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University Of Wales Trinity St David

Marketing and Sales in Starbucks Strategy

BMGM 5001

¹
Level 5

Ruth Taylor-Davies BA (Hons), MSc., MA, AHI

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¹ I acknowledge the use of ChatGPT (www.chatgpt.com) on 8 November 2024 to check my grammar and spelling, as well as to help me understand the assessment requirements in a simplified way to guide my research.

I used the following ¹ prompt(s):

1. Please check my text for grammar and spelling errors.
2. Explain the main points of the assessment in simpler terms to aid ¹ my research.

I confirm that I have not presented any AI generated text as my own work. I confirm I have copies of my drafts, notes, and other resources I used before, and after the use of AI tools which I may be asked to provide in evidence.

In this essay, we will discuss the sales and marketing strategies of Starbucks, focusing on the marketing mix, including the 4 Ps: product, price, place, and promotion. Additionally, we will examine Starbucks' segmentation, targeting, and positioning (STP) strategy. Starbucks has become a global leader in the coffee industry by offering high-quality products, creating a unique customer experience, and distinguishing itself from other coffee chains. We will explore how Starbucks uses marketing communications to engage customers and provide recommendations to enhance its future growth. Furthermore, a comparison with similar cafés in the area will highlight Starbucks' strengths and identify potential areas for improvement, along with a brief overview of the company's history.

Firstly, let us address the question: 'What are marketing and sales?' Marketing involves the process of planning and developing a product before promoting it to customers. Sales, on the other hand, is the process of offering the company's products or services to customers or suppliers at a profitable price, thereby generating value from these products. Both marketing and sales rely on the 4 Ps: product, price, place, and promotion.

Starbucks is a global coffeehouse franchise, first established in 1971 with a focus on freshly roasted coffee and pastries. Over the years, the company gradually expanded both nationally and internationally, growing from a single store to over 38,000 locations worldwide (Starbucks, 2024a). Starbucks offers a wide range of products, including hot and cold beverages, bakery items, and hot or cold meals. Additionally, the company provides a seasonal menu with limited-time items, such as the popular Pumpkin Spice Latte, available only in winter. Starbucks is also known for its medium-roasted and flavored coffees, as well as its famous Frappuccino line, one of its best-selling products.

Starbucks engages customers uniquely by writing their names on cups, creating a personalized experience. The company's pricing strategy is premium, targeting professionals and individuals who can afford higher-priced products, especially during peak hours. Starbucks' place strategy includes a vast network of locations across diverse settings, such as coffeehouses, vending machines, airports, malls, and supermarkets. For promotion, Starbucks leverages social media platforms like

YouTube, Facebook, Instagram, and Google Ads, along with sales promotions, to increase product ^{Evidence}. The company also strengthens customer loyalty through rewards programs and regularly gathers feedback through surveys (MJ Services, 2023; Edrawmind, 2024).

^{Good}

However, no product remains popular indefinitely, so effective marketing is essential to keep products relevant over time. According to Hooley, Nicoulaud, Rudd, and Lee (2019, pp. 76-78), every product has a life cycle, as illustrated in Figure 3.8. Some products experience strong initial demand and later decline, while others start slow but gain popularity over time. This fluctuation is driven by changing customer demand. Occasionally, products may regain popularity after years, but sustained marketing is crucial to keep products relevant and active.

⁴ According to Schultz and Gordon, 'Starbucks was not built through marketing and traditional advertising. We succeeded by creating an experience that comes to life, in large part, because of how we treat our people, our farmers, our customers, and how we give back to communities' (Schultz & Gordon, 2011, p. 27). This statement ⁸ highlights that Starbucks' success is rooted in building strong relationships with customers, farmers, and communities, which has contributed to its global reputation. ⁹

¹⁵ An online ^{Cite} states that 'Starbucks' business strategy has played a significant role in establishing its reputation as a premier coffee brand worldwide. Though Starbucks' strategy is simple, it is grounded in principles, which has contributed to its success' ¹⁰ (2024). This suggests that Starbucks has grown from a small store into a global business by following fundamental, effective strategies.

