



The Impact of Starbucks' Corporate Social Responsibility Strategy

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on Brand Loyalty in China

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DOI: https://dx.doi.org/10.47772/IJRISS.2025.907000342

Received: 09 July 2025; Accepted: 16 July 2025; Published: 16 August 2025

ABSTRACT

This thesis investigates the impact of Starbucks' Corporate Social Responsibility (CSR) strategy on brand loyalty in the Chinese market. Drawing upon four core CSR dimensions—ethical sourcing, community engagement, environmental initiatives, and employee welfare—the study adopts a quantitative research approach to evaluate consumer perceptions and behavioral intentions. A structured survey was conducted among 265 Starbucks customers in major metropolitan cities across China. The results of descriptive statistics and correlation analyses reveal that all four CSR components positively influence brand loyalty, with community engagement and environmental initiatives having the most significant effect. Notably, 92.1% of respondents indicated CSR as the primary reason for their loyalty to Starbucks. The study integrates Stakeholder Theory, Social Identity Theory, Resource-Based View (RBV), and the Triple Bottom Line (TBL) framework to interpret these findings. While CSR is shown to enhance emotional brand attachment and competitive positioning, challenges such as green-washing, cultural contextualization, and consumer skepticism are acknowledged. This research provides strategic insights for multinational firms aiming to enhance brand loyalty in emerging markets by aligning CSR initiatives with local consumer values and expectations.

Keywords: Ethical Sourcing, Community Engagement, Environmental Initiatives, Employee Welfare, Brand Loyalty

INTRODUCTION

Corporate social responsibility (CSR) has gradually emerged in practice as a key strategy for multinational companies to establish a good reputation, cultivate consumer trust, and build competitive advantage. In China's rapidly changing and culturally unique market, multinational brands like Starbucks are increasingly forced to comply with local values and regulations. Although CSR can be seen as a moral obligation, it can be seen as a strategic lever for differentiation in a saturated market. In today's globalized world economy, companies must not only generate profits, but also contribute to the improvement of society and the environment. As a leading multinational coffee chain, Starbucks[8] has made consumers and the environment the focus of its CSR efforts. Starbucks is well known for its ethical sourcing, environmental commitments, and community involvement projects, and is also committed to establishing itself as a social supplier, not just a coffee supplier, worldwide. As Starbucks seeks to further expand into the Chinese market, a CSR strategy is a way to enhance the company's image in the minds of consumers and achieve commercial success.

Starbucks entered the Chinese market in 1999 and has become one of the largest foreign coffee brands in the Chinese market. Despite the huge differences in coffee consumption culture and fierce competition from local and international competitors such as Luckin Coffee and Costa Coffee, Starbucks has successfully accumulated a loyal customer base [9]. One of the reasons for this success is that the company has invested in CSR programs for the Chinese market. In a consumer-oriented society, consumer expectations and relationships are crucial, and these programs just meet both needs. Existing academic literature supports the view that CSR can enhance brand loyalty by building trust and emotional attachment. Some studies have shown that consumers are more likely to remain loyal to brands that uphold consumer values and fulfill social



ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume IX Issue VII July 2025

responsibilities. As Chinese society focuses on social harmony and collective well-being, CSR activities are closely related to the public's conscience and attitude. Integrating CSR into its business operations is not a moral choice for Starbucks: it is a strategic need to maintain sustainable competitiveness in a rapidly transforming and increasingly socially responsible market.

However, despite the vast literature on CSR and brand loyalty in the Western context, there is a relative paucity of empirical research on the effectiveness of CSR in China, especially in the food and beverage industry[13]. Given that CSR is still in its infancy, a localized understanding of the cultural, political, and economic dimensions of the Chinese market is urgently needed to understand the perception and value of CSR initiatives. In addition, the rise of the "green-washing" phenomenon and consumer skepticism calls for a deeper study of the effectiveness of CSR communication on brand perception and its impact. This study aims to fill this gap by providing empirical evidence on the relationship between Starbucks' CSR strategy and two key indicators of corporate performance in China: brand loyalty and market competitiveness. This study will explore how consumers interpret Starbucks' CSR activities and how these translate into improved customer retention and how to compete with Starbucks' competitors in the highly competitive Chinese coffee market. Qualitative and quantitative methods will be used to collect data and draw fully usable conclusions.

These results will provide useful information for both academia and practice. Understanding the connection between CSR and consumer behavior will help multinational brands do better in marketing, brand building, and operations in China[1]. These results will help Starbucks understand whether its current CSR efforts are effective and identify possibilities for improvement. Finally, this study contributes to the broader discussion of sustainable businesses in emerging markets and the role of CSR in achieving long-term success.

