

Application and Impact of the “Third Place” Concept — Starbucks as an Example

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Abstract:

This essay explores the concept of the “Third Place” as epitomized by Starbucks, analyzing its significance in fostering community and enhancing the customer experience. By positioning itself as a communal hub, Starbucks transcends traditional retail paradigms, offering a space where social interactions flourish. The study found that Starbucks, through its successful global localization strategy, has effectively created a “third space” in different cultural contexts, enhancing customers’ sense of belonging and loyalty. Despite the impact of cultural differences on the brand experience, Starbucks’ space design and branding have become an important medium for customers to demonstrate their identity and interact socially. As the coffee shop market becomes increasingly crowded, Starbucks will need to continue to innovate and differentiate itself to meet customers’ evolving needs. In the future, Starbucks will need to continue to adapt to cultural differences and innovate to meet the challenges of the marketplace to maintain its global competitiveness.

Keywords: Third place; Starbucks; brand identity; business strategy.

1. Introduction

In sociology, the “third place” refers to the social surroundings that are separate from the two usual social environments of home (“first place”) and the workplace (“second place”). Third places exist outside the home and beyond the “work lots” of modern economic production [1].

Founded in 1971, Starbucks is one of the largest coffee brands in the world. Taking a “third place” approach as its main business model, Starbucks provides individuals with a place to rest, interact, and work, effectively drawing in a significant number of customers [2]. Modern consumers are not only concerned about product quality, but also value the consumer experience and emotional connection. Starbucks caters to this trend through the concept of the “third place”, which provides a space that can satisfy the diverse needs of consumers. The cafes appear to be an integral part of the development of this new “third place” concept [3]. Grazian argues that nightlife scenes are characterized by a “hustle” mentality, where participants engage in various forms of social maneuvering, self-promotion, and performative behaviors to achieve personal goals, whether they be social status, networking opportunities, or romantic encounters [4].

Starbucks has successfully established a differentiated brand by leveraging the “third place” concept and expand-

ing into global markets. However, the company must continue investing in innovation to maintain the uniqueness and attractiveness of the “third place” idea. Oldenburg emphasizes the importance of these spaces in fostering social interactions and a sense of community [5], while Tuan highlights how personal experiences and cultural contexts shape people’s perceptions and interactions with their environments [6].

As Starbucks navigates diverse geographical and cultural contexts during its international expansion, it must find a balance between staying true to its core values and catering to regional cultures and consumer demands. Bhawuk suggests there is much to be gained from synthesizing the varied cultural heritage, rather than forcing homogeneity [7]. This speaks to the importance of Starbucks adapting its “third place” approach to reflect local nuances and preferences, instead of imposing a one-size-fits-all model globally.

However, there appears to be a lack of in-depth research on how the traditional “third place” concept is evolving as digitization and online consumption become more prevalent. Exploring whether Starbucks’ “third place” helps alleviate the stress and isolation of modern life, and its long-term impact on consumer mental health, remains an under-researched area. The researcher finds that cultural factors, such as customer uncertainty avoidance, shape individuals’ expectations of service recovery efforts [8].

This paper aims to obtain specific feedback from young people using questionnaires and in-person interviews.

2. Method and Design

This study examines the impact of Starbucks’ use of the “third place” concept. To ensure the comprehensiveness of the results, the research employed a combination of quantitative and qualitative data collection methods. This included customer satisfaction questionnaires and in-depth interviews, covering data from customer satisfaction surveys, sales data, and social media feedback.

Survey respondents represented a diverse range of participants, encompassing regular Starbucks customers, occasional customers, and industry experts. The questionnaire consisted of sections that assessed customer satisfaction, brand awareness, and understanding of the “third place” concept. Data was collected through online and in-store questionnaires to ensure a representative sample.

Additionally, the study interviewed frequent Starbucks customers to gain deeper insights into their perceptions and experiences of the company’s “third place” approach. This mixed-methods approach aimed to provide a well-rounded assessment of how Starbucks’ “third place” strategy has impacted consumer attitudes, behavior, and the overall brand experience.

