The Starbucks Effect: Marketing Communications Folio

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Executive summary

Starbucks has been able to establish itself as one of the most admired brands of its time. Over decades, the coffee company has been tagged as an aggressive experimenter with its marketing strategies. In this marketing communications folio, we take a look at the corporate brand, what they aim to achieve and its existing approach to communications with its consumers.

As a part of the communications strategy, part A covers the brand logo and how Starbucks has been able to dominate the coffee culture in the world, including America. In reference to Adorno's theory of standardization, while delivering a creative space along with gourmet coffee to its consumers, Starbucks might be perceived as any other coffeehouse but what it stands for goes beyond coffee. Starbucks not just sells quality coffee; it sells a lifestyle.

After research into Starbucks' marketing history, I found that the brand has not been keen to use traditional forms of media like print media. Starbucks has never been shy of experimenting and has a series of marketing strategies involving movies, books and music. It's most recent campaign called Upstanders is Starbucks' own original series that aims to address real social issues in America. Although, the campaign itself is noble with no hidden marketing product agenda, it has received mixed reviews from the viewers.

In part B, I take a closer look into the Upstanders series and provide recommendations on how certain implementations in its marketing strategy can help audiences perceive it better. In fact, my integrated marketing communication strategy involves the introduction of participatory culture for Starbucks consumers. Re-positioning the brand from a one-way conversation to a three-way conversation will bound to result in consumers developing a deeper connection with the brand due to the emotional connection created via the series. Since Starbucks has an existing brand of great value, perhaps the next step entails making its connection with its consumers stronger.

Part A

Starbucks: Brief Introduction

Discovered in Ethiopia centuries ago, coffee has been welcomed and cherished in almost every culture across the globe. Having travelled to Britain, then America and eventually every other country, today, coffee runs the world. According to the National Coffee Drinking Trends (2010), National Coffee Association about 54% of Americans over the age of 18 consume approximately 3 cups of coffee every day (Harvard T. H. Chan School of Public Health, n.d.). Founded in Seattle, Washington in 1971, Starbucks proliferated under the guidance of American businessman Howard Schultz in the 1980s. As of 2015 this giant corporation has reportedly opened retail stores in 70 countries with over 22,519 coffee stores (Starbucks Coffee Company, n.d.).

The logo effect

Inspired by Greek mythology, their famous green logo features a twin-tailed siren. Over decades, the logo has been significantly streamlined from a black and white topless siren with fully visible twin tail to a forest green logo where the siren's hair cover her breasts and the fish tail appears to be cropped (as seen in appendix 1). In a blog post published on Starbucks' corporate website, the author Steve M. (2011) clarifies that the siren will continue to be a part of the Starbucks logo. The logo is described to be mysterious and seductive in appearance. The Starbucks logo carries the connotation of being the company's muse, a storyteller, a promise and the 'true welcoming face' for Starbucks coffee lovers throughout the world (M, 2011). On the other hand, a closer look reveals that the logo can be perceived rather disturbing. Although the siren's face appears kind, her tale seems to be luring sailors to their deaths (Gavin, 2013). Following what Ahmed (2010) indicates, the consumer associates emotions with this instantly recognizable logo. The logo acts as a visual stand-in for pleasure that comes from consuming coffee (Ahmed, 2010). Taking into account Starbucks' product placement in movies (refer appendix 1), several busy mornings scenes where people are seen hurrying from one place to another carrying white coffee cups with green mermaid logos have made the Starbucks logo 'synonymous with upscale, urban chic' (Jones, 2003).

Starbucks and coffee culture

After its introduction in America, coffee has adapted into a completely different cultural connotation as compared to other locations in the world. As Bates (1997) elaborates, coffee in America started to play a vital role in people's lives as it took on to represent hard work, diligence and even meant pursing the American dream. In fact, several authors (Behar, 2007/2009; Michelli, 2007; Simon, 2009) have defined the Starbucks culture where human service trumps customer service with the significant value of individual taste for coffee; Starbucks culture views coffee as an art form rather than a consumable product that acts as a catalyst in building relationship between people from all walks of life. The consumers Starbucks targets at reflects its push towards cultural corporatism where people who are passionate about new ideas in creative fields are encouraged to join this creative space. As Gavin (2013) emphasizes, Starbucks' ambiance taps into this creative class by providing a cozy yet sophisticated environment with free Wi-Fi. The Starbucks revolution has transformed gourmet coffee into a mainstream consumer good (Thompson and Arsel, 2004). The brand has been successful in creating a personable relationship with its customers, making them feel like they are a part of the 'in-crowd'. According to Holland (1998), in a world where people are becoming more isolated from each other, they are attaching themselves to brands. Theodor W. Adorno, a German sociologist, created his own version of culture theory called 'theory of standardization' which essentially describes using a similar formula to appeal to all masses. Starbucks provides an environment for coffee drinkers, giving them several options to satisfy their coffee urge. Similar coffeehouses exist but what makes Starbucks different is the illusion of giving its consumers a sense of identity. In fact, a glimpse of Adorno's pseudo individualism is seen when consumers feel unique in the choices with the kind of coffee they order.