THEORETICAL BACKGROUND

A. Stakeholder Theory

Stakeholder theory is a business management theory that is related to the "morals and ethics" in business operations. The main goal of this theory is to maximize value for stakeholders through the overall operation of the enterprise. The theory was proposed by Edward Freeman in 1984 and advocates that enterprises need to consider the interests of all stakeholders when making wise decisions[6]. Employees, managers, and owners are the internal stakeholders of the enterprise, while customers, creditors, suppliers, communities, and government agencies are considered as the external stakeholders of the enterprise. By meeting the expectations of these stakeholders, enterprises can gain competitive advantages and achieve long-term sustainable growth.

B. Social Identity Theory

Social identity theory can be described as the interaction between personal identity and social identity. This theoretical framework aims to identify and predict the circumstances under which individuals develop a way of thinking that sees themselves as both individuals and members of a group[4]. Developed by Henry Taifel and John Turner in the 1970s, the theory provides an illuminating context for individuals while categorizing them into different social groups. This will help enhance the self-esteem and self-concept of individuals. Cases based on this theory can serve as a key tool to build strong brand loyalty while aligning consumers' self-perception with brand identity.

C. Resource-Based View (RBV) Theory

There are different approaches that organizations can take to achieve sustained growth. One such approach is the Resource-Based View theory. This framework serves as a guideline that proposes that human resources are integral to a company's overall growth. The RBV theory, proposed by Jay Barney in 1991, states that a company's sustainable competitive advantage stems from its unique internal resources[10]. Examples from the theory help guide companies to effectively utilize organizational resources. Systematically utilizing resources such as human capital, innovation, and brand reputation can improve an organization's efficiency[11]. As a result, companies can outperform their competitors and maintain long-term success in the market.





D. Triple Bottom Line (TBL) Framework

The Triple Bottom Line (TBL) theory is a business concept that measures "social and environmental impact" in addition to financial performance. It is considered to revolve around three PS: people, planet, and profit. John Elkington proposed this framework in 1994, stating that companies can value these assets on a social and environmental level in addition to focusing on financial profitability[12]. In this framework, the human factor focuses on creating positive impacts for communities and consumers. The planet factor focuses on minimizing environmental damage and adopting sustainable practices. Finally, profit is related to economic viability.

METHODOLOGY

This paper outlines the research methodology on how Starbucks' corporate social responsibility (CSR) strategy affects its brand loyalty and market competitiveness in China. Drawing on the existing literature on CSR practices, this paper explores the impact of certain specific CSR practices (ethical sourcing, environmental initiatives, employee welfare policies, and community involvement) on consumer perceptions and behaviors in a dynamic and competitive market. With the increasing demands of Chinese consumers for corporate ethics and responsible behavior, as well as the increasing competition from local brands such as Luckin Coffee, it is necessary to empirically investigate how Starbucks' CSR strategy can create long-term market leadership and enhance consumer retention. This study adopts a descriptive research design, which is a system that can systematically analyze and interpret the relationship between CSR dimensions and consumer loyalty outcomes. This study adopts a quantitative research approach, using a structured survey as the research tool, and collects original data from 265 Starbucks customers in major Chinese cities such as Beijing, Shanghai, Guangzhou, and Shenzhen. This approach can provide measurable insights into customer attitudes and reactions to Starbucks' CSR initiatives. Data analysis adopts statistical tools and uses SPSS software to identify trends, correlations, and predictive relationships. The methodological rigor of this study was crucial to deeply explore the impact of CSR on brand loyalty and competitiveness in China and to determine the reliability and validity of the findings.

EMPIRICAL FINDINGS/RESULT

A. Demographic Data Analysis

1) Age Frequency:

As shown in Table I, among the 265 respondents, most were aged between 20-29, with 148 people (55.8%). Next came the 30-39 age group, with 56 respondents (21.1%). In addition, the 40-49 age group included 33 people (12.5%). The youngest group was 50 years old and above, with a total of 28 respondents (10.6%). Overall, the table shows that the young group constitutes the core of Starbucks' consumer group in China. In this case, the CSR strategy needs to be formulated and adjusted to the value creation of the young group.

Table I. Age-Frequency Table

What is your age?								
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	20-29	148	55.8	55.8	55.8			
	30-39	56	21.1	21.1	77.0			
	40-49	33	12.5	12.5	89.4			
	50 and above	28	10.6	10.6	100.0			
	Total	265	100.0	100.0				

Source: Created using SPSS

2) Frequency Of Gender:

As shown in Table II, among the 265 respondents, 251 were female, accounting for 94.7%. There were only 14



male respondents, accounting for 5.3%. This significant gender difference suggests that this study is mainly

Table II. Frequency Of Gender

What is your gender?							
		Frequency	Percent	Valid Percent	Cumulative Percent		
Valid	Female	251	94.7	94.7	94.7		
	Male	14	5.3	5.3	100.0		
	Total	265	100.0	100.0			

Source: Created using SPSS

3) Frequency Of Visiting Starbucks:

Table III shows the frequency of visits to Starbucks by different individuals. The overall visit frequency is divided into four different levels, including "rarely" (less than once a month), "occasionally" (1-3 times a month), "frequently" (1-3 times a week), and "very frequently" (more than 3 times a week). The frequency values show obvious differences, with 248 of the 265 people visiting Starbucks more than 3 times a week, the largest number. This shows that these individuals have high brand involvement and loyalty to Starbucks.

based on women's views on Starbucks' corporate social responsibility initiatives. Female consumers are generally more concerned about ethical consumption, environmental sustainability, and community welfare.

