaire is used to collect primary data from Customers through online and offline surveys.

➢ The study uses descriptive statistics to understand Customer preferences and behaviours, while Chi-Square tests are applied to determine significant relationships between demographic factors and brand loyalty. Simple percentage analysis helps interpret Customer responses effectively.

TOOLS AND TECHNIQUES USED

The analysis has been made through the questionnaire.

- Simple Percentage Analysis
- Chi-Square Analysis

SIMPLE PERCENTAGE ANALYSIS

Simple percentage analysis is a statistical technique for interpreting data that involves calculating the proportion of responses in various categories. It helps in determining developments, preferences, and distributions within a dataset. This method allows for a concise analysis of demographic and behavioural characteristics.

$$\text{Simple percentage analysis} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

CHI-SQUARE ANALYSIS

The chi-square test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. The chi-square test is an important test amongst the several tests of significance developed by statisticians. Chi-square, symbolically written as is a statistical measure used in the context of sampling analysis for comparing a variance to a thecal variance.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

χ^2 = the test statistic $\sum$ = the sum of

O = Observed frequencies   E = Expected frequencies

LIMITATION OF THE STUDY

This study Examines Brand Loyalty and Customer preference towards Starbucks and Cafe Coffee Day has some drawbacks. The sample size may not fully represent all demographics, and geographical limits may influence the results. Customer discrimination and personal experiences may influence responses, making the results subjective. External elements such as pricing, market competitiveness, and economic conditions are not well researched. Despite these limitations, the study gives useful insights, and future research can address these gaps through a greater scope and mixed-method approaches.

ANALYSIS AND INTERPRETATION

Factors	LEVEL OF PREFERENCE		Total
Age	Low level of preference	High level of preference	
18 to 25 years	6(4)	26(17)	32(21)

25 to 35 years	7(5)	43(28)	50(33)
35 to 45 years	6(4)	38(25)	44(29)
Above 45 years	5(3)	19(14)	24(17)
Total 6(4)	24(16)	126(84)	150(100)
Gender			
Male	14(9)	45(30)	59(39)
Female	10(7)	81(54)	91(61)
Total	24(16)	126(84)	150(100)
Occupation			
Private employee	18(12)	95(63)	113(75)
Government employee	4(3)	16(10)	20(13)
Business	2(1)	15(11)	17(12)
Total	24(16)	126(84)	150(100)
Education Qualification			
HSC	2(1)	14(10)	16(11)
SSLC	3(3)	13(8)	16(11)
Graduate	14(9)	84(56)	98(65)
Post Graduate	5(3)	15(10)	20(13)
Total	24(16)	126(84)	150(100)
Marital Status			
Single	18(12)	88(59)	106(71)
Married	6(4)	38(25)	44(29)
Total	24(16)	126(84)	150(100)
Annual Income			
1,00,000 to 2,00,000	8(5)	32(22)	40(27)
2,00,000 to 3,00,000	6(4)	32(21)	38(25)
3,00,000 to 4,00,000	7(5)	32(21)	39(26)
4,00,000 to 5,00,000	3(2)	30(20)	33(22)
Total	24(16)	126(84)	150(100)
Number of person earnings			

1-2 members	20(13)	92(62)	112(75)
2-4 members	3(2)	24(16)	27(18)
4-6 members	1(1)	10(6)	11(7)
Total	24(16)	126(84)	150(100)
Which cafe do you like			
Starbucks	9(6)	60(40)	69(46)
Cafe Coffee Day	15(10)	65(43)	80(53)
Others	0(0)	1(1)	1(1)
Total	24(16)	126(84)	150(100)
How long have you been visiting the cafes			
Less than 6 months	10(2)	56(42)	66(44)
6 months to 1 year	8(2)	35(27)	43(29)
1 - 2 years	3(2)	18(12)	21(14)
More than 2 years	3(10)	17(3)	20(13)

