

Case study – starbucks



Abstract “ Starbucks is the leading specialty coffee retailer in the nation, with over 5, 000 locations in 22 international markets. Starbucks positions their products on a relatively simple plane.

They focus on quality and experience, rather than price. A comparison of specialty drinks with its competitors reveals very minor differences.

Starbucks’ image is one of the key elements to their success. The company has realized that people don’t only come for the coffee; they come for the atmosphere. People socialize, read, study, or just enjoy the music while drinking their coffee. (Kembell, Hawks, Kembell, Perry, & Olsen, 2002) The Product The product strategy for Starbucks appears to be to position their coffee as the one people want by providing high end coffee, warm inviting locations and excellent customer service.

“ But the essence of Starbucks is not about the coffee, although it’s great coffee. It’s about the coffee-drinking and the coffeehouse experience,” says Hayes Roth, vice president of marketing at Landor Associates, a consultancy that has advised Starbucks on branding strategy. (Karolefski, 2002)

Starbucks caters to the busy person who desire premium quality and are willing to pay the additional price that comes with that premium. Customers who frequent Starbucks do so with the view “ Great coffee equals great value equals higher price, all part of the consumer experience. ” (Janal, 2006) Strategies Starbuck’s product strategy affects their new product development because they must focus their efforts on finding/developing products that will meet the extremely high standards set by previous experiences.

Additionally, they must keep the sensory experiences in mind. “ Starbucks has been under pressure to increase store revenue and profits, and, once again, they are turning to sensory branding for the solution. The most startling change is that the firm will go back to grinding coffee in its stores for the sole purpose of improving the coffee aroma. Presumably, it’s cheaper to ship the coffee pre-ground in sealed packages, but Starbucks management apparently feels that any productivity loss at the stores will be offset by improved customer loyalty and higher sales. Starbucks earlier dumped its egg breakfast sandwiches because the egg smell conflicted with the expected and desirable coffee smell.

” (Dooley, 2008) In addition to speaking to its customers senses, they are also appeal to the customers’ desires to get something for their continued business. The introduction of the Starbucks loyalty card provides customers with “ free refills and flavor shots. ” Their hope is that the card may also work to encourage new customers to come into the store because they know they will get future rewards. Portnoy, 2008) The ongoing effort to retain existing customers and earn new ones has lead Starbucks to launch a website where customer can make and discuss suggestions for product or experience improvements. MyStarbucksIdea. Com is loosely based on the website IdeaStorm.

Com launched by Michael Dell. Suggestions have included the splash stick (to prevent coffee from spilling), coffee cubes (to keep ice coffee from being dilute by ice cubes) and shelving in the restrooms. (Jarvis, 2008) “ Starbucks views most of the suggestions that have been made as constructive and

positive. In other words, consumers aren't using this site to complain but to advance real solutions.

An idea that is being considered: embedding consumers' regular orders onto their Starbucks cards so they can swipe them when entering a store, thereby placing an order and paying for it simultaneously, shortening the wait in line.

" (Mininni, 2008) Marketing Mix Unlike most retailers, Starbucks does not use typical marketing tactics such as product placement or sales, instead they host parties and in-person events instead. So much of the relationship with the company exists between you and that barista behind the bar," said Brad Stevens, Starbucks' top marketing executive. " We haven't been able to conceive of a way for TV advertising to repeat that, to capture the heart and soul of the company.

" These events have included an outdoor samba party to launch their juice-based Frappacinos and an upscale event at Trump Tower to launch a banana coconut Frappacino. Additionally, they sponsor large social events such as Bumbershoot, Jumpstart's " Read for the Record" and an Elle magazine party to launch its Green Issue. According to Ed See, COO of Marketing Management Analytics, " Starbucks' approach is a throwback to the way businesses appealed to customers before the mass media came along, he said. ' At the end of the day, advertising has been a poor substitute for community communication,' See said.

' Starbucks went back to basics, and they've approached the basics with a science and intensity that no one has ever done before. '" (Allison, 2006) Protecting the Market In order to protect its market, Starbucks would be wise

to continue to insist on the BEST customer service possible. Ultimately, it's the experience that will continue to bring people back. " Starbucks built its brand not so much on the coffee, but on the EXPERIENCE of being in a Starbucks cafe, surrounded by like-minded people and listening to the music selections of their CD-of-the-month club and cool " baristas" who reveled in talking about the differences between the various coffee blends as if they were wine aficionados, which is cool. " (Janal, 2006) Other's may try to replicate what they see at Starbucks in look and feel but without the excellent service and overall pleasant experience on such a large scale.

It's very easy to copy the superficiality of the brand; in other words, the look and feel of the store," says Maslen. " But it's very hard to get beyond a few stores and retain the experiential part of our brand. The most important thing is how welcome people feel and the connection they make. It's really a contradiction in terms – intimacy on a mass scale.

But Starbucks is a very intimate brand. " (Karolefski, 2002) Starbucks has successfully expanded all over the United States and into the rest of the world because it provides more than just good coffee, it provides a warm and inviting experience for all of its customers. As long as Starbucks is able to keep the customer experience first and foremost in the mind of its marketers, it will continue to have success attracting new customers while maintaining its existing ones as well. Works Cited Allison, M.

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