Starbucks' evolving relationship with New Media: Launching its own web series

Looking into Starbucks' marketing strategies, it is observed that the brand image has been created using virtually no traditional advertising methods (Ruzich, 2008: 432). On the contrary, it has been 'an aggressive experimenter' with new media (Gallaugher & Ransbotham, 2010). Working on consumer-focused technology, Starbucks has a history of creating customer engagement through mediums like music, books and mobile (Gallaugher & Ransbotham, 2010).

On 7th September 2016, Starbucks Chairman and CEO Howard Schultz and Starbucks senior vice president for Public Affairs Rajiv Chandrasekaran announced the launch of a Starbucks original series called Upstanders. Aimed to 'inspire Americans to engage in acts of compassion, citizenship and civility', this content in the form of video and podcast engages in storytelling about 'ordinary people doing extraordinary things to create positive change in their communities' (Starbucks Newsroom, 2016) (refer appendix 2). The Upstanders is a free web series that consists of ten episodes based on sensitive topics like homelessness, college tuition, hunger, and building homes for poor families. Far from promotional content for the product itself, the multi-million dollar campaign (exact amount remains undisclosed) is said to have been made as Starbucks' initiative towards social impact (Pasquarelli, 2016). In the case of Upstanders, the content has been created keeping all American citizens in mind and hence it imperfectly fits the needs of any given audience (Jenkins et al., 2013). In their book 'Postmillennial Pop: Spreadable Media: Creating Value and Meaning in a Networked Culture' the authors emphasized that a one-model-fits-all kind of content would have the audience readjusting the content to better serve their interests. 'As material spreads, it gets remade: either literally, through various forms of sampling and remixing, or figuratively, via its insertion into ongoing conversations and across various platforms' (Jenkins et al., 2013). This series covering several target audiences with the variety of controversial topics it covers, is expected to have different impressions on different kinds of people. Therefore, it is possible for some people to misunderstand the message behind the content and reconstruct it as per their thought process. The Upstanders series has been distributed through several platforms, including the Starbucks mobile application, traditional print advertisements, and companies focused on marketing to specifically to millennials such as Upworthy, Mic.com and Fotition (Pasquarelli, 2016).

The trailer for Upstanders starts with subtle yet dramatic music that plays in the background while several people take turns to narrate current social issues that America faces. The screen is flashed with phrases like 'We all have a choice' and 'to stand by or to stand up' along with scenes where real people seem to be discussing their problems. The video ends with a voice over that says 'it's not going to be easy and it's not going to quick but we can fix this and we should' with a hint of impatience and urgency heard in the woman's voice. In the trailer, there are several kinds of people including a pastor, African-Americans, the physically challenged, Muslims who are seen talking, walking, as we see glimpses of their daily struggles in scenes spread across the video. With every dialogue that narrates the scene, it

evokes a need for people to participate in their society – to bring on a positive change by coming together (Starbucks, 2016).

Upstanders as Spreadable Media

However, Starbucks attempt to raise social issues like race seem to be a non-starter. With the kind of resources that Starbucks has at its disposal, it had the opportunity to narrate how people can come together despite their differences in backgrounds. Instead, since their content is created touching tough topics for all masses, it can be argued that Starbucks creators lost control over the impact of the message they were trying to send across. For instance, one of the much talked about episodes involved the personal struggle of a pastor to come to terms and welcome a mosque in the neighbourhood. While the series aims at showcasing people doing 'extraordinary things to create positive changes in the community', the pastor's basic level tolerance cannot exemplify what Upstanders ambitiously aimed to achieve. To add to the agony, the pastor says 'We've got to find a way to love t*hese* people' and hits himself in the head before coming to terms with the inevitable introduction of the mosque in his locality. Most definitely, this story wasn't the paragon of what the series aims at – 'compassion, citizenship, and civility'. The use of the word 'these' makes it difficult for viewers to see sensitivity shown by the creators of the series.

