

STARBUCKS MARKETING PLAN

BADM 520, MSTM ADV

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PROBLEM/SITUATION ANALYSIS

- Gradual change in “Starbucks Experience”
 - Updated rewards program
 - Breakfast geared food
 - Competition

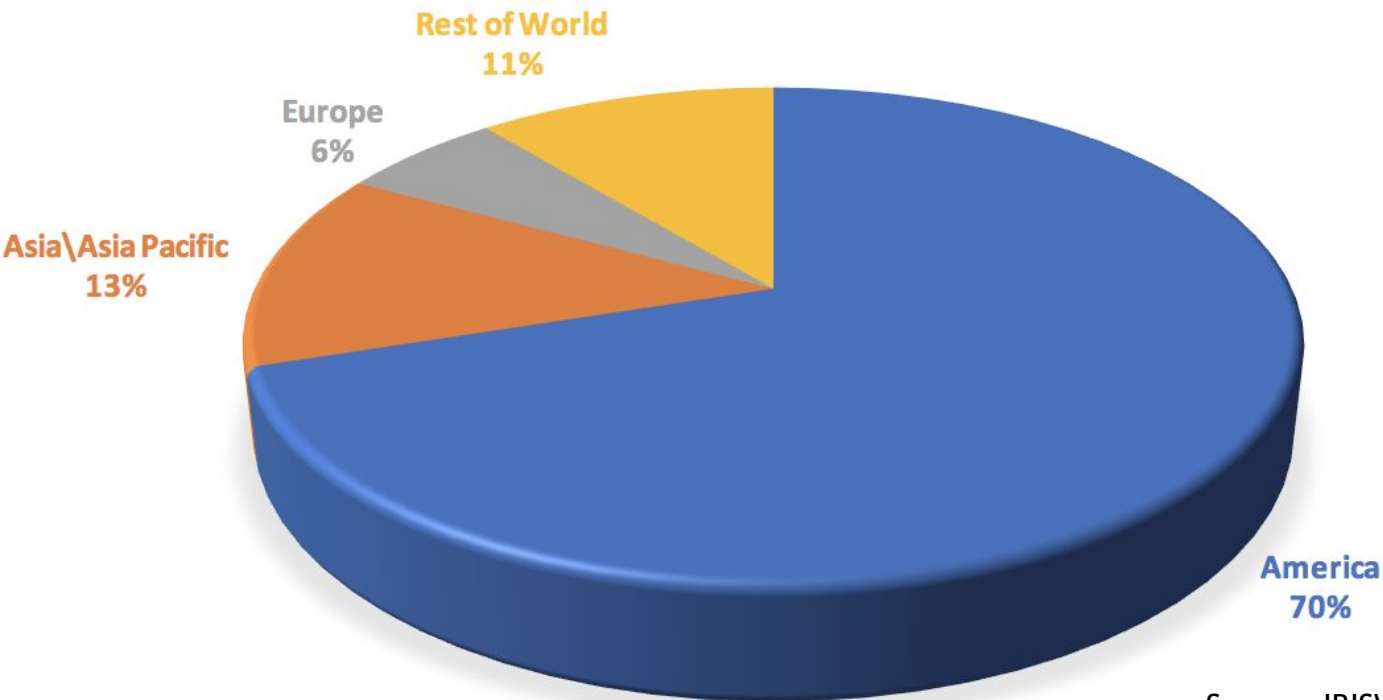


OLD	NEW (APRIL 2016)
1 Star per visit	2 Stars per \$1 spent
30 Stars to Gold level	300 Stars to Gold level
12 Stars for a free reward (Gold)	125 Stars for a free reward (Gold)
Three Levels: Welcome, Green, Gold	Two Levels: Green & Gold Monthly Double-Star Days NEW

