



# Starbucks

# Brand Audit

## Brand Exploration

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# Agenda

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1. Key Findings
2. Research Methodology
3. Brand Performance
4. Brand Association and Preferences
5. Public Opinions
6. Conclusion





# Key Findings

Starbucks as a brand has high brand recognition that gears toward **iconic meaning**

Does well against their comparable competitors (Peet's, Caribou Coffee, Dunkin' Donuts)

Potential problems with **negative brand associations** in terms of **attributes and benefits, relationship bonds, and emotions**

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# Research Methodology

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- Online Survey
  - For assessing awareness, personality & values and beliefs
  - Online Survey of 18 questions (Qual. and Quant)
  - N = 85 respondents
- ZMET + Brand Concept Map
  - To understand emotions, underlying reasons and iconic meanings
  - Internally created a collection of 30 sample images
  - N = 10 respondents
- Secondary Research
  - Additional information and key insights to company and company activities



# Research Methodology

From the findings from the ZMET and online survey we created a **brand concept map**.

This was useful in taking abstract data points and making it more **visually accessible** to understand the current status of the Starbucks' brand equity





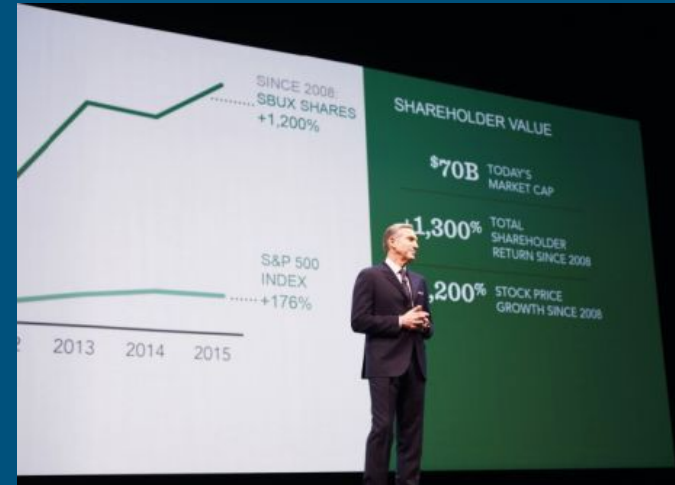
# Brand Performance

## Financial Performance

- Starbucks has outperformed NASDAQ Composite Index, S&P Consumer Discretionary Index and the S&P 500

### Consistent increase in (2017):

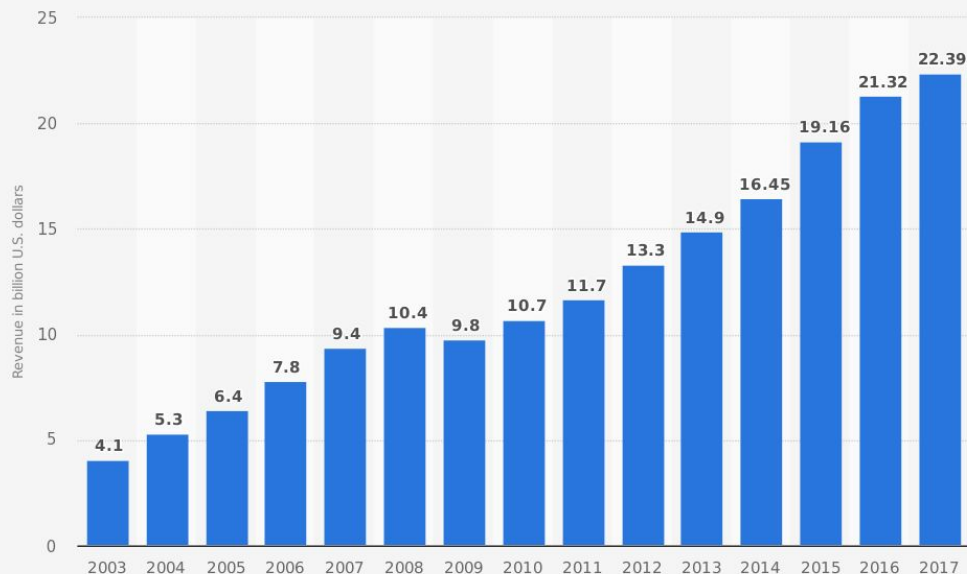
- Total Revenues- \$22.4 billion*
- Net Earnings- \$2.88 billion*
- In United States, Starbucks maintains holds on 39.8 % market share among leading coffee chains





# Brand Performance

Revenue of Starbucks worldwide from 2003 to 2017 (in billion U.S. dollars)



Source  
Starbucks  
© Statista 2018

Additional Information:  
Worldwide; Starbucks; 2003 to 2017; Fiscal years end on the Sunday  
closest to September 30.

