

Brand Analysis: Starbucks

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Overview

Starbucks, founded in Seattle, Washington in 1971 began as a single store at Seattle's Pike Place Market known primarily as a "roaster, marketer and retailer of whole bean and ground coffee, tea and spices" (Starbucks, 2023). The brand has now grown to more than 80 markets around the globe with 36,000 corporately owned locations (Starbucks, 2022). With over 50 years in the industry, Starbucks has become best known for their high-quality, hand-crafted hot and cold coffee and tea brews and blends as well as refreshing seasonal drinks complemented with quick-service food. In addition to the Starbucks coffee brand, their portfolio includes Seattle's Best Coffee, Teavana, Tazo, Evolution Fresh, LaBoulange, and Torrefazione Italia Coffee and Ethos Water (Starbucks, 2019). They operate in a variety of landscapes including stand-alone drive-thru locations, kiosks strategically placed in high traffic areas like grocery stores, colleges and bookstores. The brand has remained innovative with an online loyalty app, new featured drinks and merchandise like cups, introduced periodically (Starbucks menu, 2023). Competition in this sector is immense, despite higher price points, Starbucks remains a powerhouse in the coffee industry. The Starbucks Corporation is publicly traded on Nasdaq and valued at \$120.96 billion as of May 20, 2023.

Offerings

According to the Starbucks company profile, they provide more than 30 blends and single-origin coffees. They serve a number of handcrafted beverages including fresh-brewed coffee, hot and iced espresso beverages, Frappuccino coffee and non-coffee blended beverages, Starbucks Refreshers, Oleato, smoothies and Tazo teas. They serve fresh food items including: pastries, sandwiches, salads, oatmeal, yogurt and fruit. In store retail items include whole bean coffee and merchandise like cups, tumblers and gift cards. They have diversified their product

line by bottling certain drinks and selling them in retail outlets outside their own cafes which can potentially hurt overall sales in Starbucks locations. Starbucks consumer packaged goods (CPG) can be purchased in “grocery stores, airports, hotels, and convenience stores in nearly 40 countries around the world” (Starbucks, 2015). That’s approximately 120,000 stores in over a million places.

Although Starbucks has introduced a number of new menu items over the years, the brand is savvy about keeping a good variety of items off the menu while not overwhelming the customer. They do this by offering limited seasonal items that are later removed from the menu to make room for new offerings. Loyal customers know that well-trained barista’s, better known as “partners” will still be able to provide their favorite brew anytime whether it is on the menu or not. This strategy allows for the brand to stay fresh, current and innovative, attracting new customers or expanding taste preferences while still appealing to loyal customers who choose not to deviate from their consistent options.

Digitally, in 2016, Starbucks created an online loyalty app called My Starbucks Rewards, that provides perks for customers who participate. Users receive two stars for every dollar spent which can add up to free menu items (Mertes, 2023). This is used as an incentive device to maintain recurring revenue, and customer information obtained through the app can be used to gain demographic information. That data has the potential to provide an improved customer experience.

In addition to the attention the Starbucks brand gives to customer service, they have also built a sound reputation as a fair employer. Each employee, whether a barista or corporate executive, is called a “partner,” which is a smart strategy as it provides staff a sense of ownership, contributing to what the brand calls the *Starbucks Experience*. Starbucks offers their

partners comprehensive health coverage and equity in the company through *Bean Stock* (Starbucks, 2019).

Competitive Landscape

After more than 50 years in business, Starbucks is a highly regarded brand that has created a well-respected brand identity. They stress the importance of ethical sourcing of their coffee beans including fair business practices with their farmers. Starbucks has positioned itself as a leader regarding the environment, trying to reduce their carbon footprint with energy and water conservation, recycling and green construction (Starbucks, 2019). For example, recently, in an effort to reduce water by half by 2030, Starbucks has reformulated the ice cubes they use in cold drinks at all their coffeehouse locations (Valinsky, 2023).