TARGET MARKET

- Age group: 18-45 years

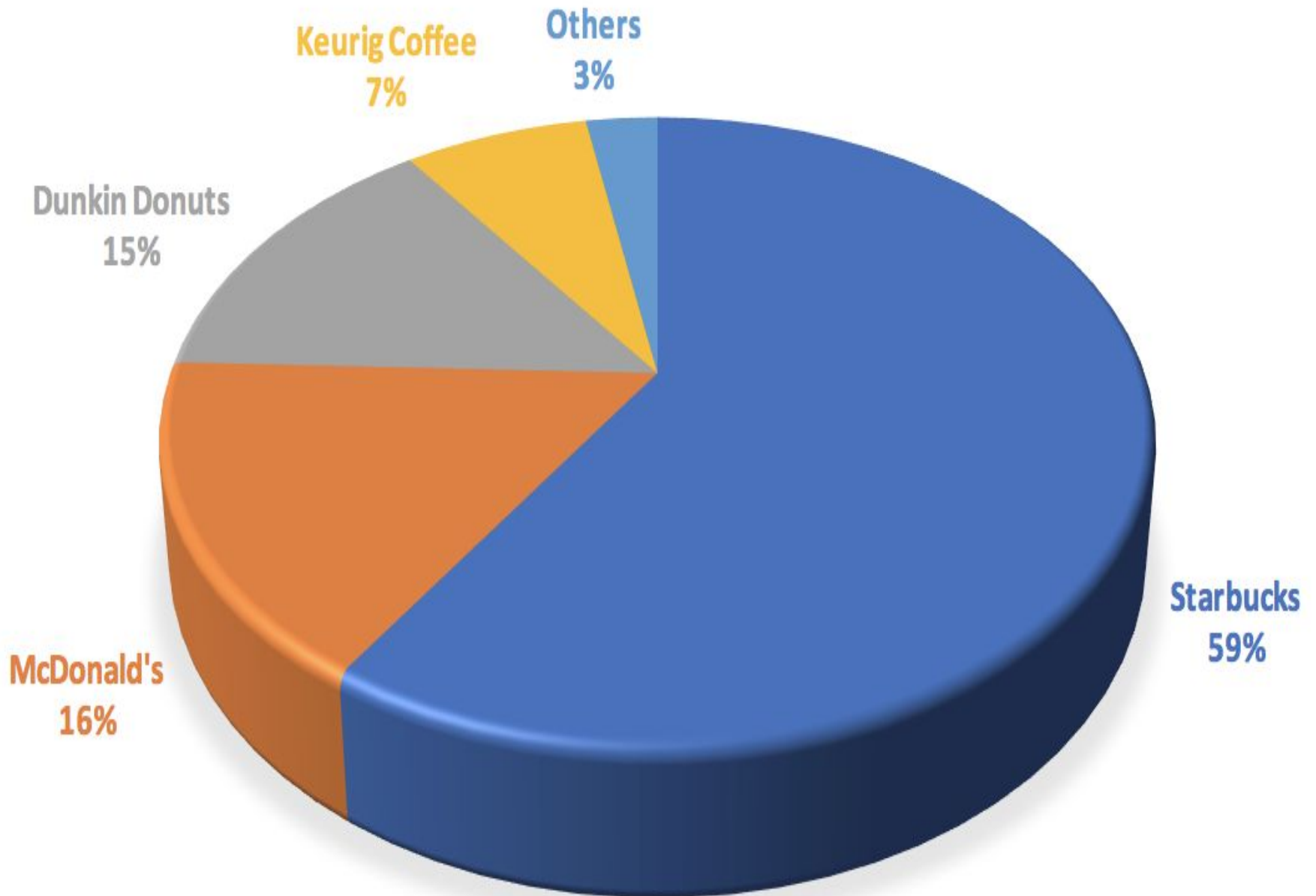
STARBUCKS REVENUE BY REGION



Source: IBISWorld



MARKET SHARE



Source: IBISWorld

STRENGTHS

Premium,
customizable coffee
Strong brand equity
Customer loyalty

WEAKNESSES

Lack of diversified
food products
Higher prices
relative to
competition

OPPORTUNITIES

Striking, new
partnerships with
organizations
Room for product
expansion

THREATS

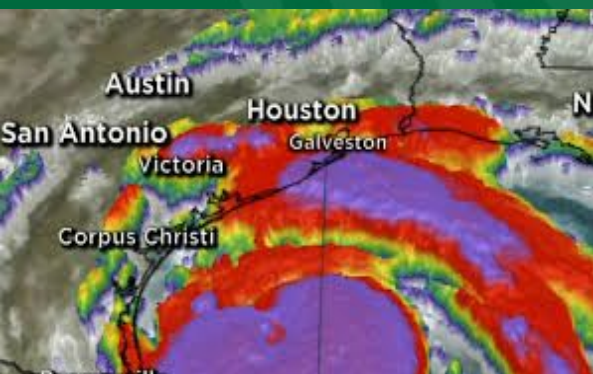
Cut-throat
competition from
Dunkin Donuts,
McDonald's + local
coffee stores

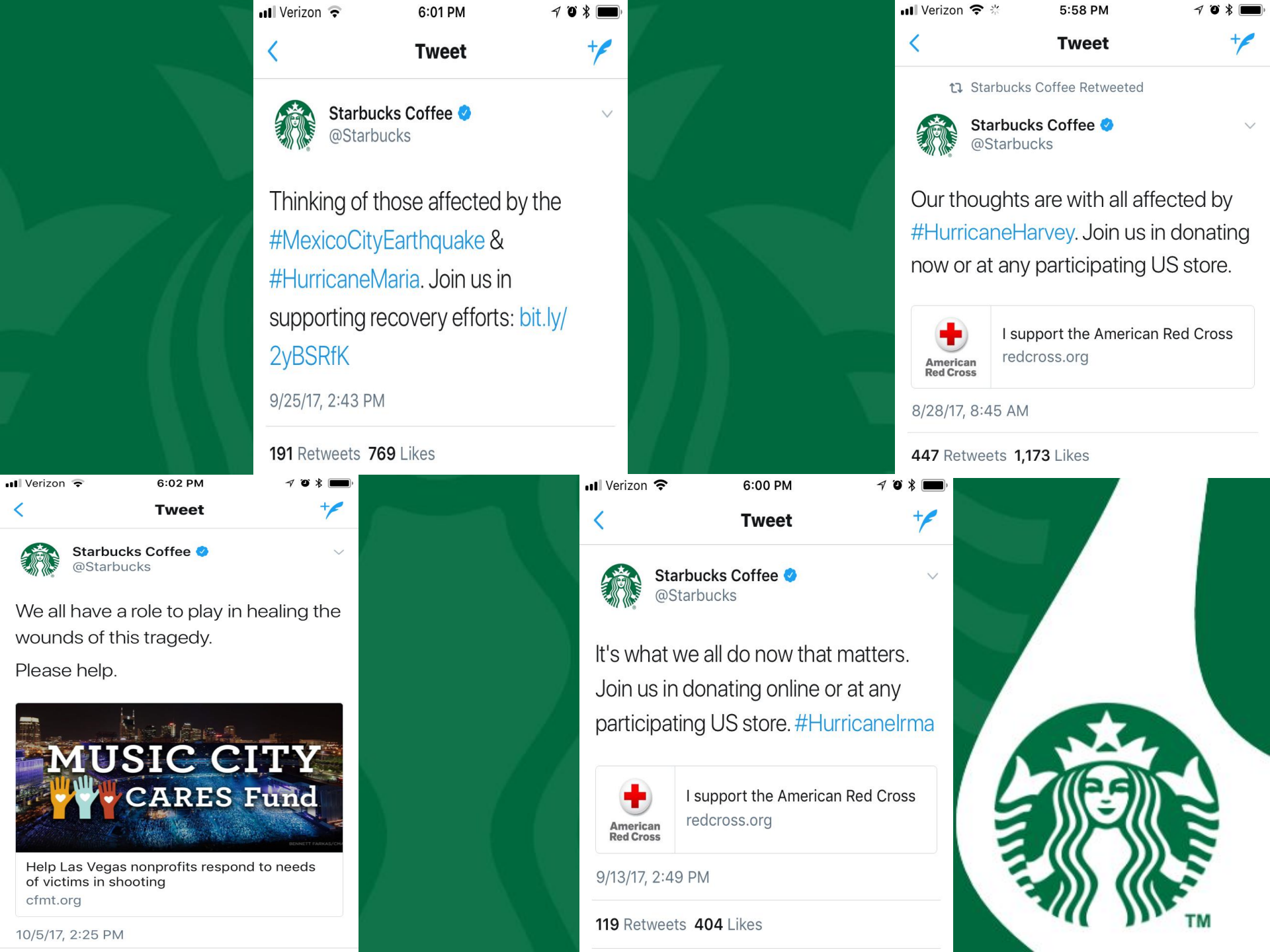


MARKETING OBJECTIVES

- Enhance Starbucks experience
 - Revamp rewards program
 - Reduce number of stars needed to gain rewards
 - Introduce healthy lunch and dinner options
 - Partnership trial with local restaurant chain that provides fresh meals
 - Increase customer engagement
 - Allow local talent (bands, singers, musicians) to play at Starbucks
 - Creates more foot traffic and will fit into coffeehouse atmosphere







Verizon 6:01 PM

< Tweet +

 Starbucks Coffee 
@Starbucks

Thinking of those affected by the [#MexicoCityEarthquake](#) & [#HurricaneMaria](#). Join us in supporting recovery efforts: bit.ly/2yBSRfK

9/25/17, 2:43 PM

191 Retweets 769 Likes

Verizon 5:58 PM

< Tweet +

 Starbucks Coffee 
@Starbucks

Our thoughts are with all affected by [#HurricaneHarvey](#). Join us in donating now or at any participating US store.

