

# *The Marketing Strategy Analysis of Starbucks*

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**Abstract:** With the development of the Internet and the continuous innovation of science and technology, it is more and more convenient for people to communicate on the Internet. The Internet provides people with a variety of social platforms and channels to learn about various brands. At the same time, in order to meet the trend and people's preferences, many brands have also innovated their marketing methods and strategies. With the increasing pressure of study and works, coffee has gradually become an indispensable refreshing drink in people's life. The competition between different brands of coffee in the coffee market is becoming increasingly fierce. Starbucks, as a world-famous coffee brand, has a noticeable influence in the coffee market. Starbucks is a world-renowned coffee chain brand with a large number of customers and followers around the world. Since its establishment, Starbucks has achieved great success in marketing and has attracted many fans, and its brand awareness has also been significantly improved. However, how to improve the sales of coffee and how to play a leading role in the coffee market requires Starbucks to formulate and implement the most suitable marketing strategy. This essay mainly analyzes the marketing strategy of Starbucks from the aspects of brand value, customer portrait, competitors, marketing status, etc. This paper uses SWOT theory, and 4P theory tools to analyze Starbucks' marketing data and marketing reports, and discusses Starbucks' strengths, weaknesses, opportunities, threats in the coffee market and the reasons for its success in the coffee market.

**Keywords :** Marketing, Market strategy, Starbucks, 4P Theory, SWOT Theory

## 1. Introduction

Founded in 1971 and headquartered in Seattle, Washington, USA, Starbucks Coffee Company is committed to ethically sourcing and roasting the world's highest quality Arabica coffee. With more than 32,000 stores in 82 markets worldwide, Starbucks is the world's premier specialty coffee roaster and retailer. Since its entry into China in 1999, Starbucks has been committed to developing into a different kind of company: to provide customers with a different Starbucks experience while inheriting the classic coffee culture and caring for partners. Starbucks has opened more than 6,000 stores in more than 230 cities in mainland China, with more than 60,000 Starbucks partners [1]. Starbucks often appears in shopping malls, shopping centers, high-end office buildings, transportation hubs, high-end residential buildings, tourist attractions and other crowded places. The area of Starbucks stores is generally between 100 and 300 square meters, which can provide high-quality service and make customers feel comfortable. Starbucks' major partners include Barnes & Noble, PepsiCo, Kraft Foods, Tingyi, Apple, Bakkt, wechat, Alibaba, Uber's food delivery service Uber Eats,

Sequoia Capital and Suning Plaza. Since its establishment, Starbucks has achieved great success in marketing and has attracted many fans, and its brand awareness has also been significantly improved [1]. The quality of Starbucks coffee beans is very high. It takes a lot of people to make the perfect cup of coffee - from the farmer who grows red ripe coffee cherries, to the master roaster who extracts the best quality from every bean, to the barista who takes care of you. Starbucks is committed to the highest standards of quality and service, embracing their heritage while innovating to create new experiences [2]. Consumers' entire experience—starting with their application—is designed to be the beginning of an inspirational journey, where they are treated warmly and with transparency, dignity and respect.

## 2. Analysis on Starbucks

### 2.1. 4P Theory

We can use the 4p theory to analyze Starbucks' marketing methods and strategies by analyzing its products, prices, promotion and place.

**Product:** Starbucks has a wide selection of products. Starbucks products include coffee, beverages, coffee beans, tea, pastries, yogurt and other foods. In addition, Starbucks also has peripheral products, such as cups, totes and pendants.

Starbucks pursues constant product innovation. With the development of fashion trends, people's tastes are constantly changing. Starbucks will introduce new products for different seasons or special holidays, add new flavors, and add colorful colors to the drink, while keeping several of its classic coffee drinks. While innovating, Starbucks also ensures the high quality of its coffee beans and other ingredients.

Starbucks has excellent service. Starbucks store environment is good, staff can meet customer needs of quality service.

**Price:** Starbucks sells more than just a cup of high-quality coffee and offers busy modern people a place to relax. Therefore, Starbucks' product pricing will be higher, and coffee as the main, western dessert as the supplement, effectively stabilize the purchase price and increase profits. Starbucks does not generally offer discounts, but it builds brand loyalty through a number of coffee-buying events.

**Promotion:** Starbucks products are regularly designed to launch promotional programs with festive activities to increase purchase volume, such as: a colorful summer with friends, Coffee Friends Sharing Day, coffee buy one get one free. In addition, Starbucks also promotes its own activities or new coffee through the Internet. For example, Starbucks will release new product posters and event notices on social platforms to attract people's attention. What is more, Starbucks has made a contribution to the society by carrying out the children's educational care activities of craft marketing. Starbucks has started to care for children affected by disasters, children with disabilities or indigenous children, providing them with better facilities and education, in order to help those children to renew their hope for the future, which is also a good way to build brand image and promote their products.

