

Research Methods for Business

Business Research Proposal

*A study of Starbucks strategies to
improve its competitiveness in the
UK market*

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Identification of a Business Problem with brief background and rationale

The business problem of Starbucks is that it is losing competitiveness in the UK coffee shop market which is growing overall but has become intensely price-sensitive, value-driven and crowded with credible alternatives. Despite expanding its UK footprint, Starbucks has recently recorded declining sales and a return to losses, suggesting that its current strategies are not fully aligned with UK consumers' expectations around value, price and brand perception.

Brief background of Starbucks

Starbucks was founded in 1971 as a single store in Seattle's Pike Place Market, initially selling premium coffee beans, teas, spices, and equipment. Howard Schultz joined in 1982 and acquired the company in 1987, shifting to an Italian-inspired espresso café model that created the "third place" concept between home and work. (Starbucks, 2025)

Entering the UK in 1998, Starbucks now operates over 1,400 stores as of 2025- mostly company-run and franchised- holding ~18-19% of the branded coffee market through recent moves like acquiring 23.5 Degrees for 113 additional sites. (Ozan, 2024)

Despite this footprint in a £6.1bn sector, Starbucks UK posted £35m losses in 2024 amid inflation, boycotts, and rivals like Costa, prompting focus on digital loyalty and sustainability for recovery. (World, 2025)

Rationale and problem focus

Against this backdrop, Starbucks UK has opened around 100 new stores and acquired additional outlets, yet has reported lower revenues and a pre-tax loss of roughly £35 million, attributing its performance to higher operating costs, reduced consumer spending, reputational challenges and intense competition. Commentators also highlight a growing perception problem, where Starbucks is seen as relatively high quality but weak on value, with price increases and boycotts further undermining customer goodwill. (PowerCommerce, 2024)

These patterns indicate a strategic problem: Starbucks' existing positioning, pricing and communication may no longer deliver a compelling value proposition for UK customers in a market where rivals are sharpening loyalty offers, promoting value deals and stressing ethical credentials.

This issue is significant because the UK branded coffee shop market is expanding to £6.1 billion with over 11,000 outlets by 2026, yet Starbucks faces declining sales, £35 million losses, and eroding value perception amid fierce competition from Costa, independents, and other value players. (Pearce, 2025)

Researching Starbucks' strategies offers practical value by identifying ways to restore growth and profitability through better pricing, loyalty, and sustainability alignment in the price-sensitive market.

Key debates in competitive strategy for the UK coffee market focus on how operators balance premium differentiation with value-for-money in a context of rising prices and intense competition. Lumina Intelligence reports that the average price of a hot coffee in the UK has risen by 17% since 2022, yet premium and artisan-style brands like WatchHouse

and Black Sheep Coffee are still growing strongly, showing that many consumers will pay more when they perceive higher quality and a better experience. (Lumina Intelligence, 2025)

At the same time, value-focused players such as Greggs are gaining share by combining reasonable prices with acceptable quality, and now account for around 9% of all out-of-home coffee occasions. This creates a strategic tension: chains like Starbucks must decide how far to lean into premiumisation versus sharpening value, because both ends of the market—premium specialists and value operators—are performing well, while the middle is under constant pressure to justify its pricing. (Lumina Intelligence, 2025)

Research Aims, Objectives and Questions

The purpose of this research is to diagnose Starbucks' declining competitiveness in the UK - branded coffee shop market- marked by sales drops, losses, and value perception gaps despite expansion- and to evaluate and recommend strategies that align its positioning, pricing, and operations with evolving consumer demands for affordability, loyalty, and ethics.

Research Aim

The Research Aim is to critically analyse Starbucks' current strategies in the UK coffee market and propose actionable recommendations to enhance its competitive position, profitability, and customer loyalty amid intense rivalry and price sensitivity.

Research Objectives

The Research Objectives are:

To assess Starbucks' competitive position and performance relative to key UK rivals using market share, sales, and outlet data.

To evaluate the effectiveness of Starbucks' strategic initiatives, including store expansion, digital loyalty programmes, pricing, and sustainability efforts, in addressing value and perception challenges.

To investigate UK consumer perceptions of Starbucks on dimensions such as value-for-money, service quality, brand ethics, and experience compared to competitors.

To develop targeted strategic recommendations for Starbucks to improve market share and resilience over the next 3–5 years, drawing on frameworks such as Porter's generic strategies.

Research Questions

RQ1: What is Starbucks' current competitive position in the UK branded coffee shop market, and how has it evolved amid growth in outlets and rivals?

RQ2: To what extent do Starbucks' strategies (expansion, digital loyalty, pricing, sustainability) effectively mitigate challenges like sales declines and boycotts?

RQ3: How do UK consumers perceive Starbucks relative to competitors in terms of value, quality, ethics, and overall experience?

RQ4: What refined strategies can Starbucks adopt to strengthen its competitiveness and long-term performance in the UK market?