3. Results and Discussion

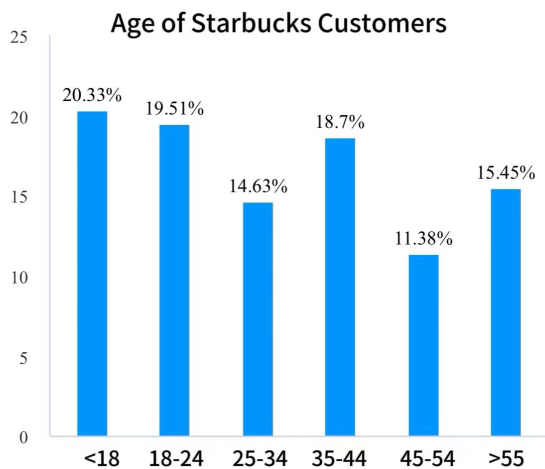


Fig. 1 People’s ages at Starbucks

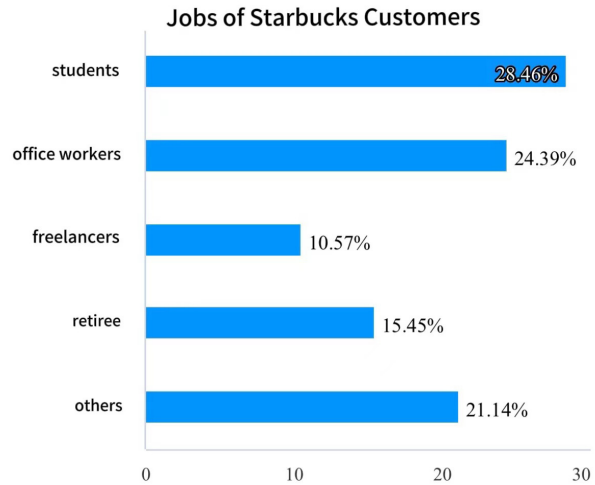


Fig. 2 People’s jobs at Starbucks

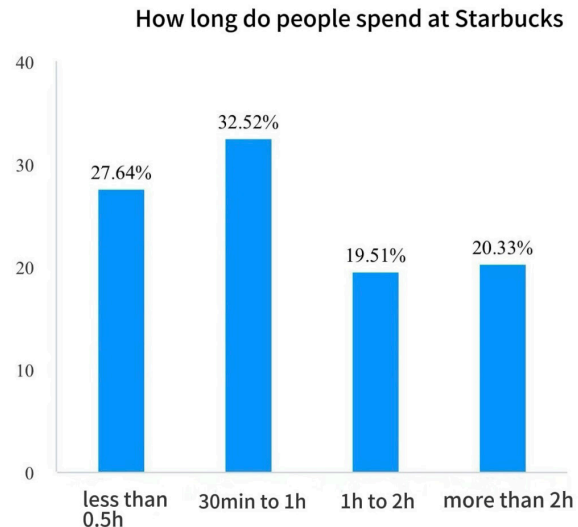


Fig. 3 Time people spend at Starbucks

As shown in fig. 1 and fig. 2, most respondents were between 18 and 44 years old, and their occupations were primarily students and office workers. As represented in fig. 3, the study found that the proportion of respondents reporting stays ranging from 30 minutes to 1 hour was highest, with 32.52%. Researchers believe that interactions with staff and other patrons can enhance community and belonging, making these “third places” integral to customers’ social lives [9]. Rosenbaum’s research focuses on the emotional and psychological benefits of these spaces and their role in fostering well-being and social cohesion [10]. This study also found that the percentage of middle-aged and elderly people in the consumer group patronizing Starbucks is also quite high, accounting for 15.45% of the population. Some researchers think older adults often visit fast-food restaurants not just for the food, but for the opportunity to engage in social interactions that are non-

obligatory, meaning they are voluntary and casual. These interactions provide a sense of community and belonging, which is especially important for older adults who might otherwise experience social isolation [11].