While researching, I came across a book ¹¹ that suggests ways businesses can improve. It emphasizes the importance of networking and promoting products online via social media, as well as through magazines and newspapers. The authors note that these are effective tools for business promotion (Mariotti & Glackin, 2015, pp. 181-219).

Paragraph

² Ayman and Kaya (2020, p. 3) explain that 'Segmentation is a way to cut the larger population into smaller groups or categories of people with similar needs, wants, and demands. Adept marketers also consider lifestyles (the value of the product to their

way of life) and product usage (how compatible the product is with their lifestyle and other purchasing choices).'

12

By this, they mean that segmentation involves dividing the population into smaller groups with similar needs, which makes it easier to target the right customers. Marketers consider customers' lifestyles, as some products may be integrated into a customer's daily routine.

Good

According to an article by Dudovskiy (2022a), Starbucks uses four types of segmentation: geographic, demographic, behavioural, and psychographic. This allows them to identify the specific age groups, regions, and genders to target.

13

Haskova (2015, p. 12) states that 'When targeting, Starbucks is situated between mass marketing and segment marketing; they are targeting a broader public; however, there are some criteria that the customers should have, such as higher incomes or a younger age.' By this, she means that Starbucks primarily targets customers between the ages of 20 and 50, who typically have higher incomes.

Paragraphs

14

Starbucks targets various demographics, including younger generations, students, customers, and some families, employing smart strategies to maximize business during peak times. In an article, it is noted that 'Being a premium coffee brand, Starbucks has most of its customers belonging to the upper economic segment. It targets youngsters and people who seek a peaceful space to drink coffee. Its high-end customers fall in the 22-50 age group, both male and female', (Simplilearn, 2024). This suggests that Starbucks focuses on the younger generation, understanding that they are likely to use the space for studying or meetings while enjoying a coffee or tea.

1 Evidence

16

5

17

Starbucks' strategies include expanding into global markets, driving customer engagement, maintaining sustainable practices, enhancing the customer experience, and maximizing digital marketing efforts (Pereira, 2024). Another article suggests that Starbucks should continue expanding in international markets to support the business's success. Additionally, it recommends reducing prices to attract more customers and make the brand more accessible (Musonera, 2021, pp. 12-21).

29

Good

One effect of COVID-19 on Starbucks has been a slight increase in prices, which has impacted the company. According to Lombardi, Chidiac, and Record

(2021), 'Consumers will purchase their products at the existing price line/variation, and price changes should be minimal.' This suggests that prices may decrease once Starbucks increases available jobs and generates higher profits.  18

Ferietag (2019, p. 10) emphasizes the importance of communication in business, stating that 'two-way discussions between managers and salespeople, where all parties are honest with their comments, create the best communication. Expanded communication across all departments concerning the sales effort will immeasurably improve the success of a sales program.' This indicates that effective communication is essential for any business—whether a hotel, restaurant, or café—as success heavily depends on clear internal communication.  Interesting

Kukanja, Gomezelj, Omerzel, and Kodrič (2017, pp. 1515-1516) state, 'Direct sales represent the only form of marketing communication that provides instant feedback and heavily depends on the staff's professionalism.' This highlights the importance of professional communication from sales staff to ensure smooth service.  19

Starbucks also offers a loyalty card, which allows customers to earn reward points that can be redeemed for free gifts, such as a birthday gift. Promotions include 'buy one get one free' offers every Sunday, seasonal promotions for events like Halloween and Christmas, and a changing menu to keep customers engaged. Point-of-sale materials, such as posters or displays, showcase product offerings (Dudovskiy, 2022b).  20

According to an article, Starbucks is highly influenced by consumer behaviour, which is shaped by personal, cultural, and social factors. Starbucks adapts its menu to local tastes worldwide; for example, it offers tandoori paneer rolls in India. This flexibility helps Starbucks succeed globally (The Procure 4 Marketing Team, 2023; Egaña, 2024).  21  Interesting

Starbucks faces competition from Costa, which has a similar menu and employs strategies like those of Starbucks to stay competitive. Costa also focuses on communication and meeting customer needs to remain in the race with Starbucks (Starbucks, 2024b; Costa, 2024). According to Ivanova (2022, p. 17), 'green goods are being purchased by about 25.5 million people,' reflecting a trend where  Good

sustainable products are increasingly in demand. Sustainability is currently very popular.