Market Shares of leading  
coffee chains in the US (2016)

**Starbucks - 39.8%**

Dunkin' Donuts - 21.9%

Others - 38.3%

**Increasing worldwide  
presence, increasing  
scale**



# Brand Association and Preferences

## Personality (Traits, Values)

- Warm and relaxed ambiance
- Cozy
- Personalized
- High productivity



Predominantly Sourced from ZMET

## Opinions and Attitudes

- Favorable in comparison to main competitors
  - 31.25% over Peet's Coffee
  - 21.88% over Caribou Coffee
  - 37.51% over Dunkin' Donuts

Predominantly Sourced from Online Survey





# Brand Association and Preferences

Collective Identity

Emotions

Relationship Bonds

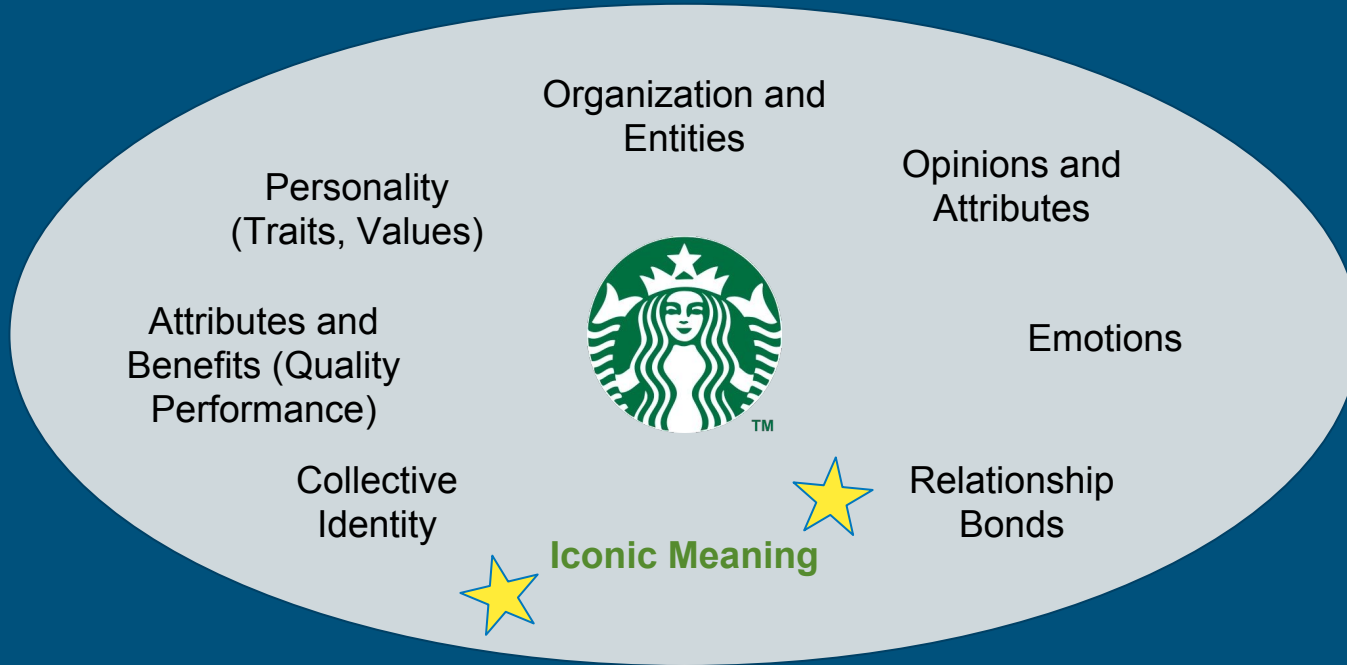


- Modernized
- Welcoming
- Relaxing
- Work Place
- A personal connection
  - Reliable and dependable
- Collective Identity
  - Sophisticated
  - High Self-Esteem
  - Fashionable
  - High social status

Predominantly Sourced from ZMET



# Brand Association and Preferences



Starbucks is a well recognized and established brand that has reached an iconic meaning as they derive greater **symbolic relevance** in popular culture.

