

Master of Business Administration Programme

LCMB7035

Dissertation

Topic

*“Impact of customer satisfaction and brand image on the brand
loyalty of Costa Coffee”*

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Word count: 15021

Due Date: Tuesday, 3rd February 2026

Declaration

This dissertation has been authored entirely by me, **Md Masum Billah**. The work contained herein is all my own, barring the occurrences of express statement to the contrary in the text. This work has not been submitted to obtain any other degree or qualification, either in whole or in part, other than as here specified.

Signature: Md Masum Billah

Date: 23/11/2025

Acknowledgements

This letter is to show my gratitude to my supervisor, **Mr. Balendran Kandasamy**, who willingly guided, advised and supported me throughout the research period on writing this dissertation. Moreover, I wish to acknowledge the academic staff at the University of Wales Trinity Saint David who taught and supported me throughout my studies. I want to express my gratitude to the organisations that have made data from secondary sources available to the public, which has formed the basis of this research.

Lastly, I owe a great debt of gratitude to my family and friends, who have been most patient, motivating, and supportive throughout this journey and have proven invaluable to me.

Abstract

The studies examine the drivers of customer loyalty to Costa Coffee in the UK branded coffee shop market with specific reference to the role of customer satisfaction, brand image, ethical performance, and organisational capability in determining customer loyalty. The study responds to the growing competition and market maturity in the industry, in which customer retention has assumed a strategic role. The research method will be secondary research, based on company reports, industry data, customer satisfaction levels, and proprietary brand-tracking data published between 2023 and 2025. The data analysis was conducted systematically, descriptively, and comparatively, using trend-based methods to identify observable trends at the market, customer, and organisational levels. The results show that quality of service, emotional attachment, and positive brand image maintain customer loyalty in the UK coffee shop industry, and that online loyalty programs further strengthen this relationship. Ethical behaviours were observed to strengthen brand trust and corporate credibility, including equity and sustainability initiatives within the workforce. Consistent service delivery is enabled by organisational capabilities, such as the scale of operations, digitalisation, and workforce development, which lead to loyalty across multiple customer touchpoints. The contribution of the work to the existing literature lies in integrating the customer, brand, and organisational lenses into a single analytical framework and in illustrating internal potential and ethical messages as means of maintaining external loyalty in developed service markets. Pragmatic recommendations have been made to management and other industry stakeholders to enhance loyalty strategies in a competitive market, particularly in the presence of Costa Coffee. The research generally provides a good understanding of the importance of customer loyalty retention in highly competitive retail service sectors, the importance of brand values and ethics, and how organisational capabilities are strategically aligned.

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List of Abbreviations

Abbreviation	Full Term
CCEP	Coca-Cola Europacific Partners
CAGR	Compound Annual Growth Rate
GPG	Gender Pay Gap
IBISWorld	Independent Business Intelligence Services
UKCSI	UK Customer Satisfaction Index
ECT	Expectation-Confirmation Theory

Glossary

Term	Definition
Attitudinal Loyalty	A customer's emotional and psychological commitment to a brand is reflected in positive perceptions and preferences rather than repeated behaviour alone.
Behavioural Loyalty	Observable behaviours, such as repeat purchases or continued use of a brand, are used to measure loyalty.
Brand Equity	The added value a brand name gives to a product or service is based on customer perception, recognition, and trust.
Brand Image	Experiences, communications, and values shape the overall perception of a brand held by customers.
Customer Retention	A company's ability to keep existing customers over time through satisfaction, engagement, and value delivery.
Customer Satisfaction	The extent to which a product or service meets or exceeds customer expectations.
Digital Loyalty Programme	A technology-enabled reward system that encourages repeat purchases through mobile apps or online platforms.
Emotional Connection	The emotional bond between a customer and a brand that influences long-term loyalty.
Market Maturity	A stage in the market lifecycle in which growth slows due to intense competition and saturation.
Service Consistency	The ability to deliver a uniform level of service quality across multiple locations and interactions.

Chapter 1: Introduction

1.1 Background and Context of the Study

Customer satisfaction is central to service industries, as it measures the gap between customer expectations and perceived outcomes. According to the expectation-confirmation theory, outcomes perceived as equal to or higher than prior expectations are among the most significant predictors of future customer intentions (Oliver, 1980). In a highly competitive market, such as the coffee retail industry, customer satisfaction factors can enhance long-term customer satisfaction.

The judgments that customers make about the experience are another variable affected by brand image, which comprises the associations, perceptions, and emotional reactions that customers have toward a brand. Favourable brand image, therefore, provides the customer body with a sense of confidence and perceived quality. It reveals their service experiences and attitudes toward the brand they identify with (Aaker, 1991). Curiously, branding is increasingly significant for coffee chains, as brand symbolism resonates with consumers who identify with brands that reflect their perceived lifestyles, values, and standards of quality.

High customer satisfaction, brand image and customer loyalty are always evident in research. A higher degree of satisfaction will enhance the brand's positive image, but it may increase perceived value and thus strengthen it. All of these are essential to customer loyalty, which, in turn, influences the intention to repurchase and to identify with loyalty programmes (Kandampullary and Suhartanto, 2000). The three-way interaction can be applied in the coffee industry, where the experience, emotion, and brand meaning in the service context are significant for customer retention.



Figure 1: Costa Coffee Brand (Costa Coffee, 2025).

In this case, Costa Coffee must contend with UK market dynamics in which technology influences customer loyalty programmes, customer needs are changing, and greater customer satisfaction and loyalty behaviour is required (YouGov, 2025). The relationships among these constructs determine the success of Costa's loyalty strategy in a more competitive environment.

1.2 Research Problem

Costa Coffee is one of the most established brands in the UK café market. Still, the company is now under strain to maintain its clientele amid rising prices, changing customer expectations, and intensifying competition. Costa accepts the presence of digital loyalty solutions and the expansion of store formats; however, she wonders whether they are viable for achieving higher satisfaction and brand image, which have been established as drivers of long-term loyalty. Recent industry findings indicate that consumer value perception in the UK is declining; consequently, consumer satisfaction may be insufficient to retain customers in a highly price-sensitive environment (Allegra World Coffee Portal, 2025). Although much research has examined satisfaction and brand image in the service sector, there is a dearth of empirical research on how these two variables interact in a specific context: the UK coffee shop sector, particularly Costa Coffee. This underscores the importance of analysing the combination of satisfaction and brand image to monitor customer loyalty.

1.3 Research Aim, Objectives and Questions

Aim

The purpose of this study is to research customer satisfaction and brand image effects on the brand loyalty of Costa Coffee customers in the UK.

Research Objectives

1. To perform secondary quantitative research in terms of customer satisfaction levels towards Costa Coffee in the UK.
2. To determine the impact of the Costa Coffee brand image on customer loyalty intentions.
3. To ascertain the degree to which customer satisfaction and the brand image jointly and implicitly lead to brand loyalty in Costa Coffee.

Research Questions

1. Using available secondary quantitative data, what are the levels of customer satisfaction towards Costa Coffee in the UK currently?
2. How does Costa Coffee's brand image affect customer loyalty intention in the UK market?
3. To what extent do customer satisfaction and brand image contribute to brand loyalty in Costa Coffee customers?

1.4 Significance of the Study

This is important for its academic contribution to a better understanding of the influence of customer satisfaction and brand image on customer loyalty in the UK coffee shop sector, specifically regarding Costa Coffee. In this area, empirical work has been limited. Although existing research recognises that satisfaction and brand perceptions form part of the broader construct of customer loyalty, whether behavioural or attitudinal, most research has focused on these constructs within a broader service context rather than in the convenience-driven, highly competitive retail setting, such as a cafe. By focusing on Costa Coffee, this research will extend theoretical insight into how these relationships operate under conditions of growing consumer price sensitivity, changing service expectations, and digitally mediated customer engagement (Chaudhuri and Holbrook, 2001).

Practically speaking, the results will be relevant to Costa Coffee Company, as the evidence-based insights will clarify how its loyalty programmes, service practices, and brand positioning influence customer retention. This knowledge of the most important factors in loyalty formation will inform strategic decisions regarding the allocation of marketing investments, the channels used to create the customer experience, and the next digital innovations to implement. The findings can help managers assess whether their existing loyalty programme structures are achieving their goal of aligning their value perceptions and contributing to long-term brand strength. The research offers practical advice for UK coffee retailers to enhance loyalty in competitive markets.

1.5 Scope of the Study & Justification

The research is limited to Costa Coffee's operations in the United Kingdom and to the effects of customer satisfaction and brand image on customer loyalty in the branded coffee shop market. It relies on secondary sources, including industry reports, consumer intelligence sites, and company magazines, to discuss the effectiveness of Costa loyalty programs. There is no primary data collection, making the study polarised and feasible, and grounded in verifiable market evidence. This can be explained by the fact that the UK has one of the most developed and competitive coffee shop markets in the world, where consumer expectations in terms of value, quality of service, and the brand experience have a great impact on loyalty. The specified limits facilitate the investigation of the most important research constructs.

1.6 Theoretical Framework

The first theoretical construct used in the present research is the Expectation-Confirmation Theory (ECT), which explains how customers assess satisfaction by comparing pre-purchase expectations with post-purchase performance. The benefit of positive service interactions is that they provide customers with a sense of confirmation, increasing satisfaction and the likelihood of returning to the establishment. In the service sector, such as coffee retailing, ECT is especially suitable, as a single customer can assess the quality and speed of the products offered, the atmosphere and value of the service provided, and the satisfaction, which changes and thus is a dynamic factor in loyalty behaviour (Oliver, 1980). The theoretical view would be applied to analysing how Costa Coffee's service delivery and loyalty programme interrelate and the impact of these on customer satisfaction.

The other theory used in this study is brand image theory, which explains how customers form perceptions and associations that affect their long-term consideration of a given brand. A positive brand image helps build trust, quality, and emotional attachment, resulting in increased customer loyalty relative to alternatives. Brand associations are effective when markets are highly competitive, as in the UK coffee market, and they influence how customers perceive service performance and value propositions, which in turn may influence whether they establish loyalty (Aaker, 1991). The model provides a general guide to the interactions between brand positioning and customer satisfaction at Costa Coffee, to create customer loyalty in a fast-changing retail environment.

1.7 Structure of the Dissertation

This dissertation comprises six chapters to ensure a logical flow of the research.

Chapter 1 provides an introduction to the study, outlining the background, research problem, aims and objectives, and theoretical foundation.

Chapter 2 will present a critical review of scholarly and industry literature on customer satisfaction, brand image, and customer loyalty.

Chapter 3 is devoted to the research process, the sources of secondary data, and the discussion.

Chapter 4 will present the data analysis, and the primary data will be presented in accordance with the research questions.

The following outcomes are specified in **Chapter 5** in the context of the available theory and market conditions.

In **Chapter 6**, the lessons learned and implications for practice and future research are presented.

The introduction provides the chapter's background and rationale and defines the significance of customer loyalty in the UK branded coffee shop industry, specifically Costa Coffee. The chapter identifies increasing competition and market maturity, indicating that branded operators must focus on customer retention. Loyalty had to be investigated with respect to customer market satisfaction and, more broadly, to brand image, ethical behaviour, and organisational competence. The research aim and research objectives provided the basis of the study, and the secondary data approach was sufficiently justified by the possibility to find the credible data in the industry, corporate, and customer. The chapter outlines the research's academic and practical implications and how it will address a gap in the literature, which has treated loyalty as one-dimensional. The study will be relevant to the study of loyalty formation in adult service markets, considering customer, brand, and organisational factors. Lastly, the chapter outlined the general plan of the dissertation: the way the reader would be presented with the following theoretical, methodological, analytical, and reflective chapters. The foundation provides consistency in the study and offers a brief outline of the accomplishment of its objective.

