



EFFECT OF SOCIAL MEDIA MARKETING ON STARBUCKS

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ABSTRACT

Keywords:

1. INTRODUCTION:

Marketing is a methodological science that needs to change as per what and how the market needs it to. Marketing is and has always been very crucial for the development of businesses but how the execution of these marketing techniques has been is not completely viable for most businesses today and companies need to use social media platforms in order to survive in the market. Social media has gained great importance and has been growing at exponential rates over the past few years. The time spent by people across the world on social media websites and applications is humongous. Social media is widely used for sharing information, communication and social networking and is used mainly in the form of websites or applications. The use of social media platforms for the purpose of promotion of a good or service is a practice that many companies are using today and it is almost impossible for companies to survive and grow in the present global scenario without using social media in their marketing activities.

Social media marketing is not the same as digital marketing. While Digital marketing aims to focus on marketing goods and services over all the forms of digital media, social media marketing is more specific towards social networking sites and aims to get targeted audience from social media websites and applications. Thus we can say that social media is a part of digital media. Talking about what is more important to a business, digital media or social media, we can say that there is no right answer to it as it depends on the type of brand, products or services you want to promote. While digital media may be used to increase awareness in some cases, social media is more widely used for products, brands and services with a wide audience.

What we seek to observe from the research is the effect of social media marketing on Starbucks and how Starbucks uses social media to gather targets, make them into potential consumers and keep them as future customers too. We will look at how the performance of the company has been because of the influence of social media marketing. Through the research, we will get to know about certain laws of social media marketing and will observe how Starbucks follows these laws in its social media campaigns.

1.1 STARBUCKS :

Starbucks is an American coffeehouse chain which operates over 23,768 locations worldwide out of which 13,107 are in the United States of America. It was founded in Seattle, Washington in 1971. It was founded by 3 partners who were students at the University of San Francisco. They opened the first Starbucks in Seattle in the year 1971-1976. The store was relocated to pike street and was never relocated again thereafter. By 1986, Starbucks had opened 6 stores in Seattle and by 1989 they opened 46 stores in the United States of America. The first Starbucks that opened outside United States of America was in Tokyo, Japan in 1996.

Starbucks promotes social programs and addresses social issues. They effectively use social media for their campaigns and are one of the best social media marketers in the market. One of their very successful campaigns is the 'mystarbucksidea' where in they provide an open forum for people to discuss and give new ideas. They source high quality arabica coffee beans and make sure that their cocoa is obtained from ethical sources.

2. LITERATURE REVIEW

John Gallaugh and Sam Ransbotham in their article titled, "Social Media and Customer Dialog Management at Starbucks" (2010) talk about how they handle social media and customer dialog on social media in real time. The mode of data collection is secondary sources of data. They try to illustrate and compare traditional firms and the changes brought about by the emergence of social media. They also show and explain social media through the 3M framework, that is : Megaphone, Magnet and Monitor. They use Starbucks as an example through their research to illustrate how they use the 3M framework in their working. It talks about how Starbucks uses social media to share information across different types of social media sites, how they attract inbound customer dialog and how they manage to keep customer to customer dialog by providing a platform for the same. From reading the article we come to know that Starbucks has established a working model so as to combine megaphone, magnet and monitor within individual outlets. The article talks about how they've managed to do it and how they are still practicing it. The article also talks about the challenges that come along with social

media and how Starbucks is coping with it.

Ms. Sisira Neti in her article titled , " Social media and its role in marketing" (2011) talks about Social media and how it has affected the Indian market. The mode of data collection is through secondary sources . She talks about the role of social media in both the global scenario and the Indian scenario and she talks about how social media is beneficial for both emerging companies as well as already existing companies. She talks about the importance of social media and illustrates the same by giving us certain statistics into how the companies performance were without social media and how they are after social media. She gives certain statistics on the activities of companies on social media and how they use social media to their advantage. The article talks about why social media is inevitable and why companies who dont use social media in their marketing strategy are going to have a hard time ahead. Her article also talks about the barriers to implementation of social media in companies and what percentage of their marketing budgets do the companies use for social media campaigns.

