Campaign Task: Starbucks Coffee Company

"Latte Love"

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For Mktg 3596

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Executive Summary:

Starbucks is a leading retailer, importer, and marketer of premium coffee and tea beverages from around the world. Starbucks is widely recognized by its trademark green and white logo of a siren, displayed on each of its coffee cups, storefronts, and products. The beverage retailer utilizes a brick-and-click sales strategy to offer its merchandise to the widest market possible. Compared to other major retailers like Dunkin Donuts, McDonald's, 7-11, and Wawa, Starbucks charges $1-$3 more per beverage but offers a much more extensive menu and inviting atmosphere than its competitors.

Starbucks Latte Love campaign promotes one of their biggest sellers; the handcrafted latte. This campaign was promoted through TV commercials as well as social media. These ads capitalize on the uniqueness and quality of Starbucks products. This campaign promoted both well known products like pumpkin spice latte to their lesser known products like VIA at-home latte packets, utilizing a peripheral route to persuasion to entice viewers to try their custom drinks.

a. Campaign Overview

Starbucks' Latte Love campaign was designed to frame the company's latte promotions throughout the Winter of 2014. For instance, when users purchased a Vanilla Spice Latte, Cafe Mocha, or Hot Chocolate on Valentines day, they got to "share the love" and got a second one free. The ads were also designed to promote Starbucks new VIA lattes, which allow customers to enjoy the fresh taste of a Starbucks latte in the comfort of their own home. Users could, for $1, purchase a sample VIA latte packet that came with a coupon for $1 off their purchase of a VIA 4-pack or larger. The campaign then evolved into a series of advertisements that showed the craft and care that goes into creating each Starbucks latte, as well as how far the Starbucks latte has come. According to Starbucks Corporate Fact Sheet, they introduced lattes in 1984, and in 2014 the company is focused on bringing new latte flavors to the coffee-drinking public (Starbucks Coffee Company). The advertisements featured slow dripping chocolate,

gooey caramel, and the idea that your latte is as unique as you are. The advertisements were not expressly

branded as Starbucks advertisements from the beginning, and in a survey of 71 individuals, 59.26% did not

even know that it was a Starbucks ad until the logo came on at the end (Exhibit B). These ads were also

intended to elicit an emotional response, and of the 71 people surveyed, most people reported that the

advertisement made them feel hungry (58.18%) and happy (49.9%) when allowed to select multiple

choices (Exhibit A). A majority of those surveyed (75.47%) also believed the main message of the

advertising campaign to be that "Your Starbucks drink is unique to you," which is in line with what the

company is trying to achieve with the Latte Love campaign (Exhibit E). Those surveyed also saw a fair

convergence between the Starbucks brand and these advertisements in particular, with most respondents,

about 48%, viewing the ad as fitting the Starbucks image well (Exhibit F).

b.   Target Market:
This information was a sample of 231,485 Starbucks principal shoppers.

The data shows that the average Starbucks consumer is between 45-54 years of age, is female, has not

attended college, is white, and is from the South.

1.   Age Range
     18-24: 12.8%
     25-34: 17.95%
     35-44: 17.4%
     45-54: 19%
     55-64: 15.7%
     65+: 16.9%
2.   Gender
     Men: 48.4%
     Women: 51.6%
3.   Education Level
     Graduated College Plus: 27.52%
     Attended college: 19.3%
     Graduated High School: 30.7%
     Didn't graduate High School:12.9%
     Post Graduate Degree: 11%
     No College:44%
4.   Region, including urban, suburban etc.
     North East: 18.28%
     South: 37.1%

Midwest: 21.8%
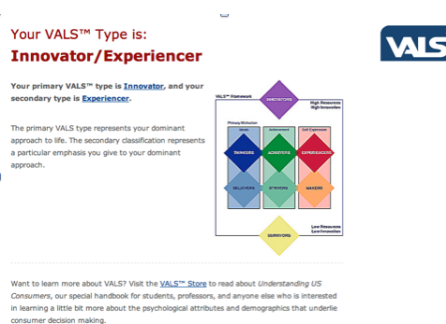West: 22.8%
5. Other demographics
Household Income: 28.27%
Now Married: 53.85%
Race: White: 75.95%
HH subscribe to Cable: 51.89%

Psychographics

The VALS survey results reflect the answers that would have been given by the quintessential Starbucks customer. The results of this survey were first innovator, second experience. These personalities enjoy new experiences, authentic products, and being entertained. This directly correlates with the Starbucks brand and the entire experience that surrounds purchasing a Starbucks beverage. Customers can try new, authentic coffee beverages while in an entertaining atmosphere that plays music and invites consumers to sit down, converse, and stay awhile.