Chapter 2: Literature Review

2.1 Introduction

The chapter presents a literature review of the critical analysis of customer satisfaction and brand image in relation to brand loyalty in the UK coffee shop market, with Costa Coffee as the focus. A literature review is crucial for uncovering the theoretical premises and conceptualisation of the research issue, the controversy surrounding it, and the controversy in the empirical part. It assists in developing a coherent explanatory framework by examining how scholars conceptualise and measure the constructs of satisfaction, brand image, and service-loyalty behaviours. A thematic approach is used to synthesise the theories of expectation confirmation, brand equity and development of loyalty. It evaluates their suitability for adoption in modern retail settings. It further considers industry-specific studies on how digital loyalty programmes influence consumer decision-making in coffee retailing and how these decisions are shaped by competition and price sensitivity. The chapter can be used to identify gaps in the body of knowledge by comparing academic knowledge with industry practice. It explains why a study is necessary to establish the interdependent relationships among customer satisfaction, brand image, and loyalty at Costa Coffee (Cronin *et al.*, 2000).

2.2 Customer Satisfaction – Theoretical Foundations

Expectation Confirmation Theory (ECT)

Oliver (1980) presents a simple concept of customer satisfaction based on an expectation-confirmation process, in which he proposes that customers enter a service environment with expectations and apply them to evaluate their experience. Satisfaction refers to the feeling that follows when a performance has fulfilled or exceeded the identified expectations. On the other hand, dissatisfaction is described as arising from performance that is below expectations. Such a model fits the business environment of recurring services, as in coffee shops, where customers continually evaluate coffee quality, wait times, atmosphere, and service. In the case of Costa Coffee, ECT generates awareness of the power of process consistency in operations, and the scale of failures in product or service preparation influences customer perceptions and satisfaction.

Service Quality Dimensions (SERVQUAL)

Parasuraman, Zeithaml, and Berry (1988) shed more light on satisfaction by conceptualising service quality across five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. They allege that customer satisfaction is not only a result of functional performance, but depends on interpersonal interactions and the physical environment. Predictability in meeting orders, assisting clients during rush hours, and trust in employees' professionalism are key expectations in coffee shops. Dimensions of the SERVQUAL model are evident in the barista training programs, store layout, and standardisation of brand in Costa Coffee. It demonstrates the significant impact of service quality factors on satisfaction with non-core product attributes.



Figure 2: SERVQUAL Model (Batheories, 2023).

Perceived Value And Price Sensitivity

Zeithaml (1988) states that perceived value is a key factor in satisfaction, and customers form judgments of service value based on the ratio of benefits gained to costs in terms of money, time, and effort. Consumer awareness of the value of money is very high in the prevailing economic environment in the UK, where the cost of living is increasing; hence, the timely topicality of this topic. Low perceived value can reduce satisfaction even when product quality and service performance are high. At Costa Coffee, positive brand perception is undermined by negative value-for-money ratings, underscoring the importance of fair pricing and perceived value for satisfaction.

Satisfaction as a Driver of Behavioural Intentions

The authors, Cronin, Brady, and Hult (2000), note that satisfaction may mediate the effects on behavioural intentions, including intentions to repeat purchase and to recommend. They believe that despite one being literate in satisfying, there is no guarantee that he/she will be loyal; on the contrary, as it goes hand in hand with high quality of service and perceived value, the positive behavioural outcome is reinforced. This is particularly true for Costa Coffee, which operates in an oversaturated market, with the appearance of other brands and the availability of similar products such as Starbucks and Pret A Manger. The switching cost is minimal; therefore, Costa has no choice but to ensure that customer satisfaction levels remain high to promote favourable behavioural intentions and minimise customer churn.

Two theoretical approaches can be combined to suggest that satisfaction is multi-layered and complex, based on anticipations of the future, perceptions of service, and perceived value. The described observation implies that the given pillar takes centre stage in Costa Coffee, as satisfaction is a clear predictor of customer experience scales and a driver of customer loyalty in a highly competitive, price-conscious market.

2.3 Brand Image – Concepts, Dimensions, and Role in Retail

Conceptual Foundations of Brand Image

The above conceptualisation highlights the meaning of brand image beyond a transient visual identity, as well as the meanings that customers derive from their brand image and their experiences with the brand. Brand image is integral to differentiation in the cafe business, where substitutes are limited to products, and customers form mental images that, in turn, influence their purchase decisions through symbolic cues such as trust and familiarity, among other associations. In the case of Costa Coffee, the elements of consistency, convenience, and Britishness in relation to the product are significant determinants of brand perception relative to competitors in the market.

Dimensions of Brand Associations

This body of knowledge is further developed by Keller (1993), who explains brand image in terms of functional, experiential, and symbolic associations. The product attributes linked through functional associations include taste, quality, and service reliability. These associations are in-store ambience, people, and the way they relate to customers, the sensations, and the final type of association is the symbolic one, the ability of the brand to symbolise lifestyle,

identity or sense of belonging. The dimensions can be applied specifically to the sale of coffee, where consumer need is increasingly personal and significant in its consumption. One can see these layers in Costa Coffee's branding strategy, which makes people feel at home in the store, positions the company as handmade, and emphasises these features.

Brand Image and Perceived Quality

Yoo and Donthu (2001) emphasise that perceived quality plays a key role in brand image and is relatively more salient in shaping customers' judgments before service experience. In competitive retail markets, customers cannot be relied upon to make quality judgments based on quality indicators. Starbucks, Pret A Manager, and independent coffee shop owners offer the same products as Costa Coffee; therefore, this process is necessary. Positive brand image indicators (e.g., store design consistency, loyalty, rewards, and ubiquity) suggest that customers are developing greater confidence in the brand and are confident in its performance, thereby increasing its competitiveness.

Brand Image and Customer Trust

Delgado-Ballester and Munuera-Alemann (2005) argue that positive brand image builds trust because it increases the likelihood that customers will trust the brand to deliver on its value, taste, and promises of frequent service. Trust in a service context implies anticipating outcomes and expecting that these outcomes differ across contexts. Costa Coffee is not an exception, as the standardisation of recipes, training, and barista consistency, along with the uniformity of customer service, instils a sense of trust and positive brand expectations, despite its thousands of stores. Customers are increasingly trusting online ordering and reward systems and apps, which in turn are earning the brand greater confidence, reduced uncertainty, and customer loyalty.

Brand Image in Retail and Coffee Shops Markets

Brand image influences customers' perceptions, purchase intentions, perceived value, and long-term loyalty (Sharma *et al.*, 2016). This will become essential in the coffee industry, where prices have been increasing, and the economy is in recession, thus forcing consumers to reconsider their expenditures. A strong brand image can counteract this price effect by increasing perceived value, leading consumers to purchase the brand despite lower prices. This image will become Costa Coffee's new brand image, signifying its dedication to its customers, whereas rival companies can sell their morality, craft, or experience in their cafes.

2.4 Customer Loyalty – Attitudinal vs Behavioural Loyalty

Foundations of Customer Loyalty

Customer loyalty is a greater degree of commitment to the repeated purchase of a preferred service or product, regardless of the situation, and to the marketing activities of competing companies (Oliver, 1999). This conceptualisation examines the psychological strength of loyalty and its importance for the long-term sustainability of an enterprise. Customer retention in branded coffee markets with low switching costs and high availability of substitute products should be achieved through loyalty programs. In the case of Costa Coffee, the psychological and behavioural components of loyalty are vital, as consumers form perceptions of the brand through repeated experiences, value perceptions, and emotional attachment.

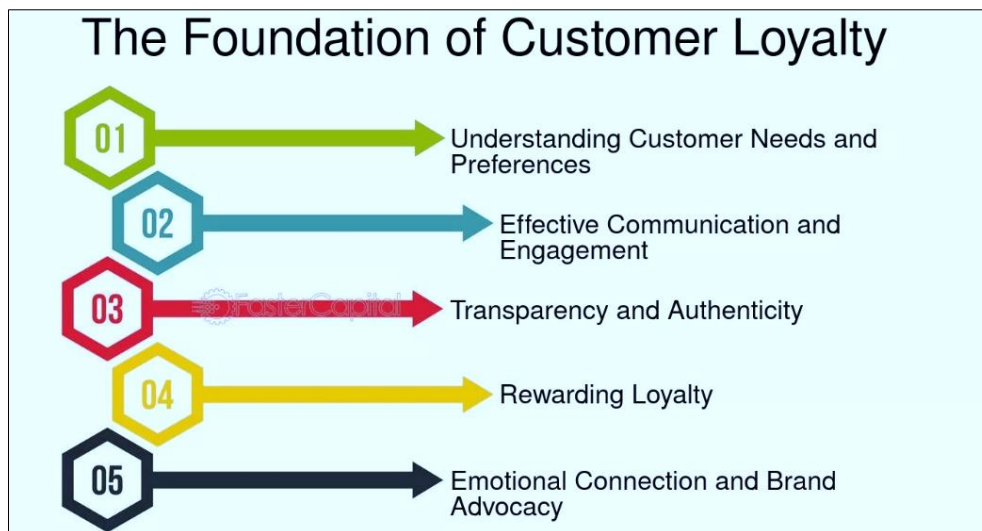


Figure 3: Foundation of Customer Loyalty (Castaldo, 2024).

Attitudinal Loyalty

Dick and Basu (1994) argue that attitudinal loyalty is anchored in positive judgments of a brand, including trust, attachment, and preference, in both emotional and cognitive terms. Attitudinally loyal customers are characterised by a high degree of positive beliefs toward the brand and by commitment that is not easily affected by competition. This loyalty is based on satisfaction, identification, and brand value. Consumer attitudinal loyalty to Costa Coffee may take the form of a sense of comfort, familiarity, or a guarantee of quality associated with the brand. Such loyalty is valued more during market turbulence or price fluctuations, as customers who have developed an emotional connection with the brand are less sensitive to changes in relative values and therefore prefer brand stability.

Behavioural Loyalty

Jacoby and Chestnut (1978) make the distinction between behavioural loyalty - repeat purchasing behaviour based on habit, convenience or situational factors rather than strong emotional attachment. Behaviourally loyal customers are repeat customers because the brand fits into their routine, is geographically convenient, or offers rewards through loyalty programmes. This is especially the case in the coffee shop business, where physical proximity to the workplace, transport, or shopping centres has a substantial effect on buying and selling patterns. For Costa Coffee, however, behavioural loyalty is cemented through extensive store coverage, integration with Costa Express machines, and rewards on digital apps. However, the behavioural level of loyalty, while less emotionally deep, is consequently more susceptible to displacement by the promotion of a rival's product or by price changes.

Interplay of Attitudinal & Behavioural Loyalty

Bowen and Chen (2001) believe that sustainable customer loyalty is a combination of customers' attitudinal and behavioural aspects that work in harmony to create both a strong emotional connection and repeat-purchase behaviour. They argue that the former behavioural loyalty yields short-term profits, whereas the latter attitudinal loyalty yields resilience and long-term returns. Costa Coffee is based on this duality because the company works in a mature market where customers have habits and emotional perceptions of the quality of service, prices, and brand positioning that vary. A typical customer might even switch if the value perceptions worsen. However, an individual with a personal connection to a brand may feel inconvenienced, for example, by longer queues or by the inability to find their preferred drinks.