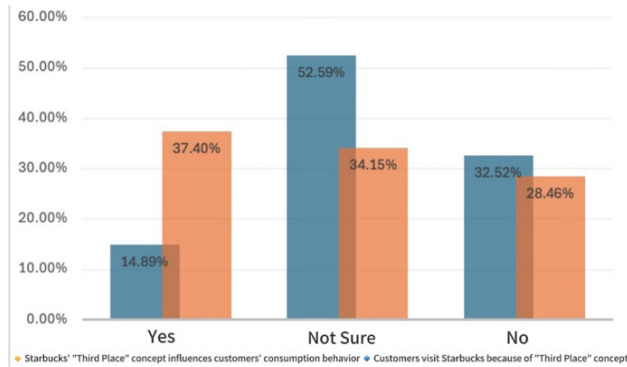


Fig. 4 The impact of Starbucks' third place on customers

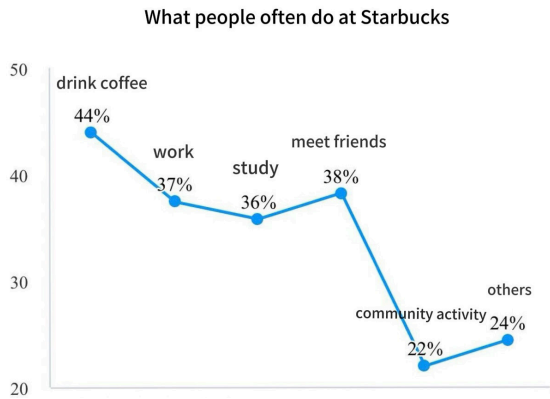


Fig. 5 People's activities at Starbucks

While research suggests that Starbucks has been successful in creating a “third place,” some scholars point out that consumer needs and experiences may vary across different regions. The results of this study shed light on Starbucks' current situation and challenges regarding the “third place” concept, diverse activity options, customer satisfaction and loyalty, and environmental sustainability and social responsibility. As shown in fig. 4 and fig. 5, the survey shows that respondents primarily engage in activities such as drinking coffee, meeting friends, and working at Starbucks, which is consistent with the goals of the “third place” concept. However, only 37.4% of respondents explicitly stated that they would patronize Starbucks because of the “third place” concept, indicating that there is still room for improvement in the awareness and influence of this concept among customers.

Customers would recommend Starbucks to friends or family

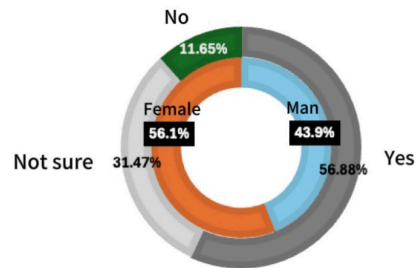


Fig. 6 Gender and Customer Outreach

Table. 1 Degree of satisfaction on customers

Customer Satisfied with Starbucks Store Environment				
Satisfied very much	Satisfied	So-so	Not satisfied	Not satisfied very much
17%	25%	18%	21%	19%

As shown in fig. 6 and table 1, the survey respondents represented a diverse range of individuals, with 43.9% male and 56.1% female participants. Regarding the level of overall satisfaction, 56.88% of respondents would recommend Starbucks to friends or family, and only 42% of respondents were satisfied with it. This is not entirely consistent with the assumption that high satisfaction should lead to high loyalty and may be influenced by other competitive factors. In addition, customers' knowledge and perceptions of Starbucks' environmental sustainability and social responsibility are scattered, suggesting that Starbucks' communication and practical actions in this area still need to be strengthened. Waxman examines how the

design of the coffee shop environment, social interactions, and customers' emotional connections to the space work together to enhance their sense of belonging. The study emphasizes that coffee shops, by providing a comfortable and conducive environment for social interaction, fulfill people's need for social connection, thus becoming a significant “third place” [12]. Regarding environmental sustainability and social responsibility, the interviewees mentioned that while Starbucks has been recognized by customers for its “third place” concept and activity choices, the company still needs to improve its environmental and social responsibility efforts. Enhancing these aspects could further improve cus-

tomers' overall experience and loyalty through enhanced publicity and practical actions. The researcher also highlights the importance of service quality, atmosphere, and brand image in creating a loyal customer base, aligning with the "Third Place" concept [13].

In addition, respondents indicated that Starbucks had succeeded in creating a "third space" rather than just serving coffee. Consistent quality and brand identity enhanced customer loyalty, while the inclusive environment attracted a diverse customer base. This highlights the importance of third spaces in urban environments to promote social interaction and community cohesion. Maintaining such spaces can significantly increase customer satisfaction and foster strong social bonds. A researcher has revealed that Starbucks is perceived differently and in different ways by consumers in different cultural contexts. For example, in some places of consumption, Starbucks is seen as a symbol of "fashion," representing a globalized and modernized lifestyle; while in other cases, it may be perceived as a localized intervention in culture and may even trigger consumer resentment or resistance. These different reactions are specific manifestations of the phenomenon of global localization [14].

4. Conclusion

The success of the "Third Place" concept is evident in various establishments, most notably Starbucks, which has effectively leveraged this idea to enhance customer experience and brand loyalty. The study examined the importance of this third space. However, this study still has some limitations. Firstly, it lacks large-scale sample data and in-depth analysis of competitive dynamics, which may limit the generalizability of the results. Secondly, the study focuses primarily on consumers' perceptions and spatial experiences of the Starbucks brand, with few comparisons to competitors and other influencing factors.

Subsequent research should address these shortcomings by expanding the scope of the study and examining cultural differences to gain a more comprehensive understanding of Starbucks' global expansion strategy. As society continues to value social connections and community spaces, Starbucks' commitment to the "Third Place" philosophy will remain a key driver of its relevance and success. Starbucks needs to adapt to present changes and innovations to cater to the needs of a new generation,

which may require more flexibility and excitement than previous generations. This will help Starbucks be better positioned to advance.

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