

An Empirical Study on Pricing Strategy and Brand Loyalty: Assessing the Viability of a 'Starbucks Pass' Among University Students

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ABSTRACT

This study investigates coffee consumption and subscription model acceptance among university students in Malaysia and India. While traditional loyalty programs are widely studied, empirical research on food and beverage (F&B) subscriptions for this demographic remains limited. To address this gap, this research evaluates the viability of a 'Starbucks Pass' to enhance brand pricing strategy and brand loyalty: engagement. Integrating the Theory of Planned Behavior (TPB) with price sensitivity concepts, the study examines how perceived value, brand loyalty, financial constraints, and convenience influence subscription willingness. A quantitative survey sampled 176 students across both nations. Findings reveal that convenience and perceived value significantly enhance brand loyalty and positive intentions to subscribe. Interestingly, financial constraints did not deter subscription willingness, suggesting that lifestyle benefits and digital convenience outweigh traditional budget limitations. By positioning subscriptions as an innovative digital retail strategy, this study contributes to SDG 9 (Industry, Innovation and Infrastructure) and provides strategic insights for F&B chains to retain youth demographics in Asian markets.

Keywords: Brand Loyalty; Perceived Value; Price Sensitivity; Subscription Business Model; Theory of Planned Behavior; University Students.

JEL Classification: D12; M31

INTRODUCTION

Starbucks, Inc. is the largest coffeehouse chain in the world, having more than 32,000 locations spanning 78 countries, with its Seattle flagship retail store being the most visited. Beyond merely serving coffee, Starbucks is globally recognized for selling premium lifestyle products and providing in-store retail therapy. In recent years, Starbucks has aggressively expanded its footprint in India and Malaysia, two of the fastest-growing emerging markets in the world. This strategic expansion aims to attract the rapidly growing urban populations and affluent local consumers, with a particular focus on the highly influential college student demographic.

Within this demographic, coffee consumption transcends its functional purpose and has become deeply ingrained in the student lifestyle. Starbucks cafes have effectively positioned themselves as a 'third place', a crucial social and academic hub outside of home and the university campus. For university students in Malaysia and India, these physical spaces serve as hotspots for studying, peer networking, and casual socializing. However, maintaining this lifestyle presents a significant challenge. The affordability of Starbucks is increasingly being questioned as the global cost of living rises and post-pandemic inflation impacts daily expenses. Because university students typically operate with a highly restricted and fixed budget, balancing the desire for premium social experiences with financial reality has become a pressing issue.

Consequently, price fairness has been identified as a critical determinant of brand loyalty in the contemporary fast-food and beverage (F&B) industry. Reasonable and predictable pricing not only enhances customer trust but also significantly elevates perceived value. The premium pricing strategy currently employed by Starbucks, while reflecting its strong brand equity and high service quality, often acts as a financial barrier (Oh et al., 2023). This barrier deters price-sensitive students from purchasing regularly, subsequently impacting customer retention rates and diluting long-term brand loyalty. If students perceive the financial sacrifice as outweighing the social benefits, they are more likely to switch to increasingly competitive, lower-priced local alternatives. To cultivate a more sustainable and favorable environment for consumers, a growing number of modern businesses are pivoting towards subscription-based models to revolutionize their pricing strategies. Through predictable monthly pricing and enhanced convenience, digital subscriptions allow customers to avail themselves of exclusive benefits such as discounted rates, free delivery, or beverage upgrades. This model effectively reduces the psychological "pain of paying" associated with individual transactions, making customers significantly more likely to return and form habitual repeat purchase behaviors. Furthermore, pricing strategies embedded in digital ecosystems have been shown to powerfully influence the purchasing behavior and continuance intentions of younger, tech-savvy consumers (Kee et al., 2022).

Although subscription methods have achieved massive success in the digital service and entertainment sectors, their application within the traditional F&B industry remains surprisingly limited, especially in emerging Asian economies. The transition from physical loyalty cards to comprehensive digital subscription models such as the conceptual "Starbucks Pass" represents a pioneering shift towards innovative digital infrastructure. Such modernization aligns with broader sustainable economic goals, offering a solution to stabilize corporate cash flows while delivering consistent value to financially constrained consumers. However, empirical research examining the psychological purchasing dynamics of young consumers within a "lock-in" F&B subscription ecosystem remains scarce (Oh et al., 2023). Therefore, this research aims to bridge this existing literature gap by analyzing the viability and potential success of a "Starbucks Pass" subscription model targeting university students in Malaysia and India (Yahui et al., 2023).