Target Market Analysis

The MRI and VALS created a comprehensive representation of the Starbucks target market. MRI allows us to gain an insight into how the Starbucks customer acts and what segment of the marketplace they represent.. Through this data it is clear to see that the Starbucks customer is not necessarily defined by age, but by more so by interests and attitudes. The VALS survey accurately defined who the Starbucks patron is in an emotional sense, and it correctly identified Starbucks target markets values of authentic products that can solve problems, which directly correlates with Starbucks community initiatives. It also showed how Starbucks ideal customer values entertainment and social

media, which ties into Starbucks Coffeehouse community where Starbucks customers can connect and collaborate with like-minded people. Starbucks target market is more a state of being than a set of demographics which is way this campaign targets a psychographic, not a demographic.

C. Positioning Objective

Route to Persuasion:

Starbuck's Latte Love campaign utilization the peripheral route to persuasion to engage customers. This campaign shows the different flavors of lattes in handcrafted and artisan settings, mainly through imagery and sound rather than by directly stating the facts. By portraying these ingredients being prepped with such care it suggests that Starbucks has a superior quality. This campaign uses superficial information to suggest not only that the quality of their product is greater, but they are better at catering to an individual customers needs. Lastly, the flavors that they chose to use in these advertisements, caramel and chocolate, are associated with craving sweets. This advertisement subtly suggests that the next time the viewer craves something sweet they should go to Starbucks.

Positioning:

The Latte Love campaign was created to position Starbuck's Lattes as a quality product, and as the coffee brand that caters to each individuals needs. The following positioning map shows that Starbucks falls on the higher end of both the price and quality.
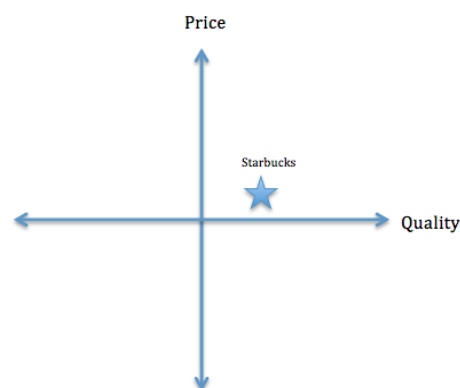
Brand Personality:

Starbucks brand personality is defined by providing quality products, creating a social environment, and customizing the experience to suit each individual. The Starbucks around the globe provide it's patrons with quality products. Starbucks differentiates itself from other coffee shops by creating an inviting place where patrons are encouraged to sit down as opposed to getting their coffee and leaving. Lastly, Starbucks customers feel a sense of self identity not only through their unique choices in beverage but also through the personal experience customers have with baristas. The diagram below represents the Starbucks brand personality.
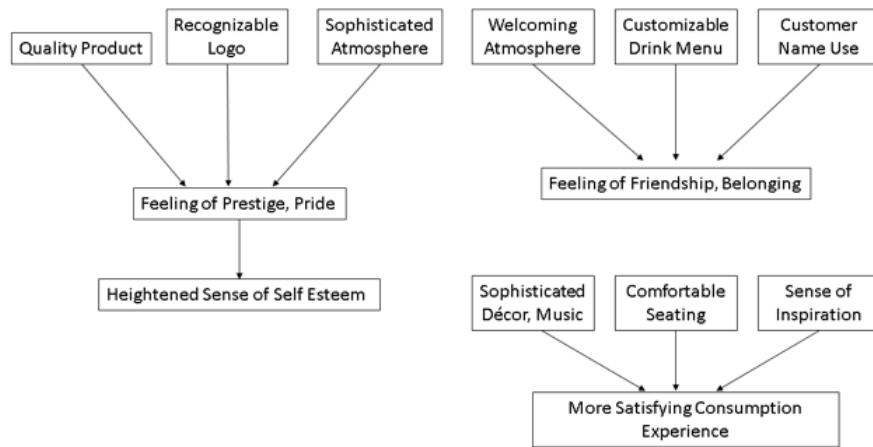
Driving Forces:
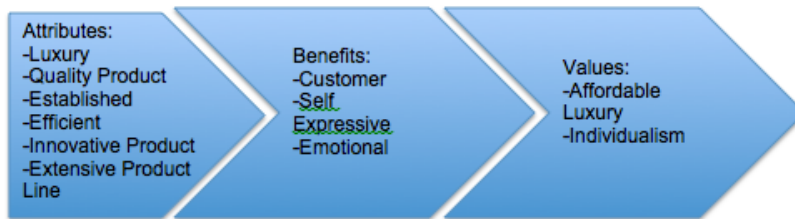
Attributes:

