

Starbuck Media Plan

Executive Summary

The overall goal of this media plan for Starbucks is to increase market share of the non-coffee drinker. To ensure market growth, Starbucks needs to reposition and increase awareness of its current products, for example the Frappuccino line, Other products that are in need of increased awareness include Tazo tea, Hazelnut Signature Hot Chocolate, Cinnamon Dolce Crème, Steamed Apple Juice, and Blended Lemonade.

Starbucks must compete to retain brand recognition of its primary products, yet increase awareness of its new product line in order to do this we compiled research that identified our primary market for our advertising, which will take place primarily throughout the southern and western regions. Also, we have identified the specific age range of the consumer we would like to target and their media usage habits. Our primary media buys will be in television and magazines and will be bought at a notional level and on the spot level. We believe by implementing this media plan it will most effectively reach our target audience and accomplish our goal of creating more brand recognition and awareness of the new frozen and iced drinks that Starbucks offers.

Situational Analysis

Starbucks mission is 'To inspire and nurture the human spirit— one person, one cup, and one neighborhood at a time.' That's a pretty challenging mission, but if anyone can accomplish it, Starbucks was founded in 1971 in Seattle's Pike Place Market. Original name of the company was Starbucks Coffee, Tea and Spices, later changed to Starbucks Coffee Company.

Starbucks now has more than 16,000 coffee shops in more than 35 countries. Starbucks purchases and roasts high-quality whole bean coffees and sells them along with, rich-brewed, Italian style espresso beverages, a variety of pastries and confections, and coffee-related accessories and equipment. Starbucks carries over 30 blends and single origin coffees. Starbucks carries global consumer products such as bottled Starbucks Frappuccino beverages, Starbucks Discoveries chilled cup coffee (in Japan, Taiwan and Korea), Starbucks DoubleShot espresso drinks, Starbucks Iced Coffee, whole bean coffee, Tazo teas, Starbucks Coffee Liqueurs and a line of superpremium ice creams.

The Company's objective is to establish Starbucks as the most recognized and respected coffee brand in the world. Starbucks has appealed to such a wide target market, it seems every product introduced is an instant success. Based on our research, we found that the married couples age 25-54 with children to be the primary potential target market. Starbucks attracts a wide demographic of customers including people of different ethnic backgrounds and ages. Those who finished college bought 49% more gourmet coffee on average and those with some postgraduate education bought 71% more. Furthermore, households with children and two working parents bought 28% more gourmet coffee.

Today, Starbucks has the striking number of 25 million visitors in its stores each week. This success is due to the combination of high quality drinks and friendly environment with good music, comfortable chairs, and good services. This creates the “Starbucks experience” which leads to brand loyalty. According to an article in Advertising Age Starbucks reported net earnings down 69%, to 74 million, due to restructuring costs and a cost-conscious consumer.

Starbucks, which has more than 16,000 stores worldwide, is in the process of closing more than 900 and shedding up to 6,000 in-store staff as it trims operations in the global downturn.

Despite the closures, the company's chief financial officer still forecast net growth in U.S. stores this year.

Starbucks' strategy for expanding its specialty operations is to reach customers where they work, travel, shop, and dine by establishing relationships with prominent third parties who share their values and commitment to quality. Starbucks has shown to use less of traditional advertising; instead relying more on its image advertising, such as movie and television placement, in order to promote the success of their business.

The usage rate varies according to each type of product. In terms of coffee, the average usage rate for coffee drinkers is around three cups per day. It should be mentioned that every person has their own personal amount of coffee needed each day and so, it is hard to base this fact as a general description but on average, regular coffee drinkers would consume about two-three cups a day. Other products such as coffee related equipment would only be purchased once in a while or when they were needed. Music would be purchased on a personal basis depending on if the consumers like the music available. The non-coffee drinkers are a new and less researched demographic, these are the people we are trying to reach.

Starbucks top competitors of coffee consist of Dunkin, Nestle and McDonalds. The coffee and Tea manufacturing industry includes 250 companies with combined revenues of almost \$6 billion. Major companies include Proctor & Gamble, Sara Lee, and Kraft foods. It is predicted that specialty coffee will follow the pattern of other fast food segments, in which a few dominant chains gobble up weaker business, but a full-scale shakeout is still far off. Coffee and

Tea manufacturers face intense competition from other beverage companies, especially soft drink, bottled water, and juice manufacturers. Although the US coffee market is in long-term decline, the US is the largest coffee consumer in the world.