Integrating the Theory of Planned Behavior (TPB) with modern price sensitivity concepts, this study investigates how Convenience, Perceived Value, and Financial Constraints influence overall Brand Loyalty. The level of perceived value correlates strongly with perceived performance, where higher perceived value invariably leads to stronger brand loyalty and behavioral intentions to subscribe (Pérez-Morón et al., 2022). By examining these relationships, this study seeks to illustrate how innovative digital business models can decrease price sensitivity, increase customer engagement, and successfully address the challenges of retaining the youth demographic in a highly competitive market (Kee et al., 2022).

LITERATURE REVIEW

Subscription Business Models in the Food and Beverage Industry

The food and beverage (F&B) industry has experienced a marked transition from traditional transactional models to subscription-based business models, which emphasize recurring revenue and sustained customer loyalty (Du et al., 2024). This shift is primarily motivated by the need for firms to stabilize cash flows and cultivate deeper relationships with consumers, particularly in competitive urban environments. In contrast to conventional one-time purchases, subscription models provide consumers with convenience and perceived value through predictable pricing and personalized offerings (Nansubuga & Kowalkowski, 2024). Within the hospitality and tourism sectors of the Asia Pacific, researchers have observed that the success of subscription models depends significantly on the integration of digital platforms that oversee the customer journey from selection to recurring delivery (Xia et al., 2025).

Recent studies highlight that for Generation Z consumers, the adoption of digital food services is not merely about convenience but is deeply rooted in brand trust and engagement mechanisms (Xia et al., 2025). Specifically, in the context of coffee and beverage services, building trust through consistent digital interactions is essential for converting casual drinkers into loyal subscribers. Furthermore, the integration of advanced technologies, such as Artificial Intelligence (AI), within these digital food delivery and subscription ecosystems has been shown to significantly enhance purchase intentions by optimizing recommendation engines and service reliability (Yusof et al., 2024). This digital-first approach allows F&B operators to better align their service offerings with the specific financial and social preferences of university students and young professionals.

Moreover, the implementation of digital subscription services like the Starbucks Pass aligns seamlessly with Sustainable Development Goal 9 (Industry, Innovation and Infrastructure). By transitioning from physical loyalty cards to a comprehensive digital subscription model, Starbucks represents a pioneering example of innovative digital infrastructure within the F&B industry. This modernization of service delivery not only promotes inclusive and sustainable industrialization through technology but also enhances the resilience of food-service infrastructure by reducing physical waste and optimizing supply chain efficiency through predictive data analytics. Consequently, the Starbucks Pass serves as more than a marketing tool; it is a critical piece of digital infrastructure that supports sustainable economic growth and innovation in the digital age.

The Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), initially introduced by Ajzen (1991), is a fundamental psychological framework widely utilized to predict and understand human social and purchasing behavior. According to this theory, an individual's behavioral intentions are influenced by three core elements: attitude toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991; Truong & Nguyen, 2023). Recently, in consumer research within the Southeast Asian food and beverage sector,

TPB has been extensively applied to analyze the purchasing intentions of Generation Z and university students when adopting digital food ordering and subscription applications (Chotigo & Kadono, 2022; Truong & Nguyen, 2023).

In the context of this study, these three dimensions perfectly align with the students' evaluation of the Starbucks Pass. As highlighted by Chotigo and Kadono (2022), perceived behavioral control, which is directly tied to financial constraints and price sensitivity, plays a critical role when young consumers evaluate digital food services. Furthermore, attitude refers to the students' positive or negative evaluation of subscribing to a digital coffee plan, while subjective norms involve the social pressure from peers on university campuses. Therefore, applying the TPB framework can provide a comprehensive theoretical basis for exploring how these psychological and financial factors drive students' willingness to adopt digital subscription models in a competitive market (Ajzen, 1991; Truong & Nguyen, 2023). Based on the theoretical framework and the students' behavioral context, the following hypotheses are proposed:

H1: Convenience positively influences behavioral intentions to subscribe to the Starbucks Pass.

H2: Financial constraints negatively influence behavioral intentions to subscribe to the Starbucks Pass.

Price Sensitivity and Perceived Value

Understanding how university students navigate the balance between a limited budget and a desire for premium service is central to this study. Research suggests that students typically operate within a very narrow "Acceptable Price Range" (APR); while they appreciate the premium experience of a brand like Starbucks, their satisfaction is deeply tied to the perception of "value for money" (Zeithaml, 1988; Lim et al., 2022). If the price exceeds this threshold, the perceived quality no longer justifies the expense, leading to a sharp decline in perceived value.