The attributes that describe Starbucks include luxury, established, efficient, and quality products. These attributes suggest that if a customer were to walk into any Starbucks, they would be treated to exactly what they want how they want it, and they will enjoy it in a welcoming environment.

Benefits:

Functional Benefits: Starbucks provide its customers a functional benefit, by selling beverages and food. This is also covered there homeware products which allow their customer to access Starbucks products at home.

Emotional Benefits: Starbucks provides an emotional benefit through creating the welcoming and relaxing environment that their ambiance creates.

Self Expressive Benefits: The Self Expressive benefit comes from the social status associated with holding a starbucks cup containing your own personal creation. Starbucks little green logo is an accessory that shows the world that you can afford life's little extravagances.

Values:

The values that Starbucks represents include affordable luxury and individualism. Starbucks customers are willing to pay a few dollars more for a cup of coffee if it means a higher quality beverage and inviting environment. Lastly, Starbucks values individualism since it offers 180,000 ways for their customers to personalize their drinks, which caters to any palate (Starbucks).

Associative Networks:
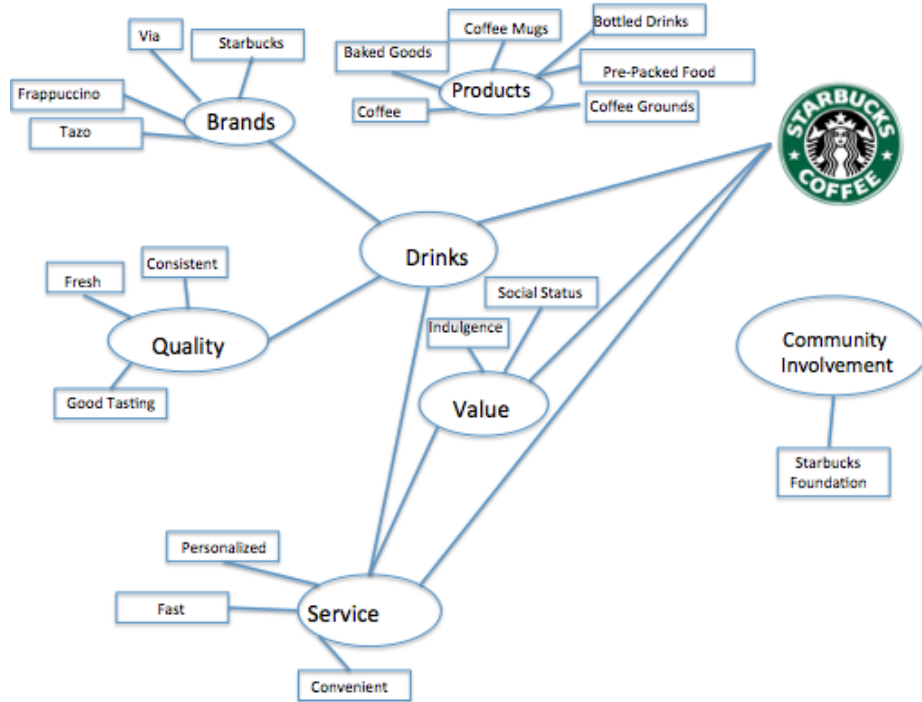
D. Metrics of success/ failure of Latte Love

The effectiveness of Starbucks' Latte Love campaign can be measured with several different metrics. The first, and perhaps most obvious, is to analyze Starbucks' sales both before and after they launched the campaign. This analysis would be performed on both in-store as well as online sales. In addition to selling latte beverages in store, Starbucks now offers new Via flavors in which customers may brew lattes at home for convenience. The analysis of sales should be segmented by which beverages are selling best to ensure that the latte sales are changing the bottom line. These analyses should also be segmented by demographics and psychographics to see which parts of its target market Starbucks is reaching and which parts need further attention.