Loyalty in Coffee Shop Environments

According to Chandler and Lusch (2015), loyalty in experiential and service-driven environments is shaped by multiple touchpoints, including service interactions, digital experiences, ambience, and brand meaning. For coffee shops, the quality of their coffee may not be the only driver of loyalty; experiential cues that people remember contribute to brand identity. For Costa Coffee, the goal of gaining customer loyalty is to balance delivering value in the experience and innovation, providing service at a cost-effective price, and ensuring effective product delivery and pricing. With the growing value consciousness of UK customers, cultivating both emotional and behavioural loyalty is vital to maintaining market share and reducing customer churn.

2.5 Relationship Between Satisfaction, Brand Image and Loyalty

Satisfaction as a Driver of Loyalty

Anderson and Sullivan (1993) argue that customer satisfaction is a key factor that determines customer loyalty, as it suggests that satisfied customers are more likely to have a favourable attitude towards buying the product, and this will lead to customer intention of repurchase, and this will make customers be committed to the brand for a more extended period of time. Their work highlights the psychological reinforcement that accompanies an increase in positive experiences and, in turn, the formation of preferences. In the coffee industry, for instance, where customers make frequent but low-involvement purchases, the cumulative effect of customer satisfaction is significant for Costa Coffee; therefore, consistency in the quality of its coffee products, along with friendly service and efficient operations, is key to turning drive-thru visits into year-round loyalty.

Brand Image as a Predictor of Satisfaction

Nguyen and Leblanc (2001) emphasise that a favourable brand image leads to better customer satisfaction, both in terms of its influence before service encounters and in the perception of post-encounter experiences. They propose that when the quality of service changes slightly, consumers who have already rated a brand as authoritative or credible will be satisfied. This is the core of Costa Coffee, and its responses to service failures or deviations depend on customers' perceptions of the brand with respect to professionalism, comfort, and history. The brand image can thus serve as a buffer, satisfaction can be achieved, and the adverse effects of minor service shortages can be mitigated.



Figure 4: Brand Image Parts (Gordon, 2020).

Brand Image as a Direct Contributor to Loyalty

According to Kandampelly and Hu (2007), brand image can generate loyalty by creating satisfaction, emotional attachment, and brand preference in the absence of performance outcomes. In this regard, they highlight that loyalty is more likely to persist with brands that align with a person's self-image or the values of their lifestyle. In some competitive retail markets, such as coffee shops, strong symbolic associations can be important drivers of brand choice, including familiarity, comfort, and cultural associations. For Costa Coffee, image elements such as British identity and recognisable store design, as well as its widespread presence, help reinforce customer attachment, allowing the brand to retain loyal customers, even when competing firms offer similar promotions.

Combined Effects: Gratification and Brand Image on Loyalty

Bloemer and Odekerken-Schröder (2002) suggest that a combination of satisfaction and brand image will lead to loyalty and have a greater effect than either alone. They argue that although satisfaction provides the rational basis for loyalty, brand image reinforces emotional and symbolic associations that support long-term commitment. In the context of Costa Coffee, this is a combined effect of positive service experiences and perceptions of the brand's quality, comfort, and trust. When both satisfaction and image are high, customers are more likely to consistently choose Costa over other products, even in a highly saturated market, because both rational and emotional needs are met.

Moderating the Influence of Perceived Value

According to Sweeney and Soutar (2001), perceived value is a significant mediator between satisfaction and loyalty, as it reflects what customers believe their experiences are worth. They claim that happy customers can be lost to competitors that cannot deliver value for money, even in high-price competition. This is best applied to Costa Coffee, as, compared with other industry surveys, its customers rate the company highly for customer satisfaction but lower for value perceptions. Rising prices and heightened price sensitivity may weaken the satisfaction-loyalty relationship; hence, the correspondence between experience quality and product price may be substantial for Costa.

Interaction Effects in Service Environments

Caruana (2002) argued that satisfaction and the development of a brand image go hand in hand in service-based scenarios, and that brand image development and customer loyalty are attained by cultivating trust, risk perception, and emotions. According to his findings, this will foster loyalty, as customers will perceive the brand as delivering consistent, reliable, and valuable experiences. Costa Coffee's service, brand, and perceived loyalty have enabled the company to maintain its customer base amid stiff competition from Starbucks, Pret a Manager, and other cafes. The functions of experience and symbolism cannot be ignored, and their combination enables the construction of loyalty in the operation of an unstable market, as interaction effects suggest.

2.6 Industry Context – UK Coffee Market Literature

Growth and Maturity of the UK Coffee Shop Market

According to Allegra World Coffee Portal (2025), the UK coffee market is at the maturity phase and is competitive. This has prompted consumers to seek quality coffee, convenient meeting places, and digital experiences. In their analysis, they observed that the business environment of branded coffee chains is characterised by high consumer expectations and increasingly crowded markets. This maturity implies that in order to survive, brands must be perpetually inventive as they set to operate in a new environment where customers are more and more discriminating and demanding of the quality of products, ambience and the quality of service standards. In the case of Costa Coffee, which belongs to this mature landscape, it will need to employ a differentiated strategy to ensure that it retains its customers and captures the attention of regular and potential customers, given its value-based policy.

Changing Consumer Behaviour and Value Sensitivity

UK consumers have become more price-sensitive due to inflationary pressures and rising cost of living. They are thus more aware of the value of their money in their day-to-day purchases, such as coffee. As Nicolau *et al.* (2022) show, coffee, a regular part of people's daily routines, is adjusted by most customers, who tend to choose smaller-sized beverages, visit retailers less often, or turn to those that offer discounts or lower prices. This is a problem for Costa Coffee, whose brand perception scores are high but its value-for-money scores are lower than those of its competitors. However, this change is worth noting, as a large disparity between price and perceived value may harm customer satisfaction and loyalty.

Competitive Intensity & Market Saturation

According to Kent (2025), the competition the UK coffee industry faces is increasing due to the Big Chains, Standalone cafes, convenience-based coffee outlets including bakery cafes, and retail coffee services. The report postulates that the cost of switching suppliers in the industry is very low and therefore consumers are able to switch by simply changing their brands due to convenience, promotions, or due to the quality of service. This competition is further intensified for Costa Coffee by the premium positioning of Starbucks and Pret a Manger, with their subscription and speed models, as well as independent cafes, in-house artisanship, and high demand. Costa maintains consistency and differentiation to retain customers.

Digital Engagement and Loyalty Technology

According to YouGov (2025), online interactions affect customer retention in the UK, as consumers increasingly use mobile applications to place orders, pay, and earn loyalty points. Digital channels enable brands to offer a more personalised offering, research customer behaviour, and solidify habitual purchasing. Costa Coffee has invested heavily in its app-based loyalty program.

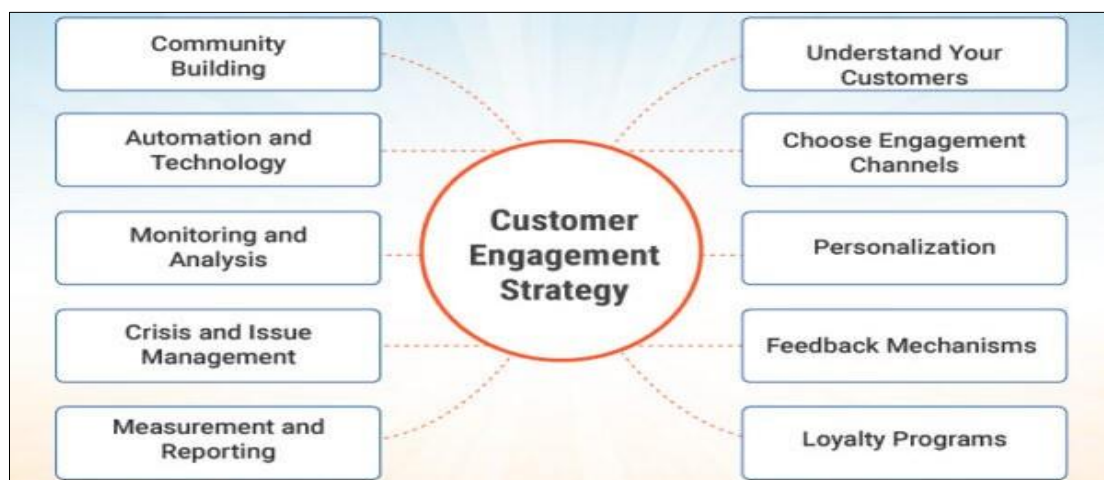


Figure 5: Customer Engagement Strategy (Jain, 2023).

However, according to industry statistics, digital convenience cannot substitute for assumptions of low value and poor service experiences. It is about digital behaviour, which is key to modern coffee shop satisfaction and loyalty development.

Shifts in Experience Expectations

Consumers in the UK are increasingly seeking cafes that offer experiential features such as comfort, atmosphere, social areas, and ethical sourcing (Noaime *et al.*, 2025). According to the findings, customers are no longer willing to take coffee in coffee shops; they want the latter to serve as socialising places, places where people may buy coffee remotely, and places that may foster well-being. It has not only prompted brands to design their stores more effectively but to add more items to their menus and to become more conscious of their sustainability efforts. Given these expectations regarding experience in the case of Costa Coffee, it is imperative that the company impress its customers and that customers exhibit a stronger emotional attachment to brands that meet their needs for social interaction and experience, which, in turn, translates into greater satisfaction and loyalty within a competitive context.

2.7 Literature Gaps

According to Kandampelly and Suhartanto (2000), despite studies on the relationship among satisfaction, brand image, and loyalty in service industries, most studies have examined these elements individually. Nevertheless, the interaction of the two in particular market situations has not been studied. Although there is extensive scholarly literature on the formation of satisfaction and brand perception, there is limited empirical knowledge of the branded coffee shop industry, where frequent low-involvement purchases and intense competition result in specific consumer behaviour patterns. Much of the literature focuses on hospitality service settings, i.e., hotels and restaurants, thereby creating a research gap in the quick-service coffee setting. In addition, a few studies examine how satisfaction and brand image interact when customers face particularly high price sensitivity and an abundance of alternatives, as is the case in the UK market. This is because there is little research on Costa Coffee specifically. However, much remains to be discovered about the effectiveness of its loyalty programs in enhancing behavioural and attitudinal loyalty. These gaps provide a rationale for a focused investigation that integrates theoretical and market-specific insights to understand the formation of loyalty better.

2.8 Theoretical Framework

Expectation-Confirmation Theory (ECT) as a Foundation for Satisfaction

Oliver (1980) bases customer satisfaction on the expectations-confirmation process, suggesting that customers' evaluations of services are based on the current performance of those services relative to expectations held before the service was consumed. If performance exceeds expectations, positive feedback and greater satisfaction will be reinforced; however, if expectations are not met, dissatisfaction increases. This mechanism is of special importance to the coffee shop industry, where the dynamics of the and the repeated contacts influence the expectations. For Costa Coffee, ECT explains that impact factors, such as the consistency of drink quality, the accuracy of orders, and interactions with staff, affect satisfaction, which in turn influences intentions to be loyal.

Brand Image Theory and Its Role in Loyalty Formation

Aaker (1991) conceptualises brand image as the set of associations customers hold about a brand, with functional, emotional, and symbolic dimensions. These associations affect how customers interpret their experience with a service product and assess a brand's performance. Within competitive retail markets, brand image influences customer perceptions of quality, value and trust - all of which contribute to the formation of loyalty. For Costa Coffee, strong brand associations with familiarity, reliability and quality enhance satisfaction and provide the foundation for attitudinal and behavioural loyalty.