Table **Ⅲ**. Frequency Of Visiting Starbucks

How often do you visit Starbucks?								
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	Frequently (1-3 times a week)	12	4.5	4.5	4.5			
	Occasionally (1-3 times a month)	4	1.5	1.5	6.0			
	Rarely (Less than once a month)	1	.4	.4	6.4			
	Very Frequently (More than 3 times a week)	248	93.6	93.6	100.0			
	Total	265	100.0	100.0				

Source: Created using SPSS

4) Frequency Of Primary Reason For Visiting Starbucks:

Table IV reflects the main reasons for individuals to visit Starbucks, which helps to identify the main factors that attract consumers. In the survey, we found three main reasons: brand image, convenience, and social responsibility. The results show that most people visit Starbucks because they are committed to fulfilling social responsibilities.

Table **W**.Frequency Of Primary Reason For Visiting Starbucks

What is your primary reason for visiting Starbucks?								
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	Brand image	4	1.5	1.5	1.5			
	Convenience	17	6.4	6.4	7.9			
	Social responsibility	244	92.1	92.1	100.0			
	Total	265	100.0	100.0				

Source: Created using SPSS



B. Descriptive Statistics

Table V below reflects four independent variables (IV) ethical sourcing, community involvement, environmental initiatives, and employee benefits, and one dependent variable, brand loyalty. The sample size for all variables is N = 265, indicating a consistent respondent base across the dataset. The mean scores in the table reflect the central tendency of the dataset. The results show that the mean for "ethical sourcing" is 19.6491, which indicates that consumers highly value Starbucks' efforts in sourcing raw materials responsibly. Most importantly, "community involvement" has the highest mean of 19.7585, which means that respondents appreciate Starbucks' activities in the local community, educational programs, and public welfare. Consumers' evaluation of environmental initiatives such as recycling, energy conservation and emission reduction, and environmentally friendly packaging has a high mean score of 19.7170, indicating that consumers support this. The mean score for employee benefits is 19.7170, indicating that respondents recognize and appreciate Starbucks' fair treatment of employees, welfare benefits, and workplace policies.

Table V. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
M1: Ethical Sourceing	265	13.00	20.00	19.6491	1.05952
IV2: Community Engagement	265	15.00	20.00	19.7585	.78466
N3: Environmental Initiatives	265	15.00	20.00	19.7170	.84784
N4: Employee Welfare	265	13.00	20.00	19.7170	.92477
DV: Brand Loyalty	265	15.00	20.00	19,6755	95761
Valid N (listwise)	265				

Source: Created using SPSS

C. Correlation Analysis

Table VI below shows the Pearson correlation coefficients between the four predictors, ethical sourcing, community involvement, environmental practices, employee benefits, and the brand variable (brand loyalty). All values are at the 0.01 level, which indicates that all values are statistically significant. This indicates that there is a strong relationship between the dependent variable (brand loyalty) and the independent variables (including all sustainability factors). Among the CSR dimensions, the community dimension has the strongest correlation with brand loyalty (r=0.838; p=<001). In addition, environmental initiatives also show a very strong correlation with brand loyalty, with a correlation coefficient of 0.834. The correlation coefficient between employee benefits and brand loyalty is 0.794. On the other hand, ethical sourcing, although slightly lower, still shows a strong positive correlation with brand loyalty, at 0.656.