Starbucks is planning to enhance its technology, increase sustainable options for customers and communities, offer more healthy choices, and expand its loyalty card programs. Additionally, the brand aims to grow further in Asia as part of its future strategy (Starbucks, 2023).

Recommendations?

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ORIGINALITY REPORT

44%

SIMILARITY INDEX

32%

INTERNET SOURCES

9%

PUBLICATIONS

39%

STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to University of Wales, Lampeter Student Paper	7%
2	www.intechopen.com Internet Source	3%
3	Submitted to London Metropolitan University Student Paper	2%
4	digitalcommons.liberty.edu Internet Source	2%
5	Submitted to Eastern Gateway Community College Student Paper	2%
6	fddocuments.in Internet Source	2%
7	Submitted to Powercomputers Telecommunication Ltd – Training Centre (NCC) Student Paper	2%
8	www.researchgate.net Internet Source	2%

9	Submitted to Global Banking Training Student Paper	1 %
10	Submitted to University of Liverpool Student Paper	1 %
11	www.coursehero.com Internet Source	1 %
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19	Submitted to West Herts College Student Paper	1 %
20	Submitted to Rikkyo University Student Paper	1 %

21	Submitted to Technological University Dublin Student Paper	1 %
22	Submitted to University of Glasgow Student Paper	1 %
23	Submitted to UNICAF Student Paper	1 %
24	Submitted to University of Central Lancashire Student Paper	1 %
25	Submitted to Berkeley College Woodland Park Student Paper	1 %
26	stories.starbucks.com Internet Source	1 %
27	Submitted to Anatolia College Student Paper	1 %
28	Submitted to Student Paper	1 %
29	Submitted to BPP College of Professional Studies Limited Student Paper	1 %
30	Submitted to University of Derby Student Paper	<1 %
31	fpm.euba.sk Internet Source	<1 %
32	www.perlego.com Internet Source	

<1 %

33 freestudyhelp.net
Internet Source

<1 %

34 ru.wikipedia.org
Internet Source

<1 %

35 listens.online
Internet Source

<1 %

Exclude quotes Off

Exclude matches Off

Exclude bibliography Off

FINAL GRADE

43 / 100

GENERAL COMMENTS

Thank you for your submission.

Your work shows research and understanding of the sales and marketing strategy of Starbucks. It is stretching it a bit to call it a restaurant, but it clearly falls into the F&B economy. Your work is a little disjointed in places and lacks recommendations.

Your similarity score appears high.- 47%. 20% of this is due to references and 5% is due to the AI statement and general cover page requirements, so that is acceptable. You also use a number of direct quotes which has affected your similarity score. Please be mindful of this in future work and try to paraphrase as much as you can.

Please see additional in-text comments and in the rubric below.

PAGE 1

PAGE 2

PAGE 3



Comment 1

Don't say 'I' or 'we' in an **essay**. Instead say 'This essay will'...

So avoid writing in the first person.



Comment 2

Could you have found sources for these?



Comment 3

Be careful re similarity.



Comment 4

Avoid first person.



Comment 5

This is a decent introduction. Just avoid similarity.

QM

First person

Avoid using the first person in essays - use the passive voice. e.g. not 'I will' but 'This essay will...'

QM

How do you know this?

How do you know this? Citation needed



Comment 6

Cite immediately that you make a statement of fact.



Comment 7

Cite, cite and cite again. Repeat your citations where necessary.