Starbucks could have opted to include inspirational stories of people but somehow ends up channelizing hints of racism (Chopra, 2016). Upstanders failed to inspire the audience and was perceived as predictable and devoid of humour, giving its audience little reason to engage with its content. To create a spreadable series, the makers of Upstanders have possibly chosen 'timely controversy' as the theme to further spark debate and conversation on social media networks. But as it often can, the efforts seem to have backfired (Jenkins et al., 2013, p. 215). Content that is published at the time when the discussion topic is doing rounds in media and people are at that point getting in hot debates is considered 'timely'. During the current election scenario in the US, where race is a big topic, Upstanders timely released their web series. 'A media text spreads particularly far when it depicts a controversy a community cares about at the precise time it is looking for content which might act as its rallying cry' (Jenkins et al., 2013, p. 215). A significant factor contributing to unpredictable response to controversies is the increased fragmentation of the audience in addition to the rise in numbers of different media platforms. Both these issues have further led to confusion and uncertainty about different audiences and how they value different mediums.

Problems & Opportunity Statement

Contrary to what Starbucks Coffee Company was trying to achieve through this web series, the content has not been able to make the impact it had set out for. Rather than inspiring people to do better and contribute to their society in a positive way, Upstanders comes across as a sort of fulfillment of community service. Until they get better grasp at storytelling for their targeted audiences, it may be safer for the coffee business to focus on enhancing their brand characteristics which is what makes people come to their stores.

In part B, I recommendation a communication strategy for Starbucks that involves 'participatory culture' (a term coined by Henry Jenkins, 1992). Initially introduced to differentiate between the social interactions and cultural production created by fans, the term 'participatory cultural' now refers to different audiences 'deploying media production and distribution to serve their collective interests' (Jenkins et al., 2013).

Since Starbucks consumer are so heavily involved in the brand, the coffee company should take the opportunity to use this personable connect with its consumers and build a 3-way communication bridge. Following the Upstanders theme, people from all walks of life in America can be encouraged to share real social issues they face on a daily basis and published their struggles online. This would ideally involve the use of a 'hashtag' and certain keywords that could help track this User-Generated Content.

This could perhaps be Starbucks' initiative to bring about substantial social change in America. Following the steps of building such a strong Starbucks community, Starbucks could introduce this campaign to other countries in the hope to build a stronger, more connected global community.

Part B

Starbucks Marketing Objectives

Starbucks has been ranked one of the world's most admired companies (Fortune, 2016). It's marketing strategies are mostly successful and seemingly prove to be a good case study since the brand itself has been able to create a lifestyle with relatively no traditional media platforms used to promote their products. Having said that, Starbucks latest attempt to engage its customers seems be a hit and miss. Upstanders, a web series created to evoke an emotional connection with the audience by showcasing sensitive social topics has received mixed reviews. Starbucks' ambitious campaign tackling controversial issues like poverty, homelessness and religious tolerance is noble yet it fails to establish a substantial connection with its consumers. In part B, I will elaborate on how Starbucks should consider a different communications strategy to successfully engage with its audiences. The following objectives will be discussed in length to enhance the company's marketing strategy:

1. Re-position the Starbucks brand strategy to include details of the lives of their customers by promoting participatory culture, Starbucks will be nuturing valuable long lasting interactions as opposed to short lived transactions.
2. Encourage a three-way communication, i.e. promote online conversation and content creation by the audiences themselves. In this strategy, User-Generated Content will address social issues in their locality. When UGC is shared and view by other audiences, they are prompted to engage and share their own social problems via the same paltform. This way an organic network is created giving way to a 3-way conversation between the company, its audience and viewers who engage with this audience.

Target Market Analysis

Segmentation, Targeting and Positioning together make a 3-step integral process of the overall marketing strategy. Segmenting target customers will allow our marketing strategy to have a more impactful message delivery. Segmentation of consumers is based on factors such as demographics, lifestyle, similar product needs and behavioural characteristics. About 54% of Americans drink coffee (National Coffee Association, 2010) and since Starbucks holds approximately 33% of the market share for coffee consumption (O'Farrell, n.d.), it

undoubtedly has a large target audience. Starbucks' primary target remain adults between the age of 25 and 40, who are mostly people living in urban areas with a relatively high-income and a stable job. According to a Mintel (2015) report, millennial parents are key consumers as they are the 'coveted demographic of coffee houses'. While this segment makes almost half of the total Starbucks consumers, another 40% of the segmentation belongs to young adults between the age of 18 and 24. These are mostly students who may also be working part-time jobs. By positioning itself as a place where students can work on their assignments and meet for group projects, Starbucks also appeals to this target segment by use of technology like social networking. Starbucks CEO Schultz has expressed his vision for Starbucks to become the 'Third Place' for his consumers, i.e. a relaxing place for people to interact between home and work.