 I support the American Red Cross
redcross.org

8/28/17, 8:45 AM

447 Retweets 1,173 Likes

Verizon 6:02 PM

< Tweet +

 Starbucks Coffee 
@Starbucks


We all have a role to play in healing the wounds of this tragedy. Please help.


Help Las Vegas nonprofits respond to needs of victims in shooting
cfmt.org


10/5/17, 2:25 PM

Verizon 6:00 PM

< Tweet +

 Starbucks Coffee 
@Starbucks

It's what we all do now that matters. Join us in donating online or at any participating US store. [#HurricaneIrma](#)

 I support the American Red Cross
redcross.org

9/13/17, 2:49 PM

119 Retweets 404 Likes



PROPOSED CAMPAIGN

“Always With You”



“#SpareAThought”





- Customer makes contribution to American Red Cross
- Donations of articles/non-perishable items
- Round to nearest dollar in store

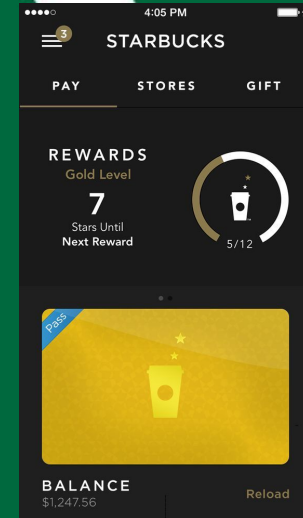
Step 1

- Existing customer receives stars on Starbucks application.
- New customers receives a promotional scratch off card for purchase at Starbucks retail.

Step 2

- Entices customers into Starbucks rewards.

Step 3



VALUE PROPOSITION

- Fairer rewards program
- New, healthy meals
- Opportunity to attract new customers
- Promote that Starbucks cares about its customers and events that affect the country

Positioning Statement:

Among coffee lovers and health-conscious individuals, Starbucks is the brand of coffee stores that provides the most unique and intimate experience because of its quality coffee, diversified products, rewards program and consumer engagement.



PRICE

Price of existing food and beverages will remain same

Newly introduced lunch and dinner meals will be priced between \$6-8

PRODUCT

Introduce economical option for drink + food item combination

PROMOTION

Social Media Campaign
“#SpareAThought”

YouTube/Google Ads about new food

Utilize American Red Cross Celebrity Cabinet:
Jackie Chan, Heidi Klum, Dr. Phil

PLACE

New meals trial will be in Dallas/Ft. Worth, Texas and Chicago, Illinois



Program

Dec 1, 17 Jan 1, 18 Feb 1, 18 Mar 1, 18 Apr 1, 18 May 1, 18 Jun 1, 18 Jul 1, 18 Aug 1, 18 Sep 1, 18 Oct1, 18

Online Ads (1)
(Google, YouTube)

Online Ads (2)
(Google, YouTube)

Online Ads (3)
(Google, YouTube)

Social Media (1)
(Facebook)

Social Media (2)
(Facebook)

Social Media (3)
(Facebook)

American Red-
Cross Partnership

Charity Evenets

Partnership with
Healthy Food Compnay

New Rewards Program

New Meal Menu

Social Media Survey &
Vote System

Local Music Performances

Start
Duration

	Draft	Due	Publish Date
Online Ads (Google, YouTube)	10/18/17	4/30/18	10/24/17
Social Media (Facebook, Instagram, etc.)	10/18/17	4/30/18	10/24/17
American Red Cross Partnership	10/18/17	10/17/18	10/24/17
Charity Events	11/30/17	12/31/17	12/1/17
Partnership with Healthy Food Company	10/23/17	12/1/17	11/1/17
New Rewards Program	10/18/17	10/17/18	10/24/17
New Meal Menu	12/1/17	10/17/18	12/24/17
Social Media Survey/Vote System	10/18/17	11/30/17	10/24/17
Local Music Performances	11/1/17	1/31/18	11/6/17

EVALUATION & CONTROL

- New Starbucks meals
 - Potential drawback: Customers might not like the meals
 - Control: Use social media surveys to get input as to what foods customers actually want
- Revamped rewards program
 - Potential drawback: May create confusion for existing rewards members
 - Control: Send personalized emails/in-app messages to explain changes
- Monitor Starbucks application use and social media trends
- Maximize decision making using data analytics to understand success of partnership with American Red Cross



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Shares of Dunkin' parent company Dunkin' Brands (DNKN) (the company also owns ice cream shop Baskin-Robbins) are up 10% this year, & 25% over the past 12 months. (n.d.). Coffee wars! Wall Street runs on Dunkin', not Starbucks. Retrieved October 04, 2017, from

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THANKS A "LATTE"