Recent research on Starbucks Malaysia reinforces this, noting that perceived value is an emotional response to how a product or service fulfills desires, including the specific taste or temperature of food and beverages (Pérez-Morón et al., 2022). Fulfilling and exceeding these customer expectations is the primary key to offering superior quality services. The introduction of a digital "Pass" model further shifts this dynamic through the Sunk Cost Effect (Kee et al., 2023). By paying an upfront fee, students feel a psychological push to use the service more frequently to "earn back" their initial investment. Interestingly, this increased frequency often leads to higher perceived value, as the perceived "per-cup" cost diminishes over time. Ultimately, for a student on a fixed budget, perceived value is driven by price predictability—the ability to enjoy a premium service without the anxiety of fluctuating daily expenses. Therefore, this study proposes the following hypotheses regarding price and value:

H3: Perceived value positively influences behavioral intentions to subscribe.

Brand Loyalty in the Competitive Coffee Market

In today's crowded coffee market, loyalty is about more than just liking a brand; it's about becoming a part of a student's daily rhythm. Oliver's (1997) framework describes this as "conative loyalty," where the intent to repurchase becomes almost automatic. For a brand to succeed, it must move beyond being a weekend treat and become a functional necessity (Oliver, 1997; Pérez-Morón et al., 2022). A subscription pass anchors this habit by creating a "Lock-in Effect" (Kee et al., 2023). Once a student has committed to a membership, the psychological barrier to switching to a competitor even a cheaper one increases, as they are already invested in their current brand.

Pérez-Morón et al. (2022) support this by defining customer loyalty as a psychological predisposition to trust a company's brand and a willingness to repurchase after being satisfied. Loyal customers are more likely to stay with a company even when there are alternative possibilities on the market. However, true long-term loyalty is built on Affective Commitment, or the emotional bond a student feels toward their "third place." Starbucks successfully creates this "third place" atmosphere to connect with the human spirit, which in turn drives perceived value and future intentions (Pérez-Morón et al., 2022). When a cafe serves as both a social hub and a study space, it builds a level of trust that goes beyond the menu. As Morgan and Hunt (1994) and Lim et al. (2022) point out, this commitment acts as a buffer against competitors. By integrating a loyalty pass into this lifestyle, a brand doesn't just offer a discount; it secures a permanent place in the student's routine, making them much more resistant to the promotional lures of rival coffee shops. Furthermore, while financial constraints are primarily viewed as a barrier to direct purchases, they also shape a consumer's underlying attachment to a premium brand. For university students managing tight budgets, the perceived financial sacrifice required to maintain a Starbucks habit can directly impact their degree of brand loyalty. Consequently, drawing upon the relationship between satisfaction, financial factors, loyalty, and long-term commitment, it is hypothesized that:

H4: Convenience positively influences Brand Loyalty.

H5: Perceived Value positively influences Brand Loyalty.

H6: Financial constraints negatively influence Brand Loyalty.

H7: Brand Loyalty positively influences behavioral intentions to subscribe.

Conceptual Framework

Based on the extensive review of literature and the integration of the Theory of Planned Behavior (TPB) with price sensitivity factors, this study proposes a comprehensive conceptual model. As illustrated in Figure 1 below, the framework outlines the theoretical relationships between the identified variables. The psychological and financial factors serve as the foundational drivers (Independent Variables) that influence Brand Loyalty, which subsequently drives Behavioral Intentions to Subscribe.

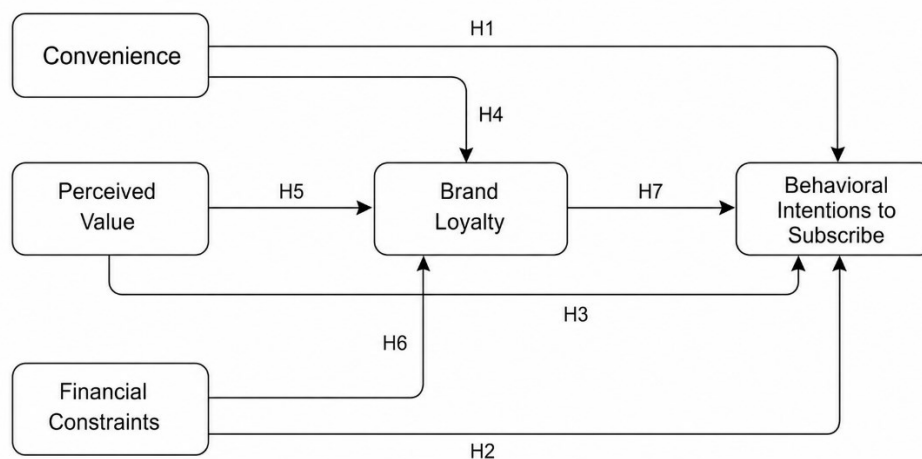


Figure 1. Proposed Research Framework

RESEARCH METHOD

Sample and Procedure

This study examines coffee consumption behavior of university students in Malaysia and India towards the potential Starbucks Pass subscription model by using a quantitative approach. The target population consists of students who are currently enrolled in