Integrated Model Linking Satisfaction, Image, and Loyalty

Kandampully and Suhartanto (2000) suggest that loyalty can be best explained by an integrated model in which both satisfaction and brand image jointly account for the attitudinal and behavioural outcomes of allegiance. The rational assessment of service performance is influenced by satisfaction, and emotional attachment is strengthened by brand image; dissatisfaction is alleviated, and perceived brand value increases. This combined perspective serves as the conceptual framework of the current study, as satisfaction and brand image are major antecedents of loyalty and are determined by customers' experiences, expectations, and perceptions of value in the UK coffee market.

2.9 Educated Estimation

Cronin *et al.* (2000) found that perceived value and satisfaction levels are closely related to customers' behavioural intentions; thus, organisations that deliver consistent service are better positioned to create customer loyalty. Based on theoretical arguments, customer satisfaction, as examined in the present research, will be a key determinant of customer loyalty at Costa Coffee, primarily because consistent service-delivery experiences shape expectations. As expected, brand image will be used to increase brand loyalty by reinforcing perceptions of trust, reputation, and emotional attachment (despite competing products). Perceived value may balance the intensity of such relationships, since the UK market is highly price-conscious and, given the difficulty of the value of money, satisfaction may not be sufficient to secure loyalty. Overall, the expected results of the research are that loyalty to Costa Coffee will be maximised when satisfaction, brand image, and perceived value are aligned, thereby promoting emotional attachment and repeat purchase behaviour.

This chapter presents a critical review of the main theoretical and empirical literature on customer loyalty, brand image, ethical behaviour, and organisational capability in service-based industries. The review demonstrates that customer loyalty is a multidimensional concept based on attitudinal and behavioural variables; customer satisfaction and emotional attachment are significant background variables. The literature claims that brand image plays a crucial role in reducing perceived risk and enhancing customer trust, especially in highly competitive, low-differentiation services such as coffee shops. Moreover, there is a general focus on ethical branding and corporate responsibility, which is increasingly important to consumer perceptions; an open workforce and sustainability practices are key to long-term brand credibility. Organisational capability theory and the resource-based view, in particular, proved particularly useful for describing how the same services are delivered over time, leveraging internal resources and processes to create the effect of external loyalty. Despite the abundance of current research, the review identifies a gap: the absence of studies that integrate customer, brand, ethical, and organisational perspectives within a single framework, particularly in developed retail service segments. This gap has informed the proposed study. It is expected to contribute to the current knowledge by exploring the interactions among these factors to ensure customer loyalty in the UK branded coffee shop market.

Chapter 3: Research Methodology

3.1 Introduction

The chapter explains the methodological choices used to determine the roles of customer satisfaction and brand image in customer loyalty to Costa Coffee in the United Kingdom. It presents the research philosophy, methods, design, sources, and analysis stages in a way that makes the study rigorous and transparent and meets its objectives. The choice of method is based on the assumption that, to test the theories developed in the literature review, objective measures of variables must be obtained from secondary sources. Through a thorough description of all methodological procedures, the chapter enables the reader to criticise the research design with respect to reliability, validity, and adequacy. In general, the methodology provides a logical and systematic means of becoming an informed user of customer loyalty in the highly competitive coffee retail sector (Saunders *et al.*, 2019).

3.2 Research Philosophy and Research Approach

Research Philosophy: Positivism

Positivism is a research paradigm that holds that reality exists independently of human imagination and can be observed and measured. Positivist studies are objective and goal-oriented, and they can be used to verify theories with empirical data (Saunders *et al.*, 2019). The social science lens of the study will be a philosophical method of quantifying customer satisfaction, brand image, and customer loyalty, and it is based on secondary quantitative data. The positivist worldview is based on the assumption that constructs are measurable phenomena that can be collected into structures, investigated using reliable data sources, and whose subjective explanations are not grounded in the researcher's experience.

Justification for a Positivist Epistemology

Positivism is particularly applicable to works that aim to determine patterns and associations among clearly defined variables. Positivist research is productive when concepts can be operationalised as measurable indicators and analysed against comparable standards (Bryman, 2016). Customer satisfaction, brand image, and loyalty are examined in this study using structured indices, performance measures, and market indicators, and the findings will be published in well-known industry and corporate publications. This epistemological method minimises the researcher's bias by using externally generated data, thereby grounding the findings in observable evidence. Since no interviews, focus groups, or narrative data will be

used, the research aims and data structure would not be compatible with interpretivism, which places strong emphasis on subjective meaning and individual sense-making.

Research Approach: Deductive Reasoning

As part of the positivist philosophy, the study will adopt a deductive research approach, that is, it will derive expectations from existing theory and test whether these theoretical expectations hold in practice. Deduction is a theory-testing procedure that uses prior literature to guide hypotheses or conceptual relationships (Saunders *et al.*, 2019). The study relies directly on well-known frameworks, such as expectation-confirmation theory, brand image theory, and customer loyalty models, as presented in Chapter 2. These theories inform the focus of the analytical part of the study, making satisfaction and brand image antecedents of loyalty, enabling the research to evaluate the satisfaction-brand image relationships in explaining Costa Coffee's performance in the UK market.

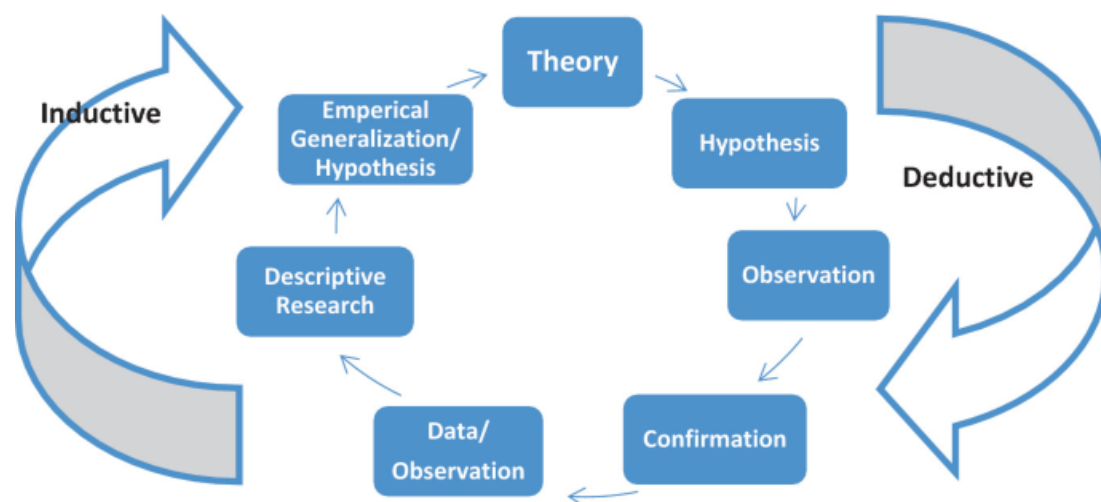


Figure 6: Deductive Research Design (Haque, 2022).

Rationale for the Deductive Approach

The deductive approach is particularly suitable, as the relationships among customer satisfaction, brand image, and loyalty have been documented in the marketing and service management literature. Deduction is most effective when investigators need to apply existing theoretical models to a specific organisational or industry situation, rather than developing a new theory (Creswell, 2018). The aim of the research is not to develop new conceptual models; rather, it examines whether existing concepts can account for the level of customer loyalty among Costa Coffee customers.

Alignment Between Philosophy, Approach, and Research Design

A positivist philosophy, applied through a deductive approach, would yield a high level of consistency between the research purpose, data, and analysis. The chosen philosophy and methodology will therefore provide a sound research base for customer loyalty in an intense retail coffee environment and yield systematic, replicable, and theory-based results.

3.3 Research Design and Strategy

Overall Research Design

The research design will be descriptive and explanatory, focusing on the relationships among customer satisfaction, brand image, and customer loyalty in the UK coffee shop market. A descriptive design will facilitate the systematised display of observable trends in customer indicators. In contrast, the explanatory aspect will enable the study to examine the relationships among these indicators in a competitive retail setting. This type of mixed design is suitable when the goal is to explain relationships using structured secondary data rather than to make causal inferences, especially in market-based research settings (Hair *et al.*, 2019). This design aligns with the study's theory-testing emphasis and secondary quantitative orientation.

Cases-Based Research Strategy

It is a single-case research approach specific to Costa Coffee's activities in the United Kingdom. It is a method that can be used to undertake deep contextual analysis, as it contextualises the research in a real organisational environment where competitive, economic, and behavioural forces interact to create a scenario. Case-based strategies are particularly beneficial when industry dynamics strongly affect the phenomenon under study, as the pattern of secondary data is more readily interpreted and understood (Thomas, 2015). By focusing on Costa Coffee, the indicators of satisfaction, brand image, and loyalty are analytically relevant as they are equated with a well-defined market leader.

Desk-Based Secondary Research Strategy

The study is desk-based, relying solely on secondary quantitative data from published industry reports, brand indices, and corporate disclosures. Desk research is the most appropriate type of research because reliable datasets already exist, no primary data needs to be collected, and collecting primary data is not feasible. The advantages of secondary research include the availability of large-scale, standardised data that are consistent and comparable across time and sources, which enhances the transparency and replicability of the analysis (Vartanian, 2011).

The plan will facilitate a systematic search for customer-centred performance indicators without jeopardising the integrity of respondents or the investigator.

Justification for Quantitative Secondary Data

The need to use secondary quantitative data is explained by the fact that the study will be based on quantifiable indicators rather than on customers' subjective impressions. The comparisons and syntheses of the targets are objective because quantitative measures can be used to compare brand image, and loyalty goals across sources and to synthesise such goals. Aggregated numerical data increases consistency and minimises methodological variability, which is especially critical in market-level studies that investigate consumer behaviour patterns (Smith, 2008). This will help ensure that the positivist and deductive foundations of this study are met.

Strategic Coherence and Feasibility

Overall, the chosen research design and strategy provide a consistent, workable framework for addressing the research objectives. The combination of a descriptive-explanatory design, a single-case focus, and desk-based secondary research ensures that methodological decisions are rationally coordinated with data availability and the analysis's purpose. Close coordination of research design with the research strategy is a strength that enhances credibility, as it establishes transparency and consistency in the research process and, at the same time, prepares the table-based analysis provided in Chapter 4 (Rowley, 2012).

3.4 Data Sources, Data Collection and Sampling

Overview of Data Sources

The research is based on pure secondary quantitative data to analyse customer satisfaction, brand image, and customer loyalty in the UK coffee shop market. The second type of data is secondary data, which is information gathered by other organisations for purposes other than the current research study. Nevertheless, it can be used for analysis. The information used in this research would be obtained from industry reports, consumer insight platforms, and corporate publications, which provide measured, organised indicators aligned with the research objectives. This type of data is beneficial for market-level studies, in which customer behaviour is expressed as aggregated measures rather than specific responses. It provides an opportunity to compare behaviours that are similar across time and circumstances (Kothari, 2004). Secondary data will be useful for elucidating the study's objectivity and can be analysed in a manner consistent with a positivist orientation.



Figure 7: Customer Satisfaction Dimensions (The Institute of Customer Service, 2025).

Industry and Market-Level Data Sources

The research will be based on industry-level data, general market trends, customer behaviour, and the competitive nature of the UK coffee shop market. Reporting by well-known research institutions in the market gives the quantitative data on customer satisfaction rates, brand performance ratings, and loyalty criteria. These datasets enable Costa Coffee to compare its performance with that of the entire industry, thereby placing brand-specific results in context. Industry reports are even more valuable, as they are conducted using standardised practices and large samples, which help make the results more reliable and generalizable at the sector level (Cooper and Schindler, 2014).