APPENDICES

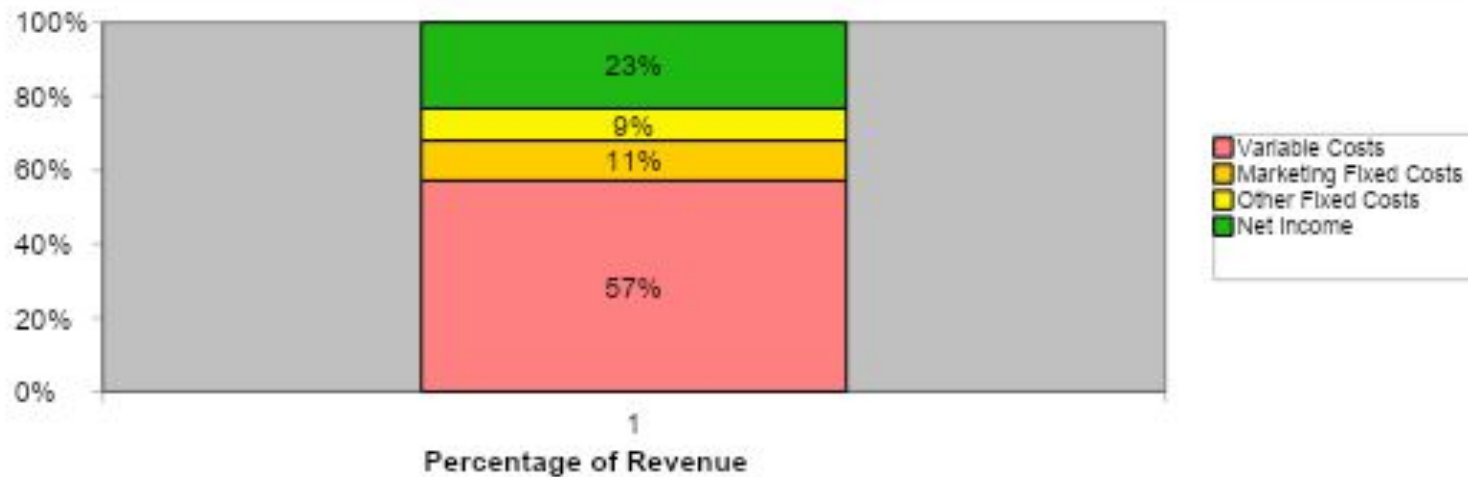


PROFITABILITY ANALYSIS MODEL

	Per Unit	Total	as a % of Revenue
Total Revenue	7.00	\$9,220,400	100.00%
Variable Costs (or Cost of Goods Sold)	4.00	\$5,268,800	57.14%
Contribution Margin (or Gross Margin)	3.00	\$3,951,600	42.86%
Marketing Fixed Costs	0.76	\$1,000,000	10.85%
Direct Marketing Contribution	2.24	\$2,951,600	32.01%
Other Fixed Costs	0.61	\$800,000	8.68%
Total Fixed Costs	1.37	\$1,800,000	19.52%
Total Costs	5.37	\$7,068,800	76.66%
Net Income	1.63	\$2,151,600	23.34%



PROFITABILITY ANALYSIS



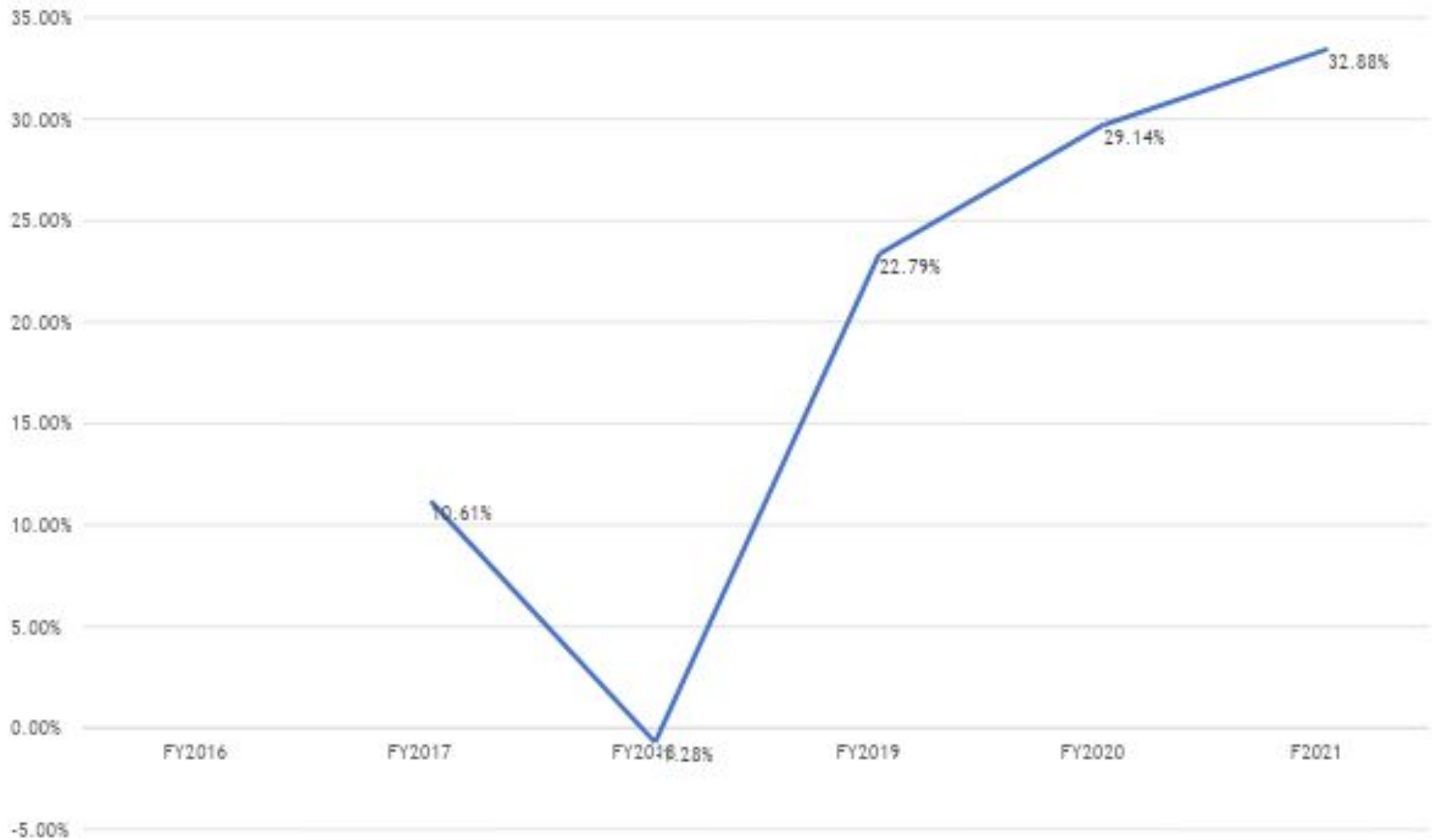
RETAILER MARGIN MODEL

	Per Unit	Total
Revenue for the Firm	\$4.00	\$5,268,800
Cost to the Retailer	\$4.00	\$5,268,800
Revenue for the Retailer	\$7.00	\$9,220,400
Retailer Penny Profit	\$3.00	\$3,951,600
Retailer Margin	43%	43%