Another way in which Starbucks could measure the success of its campaign is by using the hashtag #loveyourlatte to measure the amount of posts that have used the hashtag. Because social media platforms are beginning to overlap and converge, the hashtag can be tracked on all platforms. From Twitter to Instagram to Facebook, it is easy to search how many people have used the specific hashtag

and have associated with a picture, comment, or tweet relevant to Starbucks lattes. This will give insight into some of Starbucks' younger patrons who are more tech-savvy and frequent social media. Starbucks can also measure the amount of views on its commercials posted on YouTube to see how interested viewers are in Starbucks products online rather than on television.

Another metric of how well the Latte Love campaign has worked is to measure the amount of visits to Starbucks' Latte Love section of its online shop (Exhibit C). Since this segment of the Starbucks Store is very specifically dedicated to lattes and directly correlates with the Latte Love campaign, it makes sense to analyze sales data from this section of the store specifically. Starbucks can evaluate how many people have visited the Latte Love store, to see how much reach the advertisement has had and how much interest has been generated. For a more conclusive metric, Starbucks should look at online sales from the Latte Love Shop to see if the advertisements have had any bearing on latte purchasing and consumption.

E. Evaluation of Latte Love television campaign

Starbucks received positive interactions on social media with respect to the Latte Love campaign. However, the campaign was not hugely popular or successful over the social media platforms. Instagram garnered the most social interactions using the #loveyourlatte hashtag with users posting photos of their Starbucks cups and lattes. Twitter was the second most popular platform for the hashtag which featured a handful of positive and relevant tweets about Starbucks drinks. However, many of the posts using the hashtag were supporting a music event that Starbucks hosted in several cities to launch their Caramel Flan Latte. While still relevant, the hashtag did not receive an overwhelming amount of use by typical latte patrons. The hashtag has never been used on Facebook.

The television advertisements studied as part of the Latte Love campaign were posted to Starbucks YouTube account upon their launch. The Mocha Drizzle video received 3,683 views and the

Caramel Flan video received 5,966 views to date. However, this number is very small in comparison to several of Starbucks other YouTube videos that have received over 70,000 views on a single video.

The final metric useful in evaluating this campaign's effectiveness is the amount of latte sales the campaign generated both online and in-store. While this product-specific information is not currently accessible, Starbucks' net income in Q1 of 2014 was $526.84 million in comparison to 2013's Q1 net income of $443.2 million. Starbucks also saw a 6% rise in store sales and an 8% increase in their quarterly revenue.

Starbucks' Latte Love campaign was effective in generating buzz about Starbucks' new latte flavors. The campaign helped to increase sales and also increased interaction on its social media platforms. However, Starbucks could have been even more effective in their campaign to send a clearer message and promote the usage of the campaign hashtag across platforms. Because Starbucks is ranked very well on their Twitter and Facebook platforms, the brand could have created more posts incorporating the hashtag and engaging their millions of followers to participate in the Latte Love conversation.

F. Evaluation of Synergy

There is very little convergence between Starbucks' Latte Love campaign and the company's website. There is no mention of the ad campaign on the homepage of the website, and users must search the website to find anything related to the campaign. However, on the Starbucks Store page, there is a prominent dedication to the campaign, with an entire subsection of the store being dedicated to lattes (Exhibit C). Here, users can buy Via instant lattes to make at home as well as the flavor syrups that Starbucks stores use to make their famous lattes. There is little synergy between the online and offline message in this case, with the only common thread being the Starbucks brand and its comfortable, "unique to you" persona that all of its advertisements carry. Online consumers are targeted with new products, in hopes of getting them to come into the Starbucks store. For example, one the company's website, the homepage features a scrolling banner that boasts their new Vanilla Macchiato (Exhibit D). The video for the new macchiato is very similar to those in the Latte Love campaign, and it shows how a drink is

uniquely crafted, with special attention to the individual ingredients to elicit an emotional response. Offline users are targeted with different promotions, and the company's offline focus is much more retail-based, since users are likely to purchase a beverage once they are in the store.