universities, regardless of whether they consume Starbucks products or not. A sample of 176 respondents was selected to ensure representativeness across variables such as age, gender, employment status, monthly allowance and country of study. The data were collected through online surveys using Google Forms, which included questions designed to assess factors influencing university students' purchase intention towards Starbucks based on the integration of the Theory of Planned Behavior (TPB) and price sensitivity concepts. The survey also explored respondents' behavioral intentions, as well as their preferences regarding the features and pricing of the Starbucks Pass. The data collected were analyzed using IBM SPSS Statistics software. Descriptive and inferential analyses were conducted to examine the relationships among variables. This approach enables effective data collection and provides useful ideas about consumer behaviour towards the Starbucks Pass.

Measures

To ensure strict alignment with the conceptual framework, the survey instrument evaluates five core variables. The independent variables include Convenience, Perceived Value, and Financial Constraints, which capture the primary drivers of student consumption. Brand Loyalty serves as the mediating variable, illustrating the psychological mechanism through which initial perceived benefits translate into sustained engagement. The dependent variable, Behavioral Intentions to Subscribe, directly gauges the students' ultimate willingness to adopt the 'Starbucks Pass'.

All core constructs are measured using a 5-point Likert Scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This standardized scale ensures reliability in capturing student responses across Malaysia and India. The survey instrument was developed by adapting established scales from prior literature to ensure content validity. Table 1 summarizes the constructs, measurement items, and their respective sources.

Table 1. Measurement of Constructs

Construct	Operationalization / Instruments	Primary Source Authors
Convenience	4 items assessing ease of access, ordering process, and time-saving aspects using a 5-point Likert scale.	Adapted from Xia et al. (2025) and Nansubuga & Kowalkowski (2024)
Perceived Value	5 items evaluating price fairness, value for money, and acceptable price range using a 5-point Likert scale.	Adapted from Zeithaml (1988) and Lim et al. (2022)
Financial Constraints	3 items measuring affordability, budgeting, and perceived behavioral control over spending.	Adapted from Ajzen (1991) and Chotigo & Kadono (2022)
Brand Loyalty	4 items assessing preference, affective commitment, and willingness to recommend.	Adapted from Oliver (1997) and Kee et al. (2023)
Behavioral Intentions to Subscribe	4 items measuring the willingness and expectation to purchase the Starbucks Pass.	Adapted from Truong & Nguyen (2023)

RESULTS

Table 2. Summary of Respondent's Demography (N=176)

Response		Frequency (N)	Percentage (%)
Place of Study	India	88	50
	Malaysia	88	50
Age	18-20	34	19.3
	21-23	107	60.8
	24-26	23	13.1
	27-29	9	5.1
	30 years and above	3	1.7
Gender	Female	95	54
	Male	80	45.5
	Prefer not to say	1	0.6
Employment Status	Full-time student only (not working)	123	69.9
	Full-time student with part-time job	29	16.5
	Full-time student with freelance / gig work	9	5.1
	Working and studying part-time	12	6.8
	Other	3	1.7
Monthly Allowance/ Personal Income			
	Below RM500/Below RS 5000	78	44.3
	RM500 - RM 1,000/RS 5000 - RS 10,000	42	23.9
	RM1,000- RM1,500/RS 10,000- RS 15,000	37	21
	RM 1,500 and above/RS 15,000 and above	19	10.8

The sample included 176 respondents divided equally between India and Malaysia (50% each), thus providing a balanced cross-national base for comparison. The majority of participants were aged 21–23 years (60.8%) and 18–20 years (19.3%), indicating that the sample primarily consists of typical university-aged young adults. The demographic profile is in line with previous literature that has identified younger consumers as the main adopters of digital subscription services due to their higher levels of digital skills and engagement with the platforms (Christensen, 2025). Given the small number of respondents over 27 years of age (6.8%), generalisability of findings to older consumer segments is limited.

In the gender category, there was a slight majority of females (54%) over males (45.5%) and one person chose not to disclose their gender. This nearly equal distribution of gender is generally representative of the student population in the universities in Malaysia and India, and thus minimises any possible gender-related sampling bias. Employment status also showed that most respondents (69.9%) were full-time students with no employment, while a minority were involved in combining studying with part-time or freelance work (21.6% combined). This pattern is significant in the sense that it indicates that the majority of the respondents are dependent on allowances for financial support, rather than independent income, and this directly relates to the inclusion of financial constraints as a key study variable. In line with this, monthly allowance and income data showed that 44.3% of respondents earned under RM500 or RS5,000 a month, with a cumulative total of 68.2% earning below RM1,000 or RS10,000. This income distribution confirms the rather limited financial conditions on which the study

population operates, making this a very relevant sample in the study of the impact of financial constraints on subscription behavior. Taken together, these demographic characteristics suggest that the findings are most relevant to cost-conscious, young adult consumers in emerging market university settings.

