STARBUCKS ANALYSIS AND STRATEGY PLAN

Coursework 2

Marketing Communications

MA Marketing Communications

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Table of content

1.0 Overview

According to the analysis in the previous task, we can say that Starbucks operates in a neutral environment with a turbulence level of 3. As a result, a marketing Objective has been developed. The chosen business unit to be analysed is Starbucks's star product, the whole bean. The two strategic options employed in this study are both marketing penetration strategies.

With the environment in mind, an integrated marketing communications plan was created as the most viable option. Starbucks aims to increase its whole bean market share through advertising and sales promotions.

2.0 Marketing Objective

A star business unit is one where the company has a high market share in a fast-growing market rate. According to Thompson and Strickland (1995), as cited in Mohajan (2018) although a company having a star product means they are a market leader in that particular unit, it still needs a lot of support to increase its market share and gain the majority of the market share as compared to its competitors. In light of this argument, the marketing objective is to:

> *'To increase the market share of Starbuck's whole bean from 1.6x to 1.8x in 12 months'*

The objective abides by the SMART objective setting principle, as it is specific, measurable, attainable, relevant, and time-based (Ogbeiwi, 2016).

Given this objective, all strategy and integrated marketing communication plan that will be discussed below is aimed at selling more whole bean in a bid to boost sales which will ultimately increase the market share of the whole bean.

3.0 Strategic Options

According to Farmanesh et al. (2017) two factors influencing a market share, (either an increase or decrease) are the performance of the business unit and the economic profit of the market share. They argued that the market share of a brand responds to components promoting of good selling strategy as well as a good marketing combination.

Marketing penetration is a marketing strategy that involves selling existing products to an

existing market to obtain a higher market share. It is an attempt to increase company sales

without abandoning its original market strategy at the expense of its competitors. This strategy is

usually implemented by giving discounts, sales promotions etc. (Eagle and Brennan, 2007,

Akamoh, 2015).

With this knowledge, two marketing penetration strategies have been created:

3.1 Marketing Penetration Strategy 1 (Influencer Marketing)

The goal of Market Penetration is to sell more of the existing product of a brand. Given that
Starbucks whole bean has as many as 19 flavours of the brand and Starbucks already has an
established fan base, I suggest increasing the fan base by making use of influencers to market the
product to further increase its popularity. Influencers tend to have a huge following of people and
are paid to talk about different products on their social media pages given their appeal to people
especially the younger generation who often try to imitate and model their lives after these
influencers (Campbell and Farrell, 2020).

There is a trend on social media, where influencers show their followers what their day-to-day
activities entail starting from their skincare routine, breakfast etc, this strategy will involve some
chosen influencers producing this type of video where they explain that they have recently gotten
into making homemade coffee using Starbucks whole bean coffee and this has become an
integral part of their day.

In this video, asides from it being a hobby they picked up, they talk about the selling points of
the whole bean; the diversity of flavours, and its affordability while still maintaining quality.

Strategies involving influencers have been proved to be successful. This is supported by
Kadekova (2019) who stated that companies whose strategy was centred on influencers were
more effective as consumers are 92% more likely to purchase from a brand if recommended by
influencers. In addition, the same research claimed that 86% of marketers stated that the content
produced by influencers produced the best Return on Investment (ROI).

- **Marketing Penetration Strategy 2**

Online personality quizzes on websites like Buzzfeed and Zimbio have been very popular among
social media users. Light-hearted quizzes like this are often taken by younger people as a means
to entertain themselves, get to know them a lot better or out of sheer inquisitiveness (Tafesee,

2016, p. 15). Duggal (2021) stated that 80% of marketers believe that online quizzes are more likely to be attention-grabbing and engaging than other content.

These quizzes often pair respondents' responses to certain answers. For example, what Beatles song are you? A user's response can be used to pair them to a particular song by the legendary band.

The exponential growth of quizzes provides an opportunity for brands to capitalise. Starbucks as a company can benefit from this by creating personality quizzes online where people answer a series of personality questions and are then paired with a Starbucks whole bean flavour that describes them. (Quinn, 2017 P.25).

For example, what Starbucks whole bean am I? After taking the quiz, the result describes the person based on their answers and recommends them a whole bean coffee to try at home out of the many flavours available. This appeals to their emotions subconsciously and makes it more likely for them to purchase the whole bean as a connection has been created already.

With this strategy, the concept of reciprocity is likely to occur here given that an emotional bond has been formed. The concept of reciprocity shows that people are more likely to purchase from a brand when they have been given something for free. In this situation, entertainment and another insight into their personality have been provided by Starbucks (Shah, 2020).

Given that none of Starbucks' competitors has any strategy similar to this; therefore, makes it a catching and unique strategy worth investing in.

This strategy can help Starbucks achieve its objective, as the more purchases are made, the more market share they have.