GROWTH MODEL

Growth Rate



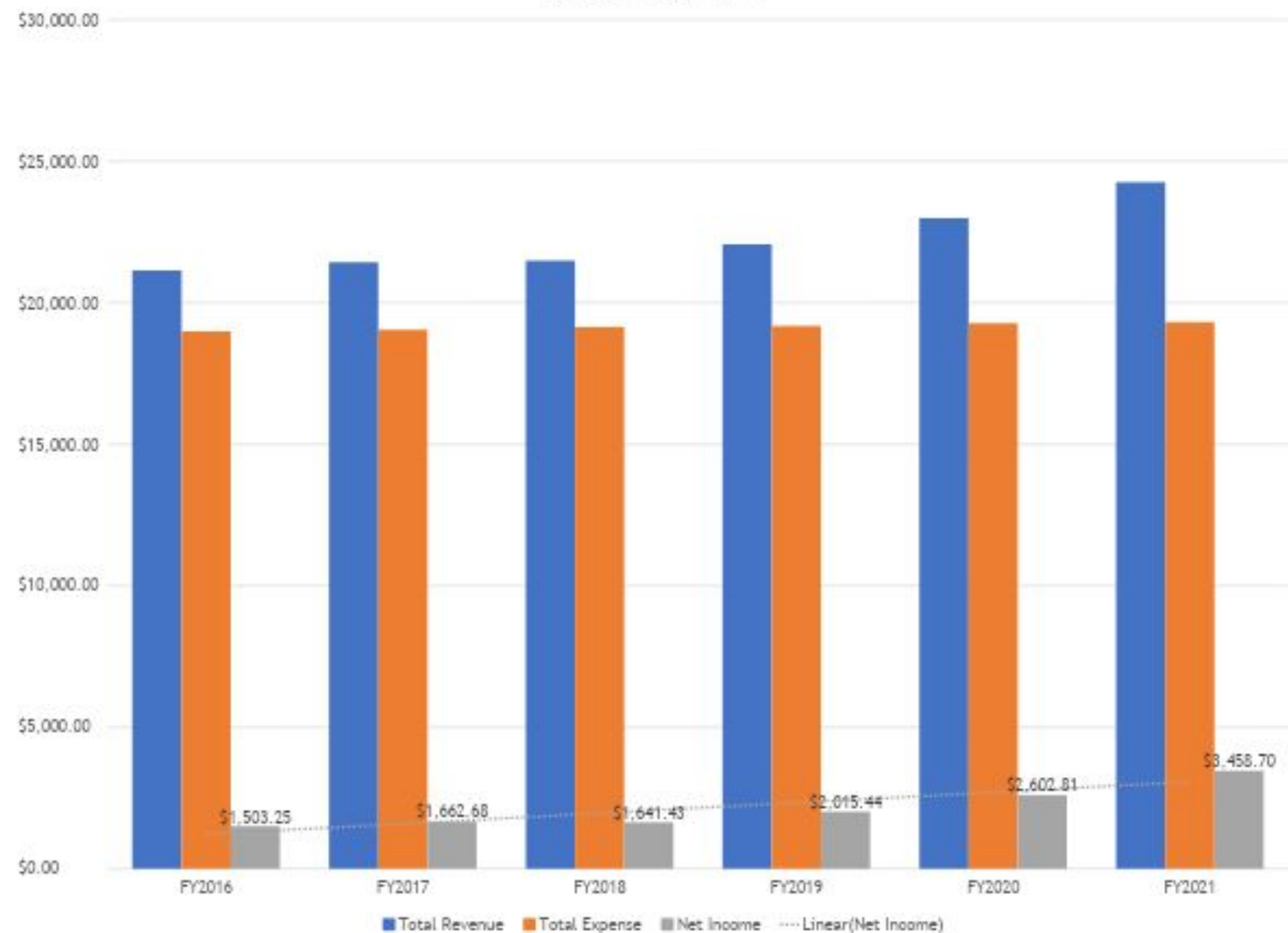
INCOME STATEMENT

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Service Revenue	\$2,137.60	\$2,202.00	\$2,210.40	\$2,222.50	\$2,230.00	\$2,599.00
License/Contract/Fee Revenue	\$2,154.20	\$2,231.50	\$2,250.00	\$2,253.10	\$2,258.30	\$2,500.00
Restaurant Sales/Food And Beverage	\$16,844.10	\$16,990.40	\$17,020.00	\$17,585.00	\$18,500.00	\$19,150.00
Total Revenue	\$21,135.90	\$21,423.90	\$21,480.40	\$22,060.60	\$22,988.30	\$24,249.00
Operating Expenses	\$17,462.20	\$17,500.00	\$17,565.00	\$17,600.00	\$17,680.00	\$17,700.00
Depreciation and Amortization	\$980.80	\$985.65	\$1,000.50	\$1,010.40	\$1,015.00	\$1,020.00
Other Operating Expenses	\$545.40	\$563.00	\$570.00	\$571.00	\$575.00	\$588.00
Total Expense	\$18,988.40	\$19,048.65	\$19,135.50	\$19,181.40	\$19,270.00	\$19,308.00
Income Before Interest Expense	\$2,147.50	\$2,375.25	\$2,344.90	\$2,879.20	\$3,718.30	\$4,941.00
Income Tax Expense	\$644.25	\$712.58	\$703.47	\$863.76	\$1,115.49	\$1,482.30
Net Income	\$1,503.25	\$1,662.68	\$1,641.43	\$2,015.44	\$2,602.81	\$3,458.70
	FY2016	FY2017	FY2018	FY2019	FY2020	F2021
Growth percentage		10.61%	-1.28%	22.79%	29.14%	32.88%