Internet savvy consumers: 84.2% of the American population uses the internet (World Bank, 2013). This is the target segment of Starbucks consumers who have access to Starbucks on-line and who are capable of giving reviews, reading online trends and availing offers.

Participation on Social Media: About 56% of Americans have a profile on a social networking site (Baer, n.d.). This number can help us understand the consumer segment available to create content and contribute to a three-way communication model with the company.

The dark-colour student	**The frustrated American Muslim**
African American	Middle aged in 40s
Young adult 18 to 25 years of age	Works at an American company
Student at a public school	Lives in a suburb with family
History of family/friends in jail	Wants his kids to follow religion without fear
Feels strongly against racial profiling	
Second chance at life	**The defensive American Christian**
War Veteran	Age between 30 – 60
Age between 30 - 40	Had a bad experience with foreigners
Handicapped during war	Reluctant to interact with people of coloured skin
Wants to do something meaningful with his life	

Integrated Marketing Communications through New Media

Integrated Marketing Communications or IMC is defined as a concept that involves blending several communication disciplines such as traditional advertising, public relations, direct response, sales promotion to maximize the impact of communication (Percy, 2014). Moving away from traditional forms of communications, our IMC strategy will include non-traditional media also known as new media. According to Percy (2014, p. 132), new media is referred to as evolving media platforms that are used to deliver a message to the brand's target audience in new ways. Social media, the fastest growing area in new media, is the platform we choose for the brand to engage in a 3-way conversation with its audiences. This is where the viewers will take part in the participatory culture. Defined as a group of internet based application that allow creation of User-Generated Content, social media has been seen to create a sense of openness to conversations and promotes a high degree of 'connectiveness' between users (Kaplan and Haenlein, 2010; Mayfield, 2008).

Creating content to address social issues like in the case of Upstanders, our marketing strategy involves a more sensitive approach in the message conveyed through the use of language on the web series. Although the series are created by Starbucks, it will encourage the audiences to create their own content by:

1. Identifying social issues and ongoing community problems in their area

2. Documenting them and their experiences dealing with these issues and struggles to solve these problems

3. Publishing this raw content in an online community where people facing similar social issues can provide their recommendations and in turn, create a virtual community that looks out for each other. This User-Generated Content can follow certain guidelines relating to video time duration, using a specific platform to publish the video i.e. YouTube, and using a particular hashtag i.e. #UpstandersTalk #UpstandersOnYouTube

4. Another approach would be to use Starbucks' 'third place' tag to invite people to discuss their social issues within their communities. These offline events & meetups can create a closed exclusive database of people who have the options to document their journey and discuss the outcomes online.

Communications Plan

Starbucks consumers as 'produsers'

Through our recommended communication plan, the average Starbucks consumer is essentially prompted to transform into a 'produser'. By definition (Bruns, 2006) 'produsers' refer to internet users who build the extension of existing content to further improve it by contributing to it. In another definition, Jenkins (2007) recognizes it as a part of a cultural power where fans connect, share information, shape each other's perspectives and develop a 'greater self-consciousness about their shared agendas and common interest'. In this attempt to create Starbucks produsers, we may even be opening doors for people to 'speak truth to power' and have their voices heard (Bird, 2011). This is fundamentally aligned with Starbucks company mission.

If Starbucks is able to turn its consumers to produsers, it will be doing so by establishing a deeper, long-lasting connection with them. Researchers Scott Magids, Alan Zorfas, and Daniel Leemon (2015) have identified a direct relationship between the emotional connection of a customer and the brand: 'The more emotionally connected the consumer, the more valuable that individual can be to a brand' (Magids, et al., 2015) (refer appendix 3). Thus, using 'real people' in the Upstanders series at the same time encouraging 'real people' to share their stories would enhance the authenticity factor for the brand.

Brand positioning & convergence

Brand positioning is directly linked with an effective Integrated Marketing Communications strategy. In the strategic approach, as a brand positions itself to its target audience, it becomes a part of the consumers' memory and thus this brand awareness reflects in the way the brand choice decisions are made (Percy, 2014). Despite their earlier failed attempt with a race campaign, Starbucks continues to position itself as a brand that welcomes the creation of meaningful conversation on social, political and race issues.