G. Convergence

Starbucks could make their Latte Love campaign stronger with increased communication and by crafting an even clearer message. The entire campaign was launched with subtlety. Rather than clearly visually and audibly depicting the "Latte Love" message in each commercial, Starbucks chooses to take a more peripheral route by simply providing a link to www.starbucks.com/loveyourlatte at the very end of its commercials. To make the campaign's message even stronger, Starbucks could include narration behind the video footage of dripping chocolate and caramel that speaks on the campaign, giving ideas how you can "Latte Love." By making its message clearer within its television commercials, viewers are more likely to recall the campaign and recognize it over other platforms such as social media as well.

In addition to improving television communication, Starbucks should incorporate its current Latte Love campaign into its brand identity by featuring the campaign on the website of its homepage and in stores. To make its message clear on the homepage in an interesting way, Starbucks could embed several of its current television advertisements on the page and include a link to the online Latte Love store. Additionally, there could be a whole section of the Starbucks website dedicated to the Latte Love campaign. This would give Starbucks the opportunity to share with customers the many unique variations of lattes that customers may choose when they pick up a beverage at Starbucks. This strategy would also increase the amount of traffic to the Latte Love store online by making it much more accessible to visitors rather than them having to search through the site to find it. Additionally, Starbucks could incorporate the campaign into its in-store advertising by creating signs with the campaign's name and hashtag to inspire customers to participate in the campaign upon their purchase.

Starbucks can also utilize social media more heavily to engage customers with the campaign. By making its hashtag, #loveyourlatte, more transparent within its marketing and branding of the campaign, customers will be more likely to utilize the hashtag and create buzz about Starbucks new latte flavors. Throughout the campaign, Starbucks can also use its hashtag consistently on its social media platforms. For example, Starbucks should post many photos of lattes with the hashtag #loveyourlatte throughout the duration of the campaign and engage customers by asking them questions of how they take their own lattes. This strategy will make the campaign more clear to customers and will also encourage them to use the hashtag for their own posts. Additionally, Starbucks can capitalize on the campaign by employing a Facebook contest asking customers to post their most creative latte pictures with the campaign hashtag for a chance to win $500. An incentive to participate in the campaign will engage Starbucks customers and bring even further awareness to Starbucks lattes. By creating a more cohesive campaign over all marketing platforms and sending a clearer message about the campaign, Starbucks will be able to engage customers and launch an even more effective campaign.

Appendix:

Survey Link: https://www.surveymonkey.com/s/83682JB

Starbucks Store: http://www.starbucksstore.com/Latte-Love/latte-love,default,sc.html

Advertisements Sampled: http://www.youtube.com/watch?v=zQWmjaDfApo
http://www.youtube.com/watch?v=CXqG-XeqTqE
http://www.ispot.tv/ad/7Twv/starbucks-mocha-drizzle-love-your-latte

Starbucks Corporation. "FACT SHEET: Latte Love – Winter 2014." (2014): n. pag. Starbucks
Corporation. Web. 26 Apr. 2014.
<http://news.starbucks.com/uploads/documents/Fact_Sheet_Love_Your_Latte_2014_2.pdf>.
"Starbucks." *Integrated Brands*. N.p., n.d. Web. 30 Apr. 2014.

Exhibit A.

How did that advertisement make you feel?
Check all that apply.