Table 3. Descriptive Statistics, Cronbach's Coefficients Alpha, And Zero-Order Correlations of All Study Variables

Variables	1	2	3	4	5
Convenience	0.909				
Perceived Value	0.718**	0.832			
Financial Constraints	0.783**	0.789**	0.918		
Brand Loyalty	0.751**	0.722**	0.757**	0.926	
Behavioral Intentions to Subscribe	0.727**	0.742**	0.725**	0.726**	0.938
Number of Items	4	3	5	4	4
Mean	3.6733	3.7386	4.6747	3.7685	3.5795
Standard Deviation	1.16916	1.14858	1.45762	1.20654	1.23001

*Note: N=176; *p < .05, **p < .01, ***p < .001. The diagonal entries represent Cronbach's coefficients alpha.*

Descriptive statistics showed that the study constructs had a wide range of mean scores. Financial Constraints had the highest mean score (M = 4.67, SD = 1.46), indicating that respondents strongly agreed with cost-related pressures when considering subscription services. Behavioral Intentions to Subscribe had the lowest mean (M = 3.58, SD = 1.23), suggesting moderate but not conclusive tendencies to subscribe. The mid-range scores for Convenience (M = 3.67) and Brand Loyalty (M = 3.77) were similar, as was the score for Perceived Value (M = 3.74), suggesting that respondents had moderately positive evaluations of subscription services on these dimensions.

All constructs were found to be reliable with Cronbach's alpha values far exceeding the generally accepted cutoff of 0.70 (Hair et al., 2021). Behavioral Intentions to Subscribe ($\alpha = 0.938$) and Financial Constraints ($\alpha = 0.918$) had higher reliability, followed by Brand Loyalty ($\alpha = 0.926$), Convenience ($\alpha = 0.909$) and Perceived Value ($\alpha = 0.832$). These values indicate that the measurement scales used in this study have a high degree of internal consistency, which adds a level of confidence to the correlation and regression analyses that follow (Hair et al., 2021).

The zero-order correlation matrix showed that all five variables were positively and significantly related at the $p < .01$ level. The strongest correlations were between Financial Constraints and Perceived Value ($r = .789$) and between Financial Constraints and Convenience ($r = .783$), indicating that respondents who experience higher levels of financial pressure tend to place greater importance on getting value and convenience from their subscriptions. Brand Loyalty was also strongly correlated with convenience ($r = .751$) and financial constraints ($r = 0.757$), indicating that cost sensitivity and ease of access may be integral in developing loyalty in this segment.

While the high inter-variable correlations are theoretically meaningful, they also raise preliminary concerns about multicollinearity, which could affect the stability of regression coefficient estimates. Values approaching or exceeding $r = 0.80$ are typically flagged as potentially problematic in regression contexts. Although none of the correlations strictly exceeded this threshold, the consistently high values across the matrix warrant careful interpretation of the regression results in Table 4. Variance Inflation Factor (VIF) diagnostics would be advisable to formally rule out multicollinearity as a confound in the predictive models.

Table 4. Regression Analysis

Variables	Brand Loyalty	Behavioral Intentions to Subscribe
Convenience	0.322***	0.237**
Perceived Value	0.505***	0.308***
Financial Constraints	0.096	0.116
Brand Loyalty	-	0.237**
R ²	0.782	0.657
F Value	205.215	81.946
Durbin-Watson Statistic	1.866	2.568

Note: N=176; * $p < .05$, ** $p < .01$, *** $p < .001$.