Brand Perception and Loyalty Indicators

To measure brand image and brand loyalty, the research uses secondary data from consumer insight sites that assess brand perception, trust, likelihood of recommendation, and repeat-purchase behaviour. Those platforms, by aggregating and structuring large amounts of consumer feedback, enable academics to assess brand power and customer satisfaction at a high level. These datasets can be analysed objectively to assess brand constructs without contacting respondents. This approach is appropriate when the research issue concerns established brands in developed markets and when consumers' perceptions are well documented (Sekaran and Bougie, 2019).

Corporate and Organisational Data Sources

Costa Coffee is analysed with reference to its strategic positioning and performance using company-level data. Corporate disclosures, annual reports, and official publications present quantitative indicators of operational scale, customer interaction activity, and brand development plans. Such sources provide internally validated data, with supplementary data available in the market, making them useful in practice. Organisational data can be triangulated with industry and consumer data to continue the analysis and customer outcomes within the corporate environment (Bowen, 2009).

Data Collection Procedures

The data mining process was conducted through a systematic document analysis procedure that involved the identification and screening of quantitative data in the material under study. Only recent publications and the UK market were used to contextualise the data. Credibility, openness of methodology, and relevance to satisfaction, brand image, or satisfaction measures constituted the inclusion and exclusion criteria; they excluded articles, blogs, and unverified online information based on their judgment. It is the systematic process of gathering secondary data to enhance clarity and minimise the risk of selection bias in research (Johnston, 2017).

Sampling Strategy and Justification

The study will use purposive sampling, whereby secondary materials will be selected based on their relevance, credibility, and suitability for the research goals. Primary research is less effective for probability sampling than purposive sampling. In secondary research, the researcher should be able to identify resources that do not necessarily represent certain groups of people but instead illuminate the analysis. This will ensure that the data relied on in the analysis are reliable and that the methodology is acceptable. Feasibility informed the sampling strategy for assessing customer satisfaction, brand image, and loyalty, given the topicality of the UK coffee shop market (Etikan, Musa and Alkassim, 2016).

Sampling Scope and Limitations

On the one hand, purposive sampling would make the analysis more relevant, but on the other hand, it would limit the analysis to published data. The research is limited by the available data, as it does not capture the full range of customer behaviour due to its small size and scope. This weakness is addressed by multiplexing and cross-checking multiple data sources, so that no

single source is relied upon. This will strengthen the study and align with the secondary and quantitative design (Bryman and Bell, 2015).

3.5 Data Analysis Techniques

Overall Analytical Approach

The research design is a secondary data, descriptive, and quantitative study that will examine customer satisfaction, brand image, and customer loyalty. It can be used in situations involving the intention to form, generalisation, and inference based on non-causal numerical indicators. The theoretical research design will be based on descriptive analysis to assist the observer in determining patterns and trends. Market-based research is primarily quantitative, and consumer behaviour is not examined through inferential methods but through aggregate measures (Sharma, 2017). This will facilitate objective interpretation and align with the positivist deductive orientation of the study.

Comparative Analysis of Secondary Data

The discussion is based on a critical analysis of quantitative data from various secondary sources. The leading indicators, i.e. satisfaction, brand perception and brand loyalty indices, are compared across datasets to find consistency, variance and discrimination of datasets. Comparative logic will help us assess Costa Coffee's performance against market standards and expectations. Comparative descriptive analysis is particularly suitable for secondary studies when data are obtained across multiple organisations and involve similar constructs, thereby enabling meaningful synthesis without statistical modelling (Allen, 2017).

Table-Based Data Presentation

Tables are used to present quantitative data and provide a comprehensible, systematic method for its presentation. Tables enable systematic comparative analysis and increase transparency by allowing readers to view numerical values and trends directly. Chapter 4 of this work presents tables summarising key indicators, illustrating differences across sources, and discussing them analytically. The table presentation helps reduce interpretive uncertainty and enhances the accessibility of results, particularly when multiple datasets are involved (Evergreen, 2019). No sophisticated data visualisation tools are used.

Exclusion of Statistical Software and Inferential Techniques

The analysis does not use statistical software and inferential analysis, such as SPSS, NVivo, regression, correlation, or hypothesis testing. Manually, it is analysed by close organisation and synthesis of published numerical data. This method will not imply any misuse of statistical tools and will be transparent, especially since the datasets have already been manipulated and verified as accurate by the source providers. Descriptive synthesis is common in secondary research when researchers lack access to raw data (Walliman, 2017).

Theory-Guided Interpretation

The theoretical frameworks presented in Chapter 2 help interpret the findings. Patterns in the observed indicators of satisfaction, brand image, and loyalty are examined in light of existing theories to maintain conceptual congruence. The approach based on this theory allows the results to be explained without going beyond what the data can be analysed to reveal. The combination of theory and formatted numerical information enhances interpretive validity and allows meaningful discussion of the results (Punch, 2013).

3.6 Ethical Considerations, Reliability, and Validity

Ethical Considerations

The ethical issues to be considered in this research are that no human participants will be involved, no individual or sensitive information will be collected, and publicly available secondary data will be used. Since the research will involve published industry reports and indices of brand and corporate reports, the problem of informed consent, anonymity, or confidentiality will not arise. The adequacy of the data source representation will lead to greater moral accountability, reduce misunderstandings, and make data use more transparent. The main aims of ethics in secondary data research include proper data management, proper citation of sources, and consideration of ethical implications within the institution (Israel and Hay, 2006). This approach is consistent with the ethical framework acceptable to the study.

Reliability of the Research

Reliability is the dependability and consistency of the research and results. In this work, reliability is enhanced by using data from reputable, well-known organisations, collected through systematic, standardised procedures. The ability to obtain similar results across independent data sources enhances the reliability of the reported indicators. The study guarantees that its findings can be replicated in other research by employing systematic data

that other investigators can remodel under identical conditions. The credibility of the source and the transparency of the methods used are closely related to the reliability of secondary research (Lincoln and Guba, 1985), which takes precedence in the given research design.

Validity of the Research

Validity concerns the degree to which research measures the concepts under study. The current research enhances its validity by ensuring a high degree of alignment between the research objectives, the theoretical framework, and the selection of data indicators. The scales employed in the study of customer satisfaction, brand image and loyalty are a fair interpretation of the conceptual definitions in the literature. Construct validity will be supported by multiple data sources, enabling cross-validation of the findings. The main objective of quantitative studies is to generate valid outcomes by preserving coherence among theory, data, and interpretation.

3.7 Research Limitations

The first limitation of the research is its reliance on secondary quantitative data. The scope, format, and availability of the study will be restricted, as it will rely on published reports and data. In this way, the definition and measurement of data will be constrained. There is a possibility of reporting bias in some secondary data sources, as they may reflect the interests or opinions of the original data source. It has the disadvantage of the absence of structural or experience-driven data on customer behaviour, since no data are received directly, but this is compensated to some extent by independent sources of data and provides additional strength and verification (Denscombe, 2014).

3.8 Chapter Summary

The chapter discusses the methodology to be applied to investigate the nexus among customer satisfaction, brand image, and customer loyalty of Costa Coffee in the United Kingdom. It introduced a positivist philosophy and the study's approach, justified the descriptive and explanatory research design, and presented secondary quantitative data gathered through desk-based research. The chapter outlined the data sources, data collection procedures, sampling strategy, and descriptive data analysis methods, presented in tables. All have been undertaken with consideration for ethics, reliability, and validity, and research limitations have been recognised to ensure transparency and methodological rigour. The chapter will outline the steps for presenting and interpreting the findings in Chapter 4, where the analysed data will be presented and discussed systematically with respect to the research purposes, and a coherent and practical methodological background will be formulated (Babbie, 2016).

Chapter 4: Data Analysis

4.1 Introduction

In this chapter, the research results are presented through a systematic analysis of secondary data to address the research objectives. The study aims to explore the determinants of customer loyalty to Costa Coffee in the UK and to analyse how brand image and organisational capability can be leveraged to develop repeat-purchase behaviour in a highly competitive coffee-shop market. The analysis is based on the three research questions, which include (1) industry and market conditions driving loyalty, (2) brand image, ethics and indicators of customer perception and (3) organisational and strategic capabilities enabling loyalty initiatives.

The data to be analysed comprises company reports, industry intelligence, customer satisfaction indices, and trade publications issued between 2023 and 2025. The selection of these sources was predetermined to provide a triangulated picture of market-level, firm-level, and customer-level evidence. The results are presented in tabular form to objectively highlight patterns, trends, and relationships in the data. As with the principle of secondary data analysis, this chapter presents the report of what the data says, not what it says critically and theoretically, which is the task of the next chapter.

4.2 Dataset Description and Characteristics

Overview of Data Sources

The research is anchored in secondary data, based on credible company and industry reports and independent research publications from 2023 to 2025. The data set was to be used to support a triangulated analysis of customer loyalty, brand image, and organisational capability in the UK branded coffee shop market. The sources were selected for their relevance, credibility, and alignment with the research aim, thereby ensuring that the analysis would be grounded in market- and firm-level factors. Table 1 describes the sources, data types, and the purpose of the study in this research.

Data Category	Source	Year(s)	Type of Data	Analytical Purpose
Company reports	Coca-Cola, CCEP	2024–2025	Strategic, operational	Organisational capability
Industry reports	IBISWorld, Allegra	2024–2025	Market size, growth	Industry context

Customer indices	UKCSI, YouGov	2025	Satisfaction, trust	Loyalty indicators
Workforce data	Costa GPG Report	2024	Equity, culture	Brand image
Trade intelligence	Coffee Intelligence, Tea & Coffee Journal	2025	Competitive dynamics	Strategic pressure

Table 1: Overview of Data Sources Analysed.

Company-Level Data

The Annual Report (2024) issued by Coca-Cola Europacific Partners and the Form 10-K (2024) published by The Coca-Cola Company served as the primary sources of company-level data. In the audited reports, there is a brief account of how Costa Coffee has strategically positioned itself within the Coca-Cola system, the scale of its operations, its digital investments, and its sustainability programs. The data collected in these articles were used to assess organisational competencies that support the establishment of loyalty-building programs, including customer-facing technology, employee training, and store expansion. The quality of the analysis is enhanced by applying audit and regulatory standards to such reports.

Industry and Customer Perception Data

The industry data consisted of the reports "Cafes and Coffee Shops in the UK" by Kent (2025) and "Project Cafes UK 2025" by Allegra, which provided quantitative data on the market size, growth, outlet concentration, and consumer spending trends. Customer perception data were obtained from the UK Customer Satisfaction Index (2025) and YouGov BrandIndex (2025), which provide independent scores for satisfaction, emotional connection, trust, perceived quality, and intention to recommend. Information about the workforce and data on ethics-related issues were sought in the Costa Coffee Gender Pay Gap Report (2024), which offers a perspective on internal equity and organisational culture as part of the brand image. In general, the dataset comprises 12 foundational documents and several embedded points, which enable effective and transparent analysis and help mitigate the shortcomings of aggregated secondary data, as discussed in Section 4.9.

4.3 Analytical Approach

Analytical Design

The study employed systematic secondary and desk-based research to review the available evidence on customer loyalty, brand perception, and organisational capability in the UK-based branded coffee shop market. Secondary analysis is appropriate when credible data sources are available, and the research focuses on market and organisational trends rather than individual behaviour (Johnston, 2017). The comprehensive, non-invasive analysis of the research topic will draw on a diverse array of secondary sources, such as company reports, industry intelligence, and independent customer indices. It will be guided by an analytical design.