The Starbucks brand has set itself apart amid a competitive landscape by creating an experience for customers as a community, rather than simply a place to sell coffee. Their purposeful coffeehouse design features an inviting and relaxing space to meet with friends, family or co-workers. For those customers who choose to use the space for alone-time, the brand was the first to offer free Wi-Fi in an attempt to encourage customers to stay. By spending more time in the cafes, there is greater opportunity to upsell customers with additional menu items.

Another way in which Starbucks has carved a niche in the coffee industry as a brand is their logo. Starbucks has an iconic logo which has evolved over the years but is easily identifiable in the marketplace. When the founders of Starbucks were creating a name, they were inspired by Moby Dick (Starbucks Siren, 2016). The logo, a depiction of a mythical mermaid, Siren has become the symbol of the brand and fittingly so as a brand that originated in a coastal community. This symbolism is an example of the *theory of semiotics or signs*, as a metaphorical symbol which humans respond to (Littlejohn & Foss, 2009), now associated with a coffee brand.

Starbucks has created its own language which is another way it stands out among the competition in the marketplace. Instead of referring to drink cup sizes as small, medium and large, Starbucks created tall, grande and venti. They also trademarked nearly 200 of the names they use like Frappuccino and Refreshers (Gerben, 2023). Creating a language all their own is an example of *dramatism theory* (Littlejohn & Foss, 2009).

When it comes to key competitors, Starbucks is up against the rebranded Dunkin' known for morning coffee and donuts; McDonald's who added a line of fancy coffee blends to their normal fast-food menu; Costa Coffee, a popular UK coffee brand; Tim Hortons a Canadian coffee chain; and Peet's Coffee, an American brand since the 1960's (Hughes, 2023).

Key Audience

The target audience for Starbucks is actually quite varied due to the brand's many revenue avenues and their global position. But when looking solely at their coffeehouse locations, Starbucks appeals to a more affluent audience with available disposable income. A visit to Starbucks for a single customer can be \$10-\$15 per visit. These higher prices parallel frequent customers who make their Starbucks visit a routine or perhaps those who "treat" themselves occasionally (Bean-Mellinger, 2019).

Their audience has a more urban feel and are tech savvy often relying on smartphones for ordering, rewards and payment capabilities. Demographics show that those who enjoy Starbucks are typically mobile (Bean-Mellinger, 2019). The drive-thru adaptability of many Starbucks locations helped the brand, financially through the early days of the COVID-19 pandemic closures.

The age break-down shows key audience members are ages 22-60 professionals although the younger college-aged customers are beginning to increase. Typically, data shows that Starbucks customers are socially conscious (Bean-Mellinger, 2019).

With retail locations offering Starbucks refreshers and cold brews canned or bottled, the audience for the brand greatly increases audience size and revenue.

Positioning

Starbucks has created a unique position in the marketplace as not just a brand that sells coffee but one that creates a sense of community. Getting a cup of coffee from Starbucks is not just enjoying a beverage, but Starbucks, utilizing high standards of customer service with well-trained staff makes a cup of coffee an experience in a purposely-created coffeehouse that has an inviting space with a cool vibe.

Starbucks has a strong brand identity thanks to its top-of-mind messaging and logo. This is a brand making changes to remain strong in their commitment to the environment. In fact, with a new CEO at the helm, there are new improvements in the works to strengthen the brand including innovating equipment and advancing technology (Weiner-Bronner, 2023).

Starbucks has positioned itself as creating a great customer experience with great coffee, excellent store ambience, environmental protection and social commitment (EdrawMind, 2023).

Messaging

Starbucks sends a variety of messages through all their social media platforms. With their success mostly being on Instagram with 18 million followers, Starbucks uses their account to spread their message of “to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time” (coschedule, 2022).

Starbucks uses a variety of different posts to promote their product and to also spread the message of connecting people to the world and giving customers human connection. The brand also physically writes messages on coffee cups for their customers so that their customers will have a slightly better day and a great experience with the brand.



