

Master of Business Administration Programme

LCMB7035

Dissertation Proposal

Topic

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

Student Name: Md Masum Billah

Student ID: 2420021

Supervisor Name: Balendran Kandasamy

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Introduction

In the competitive, ever-changing UK coffee shop market, brands need to work harder than ever to retain customers and build loyalty. UK-based Costa Coffee (1971) has become one of the most recognisable coffee chains on British high streets. Still, the ever-increasing demands of consumers and the increasing competition make it essential to understand what really makes customers loyal (Sheridan, 2025). Customer satisfaction, which is how well customers are met or exceeded by an organisation, is considered one of the most commonly used antecedents of loyalty, especially in service industries. For example, in the branded coffee shop sector, research has found that behavioural loyalty indicates that satisfaction is a significant influence on loyalty (Song, Wang, and Han, 2019). At the same time, brand image - consumers' feelings and associations towards a brand - has been defined as an essential differentiation mechanism for companies to redefine themselves and create emotional loyalty among customers, leading to subsequent purchases (Burge, 2024). Still, there is a gap in UK-based empirical studies, particularly analysing the relational impact of customer satisfaction and brand image on brand loyalty in a coffee-house chain, such as Costa Coffee.

For this reason, the purpose of this study is to investigate the effects of customer satisfaction and brand image on brand loyalty among UK customers of Costa Coffee.

The objectives are:

- (1) To conduct secondary quantitative data analysis of customer satisfaction levels towards Costa Coffee in the UK.
- (2) To assess the effect of Costa Coffee's brand image on customer loyalty intentions.
- (3) To determine the extent to which customer satisfaction and brand image jointly consequently promote brand loyalty within Costa Coffee.

The following research questions guide the study:

- How important is customer satisfaction to brand loyalty in Costa Coffee?
- What is the linkage between brand image and brand loyalty in this context?
- In what ways does customer satisfaction plus brand image combined affect brand commitment in Costa Coffee?

Employing a secondary quantitative research design, the study will test pre-existing data to establish quantitative relationships among the constructs, develop academic knowledge of loyalty formation in the UK coffee shop sector, and provide valuable insights for Costa Coffee's brand management and customer relationship strategies.

Literature Review

The research presents a review that focuses on three cross-cutting themes related to customer satisfaction, image, and loyalty in UK service brands (coffee chain brands). It identifies gaps in the current body of knowledge, which is justified as a rationale for conducting the current study.

Customer Satisfaction and Brand Loyalty

Customer satisfaction is generally regarded as an essential predictor of brand loyalty in service organisations. For example, Hatta, Rachbini, and Derriawan (2018) reported that greater customer satisfaction significantly boosts brand loyalty in retail settings. More specifically, in the coffee shop context, a quantitative review found that satisfaction has a substantial direct effect on customer loyalty through perceptual and behavioural mechanisms (Vadavadagi, 2022). In the UK, the Institute of Customer Service has produced the UKCSI report, which highlights the importance of a customer-centric focus for brand loyalty and profit growth across sectors (The Institute of Customer Service, 2025). Consequently, the results indicate that satisfaction is a fundamental antecedent of allegiance; they tend to conceptualise loyalty as a general outcome rather than specifically examine the relationship between satisfaction and brand image within a UK coffee shop chain.

Brand Image as an Antecedent of Loyalty

Brand image is the general impression of the brand, the evaluation of the brand by a consumer and the brand's beliefs and associations among consumers. Research has shown that brand perception affects satisfaction and, in turn, loyalty. A more recent study by Dirgantari *et al.* (2023) in the coffee shop industry found that brand image and credibility had a moderate, significant effect on brand loyalty through image uniqueness and attractiveness. Applying the case of the UK retail sector, Neupane (2015) demonstrated that brand image has substantial implications on consumer satisfaction ($b = 0.880$) and loyalty intention ($b = 0.780$) in a supermarket chain. These studies indicate the critical role of brand image. However, most analyses use primary survey data and sophisticated statistical methods (e.g., regression),

whereas the current study uses manual secondary data. Furthermore, what seems under-represented is the coffee-shop-specific UK context.

Satisfaction–Image–Loyalty Interplay

The interdependence among customer satisfaction, brand image, and brand loyalty is receiving increased attention in the current literature. One study in the hospitality/coffee context by Song, Wang, and Han (2019) found that brand image is an antecedent of satisfaction and trust, which, in turn, leads to loyalty. However, a recent meta-analysis on tourism experience found that a brand's image affects both satisfaction and loyalty. If brand image is said to induce brand loyalty, it implies a sequence of effects: brand image > brand satisfaction > brand loyalty. Despite this evidence, very few studies focus on the UK coffee-shop market, and even fewer use secondary qualitative and quantitative data. In addition, many studies currently use complex statistical modelling, whereas the current research suggests manual tabular analysis of secondary quantitative data, creating a methodological gap.