The majority of respondents, 126 out of 150, have a high preference for cafes, with younger individuals showing the strongest interest. The 25 to 35 years age group has the highest engagement, with 50 respondents, 28 of whom have a high preference, followed by the 35 to 45 years category with 44 respondents, 25 with high preference. The 18 to 25 years group has 32 respondents, 17 with high preference, while the above 45 years group has the lowest participation, with 24 respondents, 14 showing high preference. In terms of gender, females exhibit a significantly higher interest in cafes, with 91 respondents, 54 of whom have a high preference, compared to males (59 respondents, 30 with high preference). Regarding occupation, private employees form the largest segment, making up 75% of respondents (113 individuals, 63 with high preference). Government employees account for 13% (20 respondents, 10 with high preference), while business owners represent 12% (17 respondents, 11 with high preference). This suggests that private employees are the most frequent cafe-goers. Education level also influences preference, with graduates making up 65% (98 respondents, 56 with high preference), followed by postgraduates at 13% (20 respondents, 10 with high preference). Those with HSC and SSLC qualifications each make up 11% (16 respondents in each category, 10 and 8 with high preference, respectively). Marital status also plays a role, as single individuals (71% of respondents, 106 total, 59 with high preference) frequent cafes more than married individuals (29%, 44 total, 25 with high preference). Preference is fairly evenly distributed across income levels. Those earning ₹1,00,000 - ₹2,00,000 (40 respondents, 22 with high preference) and ₹4,00,000 - ₹5,00,000 (33 respondents, 20 with high preference) show similar engagement. Households with fewer

earners still prioritize cafes, as those with 1 to 2 earners make up 75% of respondents (112 individuals, 62 with high preference). Among different cafes, Café Coffee Day (80 respondents, 43 with high preference) is slightly more preferred than Starbucks (69 respondents, 40 with high preference). In terms of visit duration, 66 respondents (42 with high preference) have been visiting for less than 6 months, while long-term engagement drops, with only 20 respondents visiting for more than 2 years, and just 3 showing high preference. This suggests that customer enthusiasm is highest in the early months but tends to decline over time.

Further it is intended to test null hypothesis that there is no significant relationship between Socio economic profile and examine brand loyalty and consumer preference using chi-square.

PEARSON'S CHI-SQUARE				
Factors	**Value**	**df**	**Significance**	**Result**
Age	.929[a]	3	0.818	Accepted
Gender	4.322[a]	1	0.038	Accepted
Occupation	.465[a]	2	0.792	Accepted
Education Qualification	1.656[a]	3	0.647	Accepted
Marital Status	.259[a]	1	0.611	Accepted
Annual Income	1.760[a]	3	0.624	Accepted
Number of person earnings	1.158[a]	2	0.56	Accepted
Which cafe do you like	1.089[a]	2	0.58	Accepted
How long have you been visiting the cafe	.313[a]	3	0.958	Accepted

The results of the Chi-Square tests indicate the presence or absence of a significant association between the variables being tested. Out of the nine tests, only the second test, with a Pearson Chi-Square value of 4.322 and a p-value of 0.038, shows a significant association, as its p-value is less than the common significance level of 0.05. This implies that the variables in this test are likely to be related. On the other hand, the remaining eight tests, with p-values ranging from 0.56 to 0.958, do not show significant associations, as their p-values are much higher than 0.05. These results suggest that, for these eight tests,

there is no significant association between the variables being tested, and any observed differences are likely due to random chance. In summary, the majority of the tests indicate no significant relationship between the variables, except for the second test, which shows a notable association.

SUGGESTIONS

Improve Customer Engagement Strategies

- Starbucks and CCD should focus on personalized offers and loyalty programs to retain customers.
- Introducing a tiered membership system with exclusive rewards can enhance brand loyalty.

Enhance Service Quality & Customer Experience

- Providing a consistent and efficient service can improve customer retention.
- Training staff to offer personalized recommendations can enhance the customer experience.

Competitive Pricing & Affordability

- CCD could introduce more budget-friendly combos to attract students and young professionals.
- Starbucks could focus on seasonal and localized offerings to appeal to diverse Customer segments.

CONCLUSION:

A comparison study on examining brand loyalty and Customer preference for Starbucks and Cafe Coffee Day (CCD) in Coimbatore City identifies significant elements influencing customer decisions. The results indicate that both organizations have considerable Customer loyalty, but their attraction differs depending on pricing, brand perception, service quality, and overall customer experience. While Starbucks is preferred for its premium options, atmosphere, and global brand image, Cafe Coffee Day maintains a competitive advantage due to its low prices, local presence, and accessibility. The study also finds that income level, occupation, education, and frequency of visits have no significant impact on Customer preference, showing that personal encounters, marketing efforts, and service quality affect brand loyalty more than demographics.

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