Answered: 55   Skipped: 16
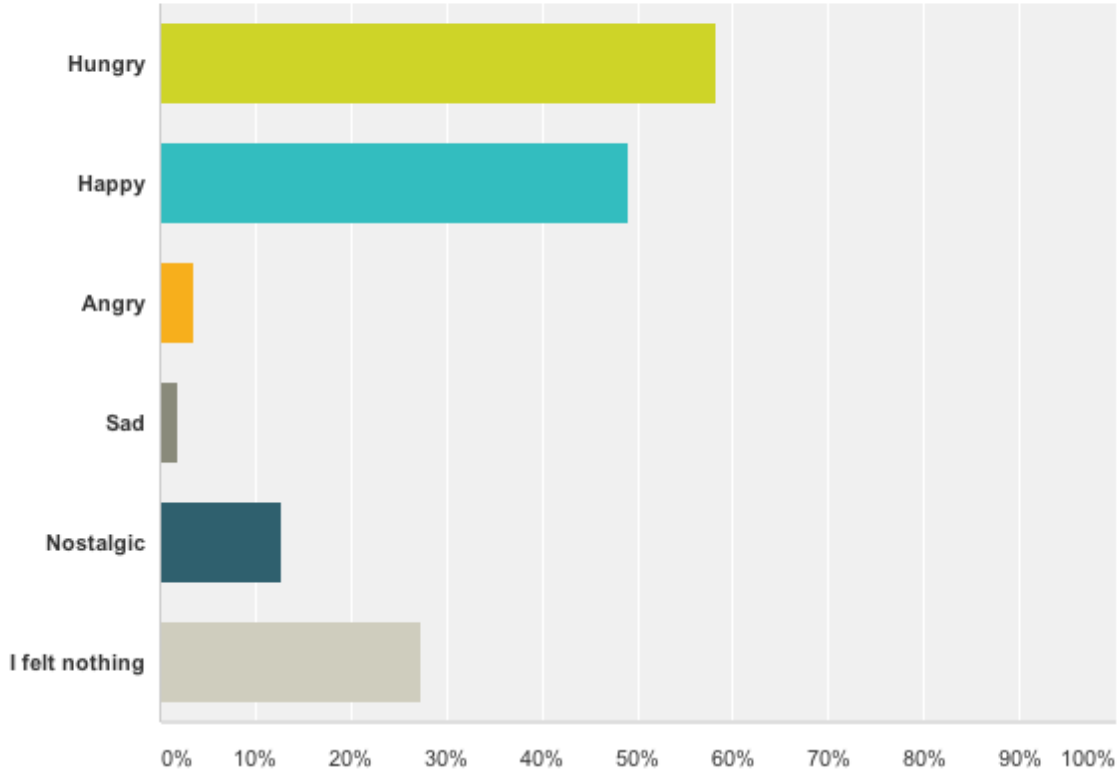
Exhibit B.

Did you know immediately that it was a Starbucks ad?

Answered: 54   Skipped: 17
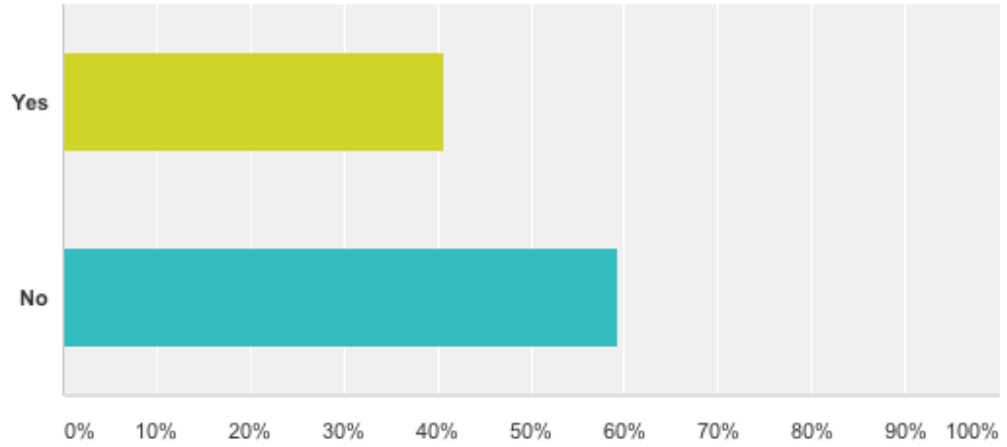
Answer Choices	Responses	
Yes	40.74%	22
No	59.26%	32
Total		54

Exhibit C.