Kally A. Lavoie this study is titled with "Instagram and Branding: A case study of Dunkin' Donuts" This research focuses on finding, how the company Dunkin Donuts used its name, logo colours and images of its products on Instagram (a social media platform) to create a strong fan base and market its product and how the frame work theory worked. The study analysed the Instagram account of Dunking Donuts and analysed the strategies and elements used in the strengthening of the brand image. The data collection was done from the secondary sources i.e. the Instagram account of Dunkin Donuts. A systematic sample of posts from Dunkin Donuts was gathered from the account within a time frame of one year and one post from each month of the year was selected. The posts were further divided into categories such as textual elements of captions and visual elements of pictures and video. The captions on the posts were analysed to find the impact, whether it had positive or negative impact on the customer. Later on visual analysis was done. Author found that out of 12 posts one only one post had a negative caption and the visual analysis stated that the posts created a fun element. The results shows that the company is able to use its brand to post engaging content to connect better with the customer fan base and the framing theory does not hold up as a strongly theoretical basis for the branding of dunkin donuts.

Simona Vinerean, Iuliana Cetina, Luigi Dumitrescu & Mihai Tichindelean this study is titled with "The effects of social media marketing on consumer behaviour" This study aims to examine the positive impact of social networking sites on the customer's and their perceptions about the online advertisements and the way they interact. The data analysis was done on 236 people and their online activities, by identifying types of users. The data collection method used was primary data collection method with an online survey via internet (FreeOnlineSurveys) and targeted at a certain group of students who were active on internet. Data analysis was done through SPSS. The factor analysis method was used. There was in total 7 variables used. The study shows us that the students who clicked on the advertisements had a positive impact on how the marketing was done through social media and the marketing instruments. The results also tell us different types of online users and they are classified into different types. This served as the basis of psychographic segmentation based on respondents activities.

3. LAWS OF SOCIAL MEDIA MARKETING

When we were in our elementary school, we discovered the physical laws that conducted the universe and once we are aware of the laws everything started to make sense about the universe. To increase the entry the value of the company while entering the online marketing it is necessary to abide by some laws.

Susan Gunelius has applied the same idea to social media marketing and gave a clear idea of how social media marketing works. The one question she answered was that what were the fundamental laws that underlie in the social media marketing that we do.

Here are the laws that are building blocks of social media marketing

1. The Law of Listening.

Social media requires more listening and less speaking. Reading the target audience is very important and joining them for discussion to know what they value the most is the most important thing. Only then it is possible to keep the audience involved and attracted to the brand and product.

2. The Law of Focus

It is better to specialize in the marketing than make a fool of your company. A highly focused social media marketing strategy has a better chance of succeeding than a company attempting to be all things for all people.

3. The Law of Quality

Quality of work is always better than quantity. It is better to have 1000 people who share and constantly talk about the content a company uploads than to have an audience of 10000 who do not respond to the content.

4. The Law of Patience

Social media marketing ideas won't succeed overnight. It is far more likely that the company will have to wait for long time to achieve the results

5. The Law of Compounding

If the published content is amazing, then people will automatically share it to their audiences on Twitter, Facebook, LinkedIn, their own blog and more.

Sharing and discussion of the uploaded content will lead to new options for search engines like Google and will make it easier for the people to search in keywords. This can lead to more ways for the customer to find the company.

6. The Law of Influence

Spending time finding the people who are very influential online and who have quality of audiences who might be interested in your product, service and business model. Connecting with these people would help in building a relationship with the target audiences. These people would help to put your business in front of the huge audience.

7. The Law of Value

If the marketing of the product and services is done directly, people will stop listening to the advertisements. There must be some value points in the conversations. In time, people will themselves become powerful catalyst for spreading the word for your business.

8. The Law of Acknowledgment

As no one ignores the person who reaches out to them personally, so it is equally important not to ignore them online. Building relationship with the customers directly is one of the most important part of building customer relationship. Hence it is very important to acknowledge the person who reaches out to you.

9. The Law of Accessibility

Some people just keep on uploading the content and then disappear. It is very important to be available to your audience. That means one must always be continues in uploading the content and participate in the discussions and talks about the uploaded content. Followers online won't think twice to replace you if you disappear for weeks.

10. The Law of Reciprocity

You can't expect others to share your content and talk about you if you don't do the same for them. So, a portion of the time you spend on social media should be focused on sharing and talking about content published by others.

If you want others to talk about you, you have to talk about them. So, some of the quality time must also be spent on sharing and talking about the content which other people have published.