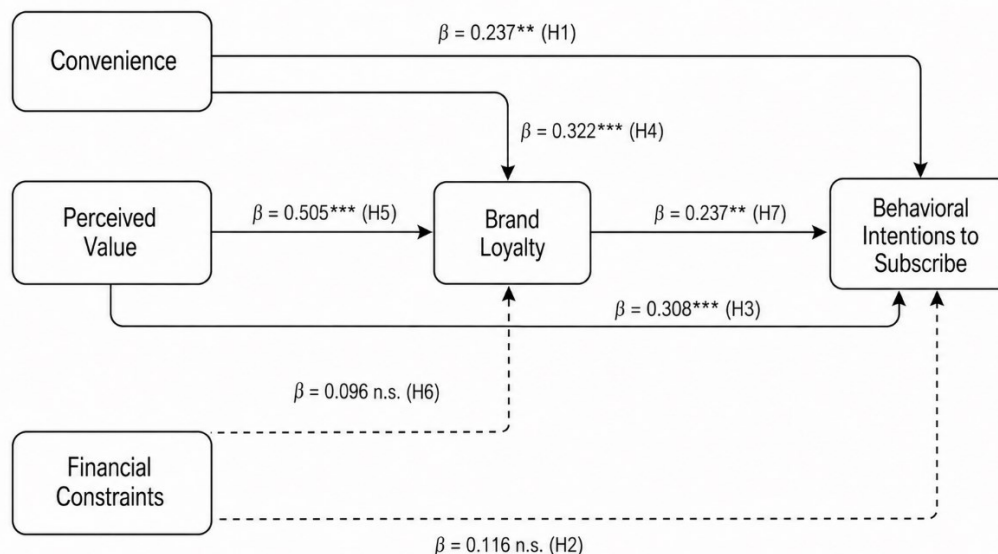
The regression analysis was performed in two steps with brand loyalty and behavioral intentions to subscribe as the two outcome variables. In the updated first model, Convenience ($\beta = 0.322$, $p < 0.001$) and Perceived Value ($\beta = 0.505$, $p < 0.001$) remained significant positive predictors of Brand Loyalty. However, Financial Constraints did not significantly influence Brand Loyalty ($\beta = 0.096$, $p = 0.169$), meaning H6 is not supported. The inclusion of these variables accounted for 78.2% of the variance in Brand Loyalty ($R^2 = 0.782$, $F = 205.215$, $p < 0.001$). The stronger beta coefficient for Convenience suggests that ease of access and frictionless user experience are particularly influential in fostering loyalty among young, digitally active consumers. This is consistent with Technology Acceptance Model (TAM) literature, which positions perceived ease of use as a primary driver of continued platform engagement (Tian & Chan, 2024).

In the second model predicting Behavioral Intentions to Subscribe, three variables were statistically significant: Perceived Value ($\beta = 0.308$, $p < 0.001$), Convenience ($\beta = 0.237$, $p < 0.01$), and Brand Loyalty ($\beta = 0.237$, $p < 0.01$). Notably, Financial Constraints was not a significant predictor ($\beta = 0.116$, ns), despite having the highest mean score in Table 3. This finding is somewhat counterintuitive given the low-income profile of the sample, and may suggest that financial barriers operate indirectly, potentially mediated through perceived value or brand loyalty, rather than directly suppressing subscription intentions (Wang et al., 2025).

The overall explanatory power of the second model was slightly higher than the first ($R^2 = 0.657$, $F = 81.946$, $p < 0.001$), indicating that the combined set of predictors accounts for approximately 65.7% of variance in subscription intentions. This is a strong result by social science standards, where R^2 values above .50 are generally considered to reflect a well-fitted model (Ozili, 2023). The inclusion of Brand Loyalty as a significant predictor in Model 2 suggests a mediating pathway where Convenience and Perceived Value first build loyalty, which in turn drives subscription intentions, a structural relationship worth exploring through mediation analysis in future research.

The Durbin-Watson statistics for both models (1.866 and 2.568, respectively) were within or near the acceptable range of 1.5 to 2.5, indicating no severe autocorrelation in the residuals (Hamza & Husain, 2025). However, the slightly elevated value for Model 2 (2.568) may merit attention, particularly if the data carries any ordered or temporal structure. Overall, the regression findings lend strong empirical support to the study's framework, highlighting convenience and perceived value as the most consistent cross-model predictors of both loyalty and subscription intentions among young consumers in Malaysia and India. The validated research framework, with its corresponding beta coefficients and significance levels, is illustrated in Figure 2.

Figure 2. Validated Research Framework



Note: ***p < 0.001, **p < 0.01, n.s. = not significant.

DISCUSSION

The aim of this study is to investigate the viability of the “Starbucks Pass” among Malaysian and Indian university students. The primary objective is to explore the relationships between convenience, perceived value, financial constraints, brand loyalty, and the behavioral intentions to subscribe. The results reveal that H1, H3, H4, H5, and H7 are supported, while H2 and H6 are not supported. This indicates that while convenience and perceived value play critical roles in driving loyalty and subscription intentions, financial constraints do not significantly hinder students' engagement with the brand or their willingness to adopt the subscription model.

The Influence of Convenience on Brand Loyalty and Behavioral Intentions

The findings demonstrate that convenience has a significant positive influence on both brand loyalty (H4) and behavioral intentions to subscribe (H1). These results indicate that ease of use, accessibility, and seamless digital integration are crucial for modern university students. When students find the ordering process frictionless and time-saving, they are more likely to develop a habitual attachment to the brand and express a strong intention to adopt the Starbucks Pass. This aligns with existing research highlighting that digital food-service platform adoption is highly dependent on accessibility and ease of use, particularly for tech-savvy Generation Y and Z consumers (Nguyen & Nguyen, 2024). Furthermore, Ma and Chang (2024) discovered that subscription services are significantly more attractive when they effortlessly integrate into the young user's fast-paced daily lifestyle.