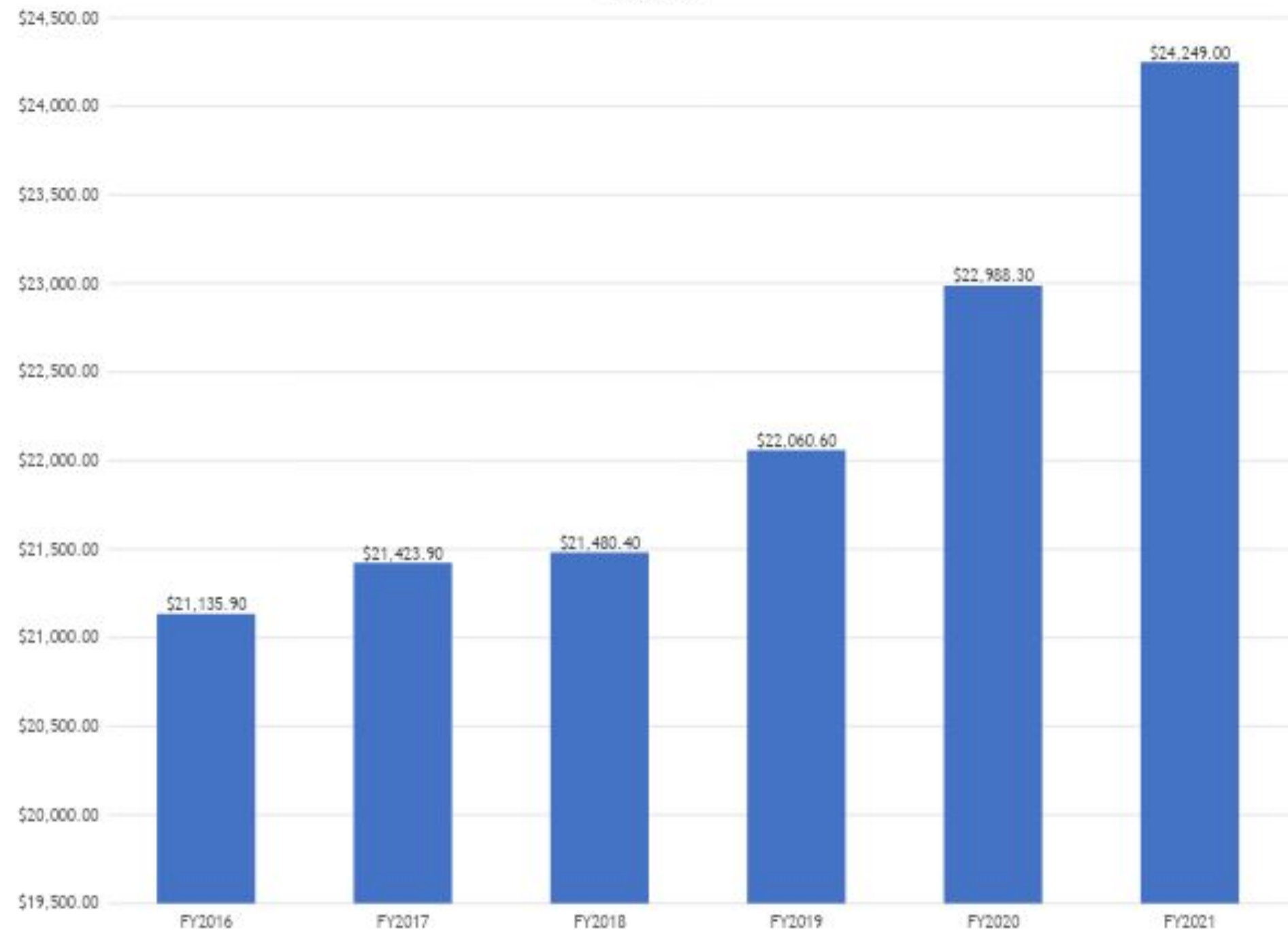


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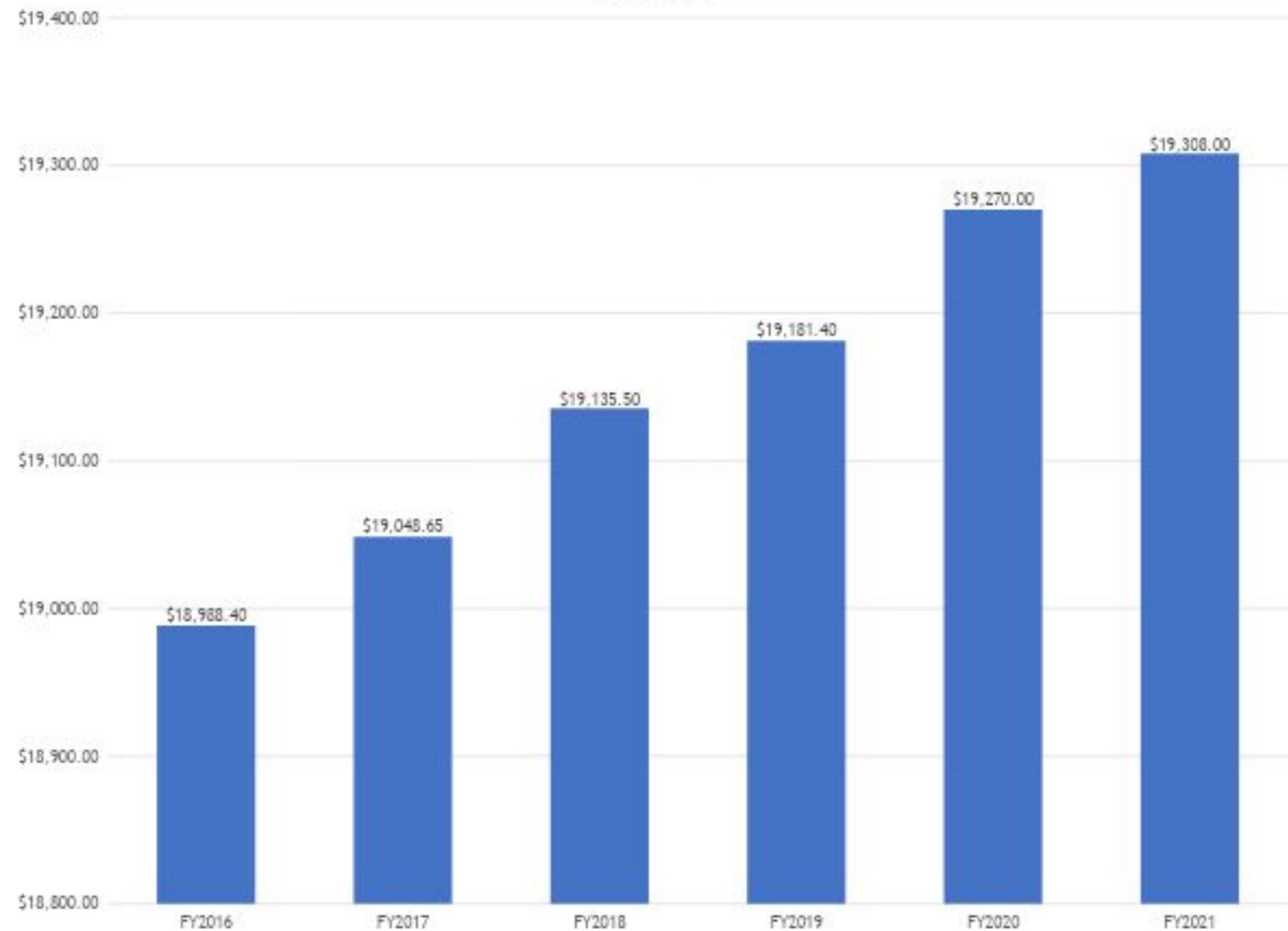
Income Statement