4. HOW STARBUCKS USES VARIOUS SOCIAL NETWORKING SITES

4.1 Pinterest

Well, marketing on Facebook and twitter by making pages and sharing blogs is done by almost every company, Starbucks took social media marketing to next level by marketing on Pinterest boards. It is one of the best Pinterest accounts. It has got only seven boards but consists of more than 900 pins between them. Its boards have attracted more than 76000 followers. Comparatively, Walmart has created 65 boards but has only 12000 followers. Boards are full of extraordinary images that are mostly sourced from third party sites. Recently Pinterest offered its fans a chance to win Verismo System Coffee machine. All they had to do was to create a board on Pinterest named "It's Possible" then pinned six images to it, including one of the new machines. A Pinterest search for "It's Possible" shows that it had thousands of entries and was a great success. Starbucks shines on Pin boards by featuring tea rituals, coffee gadgets, and the best interiors of its stores which are very soothing. Starbucks had launched a lot of competitions like "It's Possible" and had gained a lot of fan following because of it.

4.2 Google+

Most of the brands neglect their Google+ pages by considering that usually no one uses the network but the fact is that out of 7.4 billion people if at least 50 million people are using the network, one's business can be a great hit. Starbucks had achieved more than a million followers on its Google+ page. The coffee brand has more than a million followers and posts content every few days. Actually the content which is uploaded is filtered from its Facebook page and Twitter feeds. Each update gets more than hundreds of +1's and more than 1000 comments, and is actually a lot better than most of the other companies and brands. Most of the companies like Ikea, Tesco and etc. aren't really active on their G+ pages. But it's not the same for everyone. Starbucks has actually gained a lot of popularity because of Google+.

4.3 Facebook:

Being one of the most liked company page on Facebook, Starbucks with 37.32 million fans need an interesting social media strategy to keep the audience engaged. Starbucks follows a very unique Facebook marketing strategy, unlike any other company who has a fan following close to Starbucks. While the other companies like Walmart keep their Facebook pages updated regularly, Starbucks has a totally different ball game when it comes to Facebook marketing. They don't usually update their Facebook page, they might not update it for weeks altogether. But when they do, it's eye-catching and ultra clever. Their posts are composed of a perfect balance of fun contests, helpful tips and subtle sales messages to its customers.

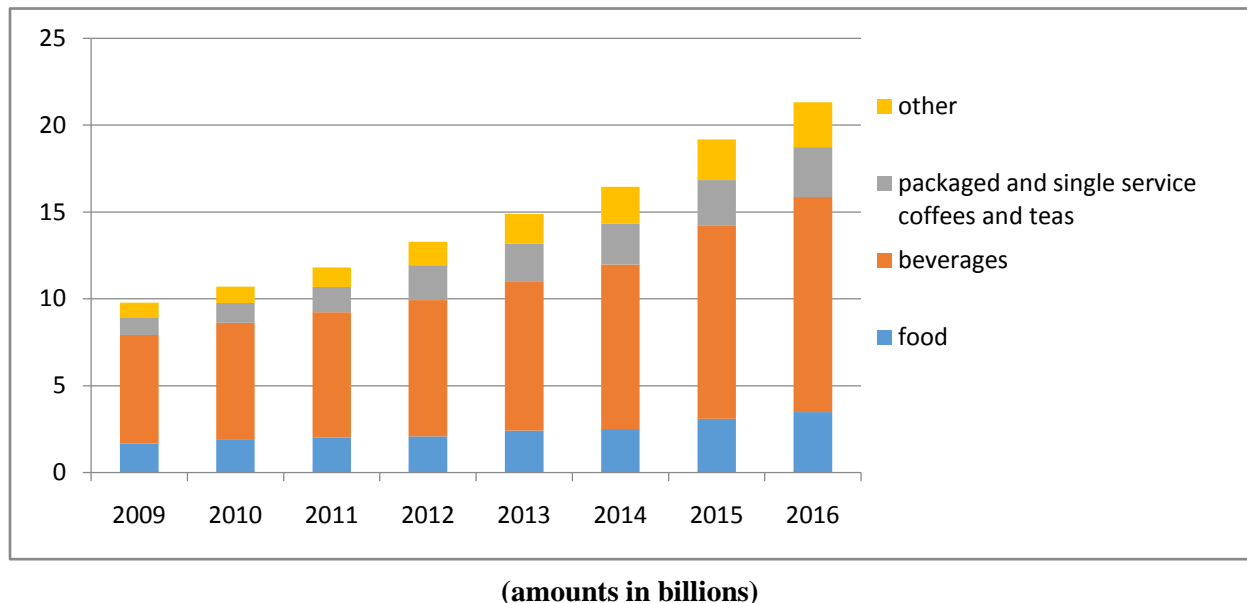
Starbucks uses a strategy which is the complete opposite of the most successful brands on Facebook marketing and yet they manage to obtain higher engagement rates. For example, John Lewis and ASOS, two of the most successful Facebook marketers regularly update their Facebook pages, engage with the consumers on a one-to-one basis and reply to them in real time. Starbucks, on the other hand, does