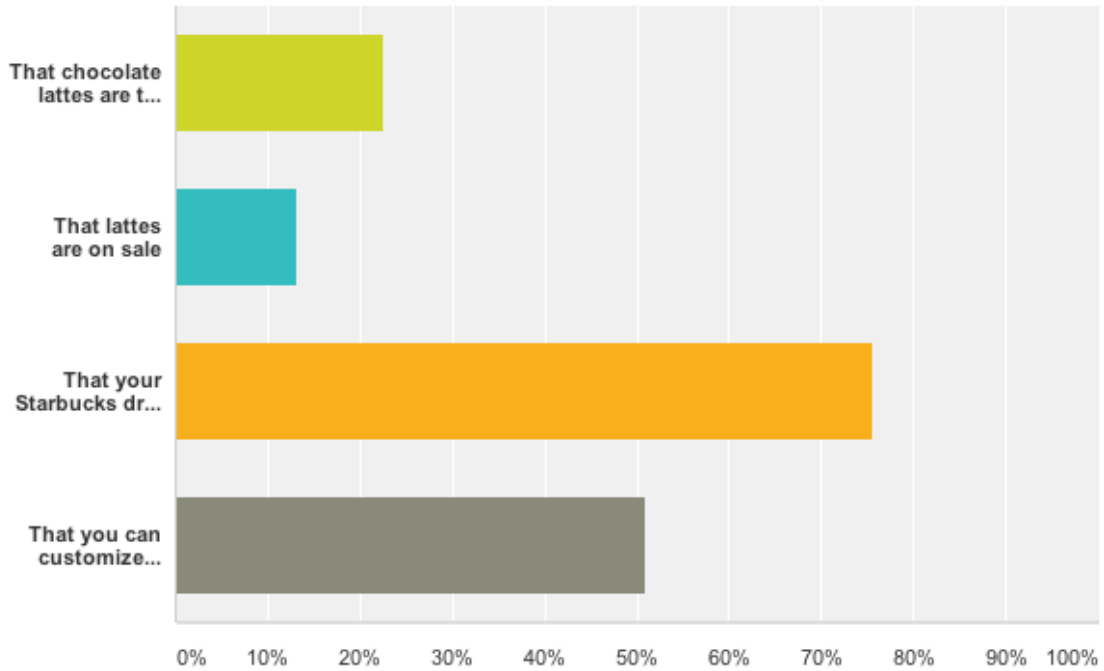Exhibit D.

Exhibit E.

What do you think Starbucks is trying to convey with this ad? Choose all that apply.

Answered: 53   Skipped: 18

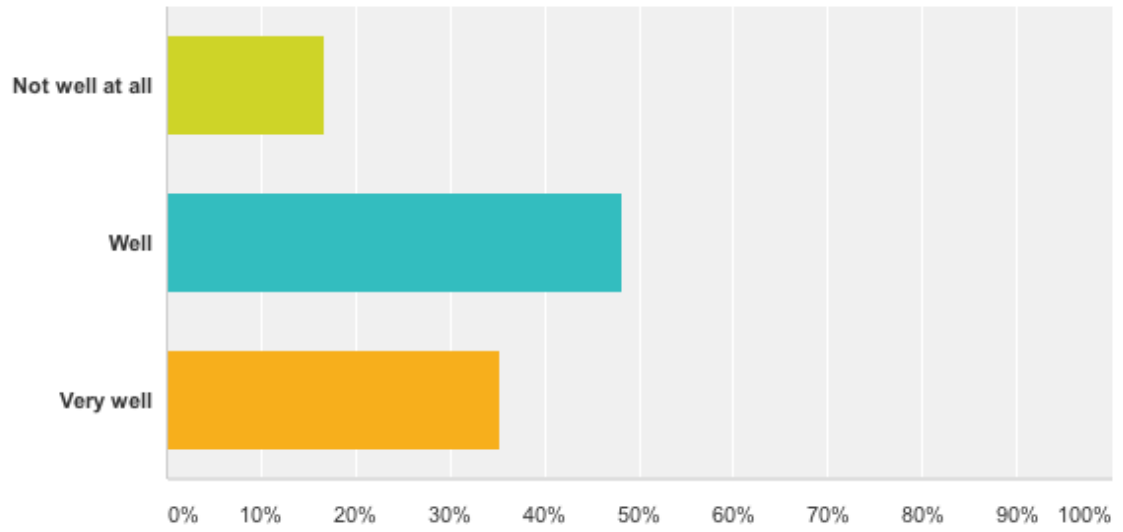| Answer Choices	Responses	
That chocolate lattes are the most popular	22.64%	12
That lattes are on sale	13.21%	7
That your Starbucks drink is unique to you	75.47%	40
That you can customize Starbucks drinks as much as you'd like	50.94%	27
Total Respondents: 53		

Exhibit F.

How much does this ad fit the Starbucks brand image?

Answered: 54   Skipped: 17

Answer Choices	Responses	
Not well at all	16.67%	9
Well	48.15%	26
Very well	35.19%	19
Total		54