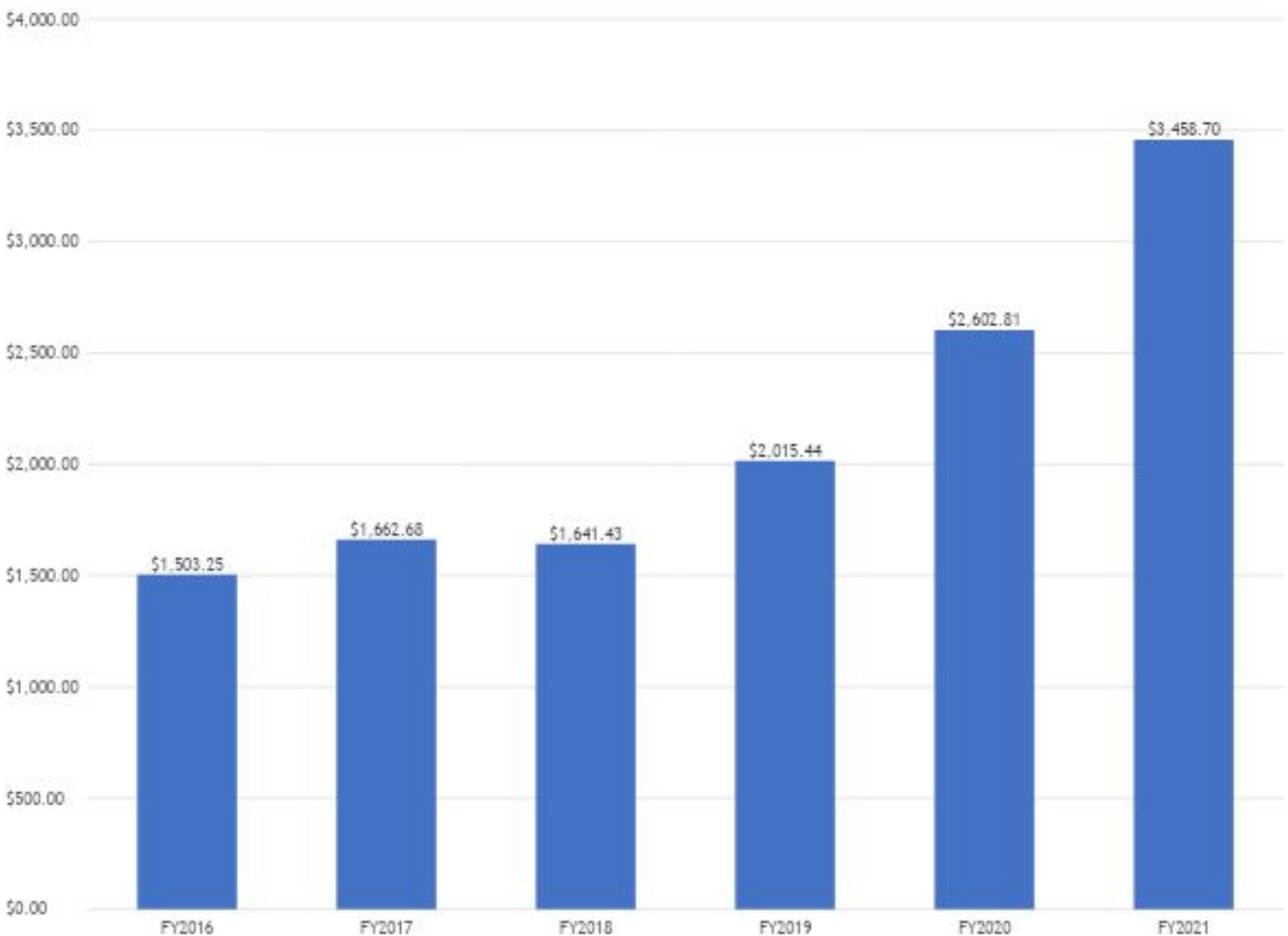


Revenue



Expenses



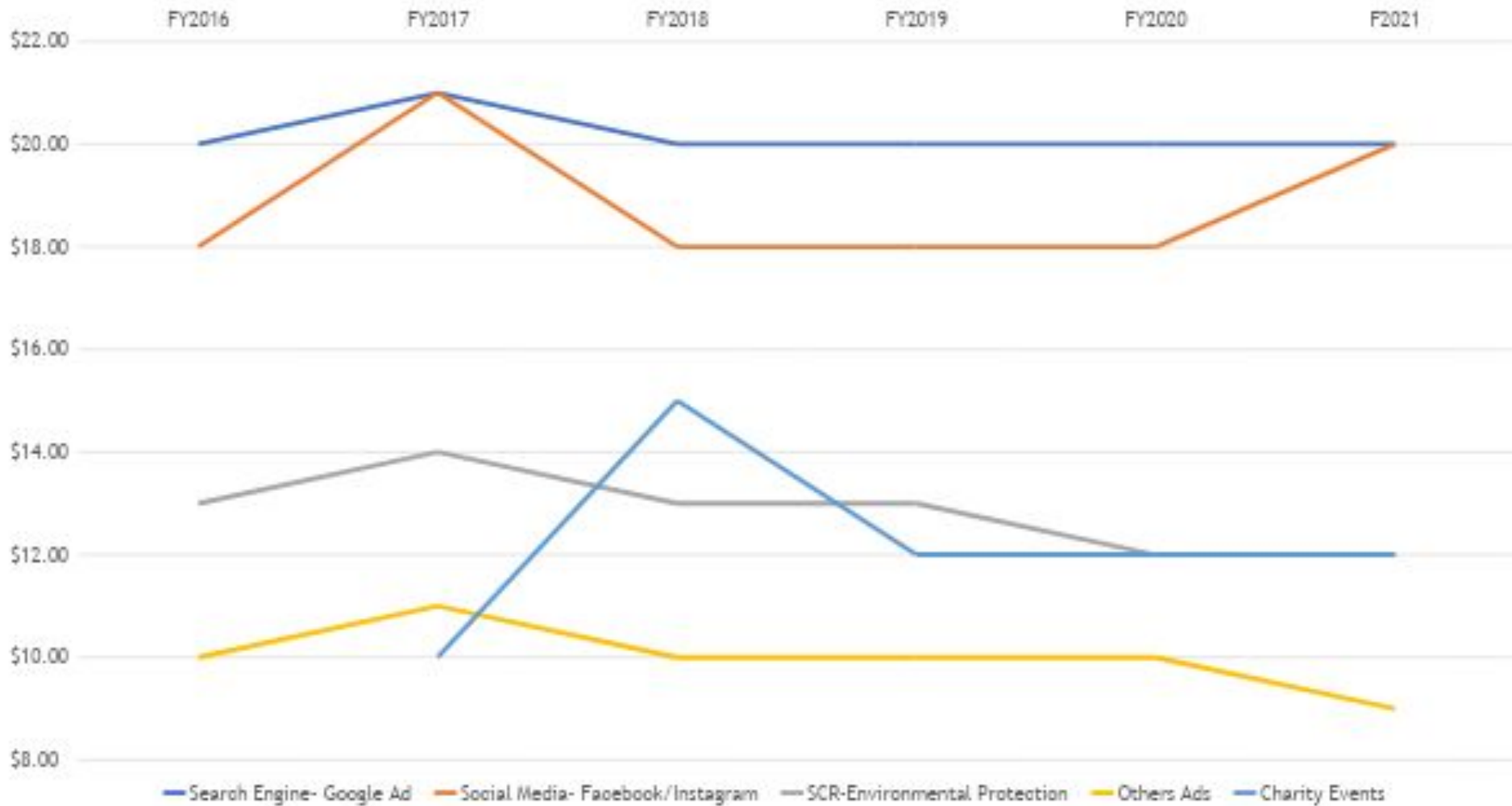


MARKETING EXPENSES

(in millions US dollars)						
	FY2016	FY2017	FY2018	FY2019	FY2020	F2021
Search Engine- Google Ad	\$20.00	\$21.00	\$20.00	\$20.00	\$20.00	\$20.00
Social Media- Facebook/Instagram	\$18.00	\$21.00	\$18.00	\$18.00	\$18.00	\$20.00
SCR-Environmental Protection	\$13.00	\$14.00	\$13.00	\$13.00	\$12.00	\$12.00
Others Ads	\$10.00	\$11.00	\$10.00	\$10.00	\$10.00	\$9.00
Charity Events		\$10.00	\$15.00	\$12.00	\$12.00	\$12.00
Total Advertising Expense	\$63.00	\$77.00	\$76.00	\$73.00	\$72.00	\$73.00

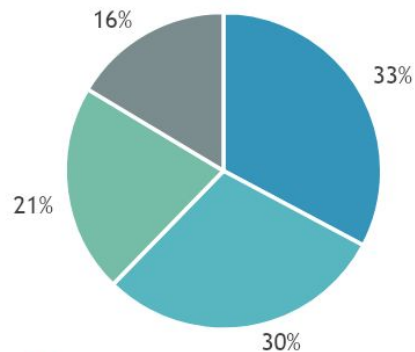


Marketing Expense