**Place:** Starbucks has 30,000 stores in the world, most of which are located in shopping malls, airports and train stations. The unique design style and store display of each store make Starbucks' image in all marketing channels attract a large number of customers. A good consumer experience and clean stores all contribute to Starbucks' brand image. Starbucks also supports takeout and takeout, which is convenient for people with busy work and mobility problems, while environmentally friendly packaging plays a role in environmental protection.

## 2.2. SWOT Theory

A SWOT analysis helps us identify strengths, weaknesses, opportunities, and threats for a specific project or Starbucks' overall business plan. It is used for strategic planning and to stay ahead of market trends.

Table 1: SWOT Analysis for Starbucks

Aspect	Analysis
Strength	<p>Excellent consumer experience: Starbucks has personalized store design, warm lighting and soft music, etc.</p> <p>Diverse products: Starbucks not only offers classic, high-quality coffee drinks, but also introduces new products each season.</p> <p>Better location: Starbucks is usually opened in busy places, such as shopping districts, airports or train stations, providing people with a place to rest and relax.</p>
Weaknesses	<p>Management difficulties: As Starbucks opened more and more stores around the world, it became increasingly difficult to manage.</p> <p>Financial problem: Starbucks is mostly located in downtown areas of the city, the store rent is high.</p>
Opportunities	<p>New subsidiary industries were launched: The bar of Starbucks is on the rise. Every bar in a city has a special wine that conforms to the local culture, which is a way to promote its products through cultural dissemination.</p> <p>Innovative products: The pursuit of new things by modern young people makes Starbucks better to innovate and sell its new products.</p>
Threats	<p>There are many competitors: Now that the coffee market is expanding, more coffee brands are entering the market, which is not good for Starbucks with higher prices.</p>

## 2.3. The Difference Between 4P theory and SWOT theory

The 4Ps are the key considerations that must be thoughtfully reviewed and wisely implemented in order to successfully market a product or service. They are product, price, place, and promotion.

A SWOT analysis is a simple but powerful framework that evaluates a business from four perspectives: strengths, weaknesses, opportunities, and threats.

SWOT analysis is a marketing strategy, which is used to summarize internal strengths and weaknesses and external opportunities and risks, and then formulate appropriate development strategies from a strategic perspective. SWOT is applied to different strategic schemes, some offensive, some conservative and so on. The 4P is a marketing strategy that selects the appropriate tactics by analyzing products, prices, channels and promotions, including product mix, product selection, product packaging, pricing strategy, channel design, channel implementation, distribution strategy, promotion method and so on. SWOT is more used to solve the strategic direction of the enterprise, and 4P is more used to solve the specific how to do marketing and sales. The difference between the two is that there is a strategic level and a tactical level.

The combination of 4P theory and SWOT theory makes it easier for Starbucks to make marketing decisions and tactics. Based on the 4P theory, Starbucks can go deeper, while based on the SWOT theory, Starbucks can develop its strengths and avoid weaknesses, avoid risks, seize opportunities and formulate strategies suitable for itself.

### **3. Marketing strategy**

#### **3.1. Logo and Packaging design**

Starbucks' green logo, which features a two-tailed sea god resembling a mermaid, was created in 1971 by young Seattle designer Taberi Heckler, inspired by a medieval woodcut of the sea God. The mermaid image on the logo also conveys two layers of primitive and modern meaning: her face is very simple, but it is packaged in a modern abstract way, the middle is black and white, and only the outside is surrounded by a circle of colors.

The packaging design of Starbucks is also very unique. Starbucks is unique in the design of coffee beans and cups, using classical or modern styles to design their products, using color combinations and patterns are also different from other brands. However, although the packaging design of Starbucks follows the trend and adds popular elements, the packaging designer of Starbucks retains the elements of Starbucks logo. For example, the double-tailed mermaid on the logo is presented in the cup in different styles. Since then, the product design has become novel and the logo is very recognizable.

Starbucks also promotes its brand through festivals. For example, on Father's Day, Starbucks promotes its products by giving Father's membership cards. Gift membership cards come in different styles, including cartoon style, concise style, patterned text style, and illustration style. Starbucks considers consumers of different age groups, and these gift cards can meet the needs of consumers of different age groups.

#### **3.2. Collaboration**

Co-branding is a good way to expand brand awareness and attract customers. Starbucks increases the sales of its peripheral products and brand awareness by co-branding with well-known IP.

Starbucks×Fragment design

Starbucks has once again teamed up with Japanese fashion godfather Hiroshi Fujiwara's design firm fragment design to create a collection of home coffee, which includes a coffee press, mugs and blankets.

Starbucks×Lien friends

The joint name of Starbucks and Line in the Asia Pacific region, each city has a different theme color, and each mug has local characteristics of architecture and food culture.

### **4. Advertisement**

An advertising objective is a specific communication task to be accomplished with a specific target audience during a specific period of time. Advertising objectives can be classified by their primary purpose ---to inform , persuade , or remind.