QM

How do you know this?

How do you know this? Citation needed

QM

Prove it.

Prove it - back it up with evidence

PAGE 4

QM

Evidence

Evidence - support your work with examples and evidence.

QM

Good

good



Comment 8

You shouldn't use figures/tables in essays, so I wonder what this refers to?



Comment 9

Good point but try to summarise/paraphrase rather than use direct quotations.

QM

Cite

Cite



Comment 10

Punctuation - is the ' necessary here?



Comment 11

Cite it here.



Paragraphs

Paragraphs consist of more than two sentences

PAGE 5



Comment 12

This is correct, but could you have expressed this in your own words whilst still crediting the authors from whom you got the idea/information?



Good

good

Additional Comment

Good synthesis.



Good

good



Comment 13

This could have been a single paragraph.



Comment 14

Again, put it in your own words.



Paragraphs

Paragraphs consist of more than two sentences



Comment 15

Doesn't the research you quote suggest that it's a younger demographic?



Evidence

Evidence - support your work with examples and evidence.



Comment 16

Cite immediately.



Comment 17

Again, you synthesise well, so don't put the whole quote in, jut your analysis of the article.



Good

good

PAGE 6



Comment 18

4 years on from Covid - has the price dropped or increased? What other pressures does the company face?



Interesting

Interesting



Comment 19

You have jumped from internal communication to external communication - make sure your arguments flow.



Comment 20

Explain here that you are talking about Promotion. I.e. link your sections back to the 4 P's



Comment 21

Again, link to the 4P's - Product.



Interesting

Interesting



Good

good

Additional Comment

Good comparison - could you have expanded upon this?

PAGE 7



Comment 22

This is a different matter and should perhaps be put with/in the paragraphs that look at product?

QM

Recommendations?

Recommendations?

PAGE 8

PAGE 9

PAGE 10

PAGE 11

GRADING FORM: M&S 1 WINTER 24

AYESHA AMIR

43

ENGAGEMENT WITH LITERATURE /10

Guidance specific to this assessment: List of recommended titles and further reading listed in the handbook. All are online, so ensure use and reference to the works using the Harvard Reference system.



You have used some relevant sources to underpin your work which shows you have read around your chosen case study. Avoid using so many direct quotes - this has lost you marks. Try and use more sources from the reading list. You generally

5

use the correct citation and referencing conventions.

KNOWLEDGE AND UNDERSTANDING/30

Guidance specific to this assessment: Using specific Hospitality outlets as working examples will help demonstrate the practical application and effect of both global and locally targeted marketing and sales campaigns.



Your work shows a decent knowledge of marketing and sales. Your use of Starbucks as a working example showed your understanding. You could have been more organised in dealing with the 4P's. Your section on segmentation was good but it was weak on positioning.

16

COGNITIVE AND INTELLECTUAL /30

Guidance specific to this assessment: Use your restaurant as a practical model – it's a source of huge amounts of information. Ask questions and think how the answers effect your views and the views of others.



You have attempted to analyse some of your research about your chosen restaurant and you have synthesised some key points effectively. However, the over-reliance on direct quotes weakens your ability to fully demonstrate your cognitive and intellectual skills.

10

PRACTICAL SKILLS /15

Guidance specific to this assessment: Effective communication. Keep it simple and back it up with the data

7



You have applied some underlying concepts and principles of the subject and you have applied them in a real-world situation. You have used data to back up some of your points. Again, your over-use of direct quotes has weakened this, as has your lack of a solid conclusion or recommendations. You also needed to be more organised, i.e. grouping information so that you are dealing with each P in turn.

TRANSFERABLE & PROFESSIONAL/15

Guidance specific to this assessment: It will be great if you have real life examples to support your analysis. The essay format and style of writing is a key to show your professionalism.

5



You write quite well but you have written in the first person which is not appropriate in an essay (as this is not a reflective piece of work). Try and make sure you organise your work as per the comment above.