Preliminary Literature Review

Academic literature applies Porter's generic strategies and resource-based view (RBV) to coffee chains, showing differentiation via brand experience sustains advantage for firms like Starbucks, yet saturation demands hybrid value approaches amid UK rivalry from Costa and independents. Industry reports detail a £6.1bn UK market growing 5.2% with 11,456 outlets by 2025, where price sensitivity (£3.64 average latte) drives loyalty tweaks and non-specialist threats like Greggs, while Starbucks reports mixed EMEA gains but UK-specific losses from costs and perceptions. Consumer studies highlight motivations like ambiance and ethics, with digital apps boosting retention, though plant-based trends wane against value deals. (Pearce, 2025)

Identified Gaps

Few studies integrate recent UK data on Starbucks' £35m losses, sales declines despite 100+ store openings, and value erosion against 2025 trends like drive-thrus and ethical boycotts. (GlobalData, 2025) Academic work lags on Starbucks UK-specific strategies versus rivals, overlooking post-inflation localisation (loyalty vs. Costa's beans) and sustainability perceptions amid greenwashing risks. No comprehensive analysis links RBV capabilities (app equity) to primary consumer data on value-quality trade-offs in a maturing market.

This research fills gaps by empirically assessing Starbucks UK's 2024-2025 performance via market data and consumer surveys, applying Porter's Five Forces and RBV to diagnose value-pricing misalignments. It advances theory through hybrid strategy recommendations tailored to UK price consciousness and ethics, offering industry insights for multinationals adapting amid saturation. Findings will benchmark rivals like Costa, guiding practical actions on loyalty and expansion for sustained competitiveness.

Research Methodology and Design

This study will use a mixed methods approach, combining quantitative survey data with qualitative insights to give a fuller picture of Starbucks' competitiveness in the UK market. Mixed methods are appropriate because the problem involves both measurable patterns in customer behaviour (value perceptions, visit frequency) and deeper, experience-based views on why Starbucks may be underperforming despite expansion.

Quantitative component

The quantitative element will consist of a structured questionnaire administered to UK coffee shop customers, using mainly closed questions and Likert scales to measure perceptions of Starbucks versus key competitors on value-for-money, quality, service, and loyalty schemes. This will allow statistical analysis of relationships, for example between perceived value and revisit intention, and comparison of Starbucks' scores to rival chains, providing empirical evidence about the scale and nature of the competitiveness problem.

Qualitative component

The qualitative element will use a small number of semi-structured interviews or open-ended survey questions with selected customers (and optionally frontline staff) to explore reasons behind their preferences, complaints, and expectations. This will help interpret numerical patterns by uncovering themes such as price fairness, atmosphere, ethical image, and digital experience, offering richer explanations for declining performance indicators.

Using both strands together enables triangulation: quantitative data shows how widespread particular perceptions are, while qualitative data explains why they exist and how they relate to Starbucks' specific strategies in the UK. For a strategic question about improving competitiveness, this integrated evidence base is more useful for generating realistic managerial recommendations than relying on a single method alone.

Sampling Strategies

Convenience sampling will be used to recruit survey respondents through university social media channels, transport hubs, and online coffee forums, with a focus on urban adults aged 18–45, reflecting Starbucks' core demographic. Snowball sampling will further broaden the sample by encouraging participants to refer others, helping to increase diversity within the respondent group.

Ethical Considerations

Informed consent forms outline the study's purpose, voluntary participation, and participants' right to withdraw. Consent will be obtained digitally prior to the survey or interview. Anonymity will be ensured through the use of pseudonyms or participant ID codes, and all data will be stored securely on password-protected university drives. In accordance with GDPR requirements, data will be deleted after analysis.

No deception will be used, and participants will receive a full debrief explaining how their data will be used. Bias will be minimised through neutrally phrased questions, and vulnerable groups will be excluded from the study. Ethical approval will be obtained from the university's ethics board. A pilot study will be conducted to ensure clarity and sensitivity, particularly regarding questions on boycotts and organisational reputation. These measures uphold research integrity while enabling the collection of robust and reliable insights.

Business Relevance and Implications

Strategic Implications for Starbucks UK

Findings could guide Starbucks to refine pricing and loyalty strategies, such as dynamic bundles or enhanced app rewards mirroring Costa's 70% transaction success, countering value perception gaps and sales declines. Evidence on consumer ethics views may prompt stronger sustainability communication, rebuilding goodwill amid boycotts and restoring footfall. (Pearce, 2025)

Insights on differentiation versus cost leadership in saturated markets offer replicable frameworks for rivals like Caffè Nero or Pret, emphasising hybrid models blending digital personalisation, drive-thrus, and value deals to capture the £6.1bn sector's growth. Loyalty ROI data could accelerate industry-wide app adoption, boosting retention amid home-brewing shifts. (Lumina Intelligence, 2025)

Plan of work and time schedule

The research follows a 6-month timeline from January to June 2026. Key stages include Topic refinement and Proposal, Literature Review and Instrument design, Data Collection, Data Analysis, Drafting Findings and Discussion, Final editing and Submission.

Task	Months
Topic Refinement and Proposal	Jan 2026 (1 month)
Literature Review and Instrument Design	Feb 2026 (1 month)
Data Collection: Surveys and Interviews	Mar 2026 (1 month)
Data Analysis	Apr 2026 (1 month)
Drafting Findings and Discussions	May 2026 (1 month)
Final Editing and Submission	June 2026 (1 month)

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