Table VI. Correlation Analysis

Correlations								
	F3	for Emical Sourcing	Campountly Engagement	IV3 Erwironmenta Unitatives	7/4: Employee Welfare	Cov Brand Leyally		
IVI	Pearson Consistion	1	759	745	737	0.56		
	Sty. (2-tailed)	75-2000 PM	.000	.000	000			
	Sum of Squares and Scoop products	296,362	166 540	176.679	190.679	175.811		
	Covariance	1.123	.405	.000	.722	0.00		
	14	165	365	365	365	26		
1/2	Peareon Correspon	769	- 1	98#	961	.838		
	Sig. (2-tailed).	.000		.000	000	DO		
	Sum of Squares and Cross-products	166.640	162.649	166.887	164 862	188.23		
	Covariance	.031	616	590	626	.63		
	N	265	265	265	265	26		
IV3	Pearson Correlation	745	668		931	534		
	Sky (2-tailed)	000	.000	The second	.000	.00		
	Sum of Siguares and Cross-products	176,679	155 887	100,774	192,774	178.66		
	Covertance	669	590	250	730	.67		
	14	265	205	265	266	26		
N/A	Paaraon Commission	737	0.01	931		794		
	Sig (2-tares)	000	.000	000		.00		
	Sum of Squares and Cross-products	190 679	164 997	192.774	225,774	185.66		
	Covariance	.722	825	730	855	,70		
	TV.	285	265	265	265	26		
DV	Pearson Correlation	.050	930	934	794	-50		
	Sig. (2-tails-0)	.000	:000	.000	.000			
	Sum of Squares and Cross-products	175.910	166 230	178 000	185,660	242.09		
	Coveriance	3606	-830	:677	.700	2.94		
	14	265	165	265	265	26		

Source: Created using SPSS

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume IX Issue VII July 2025



DISCUSSION

This paper focuses on the role of Starbucks' corporate social responsibility in cultivating loyal customers and maintaining its strong competitiveness in the Chinese market. Through descriptive statistical analysis and correlation analysis, data observations were made on the relationship between ethical purchasing, community involvement, environmental initiatives, employee benefits and brand loyalty. The analysis took brand loyalty as the dependent variable and examined Starbucks' corporate social responsibility performance in terms of purchasing ethics, community support, environmental change efforts and employee care.

In summary, these aspects accurately show Starbucks' position in the challenging Chinese market. Ethical procurement is one of the most important components of Starbucks' global corporate social responsibility[2]. In China, Starbucks has demonstrated a strong commitment to responsibility and clear supply chain practices, which is what people now expect.

Although Starbucks' traceability uses blockchain technology to reveal process details, most consumers still do not value the brand enough to reward it as a loyal customer due to lack of awareness. In addition, many companies have been accused of "greenwashing", which makes it difficult for consumers to trust their ethics[5]. Therefore, Starbucks and other companies serving urban areas should increase consumer understanding and tell their stories through activities that are easy to follow in public places. Among the many CSR elements, community involvement is considered the most important factor that affects people's perceptions and actual results[3]. Among all the variables tested, community involvement proved to be the biggest factor affecting brand loyalty. This result is consistent with the values prevalent in China, where collectivism and civic responsibility are crucial.

In short, in-depth analysis confirms that Starbucks' CSR is a fundamental element of its operation and competition in China. How CSR helps win community trust, improve the environment, motivate employees, and cultivate loyal customers shows that the company is well aware of the drivers of business ethics and market expectations[7]. The company's success lies in putting CSR at the core of the brand and keeping up with the changing lifestyle of Chinese society. In the short term, the main task will be to maintain the current rhythm, find various platforms to reach people, and improve the implementation of the strategy[15]. As consumers become more cautious and competitors follow suit, companies can only stay ahead by constantly innovating their products and ways of communicating with consumers. Therefore, Starbucks' continued development in China will rely on respecting people, the planet and the community, not just selling coffee.

CONCLUSIONS

This study delves into how Starbucks' approach to corporate social responsibility (CSR) can boost brand loyalty and shape its position in the Chinese market. The study proves that a focus on business ethics, community involvement, eco-friendly measures, and employee health can boost customer loyalty. Starbucks' commitment to CSR is proven to be more than just a way to boost its image, it also has a huge impact on customers' perceptions and behaviors toward the brand. Based on the results of a survey of 265 participants, most of whom (93.6%) regularly consume Starbucks products, almost all of them (92.1%) mentioned CSR as the main reason for their loyalty. The study points out that Chinese customers' loyalty depends largely on how effectively companies implement their CSR. In addition, hypothesis testing shows that there is a strong link between various aspects of CSR and brand loyalty, while community involvement and environmental protection seem to have the greatest impact on brand loyalty. This shows that young Chinese consumers attach great importance to the ethics and values behind brands when choosing to buy products. Starbucks stands out in a competitive and difficult-to-differentiate market by engaging in localized and unique CSR activities such as children's education programs, environmentally conscious store designs, and culturally appealing work benefits for employees. Ultimately, Starbucks is known for being a supplier of goods and actively involved in the community. Therefore, this study suggests that CSR is critical for multinational companies as it is an important way to maintain good ethics and operate businesses efficiently in China and other similar economies.

Future research would benefit from expanding the context and methodological scope beyond the parameters of





the current study. Therefore, this study is limited to Starbucks in major urban centers in China; however, the resulting research could include consumers' perceptions of CSR in second- and third-tier cities and rural areas in China[14]. Brand awareness, CSR sensitivity, and economic forces that influence brand loyalty may differ in these areas.

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ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume IX Issue VII July 2025

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