not post updates regularly, nor does it engage with the consumers on a one-to-one basis but it still manages to maintain a very high engagement rate. The reason why they are able to do so is because of the types of posts they update their page with. Their posts contain more of videos, surveys and coupons along with the product image.

4.4 Twitter:

With over 3.5 million followers on Twitter, Starbucks manages to keep a similar relaxed attitude on Twitter like that on Facebook. It tweets less than 10 times a day on average and mostly replies to mentions @starbucks, but it also posts images and links to its loyalty scheme every couple of days. Unlike the other brands who stress on making real time conversation with its customers on twitter, Starbucks doesn't make an effort to make conversations on a real time basis. Their content is mostly bland. It helps them avoid getting into something controversial, but it seems fairly unambitious. The coffee brand used the hashtag #spreadthecheer to promote its products but forgot to keep track of it. They use Twitter mainly for the purpose of reaching out to customers who are talking about their in-store experiences or products. They even encourage dissatisfied customers to get in touch with the company for a follow up using a twitter specific email-address.

5. Revenue:



In 2008, the revenue of Starbucks was 10.38 billion dollars whereas in 2009, we can see that it dropped to 9.71 billion dollars. Starbucks started its biggest social media campaign in 2009 and failed terribly at it. This can be considered the reason why they failed to generate the revenue for the previous year. Post 2009, they started improving upon their social media campaigns. They started generating more revenue and a much higher engagement rate on their fan pages. The fan following increased and so did the revenue. Over the span of 8 years, they managed to take their revenue from 9.71 billion dollars to 21.31 billion dollars. They launched various social campaigns to improve their corporate social responsibility and shared the moments on social networking sites to let people know that they care about them. Fun contests, surveys and online coupons helped them get more people to enjoy their coffee and helped them improve their revenue.

6. CONCLUSION

Starbucks is a real life example of how things can turn back in your favour. Starbucks returned to its roots and reconnected with its customers in a better way. While many companies were trying to get back to their 2007 financial figures because of the economic crisis, Starbucks showed the whole world that people were still spending \$5 to 3 pounds every day for their Latte. This proud moment was tweeted as well. Starbucks had taken a lot of measures in 2008 to reposition its brand in the market.

The economic slowdown in 2008 had affected the growth of its company and also hampered most of the plans of the company but it went through.

Keeping Customers: The Starbucks social media team is working day and night to keep its customers on a grand scale. They give their customers individual attention. This makes them keep coming back for more. **Socializing Element:** Social media campaigns also focused on people's interaction with strangers. They did it by opening a platform called sharing the coffee drinking experience on Facebook and Twitter. All Starbucks had to do was to build an online platform where people can join and interact with others over a coffee. **Consistent Branding:** The company's social channels are all the same wherever you go. They have the same look, feel and the interiors. Their social outreach is one of the best in the business.

Most businesses just push out content to their customers which do not mean anything. Social media marketing won't work if consistent interaction with the customers is not there. Starbucks has given them value to its customers rather than slapping them with meaningless

advertisements.

As we have seen that the company's business was declining by the year 2007. But in the year 2009, the company took some major steps to get the train back on its track. The finances of the company dipped more in 2009 as the expenses on social media marketing increased. But in the mid of 2010, the company was back to making profits and the profits kept on increasing every year. The company at first was only looking at opening up new stores. But later on it understood that to retain its customers it had to provide some value to them by actually showing concern in involving them with the brand by any means possible. That how the customers can be retained and the company can grow its business.

If one takes a look at the social media platforms provided by the company Starbucks, one will notice that it had mostly followed all of the social media laws and also keeps adhering to it. Success of Starbucks on social media is undeniable. Their attention to detail and immediate responses to the customers is what makes their social outreach some of the best in the business.

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