Starbucks top competitors for non-coffee drinkers include Jamba Juice, Orange Julius and other local non-coffee iced-beverage providers. Special care must be implemented to maintain Brand equity for its primary product, and not become too diversified. High gas prices, minimum credit card payments, and a slower housing market could cause the consumer to cut back on spending on food away from home. Starbucks is a high-margin brand that serves about 4 million customers per week (Forbes). One of the main strengths of Starbucks over the years has been their tireless effort to make their product an uplifting part of people's daily lives.

Consumer taste and population growth drive demand in the consumer sector, while economic growth of businesses, like restaurants and hotels, drives demand in the commercial sector.

Starbucks is the world's #1 specialty coffee retailer, and even in times of economic crisis the company will stay afloat. Growth in the coffee industry is expected to peak around year 2010, and between now and then a slow but steady increase in the number of mergers is predicted (The Gale Group).

Creative Strategy Outline

Our creative challenge is how to market a coffee brand to non-coffee drinkers. Starbucks is known for its innovative and creative development of products. However, they remain vulnerable to the possibility that their innovation may falter over time. One of Starbucks' greatest strengths is their strategy of implementing products into grocery stores,

convenience stores, department stores, movie theatres, businesses, airports, schools and homes.

Over-expansion, too many products, is a problem that Starbucks is aware of. Right now Starbucks is venturing out of the coffee industry and into music, books, entertainment, and foods. Too many brand extensions may become harmful to the company.

Starbucks strategic goal is to increase market share of the non-coffee drinker. To ensure market growth, Starbucks needs to reposition and increase awareness of its current products, for example the Frappuccino line, (this product has been extended to include 3 new flavors; Double Chocolate Chip Crème, Vanilla Bean Crème, and Strawberries & Crème.) Other products that are in need of increased awareness include Tazo tea, Hazelnut Signature Hot Chocolate, Cinnamon Dolce Crème, Steamed Apple Juice, and Blended Lemonade.

Starbucks must compete to retain brand recognition of its primary products, yet increase awareness of its new product line. In this downward economic cycle not even Starbucks is resistant. An Advertising Age study found that 60% of Americans have scaled back from premium coffees. Starbucks saw a 3% decline in same-store sales and a 53% profit drop in fiscal 2008. Thankfully Starbucks has customer loyalty. Starbucks has very strong brand recognition and faithfulness among those who frequent the coffee shop.

We will position Starbucks and its frozen drinks as the best location for a cool, refreshing experience that will compete with any other frozen drink producer. By positioning Starbucks in this way it will position itself against everything from Slurpies from 7-Eleven to fountain drinks, juices and sodas. But analysts said Starbucks would have the advantage of its premium brand (Day). We also want to promote the customization of each beverage and the

preparation ritual that will go along with preparing it, which according to Howard D. Schultz, the company's chairman and chief global strategist, gives Starbucks a unique edge in the market of frozen drinks (Day). We want the customers to know that they are not purchasing some premixed average product; we want them to know that they are getting a premium beverage made specifically to their requests and that is competitively priced.

Target Audience Objective

Our Media Plan will be directed at adults ages 18-44. Although it is directed generally at all adults it will primarily focus on the female market, since females are 12% more likely to drink frozen or iced beverages than men. Of our target age women 18-34 are 53% more likely to drink these types of beverages, whereas men 18-34 are only 18% more likely to consumer frozen and iced beverages according to MRI Reporter. We will target consumers primarily with a college education and with occupations in the professional, sales, and office fields; with incomes ranging from 60,000 to 150,000, who are 26% more likely to purchase frozen drinks. We will primarily focus on the western and southern regions of the country since these two regions represent the greatest amount of frozen drink purchases within the last six months, but since the south is further behind than that of the western region, we plan on increasing the media in that region since it has the greatest potential for increased awareness and marketability. MRI also revealed that minorities are more likely to consume frozen and iced beverages. Of these different minority groups Asians were 56% more likely to consumer, Blacks/African Americans were 12% more likely to consumer, and those who identified as other or mixed race/ethnicity were 52% more likely to consume. According to an article from The Observer, experts say that

minorities now dominate the urban majority, therefore since much of frozen drink sales in the last six months were to minorities, much of our media will be dedicated to highly populated urban areas, this will also work well to target our young retail and professional markets.