UK Coffee Shop and Service Sector Context

There are Starbucks and Caffè Nero, the leading players in the UK coffee shop market, according to Burge (2024), with Costa Coffee holding more than 80% market share. This highlights that brands in this industry compete in a highly competitive environment characterised by brand loyalty. Studies that focus on coffee shops show that service encounter attributes and experiential value affect customer loyalty. For example, Rashid, Nika, and Thomas (2021) research indicates that service dimensions are among the most influential factors for experiential value and, subsequently, loyalty in coffee shops. However, the role of brand image in the UK coffee shop context, in terms of customer satisfaction and loyalty, has yet to be explored.

Identified Gaps and Justification for This Study

From the above three shortcomings:

- (1) The lack of UK-based empirical research on the combined effects of customer satisfaction and brand image on brand loyalty in the coffee-shop sector.
- (2) Too few studies for coffee chains by using secondary quantitative data and manual analysis (instead of primary survey and statistical tools);
- (3) Few studies with business-practical perspectives for coffee-shop chains in the UK.

This study attempts to bridge those gaps by analysing secondary quantitative data (UK-based, where possible) to determine how customer satisfaction and brand image affect brand loyalty in Costa Coffee, and by applying a manual tabular approach that enhances ease of access for business practitioners.

Methodology

The research will use a quantitative research design that relies solely on secondary data analysis. The selection of a quantitative method is supported by the research purpose: to investigate and quantify the correlation among the numerical values of customer satisfaction, brand image, and brand loyalty towards Costa Coffee in the UK. As this research will not include new primary data obtained from respondents, but rather utilise existing datasets and published reports, the secondary data approach is most suitable. George (2023) states that secondary research involves using data that has already been collected (quantitative or qualitative) to answer new research questions.

Similarly, secondary quantitative data are economical and efficient for researching service-industry trends (Hassan, 2024).

Data Sources

Credible repositories, industry reports, market research publications, and publicly available datasets in the UK will serve as data sources. Indicatively, the Data Service in the UK has access to a large volume of quantitative data and advice on reusing secondary data (Haaker and Bloom, 2023). The sources will be used to identify numerical indicators of the constructs of interest: customer satisfaction with Costa Coffee, perceptions of Costa Coffee's brand image, and brand loyalty as reflected in repeat visits, retention rates, customer intentions, or loyalty indexes. Since the research design will use published data, the researcher will assemble the necessary numerical data (e.g., satisfaction scores, brand-image ratings, loyalty-index values) from various sources into summary tables for analysis.

Sampling Strategy

Because this research uses secondary data, it does not require selecting individual respondents. Caution will be exercised to ensure the chosen datasets reflect the UK market or Costa Coffee's UK consumer base. The researcher will record the original sample size, sampling frame, and collection date for each dataset used, in accordance with recommendations for the reuse of secondary data (Haaker and Bloom, 2023). This contextual information allows for the

assessment of the relevance and quality of the data. Suppose there are several datasets representing the same construct across varying years or segments (e.g., UK coffee-shop customers and UK dining-out customers). In that case, the researcher will choose the ones most similar to the Costa Coffee situation in the UK in the most recent period.

Data Analysis Techniques

It will not involve using a computer program such as SPSS or regression to carry out the analysis. The researcher will present the chosen data in a tabular format, grouping indicators by construct (customer satisfaction, brand image, brand loyalty) and by time period or region in the UK. For example:

Table 1: The customer satisfaction scores of Costa Coffee (UK) during the last several years.

Table 2: Comparison of brand image ratings (UK consumers) of Costa Coffee with the competition.

Table 3: Costa Coffee metrics of loyalty (repeat-visit rates, retention indices).

After these tables, simple summaries (i.e., means, percentages, index values) will be hand-calculated to demonstrate trends and relationships. The investigator will discuss trends, e.g., whether higher satisfaction scores are associated with higher loyalty indexes or higher ratings of brand image. Although statistical correlation or regression will not be performed, the discussion will present numerical trends in the context and conclude the relationships among variables. This is to provide an accessible interpretation for practitioners, rather than a high-level statistical model.

Ethical Considerations

Because this research uses publicly available secondary data, human subjects are not directly involved, and no primary data are collected. The ethical standards will be adhered to: all sources will be referenced, data ownership will be considered, and the limitations on the use or licensing of data will be verified, particularly if some data will require permission. The researcher will not ignore the shortcomings of secondary data (e.g., missing variables, original sampling bias) and will ensure the origins of the datasets are documented transparently. The UK Data Service guideline suggests that responsible reuse of secondary data requires an apparent reference to data provenance and knowledge of the circumstances of the original data collection (Haaker and Bloom, 2023).

Feasibility and Alignment

The research methodology is viable within the MBA time frame and will support the aims and objectives of the research. Since the method will not require the collection of new data and will make use of already available quantitative sources based in the UK, the time and resource requirements can be handled. The tabulation and interpretation are done manually to ensure the manual is clear and relevant to marketing practitioners at Costa Coffee. The study presents statistical data on the interrelationships among satisfaction, image, and loyalty, which are helpful for both academic research and management knowledge.