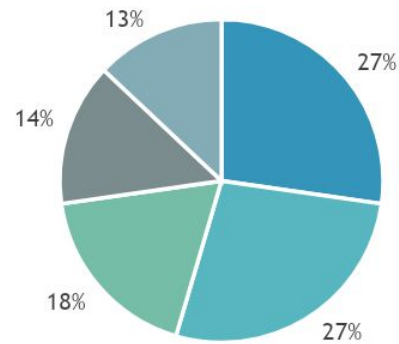
Marketing Expense

FY2016



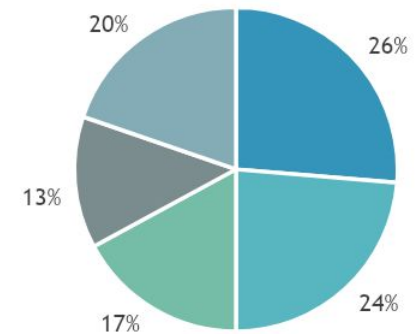
- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events

FY2017



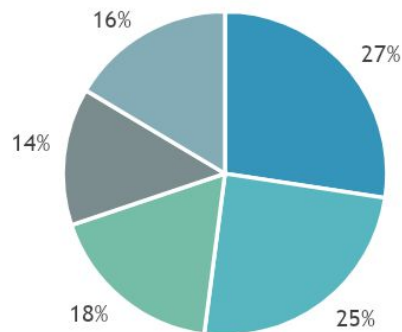
- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events

FY2018



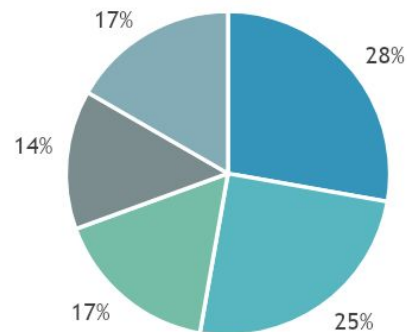
- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events

FY2019



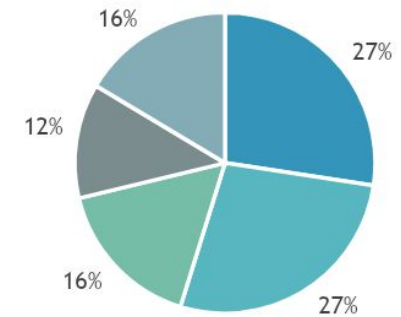
- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events

FY2020



- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events

F2021



- Search Engine- Google Ad
- Social Media- Facebook/Instagram
- SCR-Environmental Protection
- Others Ads
- Charity Events