FE005712

Starbuck Marketing Project

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Abstract:

As the world's largest coffee chain brand, Starbucks occupies a leading position in the global market with its high-quality coffee products, excellent customer experience and unique brand culture. This paper analyzes the market status of Starbucks based on multiple dimensions such as brand positioning, pricing, core competitive advantages, and combines tools such as SWOT analysis and VRIO analysis to comprehensively analyze Starbucks' competitive landscape and development opportunities. Finally, it proposes suggestions for Starbucks' future growth from four aspects: digital upgrading, product diversification, brand rejuvenation, and sustainable development, providing a reference for Starbucks' future strategic layout of globalization and localization in parallel.

Keywords: Starbucks; market analysis; brand strategy; pricing; digital transformation; sustainable development

1. Brand Overview

Starbucks was born in Seattle in 1971. After decades of development, it has grown from a local coffee bean retail store to a benchmark in the global coffee industry. There are more than 35,000 stores worldwide, basically covering the entire global network. Its positioning is to create high-quality coffee and win people's favor with quality. At the same time, it not only represents high-quality coffee, but also creates a unique brand culture - organically combining coffee with humanistic care, community co-construction and environmental protection concepts to create a new lifestyle of "third space".

This brand building is not achieved overnight, but is gradually formed by continuous product innovation, global expansion and deep cultural implantation. Behind Starbucks' success is its ultimate pursuit of quality, deep care for customer experience and continuous practice of social responsibility, forming a complete brand ecology from products, services to culture.

2. Target market and segmentation strategy

Starbucks' target market is different from that of coffee brands in the same industry. It is different from the mass coffee market. Its target group is clearly placed among the middle and high-income groups, focusing on the needs of middle and high-end people. The first type is urban white-collar workers, who have a higher pursuit of work-life balance and are willing to pay more for brand premium and high-quality experience. Young groups, especially millennials and Generation Z, are also willing to pay for Starbucks. They pursue personalization, social attributes and brand cultural identity. According to data, the consumption power of students is also amazing. Many students pursue trends and are attracted by the brand effect of Starbucks. They use

Starbucks stores as a space for socializing, learning and even creative work (Ng, 2015). This clear target market positioning makes Starbucks' marketing communication and product development more targeted, and can form a solid brand awareness and user stickiness in each market segment.

3. Brand value and differentiation strategy

Starbucks' brand value and differentiation advantages are mainly reflected in the three dimensions of high-quality products, space culture shaping and digital personalized services. First, Starbucks relies on the global supply chain of high-quality Arabica coffee beans, which is complete and sustainable. It can ensure the consistent quality of coffee from the source, and strengthen the dissemination of professional coffee culture through high-end channels such as "Starbucks Roasting Lab" and "Select Store", forming a double barrier of product quality and brand culture (Chang, 2020). Secondly, Starbucks' original "third space" concept makes its stores not only a simple consumption place, but also an ideal space for urban residents to socialize, relax and work. Whether it is store design, music atmosphere, or spatial layout, Starbucks' unique brand culture label is highlighted. Starbucks can make each store have a distinct cultural attribute and sense of belonging, and adapt to local conditions. For example, Starbucks in Dongqian Lake Scenic Area in Ningbo, China, renovated the local old village houses, retained the original village buildings, and echoed the scenery of the lake area, which became a major feature of the scenic area. Finally, Starbucks began to lay out its online service system at the beginning of the digital wave. Through mobile apps, membership systems, personalized recommendations and other methods, it has a deep insight into user behavior, which not only improves the convenience of customers, but also enhances users' brand loyalty and consumption motivation. The synergy of the three has built Starbucks' strong brand value system and industry-leading differentiated competitive advantages.

4. SWOT Analysis

Strengths
First, as one of the most well-known coffee brands in the world, Starbucks has formed a high consumer mind occupation and natural traffic advantage with its strong brand trust and global brand effect. Second, Starbucks has a globally unified high-quality supply chain system that covers the entire production line, such as coffee bean procurement, processing, logistics and terminal sales, which

not only effectively guarantees the stability of product quality, but also reduces the operating costs of single stores through large-scale operations (Macdonald, 2007). In addition, Starbucks' leading digital strategy and perfect membership system enable it to achieve full-process user management and precision marketing from online ordering, personalized recommendations to points redemption. More importantly, Starbucks not only relies on product innovation to attract customers, but also continuously outputs brand value through rich brand cultural activities and environmental protection public welfare projects, forming a unique competitiveness driven by both products and culture (Fitzgerald, 2013).