Data Extraction and Organisation

It was systematised through data extraction; therefore, the data sources were consistent and transparent. The first indicators in the two documents were identified, including market size, market growth, customer satisfaction, brand perception, customer loyalty, workforce, and sustainability (Saunders *et al.*, 2019). All of these have been digitised and summarised into categories for analysis to compare the different data sources. The advantage of a predetermined extraction system is that it provides uniformity and minimises bias in the analysis of secondary data.

Comparative and Trend-Based Analysis

Descriptively, comparative and trend-based approaches were employed to identify patterns across the dataset. Comparative analysis enabled benchmarking of organisational and industry performance using comparable data and year-on-year trend analysis, as documented in market and corporate reports. These procedures are typical of secondary research when it is necessary to assess consistency in the study and to determine whether the direction changes, without making inferences or conducting causal studies (Bryman, 2016).

Reliability and Transparency Measures

Triangulation was used to enhance reliability, and evidence from multiple independent sources was cross-checked to mitigate the influence of any single source. Transparency was achieved by recording all analysis steps and reporting findings in clearly labelled tables (Denzin, 2009). Triangulation has been considered an efficient means of enhancing credibility and strength in secondary research designs.

4.4 Industry Context: Market Size, Growth and Competitive Pressure

UK Coffee Shop Market Size and Growth

According to industry statistics, the UK branded coffee shop market is large and structurally mature. IBISWorld and Allegra industry reports indicate that, in 2025, the market value will be approximately 6.7 billion, and growth will not be as rapid as before the pandemic. Although the number of outlets and consumer spending have partially returned to 2023 levels, the total increase remains slight, indicating growing saturation and price sensitivity in the industry.

Indicator	Value	Year
Market size	£6.7bn	2025
Annual growth rate	-0.7%	2025
CAGR (2020–2025)	-4.0%	2020–25
Number of outlets	11,456	2025
Number of businesses	8,654	2025

Table 2: UK Coffee Shop Market Size and Growth Indicators.

Consumer Demand and Spending Trends

The consumer behaviour data suggest that demand is stabilising in the post-pandemic era. According to Allegra and the Tea and Coffee Trade Journal, the number of weekly visits to the coffee shop increased, as did the average transaction value. It indicates an inflationary price increase and a gradual transition to pre-industrial consumption habits, with particular reference to cities and commuter territories.

Metric	Change	Period
Weekly visit frequency	56% → 60%	2024–2025
Average spend per visit	+5% (£6.23)	2024–2025
Total outlet growth	+5.2%	2024–2025
Drive-thru outlet growth	+51 sites	2024–2025

Table 3: UK Coffee Shop Consumer Demand Indicators.

Competitive Intensity and Market Pressure

These values show that the intensity of competition in the industry is growing. According to IBISWorld, the market is highly fragmented, with the growth of chain stores and independent cafes. Fluctuations in input prices, particularly for coffee beans, milk, and energy, are also

common in the industry. Such forces enhance competition among repeat customers, and consumer switching rises.

Factor	Evidence	Source
Independent café growth	Increasing	Kent (2025)
Input cost volatility	High	Facenda (2025)
Price competition	Intensifying	Allegra (2025)
Market saturation	High outlet density	Kent (2025)

Table 4: Competitive Pressure Indicators in the UK Coffee Market.

Overall, according to industry statistics, the market is fully developed, competitive, and characterised by high growth, expenses, and competition in customer retention.

4.5 Customer Loyalty and Brand Perception Findings

Customer Satisfaction Indicators

According to independent benchmarking evidence in the UK, customer satisfaction was higher in 2025 across a range of customer experience and relationship quality dimensions. The UK Customer Satisfaction Index (UKCSI) recorded a standing score of 77.3 in July 2025, with scores for the three dimensions: experience, emotional connection, and ethics-related perceptions (The Institute of Customer Service, 2025). To ensure objectivity in reporting the findings, Table 4.5 (The Institute of Customer Service, 2025) identifies the most critical UKCSI dimensions for customer experience and relationship outcomes.

Dimension (score out of 100)	Score (July 2025)	Change vs July 2024
Experience	78.4	+1.5
Customer Ethos	76.6	+1.8
Emotional Connection	76.3	+1.5
Ethics	75.4	+1.5
Complaint Handling	59.8	+1.5

Table 5: UKCSI Customer Satisfaction Dimensions (July 2025).

Brand Perception Benchmark Evidence

The brand-tracking data will indicate Costa Coffee's customer rating relative to other coffee shop franchises. The YouGov BrandIndex is a comparative index of satisfaction, impression, perceived quality, and recommendation, based on which Costa's brand perception can be analysed against the industry average across the same consistent indicators (YouGov, 2025). Table 6 gives a comparative summary of these brand perception indicators to give clear and transparent reporting (YouGov, 2025).

Indicator	Costa	Category Average
Satisfaction	23.9	13.7
Impression	22.4	13.9
Quality	18.7	14.0
Recommend	15.3	10.5

Table 6: Brand Perception Indicators — Costa vs UK Coffee Shop Category.

Loyalty Programme Engagement Evidence

Empirical data on the effectiveness of loyalty schemes in the industry support the use of app-based rewards to encourage revisitation and maintain customer engagement. The Costa Club programme trade analysis includes indicators such as increased transaction activity, high numbers of app purchases, and reward redemption behaviour, all of which indicate sustained engagement through programme participation (Shelper, 2024). The given loyalty engagement indicators are summarised in Table 7 to provide the available evidence in a structured, replicable format (Shelper, 2024).

Indicator	Reported Outcome
Transaction growth	+16%
App-based transactions	70%+
Reward redemption share	8% of transactions
Additional spend during redemption	60%
Reported monthly profit impact	£1.2m

Table 7: Loyalty Programme Engagement Indicators - Costa Club.

Summary of Loyalty and Perception Evidence

Across independent satisfaction benchmarking, brand tracking measures, and loyalty programme engagement indicators, the evidence of customer engagement and positive brand

evaluation is consistent in the UK branded coffee shop scenario. Service relationship indicators at a sector-wide level are provided by UKCSI, brand perception benchmarking by YouGov, and programme engagement measures by loyalty reporting, enabling findings to be reported based on multiple secondary sources (The Institute of Customer Service, 2025; YouGov, 2025; Shelper, 2024).

4.6 Brand Image and Ethical Performance

Brand Image and Public Perception

According to brand image data, Costa Coffee has high public awareness among UK coffee shop consumers. Company and industry reports indicate that Costa has extensive national coverage, a uniform store format, and associations with convenience and familiarity among various consumer groups (Coca-Cola Europacific Partners, 2024). Brand awareness is enhanced by Costa's presence on high streets, in transport hubs, drive-thrus, and workplace premises, thereby providing extensive consumer coverage. Trade magazines suggest that when the physical presence of branded chains is more noticeable, recall and perceived reliability of this type of operator increase relative to independent operators, especially in commuter and urban areas (Facenda, 2025).

Ethical Practices and Indicators of Workforce

Workforce equity and organisational responsibility are ethical performance indicators. According to the Gender Pay Gap Report published by Costa Coffee, the mean and median gender pay gaps decreased in 2024, as did the share of women in management and operating functions (Costa Coffee, 2024). These signs indicate that the organisation values workplace fairness and inclusion. Customers are becoming more critical of employment policies for their ethical dimensions, and recent pay gap rates provide a vivid indication of internal governance levels (The Institute of Customer Service, 2025).

Indicator	Reported Outcome
Mean gender pay gap	Reduced vs 2023
Median gender pay gap	Reduced vs 2023
Female leadership representation	Increased
Bonus pay gap	Reduced
Gender distribution	Balanced improvement

Table 8: Workforce Ethics Indicators – Costa Coffee (2024).

Sustainability and Responsible Brand Signals

According to its sustainability reports, Costa Coffee remains committed to integrating environmental responsibility into its brand experience through the use of reusable cups, waste management, and ethically sourced materials (Coca-Cola Company, 2024). In the UK coffee sector, brand appraisals should find a sustainable use among the young consumers, in particular (Allegra World Coffee Portal, 2025). Costa can implement these sustainability measures to become an ethical company, as they demonstrate the organisation's commitment to conducting business responsibly.

4.7 Organisational Capability

Operational Scale and Network Capability

Costa Coffee is reported to have more branded coffee locations in the United Kingdom than any other enterprise, with service locations on the high street, in transport hubs, at drive-thrus, and in workplaces (Coca-Cola Europa Pacific Partners, 2024). This scale can be maintained operationally with respect to customer accessibility and convenience. According to industry sources, Costa has advanced drive-through and express models and has expanded its market to non-traditional retail outlets such as petrol stations and hospitals (Allegra World Coffee Portal, 2025). The formats indicate that the organisation can implement standardised systems at scale.

Digital and Information Infrastructure Capability

The introduction of digital infrastructure and technology signals organisational capability. The additional online ordering, mobile application functionality, and loyalty integration across the Costa platform are among the developments reported by The Coca-Cola Company (2024). The digital space includes the Costa app for monitoring orders and redeeming rewards, as well as Express machines. Industry reports indicate that the number of Costa transactions that have been digitalised for processing is the highest in the organisation's history, indicating that the organisation can now process high volumes of customer interactions through centralised systems (Shelper, 2024).

Capability Area	Evidence	Source
Store network scale	Largest UK-branded chain	CCEP (2024)
Drive-thru expansion	27 new sites added	Allegra (2025)
Express machine network	11,000+ locations	Coca-Cola (2024)

App-based transactions	70%+ of loyalty purchases	Loyalty & Reward Co (2024)
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Table 9: Digital and Operational Capability Indicators – Costa Coffee.

Human Capital and Training Capability

Workforce development and training systems are a measure of organisational capability. As reported by Coca-Cola European Partners, the company will continue to invest in training its baristas, developing its leaders, and standardising its operations to ensure that all its network serves at the same level of service. The capabilities deliver a sustainable customer experience and enable the swift realisation of new services within the organisation.

4.8 Summary of Findings

Overview of Evidence Synthesised

The remaining conclusions from the data analysis chapter are summarised here. The evidence sources will include industry reports, company reports, customer indices, and trade intelligence magazines published in 2023-2025. The summary shall focus on three general aspects of analysis: market conditions, customer loyalty, perception indicators, and organisational capability. Each chapter provides an outline and a clear overview of the alignment of the various strands of secondary data. The summary of the findings indicates that the sources are homogeneous and provide a clear image of the setting of branded coffee shops in the UK, based on readily accessible data (Kent, 2025; Institute of Customer Service, 2025).

Market and Industry Context Findings

At the industry level, the market comprises a large, mature coffee shop sector with slow growth, a high number of outlets, and stiff competition. According to market reports, consumer demand is stabilising as cost pressures increase and chains and individual operators continue to expand their outlets (Allegra World Coffee Portal, 2025). The requirements assume enhanced competition in the market, a stable base of clientele, and that the operationally viable problem is to ensure that customers are interested in the chain brand (Kent, 2025).

Customer Loyalty and Brand Perception Findings

The data on customer satisfaction rates and brand tracking indicate that the branded coffee chain's image is strong, and Costa Coffee leads the category across various indicators of brand health. The experience, emotional appeal, and trust levels are rated very high relative to

industry standards. In contrast, long-term interactions through online platforms and the redemption of rewards are documented in reports on the loyalty programme (YouGov, 2025). When combined, these indicators indicate that customer engagement trends are stable in the industry.

Organisational Capability and Ethical Performance Findings

The company's disclosures and industry analysis demonstrate strong organisational capability at scale, digital infrastructure, and workforce development. Ethical performance and internal governance standards are further supported by sustainability and workforce equity reporting (Coca-Cola Europa Pacific Partners, 2024; Costa Coffee, 2024). These organisational qualities enable the regular provision of services and support a large number of customers across various retail outlets (The Coca-Cola Company, 2024).