The Influence of Perceived Value on Brand Loyalty and Behavioral Intentions

This study confirms that perceived value exerts the strongest positive effect on brand loyalty (H5) and significantly impacts behavioral intentions to subscribe (H3). For university students operating on fixed budgets, the decision to commit to a subscription model is heavily dependent on the perception of “value for money.” The Starbucks Pass offers predictable pricing and exclusive benefits, which elevates the perceived utility of the service. This finding is consistent with Zeithaml's (1988) framework, where consumers continuously evaluate the trade-off between sacrifices and utilities. Students are more inclined to pay for the pass when they perceive it offers a favorable cost-per-use and premium privileges. Additionally, Mutlu et al. (2025) demonstrated that

continuous value addition within subscription services significantly enhances customer engagement and long-term brand loyalty.

The Influence of Financial Constraints on Brand Loyalty and Behavioral Intentions

Interestingly, the results show that financial constraints do not significantly affect brand loyalty (H6) or behavioral intentions to subscribe (H2). Although financial limitations are prevalent among the student demographic, they do not directly weaken the emotional attachment to Starbucks nor deter the willingness to subscribe. This suggests that the perceived value, lifestyle fit, and social benefits of the "third place" environment effectively override traditional budget limitations. Furthermore, students may view the Starbucks Pass as a structured budgeting tool rather than an indulgence, allowing them to manage their expenses while maintaining their coffee consumption habits. This perspective is supported by Tyagi and Bolia (2025), who asserted that communicating the future benefits of a subscription can make the initial monetary investment worthwhile for consumers. Even on a budget, students in emerging markets are willing to maintain selective premium consumption when it aligns with their social identity.

The Influence of Brand Loyalty on Behavioral Intentions to Subscribe

The findings reveal a significant positive relationship between brand loyalty and behavioral intentions to subscribe (H7). This indicates that students who have developed a strong emotional and habitual attachment to Starbucks are highly likely to transition into the subscription ecosystem. A loyal customer base provides a strong foundation for the Starbucks Pass, as these individuals already perceive the brand as an integral part of their daily routine and social life. As Huchzermeier et al. (2022) pointed out, subscription programs help promote loyalty by weaving brands deeply into consumers' lives, reinforcing consistent behavioral patterns over time.

Theoretical Implications

The results strongly validate the Theory of Planned Behavior (TPB) by demonstrating that perceived value and lifestyle evaluation play a far more significant role than mere financial limitations in shaping behavioral intentions. As evidenced by the rejection of H2 and H6, the direct negative influences of financial constraints on both brand loyalty and subscription intentions were found to be statistically insignificant. Instead, perceived value and convenience emerged as the dominant direct drivers. The results validate the hypothesis that value of use and lifestyle fit can be used to positively influence youth consumer purchases of premium products when the price is perceived as fair.

The fact that the financial constraint factor does not directly weaken the intention to subscribe suggests that the re-interpretation of paying for a subscription at the psychological level renders it manageable and affordable. The Starbucks Pass can serve as an aid to budgeting because it is a line item that gives students a sense of having a set amount of money to spend—and a line item that will have lasting value. Supporting this view, Tyagi and Bolia (2025) asserted that by convincing customers about the benefits of a restaurant subscription that will be visible in the future, they are able to make their initial monetary investment worthwhile.

The results also confirm Zeithaml's (1988) perception of value approach to services, where consumers calculate the sacrifice/utilities in a trade-off process. Students seemed more inclined to pay for the pass when they felt it would provide a benefit in terms of the cost per use, convenience, and access to special privileges. This finding is in line with the study by Mutlu et al. (2025), which showed that monetary incentives and continuous value added upon subscription services have a significant impact on customer engagement and perceived value.

In addition, the findings show that convenience and perceived value are important factors leading to brand loyalty. Students' repeated purchase behavior and affection toward the Starbucks store are greater when they think it is convenient and valuable. A similar study carried out by Koay et al. (2022) revealed that service quality and customer satisfaction have a positive effect on customer loyalty in digital food-service contexts. Furthermore, Huchzermeier et al. (2022) explained that subscription programs can help promote loyalty by weaving brands into consumers' lives, helping them remain loyal and behave in a consistent manner over time.

Lifestyle attachment is another crucial factor. Starbucks isn't just considered a place to buy coffee; it is a social and learning space that fits with students' identities and habits. In the case of Generation Z, Amelia and Nisa (2025) have also found that customers' satisfaction plays a significant role in influencing their loyalty and positive word-of-mouth. Emotional attachment and lifestyle fit with the product remain significant factors for younger consumers' subscription decisions.