Weaknesses
Starbucks' long-term high-end pricing strategy has led to price-sensitive consumers being excluded from the target customer group, limiting further penetration in the sinking market. With the rapid expansion of the number of stores around the world, Starbucks has encountered problems such as inconsistent service standards and uneven store management levels in some regions, which have affected the overall brand image and user reputation (Liu et al., 2022). For example, many consumers have reported that the service quality of different stores is uneven, and some store clerks serve different customers differently, which gives a bad service experience. In addition, some of Starbucks' new products have not fully combined with the taste preferences and food culture of consumers in various regions, resulting in insufficient localization, which has affected the market acceptance and sales performance of products in some regions.

Opportunities
Starbucks has a broad space for online retail expansion in the future. It can rely on global e-commerce platforms to realize its ambitions. Starbucks can sell ready-to-drink coffee, coffee beans and peripheral products, and develop new and interesting linkages. It can also achieve dual-channel coordinated development through the linkage between online and offline stores. At the same time, with the increasing environmental awareness and healthy consumption trends of global consumers, Starbucks can increase the promotion of plant-based beverages and low-sugar and low-fat products, and strengthen the brand's social responsibility image through measures such as environmentally friendly packaging and green store construction. In view of the differences in food culture in different markets, Starbucks can increase its efforts in localized product research and development (Geereddy, 2013). For example, China's jasmine tea latte and Japan's matcha series can provide customized products that are more in line with the taste needs of consumers in various places.

Threats

First, in the context of increasingly fierce competition in the global coffee market, Starbucks faces strong pressure from the rise of emerging brands. This pressure comes partly from local brands such as Luckin Coffee and Manner, and partly from fast food industries such as Mc-Donald's. With their lower prices and impeccable taste, they quickly occupied the young consumer market and snatched Starbucks' market share (Musonera, 2021). Second, factors such as global raw material price fluctuations and rising supply chain costs directly affect Starbucks' procurement costs, compress Starbucks' profit margins, and directly attack its high-end pricing strategy. Third, consumers' healthy diet and personalized consumption trends are becoming increasingly prominent, and people are more pursuing healthy and low-sugar eating habits. However, most of Starbucks' tourist drinks are highly sweet and milk-based. Affected by the health trend, some consumers' enthusiasm for Starbucks products may gradually decline. How to adjust the product structure in time to adapt to new demands has become an urgent challenge.

5. VRIO Analysis

In terms of value, Starbucks uses the best coffee beans in the world, strictly controls the quality of raw materials, and is committed to building a complete production and retail supply chain. At the same time, it will continue to launch new drinks and seasonal products according to the tastes of consumers in various regions. The decoration and atmosphere of each store are carefully designed, which makes customers feel extraordinary, all of which make Starbucks valuable in the hearts of customers. In terms of rarity, it is difficult for a coffee shop brand to keep pace with Starbucks, which has both word-of-mouth and popularity, which is very rare. Starbucks has long-term cooperation with many of the world's top coffee plantations to ensure a stable supply of high-quality beans. At the same time, after years of brand building, "Starbucks" has become a representative of high-quality coffee and exquisite life in the hearts of many people. This global brand influence is difficult for many other coffee brands to achieve. In terms of inimitable, Starbucks not only has a set of mature standards for products, services and stores, but is also good at telling brand stories, making coffee culture vivid and interesting, and even making localized adjustments based on the cultural characteristics of different countries. Coupled with the large amount of member data accumulated over a long period of time, Starbucks understands customer preferences very well and can accurately launch popular products and services(Geereddy, 2013). This combination of brand culture, customer relationships and data

advantages is something that other brands cannot learn. In terms of organization, Starbucks' global management team is experienced and well organized from coffee bean planting to store sales. Each link has a strong system support, and the supply chain, operations and marketing are all connected very smoothly. It can also respond quickly to market changes, truly giving full play to its advantages and maintaining its leading position in the world.

6. Pricing strategy and consumer experience

To be viable (survive in the longer term) firms need a sustainable competitive
advantage (West & Ibrahim, 2015). Starbucks mainly adopts a high-end pricing strategy, supported by high-quality ingredients, innovative drinks, comfortable environment and brand culture, to build high premium capabilities. At the same time, Starbucks flexibly uses value pricing, adjusts prices according to consumers' perception of brand value in different markets, and enhances market adaptability. Starbucks adopts some bundling sales to reduce prices, bundling classic products with poorly selling products, so that more people are willing to pay, and also increases people's repurchase rate of classic products (Helmold, 2022). It is different from popular coffee shop brands such as McDonald's coffee. It does not pay attention to the sinking market and the needs of the general public. It uses its own technology and innovation to make customers feel that the high price matches it.

Starbucks has done a lot to enhance product and brand value. "To inspire and nurture the human spirit - one person, one glass of wine, one community at a time." (SChultz, 2012). Starbucks provides people with very rich emotional value and strengthens people's identity. Starbucks has long been deeply tied to fashion, quality life, and urban culture. Holding a Starbucks coffee cup is often a symbol of identity, especially for young people. It is a sense of identity and a social symbol.