4. Recommendation & Integrated Marketing Communications Plan

Given its success with other consumer brands especially in the beauty industry and considering that none of its main competitors has adopted this strategy, the marketing option I found to be most likely to influence sales and as a result, increase market share is the first marketing penetration strategy- Using Influencers.

Kotler (2000, p. 542) describes an integrated marketing communication plan as the idea in which a business meticulously coordinates and combines all its various communication channels to convey a particular message about the organization and its services or products. IMC usually involves communicating the brand's goal at the time. Using an appropriate marketing mix in the IMC plan is bound to improve the effectiveness of the campaign towards its goal (Shaw, 2022).

The marketing plan is a 12 months marketing campaign which is aimed at increasing the market share of Starbucks whole bean using advertising and sales promotion.

Neslin (2002) stated that sales promotion is the discounts and incentives that are offered to consumers to promote the sale of a particular product or service. To increase the sales rate of the whole bean coffee, I suggest a sales promotion should be carried out during the first four to eight weeks of the campaign; a 15% discount will be given to new consumers and consumers with a loyalty card when they buy the whole bean both online and in-store. All of this is done in an attempt to encourage the purchase and maintain consumers' loyalty which will increase sales and in turn increase the market share of Starbucks.

Then I suggest that an aggressive social media advertising campaign needs to be undertaken.

Social media advertising has become the go-to for most brands due to its convenience, cost-effectiveness and its ability to be personalized and restricted to particular demography thus making sure only those the advert is intended for see it (Alalwan et al., 2017, McClure and Seock, 2020).

Kádeková and Holienčinová (2018) stated that 86% of the most viewed and engaged videos online are videos uploaded by influencers as compared to 14% uploaded by brands. The influencer(s) in question will post and help circulate the videos amongst their millions of followers, paid advertising on social media platforms specifically Instagram, Twitter, tik tok and Facebook and will be promoted all through the 12 months to create awareness for the campaign.

This social media campaign aims to generate exposure and increase traffic which will ultimately increase sales and increase the whole bean market share (Stelzner, 2011).

Overall, this strategy, along with the recommended IMC plan, should increase the desire for Starbucks, leading to increased sales and market share.
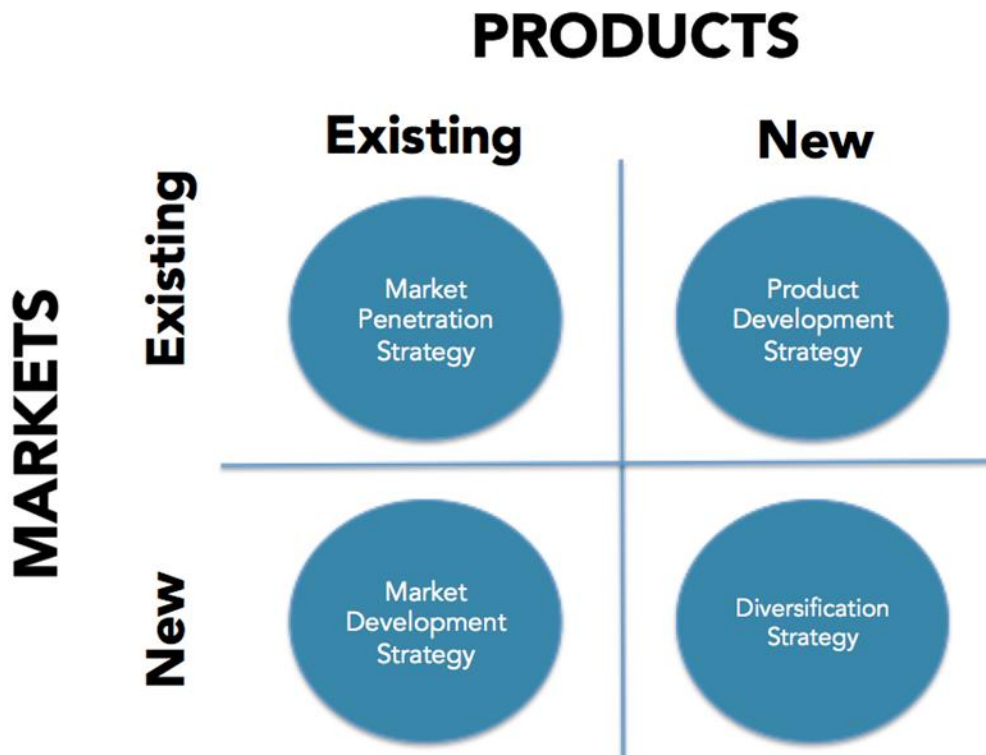
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PRODUCTS

MARKETS

	Existing	**New**
Existing	Market Penetration Strategy	Product Development Strategy
New	Market Development Strategy	Diversification Strategy

HOW EFFECTIVE IS INFLUENCER MARKETING?

Very effective	35%
Effective	45%
Neutral	15%
Ineffective	5%
Very ineffective	0%

0   10%   20%   30%   40%   50%

80% of marketers find it **effective**

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