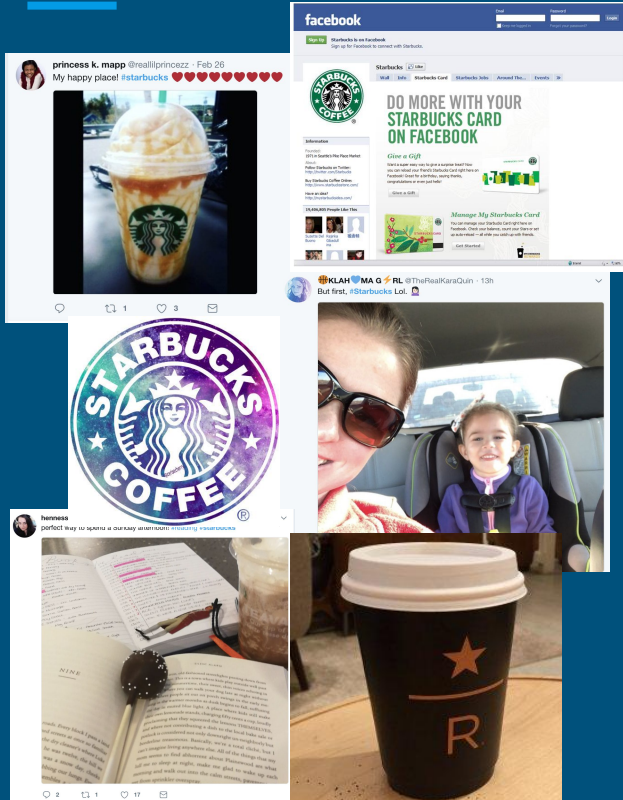


# Public Opinions

Starbucks is doing a lot to foster positive public opinions → this leads to recognition on social media and by news outlets like *Fast Company* as one of 2018's most innovative company

Some examples include:

- Starbucks plans to open up to **1,000 Reserve** store locations worldwide
  - Premium store experiences
- Starbucks has mastered social media with the **Unicorn Frappuccino**
  - “Insta-grammable”
- Starbucks First Reserve store opens with Italian Princi bakery
  - Developing **organization and entity** partnerships for positive brand association





# Conclusions

Starbucks is a proactive brand with an iconic and symbolic brand associations.

To...those who want an **ideal coffee drinking experience** Starbucks Cafe is....the location of **consistent choice** for all coffee associated needs, That...offer a **relaxing and productive environment** to experience coffee to each individual's taste, Because...of the **premium and innovative** experience that Starbucks provides that **improves your quality of life**.

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Questions?

# Appendix



# Research Methodology

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- Results from Online Survey

- High user experience rate (95.4%) for Starbucks coffee

- Low awareness of some competitors' brands

- : Peet's (48.44%), Caribou (37.5%), Dunkin' Donuts (92.3%)

- Positive Expectations of an ideal coffee drinking experience

- : more than equals expectations(84.4%) Vs. below than short of expectations(15.6%)

- Top 5 words that come to mind

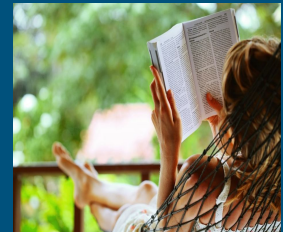
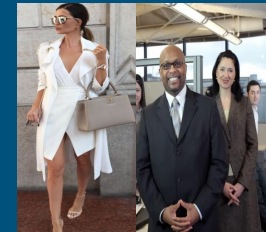
- : Premium, Nice decoration, Fancy, Tasty, Barista spirit

- Low perception (35.9%) and consuming experience rate (30.4%) of Starbucks Reserve



# Research Methodology

- Takeaways from ZMET
  - Key role of the modernized interior and welcoming atmosphere of Starbucks shops
  - Committed brand enthusiasts feel a personal connection to the starbucks logo
  - People feel sophisticated, high self-esteem, fashionable, and high social status when they consume starbucks' services and products







# Brand Performance





## Americas

Fiscal Year Ended	Oct 1, 2017	Oct 2, 2016	Oct 1, 2017	Oct 2, 2016
	(52 Weeks Ended)	(53 Weeks Ended)		
	As a % of Americas Total Net Revenues			
Net revenues:				
Company-operated stores	\$ 13,996.4	\$ 13,247.4	89.4%	89.5%
Licensed stores	1,617.3	1,518.5	10.3	10.3
Foodservice and other	39.0	29.5	0.2	0.2
<b>Total net revenues</b>	<b>15,652.7</b>	<b>14,795.4</b>	<b>100.0</b>	<b>100.0</b>
Cost of sales including occupancy costs	5,720.3	5,271.9	36.5	35.6
Store operating expenses	5,320.2	4,909.3	34.0	33.2
Other operating expenses	128.5	96.0	0.8	0.6
Depreciation and amortization expenses	615.0	590.1	3.9	4.0
General and administrative expenses	201.4	186.1	1.3	1.3
Restructuring and impairments	4.1	—	—%	—%
Total operating expenses	11,989.5	11,053.4	76.6	74.7
<b>Operating income</b>	<b>\$ 3,663.2</b>	<b>\$ 3,742.0</b>	<b>23.4%</b>	<b>25.3%</b>
Store operating expenses as a % of related revenues			38.0%	37.1%
Other operating expenses as a % of non-company-operated store revenues			7.8%	6.2%