A key theoretical takeaway from this study is that students in emerging markets such as Malaysia and India may actually continue with selective premium consumption even if they are on a tight budget. Subscription-based models can thus be seen as a more regulated way of spending, rather than something that is purely indulgent. Park and Namkung (2025) concluded that convenience, familiarity, and emotional attachment to a brand create strong switching barriers. This explains why financial motives alone did not lead to a decreased intention to subscribe or reduced brand loyalty in this study.

Managerial Implications

The results have some implications for Starbucks and other coffee companies that are thinking about adopting a subscription-based business model. First is the convenience and ease of use of the Starbucks pass from the very moment students interact with it in the mobile app. Sign-up ought to be straightforward, clear and connected with the Mobile Order & Pay systems to decrease friction and enhance user experience.

Convenience must be treated as a core product attribute, rather than merely a supporting feature. Redemption speed, automatic awarding of freebies, priority redemption time windows, and streamlined payment methods could go a long way in getting students more excited about subscribing. Nguyen and Nguyen's (2024) study highlighted that a lack of smooth digital experiences is a key concern for younger consumers in their decision to continue using food-service apps.

Secondly, Starbucks should emphasize greatly on enhancing its perceived value by offering meaningful advantages to students. Free size changes, birthday discounts, campus benefits, special menu discounts or study deals might reinforce the idea that the subscription provides economic value. Mutlu et al. (2025) found that frequent incentives and promotional engagement measures can effectively enhance customer loyalty to subscription programs.

The results also indicate that Starbucks should implement a differentiated pricing model, with higher subscription fees for those that use it more frequently. Heavy users might choose the more expensive plans that offer more benefits, while occasional users may benefit more from lower-cost plans or trial-based plans. Tyagi and Bolia (2025) emphasized that flexible subscription models are crucial in the hospitality sector due to the varying price sensitivities, subscription frequencies and service expectations held by consumers.

Also, products that aim to build loyalty must continue to be a major component of Starbucks' subscription strategy. Huchzermeier et al. (2022) pointed out that subscription services have a positive effect on customer loyalty as it makes the consumption part of

their daily routine and habits. Hence, Starbucks should persist in its subscription model's emotional branding, lifestyle positioning and customised digital connection.

Future Research

Research could be continued by comparing the acceptance of the subscription by other brands of coffee, like Zus Coffee, Gigi Coffee or other local coffee chains. These comparisons would give the company some idea of whether convenience and value perception is a product of the industry or its positioning as Starbucks.

Longitudinal research designs would also be useful in exploring changes in subscription behavior over time, particularly following multiple use, renewal experiences, and/or cancellations. According to Park and Namkung (2025), the emotional switching barriers and the customer experiences created during subscription over the course of the subscription play a significant role in long-term subscription retention.

Other studies can also examine mediation effects, for example, whether convenience and perceived value affect the behavioral intention, and whether such effects are mediated by brand loyalty. Last but not least, future studies might investigate personalized incentives, subscription saturation, and virtual marketing methods on extended client retention in subscription coffee solutions.

CONCLUSION

This research concludes that the proposed 'Starbucks Pass' subscription model is highly viable among university students in Malaysia and India, primarily driven by convenience and perceived value. While brand loyalty acts as a strong mediator, the study surprisingly reveals that financial constraints do not act as a significant barrier to subscription intention. This suggests that for Gen Z consumers, the lifestyle benefits and perceived cost-savings of a subscription outweigh traditional budget limitations.

Based on these findings, it is suggested that Starbucks should prioritize its digital infrastructure, specifically focusing on seamless app integration and exclusive member-only benefits to enhance the perceived value of the pass. Marketing strategies should shift from purely price-based promotions to emphasizing the 'social hub' and 'lifestyle' convenience that the subscription provides.

The implications of this study are twofold. Theoretically, it extends the Theory of Planned Behavior (TPB) by demonstrating the diminishing role of financial barriers in the modern subscription economy. Practically, it provides a strategic roadmap for F&B retailers to capture the student market through value-driven, recurring revenue models. Ultimately, the Starbucks Pass represents not just a discount tool, but a powerful mechanism for building long-term consumer habits in the competitive coffee industry.

LIMITATION

This study has several limitations that should be acknowledged. First, the sample size is relatively small and geographically limited to university students in Malaysia and India, which may affect the generalizability of the findings to other demographic groups or regions. Second, the research relies on self-reported survey data regarding behavioral intentions rather than objective, real-world purchase data. Finally, the cross-sectional nature of the study captures consumer perceptions at a single point in time, limiting the ability to observe how subscription habits and brand loyalty evolve over prolonged periods of use.

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DECLARATION OF CONFLICTING INTERESTS

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