Analytical Area	Evidence Source	Key Observations
Market conditions	IBISWorld; Allegra	Mature, competitive market
Customer loyalty	UKCSI; YouGov	Strong satisfaction and engagement
Brand image & ethics	CSR; GPG reports	Positive ethical indicators
Organisational capability	Company reports	Scaled and digitalised operations

Table 10: Summary of Key Findings Across Analytical Areas.

4.9 Limitations of the Data Analysis

In this research, only secondary data are used, which imposes limitations on data availability, scope, and level of detail. Aggregated industry- and company-level reporting fragments access to individual consumer perspectives and prevents the company from analysing differences in customer behaviour across consumer groups. Variability in data-collection methods, reporting timeframes, and measurement frameworks across sources could affect the comparability of indicators. There is a time lag between publication and certain industry reports, so current market changes may not be accurately reflected in the data. Selective voluntary disclosure of corporate information limits analysis, as organisations decide which performance indicators to report. Notwithstanding the limitations, triangulation of entries from several independent sources was employed to strengthen and validate the results. These limitations are known to bring transparency and to facilitate a balanced interpretation of the evidence in the following discussion chapter.

This chapter presents the results of a systematic review of secondary data on the UK branded coffee shop industry and the position of Costa Coffee in the market. The review of industry reports, customer satisfaction indices, and corporate disclosures identified the main trends in the market conditions, customer loyalty indicators, brand image, ethical practices, and organisational capabilities. The findings indicate that consistent service delivery, positive brand awareness, and online interactions help sustain customer loyalty, whereas ethical and sustainability behaviours help build brand trust and credibility. Organisational scale, digital integration, and workforce development facilitated the regular delivery of services across various customer touchpoints. The chapter has focused on providing evidence in a non-interpretative manner, as required by the research methodology. The results obtained provide a strong empirical basis for the next chapter, in which the meaningfulness of these patterns will be examined in the context of existing theories and the study's analytical goals.

Chapter 5: Discussion

5.1 Introduction

This chapter explains the results of the data analysis. It addresses them within the study's aim of examining the factors that influence customer loyalty to Costa Coffee in the UK branded coffee shop market. It not only describes but critically explains the patterns manifest in the evidence, and the analysis is therefore analytically challenging and theoretically informed. Based on previous research, the empirical findings discussed should be linked to the conceptual frameworks to demonstrate academic contribution (Saunders *et al.*, 2019). The chapter is structured into three areas of analysis: customer loyalty and brand perception; brand image and ethical performance; and organisational capability, each with a reasonable basis for interpretation.

It is discussed by integrating the findings with the theories and research presented in the literature review, and the convergences and divergences are identified. The literature on service loyalty suggests that market maturity and the intensity of competition are only some of the situational factors that determine how customers form repeat-purchase relationships (Oliver, 1999). Interpretation of the findings to explain why certain loyalty indicators are more salient than others is informed by sector-specific conditions. Finally, the chapter proposes how the research will address the literature gap identified in the previous chapter and set the stage for the final chapter, in which the conclusions regarding the totality of the research contributions and practical implications are presented.

5.2 Summary of Findings

Market and Industry Context

The data analysis indicates that the UK branded coffee shop market is structurally mature, with slow growth, high outlet density, and a greater number of players. Industry reports indicate that consumer demand is currently in balance relative to the period of the pandemic outbreak. However, there is an inflation in input prices, growth in outlet sizes, and operators are struggling to retain repeat customers. Customer retention is a competitive advantage in already competitive service markets, given their low growth potential (Kent, 2025). This is a market that is a crucial environment in which the significance of customer loyalty is being tested. It establishes the meaning of the findings to be addressed in the future.

Consumer Loyalty and Brand Experience

The results indicate that customer satisfaction, trust, and emotional attachment toward the Costa Coffee brand are high, and that Costa Coffee outperforms the industry on brand perception scales. The inability to maintain a consistent set of benchmarks leads to unequal service experiences, impaired quality perception, and an impact on the brand. Yet, data from the loyalty programme indicate that digital interaction and transaction frequency are high. This follows previous studies showing that emotional attachment and perceived value are crucial for creating repeat patronage in competitive retail settings with low switching costs (Oliver, 1999). These results indicate homogeneous attitudinal and behavioural loyalty within the UK coffee shop industry.

Organisational Capability and Ethical Performance

The organisational information indicates that the network of functioning organisations, digital infrastructure, and workforce development systems can be considered one of Costa Coffee's most effective competitive advantages in the market. Diversified channels through which the services are to be provided to customers are made possible by the long-term investments in technology, store formats and employee education, which is disclosed in the corporate filings. According to the resource-based view of the firm, the presence of embedded organisational capabilities that are valuable, non-replicable, and well applied enables the maintenance of competitive advantage over a prolonged period (Barney, 1991). Taken together, these organisational and ethical pointers provide a solid basis for understanding the subsequent discussion blocks.

5.3 Discussion of Customer Loyalty and Brand Perception

Interpreting Customer Loyalty Patterns

These findings indicate that satisfaction, emotional attachment, and perceived service consistency are determinants of customer loyalty in the UK branded coffee shop industry. The statistics show that customers have not lost a sense of quality and familiarity in a very competitive market. Loyalty theory posits that, in service sectors, repeat patronage may arise from cumulative positive reinforcement rather than from one-on-one interactions. In this way, it is worth noting that the continuity of service delivery is involved (Oliver, 1999). That is why Costa Coffee's satisfaction and emotional connection results are especially vital in a highly developed market with low switching costs.

Attitudinal and Behavioural Loyalty Alignment

The analysis shows that attitudinal and behavioural loyalty (positive perceptions and repeat engagement) are consistent with respect to brand perception standards and the use of loyalty programmes. Customers who leave positive comments about Costa Coffee demonstrate long-term interest in shopping and earning rewards through the app. Earlier studies have revealed that attitudinal loyalty requires behavioural mechanisms that translate favourable perceptions into repeat purchase behaviour, particularly in the context of retail service industries (Dick and Basu, 1994). This compatibility is favoured by online loyalty services, which make it less work and more convenient and user-friendly.

Role of Emotional Connection and Trust

The findings show that trust and emotional attachment are the most important factors in making loyalty. Customer satisfaction indices indicate that relationship satisfaction is directly proportional to overall satisfaction, implying that relationship-based elements play a critical role in client retention. The relationship marketing literature emphasises that trust and emotional attachment reduce perceived risk and commitment when there is no material involvement and the experience is switchable, as is the case with services (Morgan and Hunt, 1994). The emotional connotation employed by Costa Coffee in its chain of shops is helpful in this respect, enabling the development of comparatively stable customer-company relations despite competition.

Loyalty in a Competitive Market Environment

The results explain the importance of loyalty systems in a highly competitive market. The market has become saturated, and branded chains cannot easily improve their market share. This is because they aim to retain their current customers to maintain revenue and market share. Service marketing research indicates that expenditure on loyalty programmes and brand differentiation increases with the intensity of competition, and that, as a result, firms can sustain their market share (Homburg, Koschate, and Hoyer, 2005). This means that cost pressure and market maturity do not negatively affect the loyalty indicators, implying that loyalty is a strategic value rather than a by-product of service quality.

5.4 Discussion of Brand Image and Ethical Performance

Interpreting Brand Image in a Saturated Market

The results suggest that brand image is highly influential in shaping customer perceptions in a highly saturated market, as in the UK coffee shop market. The experience and apparent trustworthiness created by the availability of Costa Coffee across various retail outlets and locations are core values of low-differentiation service markets. The literature on brand equity shows that the formation of an association between the brand and its customers occurs through repeated exposure to the brand. It reduces perceived risk in purchase decisions, especially when consumption is habitual (Keller, 2013). This is one of the reasons why Costa and its service model have become ubiquitous and institutionalised, and consequently have positive brand ratings despite the intense competition between the chains and independent cafes.

Ethics, Trust and Customer Relationships

Another factor of brand trust and relationship quality is ethical performance. It indicates that Costa Coffee is ethically responsible in its reporting and disclosure, as documented evidence shows that the company has an equitable workforce, transparent pay, and sound governance practices. Branding ethics should be considered because observable promises of justice and responsibility may improve consumer trust when service experiences are unpredictable, and customers rely on symbolic signs to assess brands (Mayr *et al.*, 2022). To that extent, Costa's gender pay gap reporting and ethical workforce practices can be considered trust-building mechanisms that enhance service quality and build brand credibility over the long term.

Sustainability as a Brand Signal

The sustainability actions enhance Costa's ethical brand by demonstrating the company's long-standing environmental responsibility. Accountable sourcing, reusable cup incentives, waste reduction, and sustainability initiatives are shared and printed, and align with evolving consumer expectations in the UK retail market. Research on sustainable consumption demonstrates that apparent environmental practices have a positive effect on brand attitudes among younger and more socially minded customers (White, Habib, and Hardisty, 2019). These initiatives, therefore, help extend the Costa brand image beyond functional value and provide a more integrated view of corporate responsibility, thereby helping retain customers in highly competitive service markets.

5.5 Discussion of Organisational Capability and Competitive Advantage

Operational Scale as a Capability Advantage

The findings show that the size of the operations gives Costa Coffee a huge capacity advantage in the UK branded coffee shop market. The widespread organisation of its stores throughout the high street, transport centres, drive-thrus, and workplaces enables greater accessibility and less effort for customers, which in turn promotes purchasing behaviour. Operations of mass service enable the standardisation of processes, the management of quality, and the delivery of a consistent brand across different touchpoints. The resource-based view treats such a scale as a strategic resource, provided it is diffused throughout organisational systems and is difficult for competitors to replicate (Barney, 1991). Such coverage helps create repeat customers in a saturated market by making the brand highly convenient and available at any time.

Digital Infrastructure and Integration Capability

Digital capability is a novel organisational strength that enables customer contact and retention. Costa can enhance the customer experience and maintain high transaction volume through mobile ordering, digital loyalty, and Express machine technology. It is possible to personalise and interact with data on online platforms, thereby improving relationships with regular purchasers. Studies of service innovation conclude that the technological fit of service processes improves operational efficiency and, at the same time, service quality (Vargo and Lusch, 2016). This is evidenced by Costa's investment in interrelated digital systems that enhance its ability to maintain scale loyalty.

Human Capital and Capability Development

Human capital development enhances the organisation's ability to provide standardised services across the network. They invest in barista training, leadership, and operational standards to ensure that the customer experience is not undermined, even in large organisations. Research on service management emphasises that, in people-intensive service-based organisations, employees' skills and involvement play a key role in transforming organisational resources into customer value (Heskett *et al.*, 1994). A synergistic combination of the three, operational scale, digital integration, and human capital development, forms an interdependent system of capabilities that has allowed Costa Coffee to remain competitive and continue communicating with customers in an extremely competitive retail market.

5.6 Contribution to Literature and Gap Addressed

This analysis is valuable to the body of literature because it integrates customer loyalty, brand image, and organisational capability within a single analytical framework for the UK branded coffee shop industry. Although previous research tends to explore loyalty either in consumer behaviour or branding terms, the study shows that organisational capacity, including the size of operations, digital capability, and investment in the workforce, cooperates with brand perceptions to retain loyalty in mature service markets. The current studies have emphasised the necessity of multidimensional loyalty development. Still, empirical research linking internal organisational resources to externally derived loyalty has not been conducted in the service setting (Barney, 1991). Using triangulated secondary data sources, including industry reports, customer indices, and corporate disclosures, the study will develop an evidence-based understanding of how to sustain loyalty based on brand, ethics, and operational capability. The results thus help address the existing gap between theoretical models of loyalty and practical service management, enriching knowledge of how to maintain competitive advantage in the highly saturated retail service market.