In order to improve customer experience, Starbucks mainly uses the launch of special delivery services and online ordering. Starbucks delivery is mainly promoted in China. It is Starbucks' exclusive delivery service. It can not only ensure the quality and experience of delivery products through customized delivery menus, exclusive packaging and branded delivery processes, but also successfully expand consumption scenarios such as home and office. Online ordering relies on Starbucks App and mini programs, allowing customers to purchase in advance, customize and pick up meals in the store without contact, which not only improves convenience, but also effectively reduces the

pressure of queuing in stores. At the same time, the online ordering system combines big data analysis to provide customers with personalized recommendations, which can effectively enhance user stickiness and repurchase rate (Sagar, 2024). These two services not only meet the needs of modern consumers for efficient, convenient and personalized experience, but also help Starbucks build an omni-channel operation closed loop, extend the brand's high-end and high-quality services beyond offline stores, and comprehensively enhance the brand's market competitiveness and risk resistance(Lee, 2020).

7.Final Brand Recommendations

In the next 2-3 years, Starbucks should empower its brand and enhance its brand value by strengthening four aspects. First, it should continue to deepen its digital upgrade, give full play to its advantages that have been established globally, and then continue to integrate online and offline resources to build an omni-channel marketing closed loop. Specifically, it can strengthen the application of AI and big data, accurately analyze consumers' historical consumption data, taste preferences and consumption habits, customize personalized product recommendations and exclusive discounts for different types of users, and improve user stickiness and repurchase rate (Lee, 2020). At the same time, Starbucks can further expand the layout of self-pickup points and unmanned food cabinets to cover office buildings, communities and business districts to meet consumers' needs for convenient and efficient consumption experience. In addition, Starbucks can also explore unmanned delivery and smart coffee cars, and use AI technology and automation equipment to improve the coverage and service efficiency of delivery services, making "drinking Starbucks anytime, anywhere" a reality.

In terms of product innovation, Starbucks should keep up with the consumption trends of health, diversification and personalization, and continue to enrich its product line. In addition to increasing the research and development of plant-based beverages to meet the needs of vegetarians and lactose-intolerant people, Starbucks can also launch low-sugar and low-fat beverages and functional beverages (such as adding collagen, probiotics, etc.), which can cater to consumers who focus on health and wellness. At the same time, Starbucks can increase the innovation of localized products for local flavors in different countries and regions. It can combine local traditional food culture to develop new beverages with local characteristics. These innovative measures can help consumers' enthusiasm for Starbucks products. In addition, seasonal restrictions and cross-border joint names are still important means to attract young consumers. Starbucks can speed up the pace of cooperation with fashion brands and popular IPs, and strengthen the brand's freshness and trend attributes through joint drinks, limited peripherals, etc., and further enhance the young group's attention and recognition of the brand. Strengthening the sense of identity can increase people's sense of belonging to the brand.

In terms of sustainable development, Starbucks should elevate environmental protection and social responsibility to one of its core strategies. Sustainable development has always been the anchor of social development, and strengthening sustainable development can improve brand image. Brand image is closely related to customer loyalty. The better the brand image, the higher the brand loyalty. (Akgün & Yalım, 2015). Starbucks should accelerate the construction of green stores and strive to promote energy-saving equipment and renewable energy. Continuously reducing carbon emissions is the direction that Starbucks has been working hard on. At the same time, Starbucks can also guide consumers to form a green consumption environment. It can expand the coverage of policies such as recycling cup borrowing and bring-your-own cup discounts, and combine membership points, environmental protection public welfare activities and other methods to raise people's environmental awareness. This will further consolidate Starbucks' brand image as a responsible enterprise and enhance the loyalty of environmentally friendly consumers. We are committed to achieving carbon neutrality by 2030, and will further reduce carbon emissions in the supply chain in the next 2-3 years (Wang & Hill, 2022).

Finally, I would like to add a point that is not on the ppt, which is to strengthen brand cooperation. In terms of brand cooperation, Starbucks can give full play to its strong brand appeal and carry out cross-border cooperation with brands in multiple fields such as fashion, art, trends, and technology to create more phenomenal joint products or joint stores. For example, McDonald's teamed up with international fashion designer VERDY to launch the first joint collaboration in the world with "Best Friends Forever" as the design inspiration. These means and themes can help to narrow the distance with young people through cross-border marketing, enhance brand vitality and social influence.

In conclusion, Starbucks can work hard by continuously strengthening the four dimensions of digitalization, product innovation, sustainable development and cross-border cooperation. We believe that by building these four dimensions well, Starbucks will continue to consolidate its global leading position in the next 2-3 years and create a brand image with more contemporary and sustainable value.

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