#### **4.1. Informative and Persuasive advertising**

The advertisements and posters of Starbucks mainly place their drinks or peripheral products in a prominent position. It usually uses background color or product color plus decoration to catch people's eye. Its posters are divided into two kinds, one is to put the real shot of the product on the poster, plus decoration and flowery text slogan. The other is the form of illustration. The people, buildings and products on the poster are all presented in the form of illustration, and then the product introduction or slogan is added with cursive characters. Starbucks posters range from cartoonish to colorful to minimalist. Starbucks in Brazil asked creative agency Rai to use a minimalist style to express the concept of "Starbucks is everywhere." So Rai started with basic dots and designed several

Starbucks posters. Although there is no Starbucks logo, but a lot of green color, can not help but remind people of the original. Although there is no Starbucks logo, but a lot of green color, can not help but remind people of the original. Such posters can both capture people's attention and promote Starbucks products and brands

## 4.2. Remind Advertising

Starbucks will also advertise through reminders. Starbucks has an official app that allows you to order drinks from its stores or buy coffee beans or merchandise. Whenever there is a new product or event in Starbucks, the app will send a text message about the new product. What is more, for example, after customers buy a fixed number of drinks, Starbucks sends coupons and activity coupons, and promotes the activities in the form of information, so that their customers can continue to buy their drinks and keep practicing with customers.

## 5. Sales Promotion

Sales promotion refers to incentives such as special offers or special deals directed at consumers or retailers to achieve short-term sales increases and repeat purchases by consumers. Sales promotion is generally aiming to achieve short-term increases in sales but advertising often aims to achieve returns in the long run through building customer awareness of and confidence in the product.

### 5.1. "Star enjoy card" membership system

Until 2018, Starbucks customers had to pay for a card to get some benefits. The Star Premium Card costs 88 yuan and comes with three benefits: three buy-one-get one-free drinks, one breakfast invitation coupon, and one liter coupon. It should be noted that the card needs to be activated to be valid, and the first purchase cannot enjoy buy one get one free or any of the above benefits [3]. For those who happen to choose Starbucks customers, most of them do not choose to get a star Premium card. However, for the high frequency consumers of Starbucks, the advantages of this card outweigh the disadvantages. The design of the Starbucks card is very unique and a cup of coffee is only about 30 yuan after the card is issued, and one can also enjoy extra breakfast and a free liter. Starbucks uses a small number of times, the benefits of 88 yuan paid in advance by customers are divided into five times, and the benefits obtained each time are actually very weak, but together they bring customers a feeling of a lot of benefits. Starbucks also has a Buy one, get one free program. In this case, customers bring friends or family to enjoy the program, so Starbucks can attract potential customers. Starbucks achieves the purpose of stimulating consumption through the strategy of "invisible binding" of welfare and consumption [2].

### 5.2. Starbucks membership system

Starbucks has three levels of membership system, namely silver star member, jade star member and Gold star member, as long as the continuous consumption can make the member upgrade.

The Silver Star membership card is entitled to 3 Friends and family invitation rolls, 1 breakfast coffee invitation coupon and 1 liter invitation coupon. Jade star enjoy birthday invitation coupon, coffee invitation coupon (buy 3 get 1 free). Venus has exclusive electronic gift card, birthday invitation coupon, anniversary invitation coupon, coffee invitation coupon (buy 3 get 1 free), and one coffee invitation coupon for every 10 purchases. From silver star to jade star only 250 yuan, from jade star to gold star as long as 1250 yuan. In order to reduce the perceived difficulty for customers to upgrade, Starbucks has also launched a "little star" strategy. A small star is a form of credits that uses stars to replace the amount spent, and generates a star for every 50 yuan spent (similar to virtual credits)

[4]. In the Starbucks App, one can also see how many stars you have, and the visual upgrade progress allows you to visit Starbucks more frequently. When people collect the maximum number of small stars for the corresponding level, it means that they can unlock the next level of privileges [5]. Starbucks class privilege always gives customers the illusion of a good deal. A small star is a form of credits that uses stars to replace the amount spent, and generates a star for every 50 yuan spent (similar to virtual credits) [6]. In the Starbucks App, people can also see how many stars they have, and the visual upgrade progress allows them to visit Starbucks more frequently. When people collect the maximum number of small stars for the corresponding level, it means that they can unlock the next level of privileges. In this way, Starbucks increased customer satisfaction with the event and boosted beverage sales [7].

## 6. Conclusion

The marketing of Starbucks is worth study and research. Through various marketing methods and strategies, Starbucks has developed a brand with a long history into a representative of a modern coffee brand. By combining the ancient coffee culture with modern trend elements, more people are interested in coffee culture, which not only makes profits for themselves but also brings benefits to society. Starbucks will also adapt its marketing strategy to contemporary trends and people's preferences, and develop better and better.

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