5.7 Chapter Summary

The study then presents the research findings, namely how the relationships among customer loyalty, brand image, and organisational capability interact in the UK branded coffee shop market. The discussion related the available empirical evidence to relevant theories and prior studies to clarify the meaning of the patterns observed in a highly competitive, mature service environment.

The discussions made it apparent that no single factor can define customer loyalty; however, when customers' perceptions align with ethical brand communication and organisational resources, the organisation is better positioned to define customer loyalty. The chapter has discussed the applicability of retention strategies in an established market and how digital systems, service fidelity, and workforce competence affect repeat behaviour. The validity of the results with respect to the theoretical knowledge was assessed by interpreting the findings in terms of known theoretical concepts. This finding presupposes the final part: a summary of the study, a critique of its weaknesses, and perspectives on future directions in light of the obtained findings.

Chapter 6: Conclusion and Recommendations

6.1 Introduction

The general results and experience in the course of research will be provided in this part of the dissertation. The business drivers of the UK coffee shop industry have been analysed, with particular attention to brand image, ethical performance, and organisational capacity at Costa Coffee. The author proposes a summary of the research results in this chapter and reuses the research purpose. It reflects on the study's implications for science and practice and provides a practical guideline for industry stakeholders. The chapter gives the limitations of the research and research directions. Lastly, the study will include a concluding sentence in which its general relevance and value will be declared reflexively.

6.2 Summary of Key Findings

Industry and Market Context

The study concluded that the UK branded coffee shop business is saturated and highly competitive, with sluggish outlet growth, high outlet density, and rising operating costs. Consumer retention is even more decisive given low market growth. Evidence from industry shows that companies in competitive service markets depend on client loyalty to maintain stable business performance and long-run market share (Kent, 2025). The scenario justifies the observation that loyalty-related issues are among the most noticeable outcomes.

Customer Loyalty and Brand Perception

Findings on customer issues showed that customer satisfaction, trust, and emotional attachment to branded coffee chains were high, and that Costa Coffee performed well on key indicators of brand perception. Stable service quality and successful brand impressions fostered a positive customer attitude, and repeat behaviour was achieved through digital loyalty engagement. Consistent with earlier reports, emotional attachment and value perception are among the determinants of patronage relationships in retail service settings (Oliver, 1999). Such results suggest that attitudinal and behavioural disloyalty is not practised in the industry.

Organisational Capability and Ethical Performance

The organisational intelligence indicates that Costa Coffee scores highly on the dimensions of scale across its operational dynamics, information systems, and workforce development, which are powerful enablers of routine service provision. Ethical practices, such as equity and

sustainability programs within the workforce, were employed to strengthen brand credibility and trust. According to the resource-based view, strategic competitive advantage is maintained when the embedded organisational capabilities are valuable and difficult to imitate (Barney, 1991). A combination of these factors helps Costa Coffee maintain customer engagement in the highly competitive United Kingdom market.

6.3 Research Objectives Answered

The first objective of the study was to examine the problems that affect customer loyalty in the UK branded coffee shop industry. The findings confirm that service consistency, emotional bond, perceived quality, and convenient access points are determinants of loyalty through digital engagement mechanisms. All these encourage repeat patronage in a full-scale, extremely competitive market.

The second objective was to assess the impact of brand image and ethical performance on customer loyalty. The results suggest that positive perceptions of the brand, trust, and long-term customer relationships are enhanced by ethical practices, workforce equity, sustainability initiatives, and open corporate behaviour.

The third aim was to test the nature of organisational capability in defining the outcome of loyalty. The results imply that operational volume, online presence, and growth in human resources are associated with the provision of similar service experiences across different touchpoints. Such organisational strengths not only generate loyalty but enable operations; they enable Costa Coffee to retain customers, sustain customer interest in the firm, and maintain a niche in the UK coffee shop market.

6.4 Contribution to Knowledge and Literature

The study adds value to the literature by showing that customer perceptions, brand image, ethical behaviours, and organisational competencies, in conjunction with customer perceptions, help sustain business relationships through a customer-retention business model in the branded coffee shop industry. Since the field of loyalty is already covered in the context of consumer behaviour and branding, the current study focuses on loyalty theories within the same analytical framework for a complete service market. The findings can be used to extend the current theory of loyalty by showing that internal organisational benefits, such as the scale of operations, digitalisation, and labour development, directly influence external loyalty performance. In addition, the study contributes to the research methodology by suggesting that triangulated secondary data should be used to investigate relationships in complex services where primary

data are not required. The work bridges the gap between abstract loyalty models and practical service management, contextualising loyalty within the processes of operations and ethics, thereby offering a more detailed picture of how to ensure competitive advantage in the competitive retail environment.

6.5 Practical Recommendations

Costa Coffee Management

The findings suggest that Costa Coffee should continue developing its digital loyalty system by making the mobile app more personalised. Using available customer data, the organisation will be able to personalise rewards, offers, and communications to specific purchase patterns, thereby increasing customer engagement without significant additional expenditure. Management could provide better access facilities through Express machines and drive-through stores, particularly in commuter and workplace settings where purchasing behaviour is new. Moreover, employee training should be continued to make sure that the quality of service remains constant regardless of the growing number of networks, since service consistency has proven to be the support of customer satisfaction and loyalty.

Industry Practitioners

Players in the UK coffee shop industry should prioritise customer retention over growth through expansion. In an oversaturated market, simple, value-driven loyalty programmes that can be easily integrated into digital ordering systems will help retain repeat customers. Practitioners in the industry are encouraged to make ethical and sustainable practices more transparent, as responsible practices enhance brand loyalty and help maintain lasting customer relationships. Sector-wide cooperation to exchange industry best practices in digital engagement and workforce development can improve the overall quality of service and customer experience.

Policy and Sector Bodies

Ethical employment practices and digital transformation in the hospitality industry should be promoted by industry and regulatory bodies through guidelines and bonus plans. Promoting standardised sustainability reporting and disclosing workforce equity would be one way to increase consumer trust in the industry. Furthermore, training and skills acquisition would both enhance service quality and labour security for companies and consumers, as industry-wide

efforts would support these processes. This would assist in creating a bigger, more accountable, branded coffee shop business in the UK.

Future Research

To facilitate future research, primary data could be collected in the study to ensure that perceptions of loyalty, brand perceptions, and ethical behaviour are measured at the individual customer level. A qualitative interview or survey will provide a clearer understanding of how customers perceive sustainability and the practices related to the workforce, which affect loyalty decisions. A longitudinal study would help examine the temporal flexibility of faithfulness to digital innovation and market change. A cross-country comparison of service industries may be used to assess the generalisability of the findings beyond the UK coffee-shop context. Future studies could examine how new technologies, including artificial intelligence and personalisation, affect the nature of loyalty in contemporary service markets.

6.6 Limitations of the Study

A weakness of the study is that secondary data were used, which limited access to personal customer perspectives and the range of behaviours. Corporate and aggregate industry reports may hide such differences in demographic levels and consumption patterns. The inability to easily compare certain indicators, due to differences in sources and timing of collection, further compromises data comparability. Additionally, publication delays may mean that the latest market activities are not captured in the data. The results should be interpreted in light of these weaknesses, and their generalisability should be evaluated.

6.7 Final Reflective Conclusion

One insight I have gained from this research is that customer satisfaction is not the only factor influencing customer loyalty in mature service markets. I realised that brand image, ethical practices and organisational capability were long-term synergies within a very competitive environment. It has helped me sharpen my research skills in theory, practice, and data analysis and conduct a considerable amount of secondary research. It is not only that my critical and analytical thinking has improved through the analysis, but that the insights it has provided will inform my future practice.

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Appendices

Appendix 1: Ethical Approval Form

APPLICATION FOR ETHICAL APPROVAL

SECTION A: About You (Lead Researcher)

1	Full Name:	Md Masum Billah			
2	Tick all boxes that apply:	Member of staff:	☐	Honorary research fellow:	☐
	Undergraduate Student	☐	Taught Postgraduate Student	☒	Postgraduate Research Student
3	Institute/Academic Discipline/Centre:	IICL			
4	Campus:	London			
5	E-mail address:	2420021@student.uwtsd.ac.uk			
6	Contact Telephone Number:	07429761400			
7	Project Title	Impact of customer satisfaction and brand image on the brand loyalty of Costa Coffee			
8	Proposed Start Date	3rd November 2025	Proposed End Date	7th February 2026	
For students:					
9	Student Number:	2420021			
10	Programme of Study:	Master of Business Administration			
11	Director of Studies/Supervisor:	Balendran Kandasamy			

SECTION B: Grant or Contract Funding

1	Has your research been awarded, applied for, or intend to apply for external funding?	YES	Click to continue to appendix 1	NO	Continue to the next section
2	Have you completed appendix 1?	YES	☐	NO	☐

SECTION C: Internal and External Ethical Guidance Materials

Ethical Guidance Documents	
Please list the core ethical guidance documents that have been referred to during the completion of this form (including any discipline-specific codes of research ethics, location-specific codes of research ethics, and also any specific ethical guidance relating to the proposed methodology). Please tick to confirm that your research proposal adheres to these codes and guidelines. You may add rows to this table if needed.	
1	UWTSD Research Ethics & Integrity Policy ☒
2	UWTSD Research Data Management Policy ☒
3	UWTSD Open Access Publications Policy ☒
4	UWTSD Export Control Policy ☐ <i>Required if Appendix 8 completed</i>
5	UWTSD Trusted Research and Innovation Policy ☐ <i>Required if research is taking place outside the UK</i>

SECTION 5: Declaration

The information which I have provided is correct and complete to the best of my knowledge. I have attempted to identify any risks and issues related to the research activity and acknowledge my obligations and the rights of the participants.

In submitting this application I hereby confirm that I undertake to ensure that the above named research activity will meet the University's Research Ethics and Integrity Policy which is published on the website: <https://www.uwtsd.ac.uk/research/research-ethics/>

1	Name of applicant	Md Masum Billah
2	Electronic or written signature of applicant:	Md Masum Billah
3	Date	6/11/2025
4	Name of Director of Studies	Balendran Kandasamy
5	Electronic or written signature of Director of Studies:	Balendran Kandasamy
6	Date	30/1/2026

Checklist: Please complete the checklist below to ensure that you have completed the form according to the guidelines and attached any required documentation:

1	☒	I have read the guidance notes supplied before completing the form.							
2	☒	I have completed all relevant sections of the form in full.							
3	☐	I have attached a copy of the Participant Information Sheet (PIS) or Consent Form							
4	☐	I have attached a completed copy of the Trusted Research and Innovation Checklist (where applicable)							
5	☐	I have attached a full risk assessment (where appropriate)							
6	☒	I understand that it is my responsibility to ensure that the above named research activity will meet the University's Research Ethics and Integrity Code of Practice							
7	☒	I understand that it is my responsibility to ensure that the above named research activity will meet the University's Research Data Management Policy							
8	☒	I understand that it is my responsibility to ensure that the above named research activity will meet the University's Research Export Control Policy							
9	☒	I understand that it is my responsibility to ensure that the above named research activity will meet the University's Open Access Research Policy							
10	I have completed the following appendices:	1	☐	2	☐	3	☐	4	☐
		5	☐	6	☐	7	☐	8	☐