Through the many ways that Starbucks uses messaging to connect human interaction, the brand also has launched many campaigns that allowed their brand to gain more interest and popularity. One of the successful campaigns was the “Tweet a Coffee” campaign where each person could sync their Starbucks accounts to their twitter and when they would tweet tagging someone, the person tagged would receive a \$5.00 gift card to Starbucks. The campaign allowed “customers to engage with one another online to gift a Starbucks beverage spontaneously and respond proactively with gestures of encouragement, kindness and “just because” (Starbucks Stories, 2013).

Starbucks even was able to begin a collaboration with fashion designer, Brandon Blackwood. The collaboration was called “Sip and Sling” where the new pink drink and paradise drink had their own fashion bags to carry them. This campaign is similar to the *Ford theory*. The *Ford Theory* is where a brand creates an innovative campaign and then the campaign takes off and becomes very popular on a number of platforms.



Through all of Starbucks campaigns the major message that is the recurring theme is connecting humans with other humans. Starbucks has been able to do this through every marketing strategy, especially through their social media where they even did a campaign with Taylor Swift called “Taylor’s Latte.” This campaign allowed fans to order her favorite coffee and allowed fans to listen to her music while drinking their coffees in the store. This campaign not only worked through social media for the brand, but it also came through on the message of human interaction.



Communication

Starbucks uses Instagram the most for their marketing because of the platform being able to include reels and most of the world having an account. Starbucks uses Instagram to express the idea that all humans need to connect with one another.

Starbucks also uses Twitter which has 11 million followers. Twitter is used for positive messages and advertisements, especially for their campaigns. On May 5, 2023, Starbucks launched a tweet to support the “Born This Way Foundation” which is a foundation that’s mission is to support young mental health and spread kindness to the world.

The TikTok account with 2 million followers is used mostly for advertisements about merchandise and summer deals. In the videos, human connection is shown clear and seems to still be the main goal.

Starbucks also has a YouTube account with 372,000 subscribers where they show videos of “kindness” and “how-to” videos. The account is also used to show human connection and promote kindness.

The brand's Pinterest account has 486,000 followers and is used for mostly advertisements. However, within the advertisements, the brand uses relaxation and nurturing of the human spirit to promote their product.

Starbucks Facebook account has over 36 million followers, and the account is used to allow people to post on things and have conversations about the product. The Facebook account is also used for human interaction.

SWOT

Strengths

Starbucks Coffee is one of the most popular and successful brands of coffee in the world. With their coffee and products being popular throughout the world. It makes it hard for other companies to compete with the brand. The marketing strategy is also one of the best in the world making the brand successful with followers on all platforms. The brands’ message is also shown throughout every campaign and on all platforms.

Weaknesses

The prices of the drinks are not always affordable for frequent coffee drinkers. Smaller competitors can provide the same kinds of coffee for a more affordable price, which ultimately

can hurt the business for Starbucks. Also, there are limited items at Starbucks where if the product is super successful, there are no means to back up the product that they have created.

Opportunities

With coffee becoming more popular, the brand can have the opportunity to make new items that will shock customers in a good way. Also, with all the new foundations that are being generated every year, Starbucks can have the opportunity to work alongside with these campaigns to not only get their brand farther out into the market, but to also continue to spread their message of human interaction and spreading kindness.

Threats

The largest threat to the brand is the expansion of other businesses such as Dunkin Donuts. Dunkin Donuts is already known for their affordable prices on Coffee and their campaigns that allow them to compete. Although this brand still isn't as popular as Starbucks, it can still hurt Starbucks with their more affordable prices.

Recommendations

One recommendation for the Starbucks Corporation is that they do more current campaigns. Most of the campaigns that were successful were in the 2013-15 era. For these campaigns, Starbucks could involve themselves and post more on the project and what they are trying to accomplish and promote it more instead of posting it once or twice. Utilizing social media influencers will keep the brand innovative and fresh. Additionally, Starbucks should continue an integrated marketing approach including blogs, podcasts, traditional media stories, the use of celebrity endorsements, etc.

Starbucks does an excellent job with its environmental commitment and should utilize their positioning in their marketing campaigns to secure their brand identity.

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