The research method is acceptable and ethical, and it is practically suitable for investigating the causal relationship between customer satisfaction, brand image, and brand loyalty in the UK Costa Coffee market. The stable, transparent, and user-friendly analysis is based on secondary quantitative data in tabular form. This approach allows for meaningful interpretation of numerical trends in a straightforward manner, without the use of complex statistical tools – and while remaining both academically valid and business-wise applicable to decision making as well as marketing strategy development.

Expected Findings

The key aim of this study is to examine the impact that customer satisfaction and brand image have on the Costa Coffee brand loyalty in the UK. According to past studies and theories of brand loyalty, stronger customer satisfaction is expected to translate into greater brand loyalty among Costa Coffee customers. Past research in the UK service sector shows that customer satisfaction leads to more frequent purchases and future recommendations of brands with which customers have a positive attitude (Institute of Customer Service, 2025). It can thus be anticipated that customer satisfaction will emerge as a determinant of loyalty in this research.

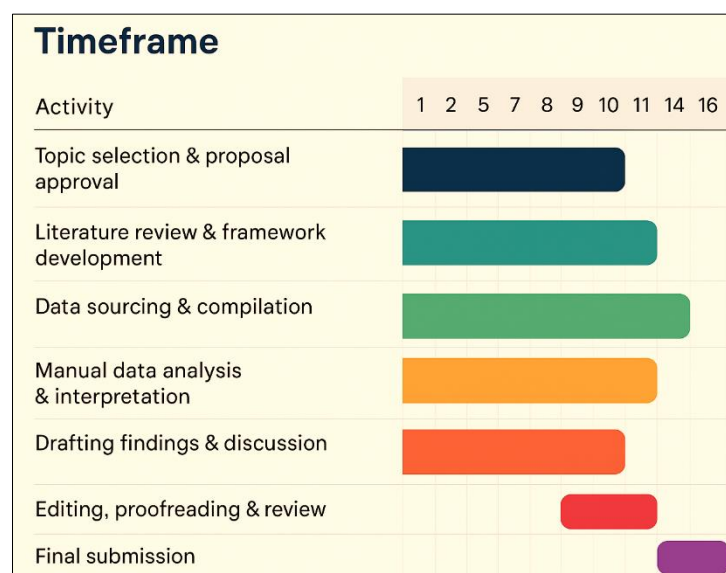
Brand image will arguably have an essential influence on satisfaction and loyalty levels. A study of the UK retail and hospitality sectors found that a positive brand image increases trust, emotional commitment, and customer commitment over time (Neupane, 2015; Burge, 2024). It is therefore expected that Costa Coffee's brand image, in terms of quality, consistency, and community presence, will enhance customer loyalty, directly or indirectly, through satisfaction.

In general, the hypotheses are that customer satisfaction and brand image are positive predictors of brand loyalty, which supports the need to maintain service quality and brand image to ensure that Costa Coffee has a competitive advantage in the UK coffee shop industry.

Limitations

There are various limitations to this study which can influence the level of findings and the extent of this research. Since it will use only secondary quantitative data, the study is limited by the quality, availability, and timeliness of the data. The analysis may be constrained because publicly available reports may not contain detailed, up-to-date information on Costa Coffee. This may be because the manual analysis approach, i.e., the application of tabular summaries rather than advanced statistical procedures, may limit the capacity to discover more hidden correlations or causal-effect links among variables. The research is limited to the UK market; hence, the outcomes may not apply to other geographic locations or foreign operations. The limitations may be reduced by choosing credible UK data sources, presenting the figures clearly, and making the findings transparent and credible.

Timeframe



The implementation under the dissertation project will be carried out in 16 weeks, with the stages to be completed on time. The first two weeks will be spent selecting a topic and preparing a proposal. The theoretical and literature review will take 3-5 weeks to develop. Weeks 6-8: Relevant secondary data will be obtained, collated, and topline results will be provided in the UK. Weeks 9–11: Data processing will commence, and several summary tables and numerical summaries will be produced. The 12-14 weeks will be devoted to writing the results and discussion sections, while putting the necessary input into practice. Finally, 15-16 will be dedicated to revision and submission. The process ensures that each stage is conducted

thoughtfully and provides the supervisor with space to redeem themselves and reply, so that it becomes a properly orchestrated organisation-wide study.

Conclusion

In this regard, this dissertation proposal aims to analyse the impact of customer satisfaction on brand image and brand loyalty in the UK Costa Coffee market. It would be a practical and academic research study, a secondary quantitative study in which data will be analysed manually.

The study will explore how satisfaction, brand image, and customer Loyalty can be exploited as sources of competitive advantage in the UK coffee industry.

The purposes of this study are clear, the design of the research programme is feasible, and the time systematisation presented in this study could be applied to marketing theory and practice. Therefore, these results might inform evidence-based decisions to retain and attract Costa Coffee customers.

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