In his book 'Promotional Culture and Convergence' Powell explains how culture convergence meets traditional forms of media with the non-traditional and how this interaction results in facilitating consumers in unpredictable ways. The convergence of new media has led to many such interactions involving social networking sites. Rather than focusing on the product or value transaction itself, the quality of interaction is what is of most value to the audience (Ind and Rodino, cited in Arvidsson 2006: 101). A key to successful

brand positioning for Starbucks in this case is how it includes details about the consumers lives while at the same time, allowing this content to blend with the brand.

Conclusion

More than a decade ago, Starbucks CEO Schultz was quoted in one of the articles on Fortune (Serwer, 2004) saying 'We aren't in the coffee business, serving people. We are in the people business, serving coffee'. Following this statement, my recommendations for Starbucks' marketing strategy fall in line with the company's mission and vision for the future.

Starbucks has become one of the most admired player in the world of marketing with product placement as its most noticeable promotion techniques. The brand dominates the coffee culture and has become a global corporate identity that sells more than coffee – it sells a lifestyle. By integrating its marketing techniques with one of its most loyal stakeholders – its customers, the brand can develop an even deeper connection with its consumers. A marketing campaign prompting people to share their social issues on the Starbucks online platform, or even mobile app, can help create a close network of people who care for their communities.

In addition to a marketing campaign, organizing local meetups and offline events will encourage people to participate and use Starbucks as their 'third place'. This attempt to integrate with the lives of people will position Starbucks as a brand synonymous with solving social issues by bringing people together. Thus, to follow through, our Integrated Marketing Communications strategy involves creating content that encourages people to engage in conversations and publishing this content to share and involve other people in the society as well. This marketing strategy will strive to make Starbucks consumers to 'produsers' by re-positioning itself as a brand that values emotional connection with its customers. Since the Starbucks brand is already synonymous with premium coffee, it requires to focus on its emotional connection with its consumers by introducing their own version of participatory culture.

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Appendices

Appendix 1: Evolution of Starbucks

1) The original Starbucks store in Seattle, 2) Product placement of Starbucks coffee in movies like Sex and the City and The Devil Wears Prada, 3) Evolution of Starbucks logo

Figure 1 (Klara, 2014)

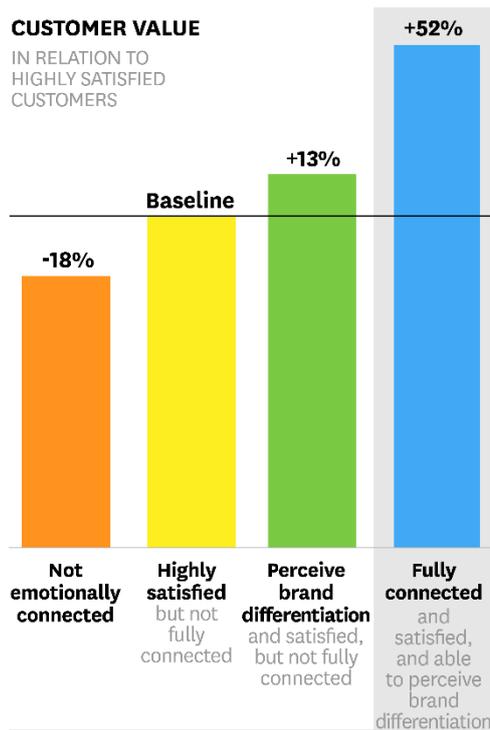# Appendix 2: Upstanders: Starbucks original series

Figure 2 (Starbucks, 2016)

The Value of Emotional Connection

As customers' relationships with a brand deepens, they move along the pathway toward full emotional connection. Although they become more valuable at each step, there's a dramatic increase at the final one: Across a sample of nine categories, fully connected customers are 52% more valuable, on average, than those who are just highly satisfied.

CUSTOMER VALUE
IN RELATION TO HIGHLY SATISFIED CUSTOMERS

+52%

+13%

Baseline

-18%

| Not emotionally connected | Highly satisfied but not fully connected | Perceive brand differentiation and satisfied, but not fully connected | Fully connected and satisfied, and able to perceive brand differentiation |

The increased value of fully connected customers relative to highly satisfied ones varies by category. Here are the values for the nine categories sampled.

Household cleaner purchases +103%	Tablet app purchases +82%	Credit card swipes +68%
Online retailer purchases +52%	Hotel room stays +41%	Discount store visits +37%
Consumer-banking products +35%	Fast-food visits +27%	Casino-gaming spending +23%

SOURCE SCOTT MAGIDS, ALAN ZORFAS, AND DANIEL LEEMON

Figure 3 (Magids, et al., 2015)