The media usage of our target audience tends to be high users of magazines, internet, and television, with the highest usage being in magazine and the next highest being in internet, according to MRI. Majority of the magazines read by our target audience is dominated by fashion and fitness magazines, such as Allure, Cosmo, Vogue, Fitness Magazine, and Men's Fitness. Also a large percentage of the audience reads bridal magazines and baby magazines, which will help target our younger female population. For the internet we will focus on internet shopping websites, such as shopping.com, ticket purchasing websites like tecketmaster.com, career websites such as careerbuilder.com, and also a-mail providers, primarily G-Mail and HotMail which dominate the percentage of our target audience. When looking at television our media will be focused on Daytime talk/variety as well as Late Night Talk/Variety which show the most potential for reaching our target audience.

So for this media plan we will focus primarily on Television, Internet, and magazines to deliver our message. The research from MRI Data has shown that these three mediums are the most frequently. Starbucks has historically avoided advertisements on TV, due to attempts that reduced the brand image, furthermore the cost of TV spots is far greater than websites, however, this is not to say they should not do TV spots. TV is an important medium in the target market we are trying to reach. Magazines were chosen due to their high reach. We feel that with an eye-catching advertisement, the magazines should be able to lure the potential customer in and also create more brand loyalty. Starbucks has determined that

most of its targeted customers consider themselves relatively technology savvy via the computer. We highly recommend a web campaign aimed to increase awareness of the Summer/non-coffee Drinks. Websites that are highly reputable or that can be partnered with will be the most successful in generating awareness. We recommend making a link on the www.Starbucks.com solely for this campaign. It should include all blended drinks, as well as all non-coffee beverages. The website should be interactive and memorable. Advertising for the website can be placed on cups, posters, and print ads.

Reach/Frequency Objective

Maintaining brand recognition and creating awareness of Starbucks' new product line is our main priority of the marketing plan, therefore we want to have both a high frequency and a high reach. A high frequency will create more brand recognition, while a higher reach will help spread our message and create buzz and awareness about the new products. Therefore during our national campaign we want to have an average reach of 85 and a frequency of 6 for the months April through September. Our spot goals for these months will be an average reach of 90 and a frequency of 8. Our National goals are slightly less than our spot goals because it will be more expensive to invest in the national campaign than it will in the spot portion.

For the national campaign we plan to heavy up on daytime TV parts as well as general interest magazines and women's magazines that will allow us to maximize our reach and frequency goals. Internet will also be included in this mix but is not included in the Media Flight Plan summary since it is not able to measure its effectiveness. As discussed earlier our target audience was heavy users of daytime television and women's and general interest magazines

therefore this is where the majority of our national budget will be focused. The negative aspect of television is usually the high cost, however, we have a large budget for this campaign therefore we are able to utilize the dynamic selling abilities of television advertising. We were also able to include television as a large portion of our spot media which allows us to pick and choose specific markets we are most interested in while the national TV spots will give us a broader coverage. Magazines will be beneficial to our media campaign since we are targeting primarily the specific regions of the west and south, magazines offer us the ability to identify special groups of interest of specific targets, especially by profession and occupation. Although the slow building time of magazines can be viewed as a limitation we believe that the reinforcement of TV and also a small spot newspaper buy will compensate for this.

Media Budget Objective and Geography Objective

The media budget will be spent in the geographic areas that represent the highest percent of sales. These areas comprise cities mostly located throughout the southern and western regions of the country but also include large urban markets in the Midwest and east coasts that have potential for large scale sales. Fifty percent of the budget will be spent in the south because it shows the most potential for an increase in sales; our goal will be to heavy up the southern markets with advertising in order to increase our reach in these markets. Thirty percent of the budget will go to buying media in the west coast market primarily to increase frequency and awareness of the product where sales have already shown to be strong. The remaining twenty percent of the budget will be spent in the Midwest and Eastern regions to increase brand recognition and awareness of new products that could be beneficial for future

marketing efforts. The budget is split between spot and national markets because spot market will allow us to target more specific audiences while national will allow us to spread our message to a broad audience.

Our strategy for this budget will be a continuity strategy that begins in the month of April and lasts until the month of September. Since we are using a continuity schedule the each months budget will be evenly weighted to allow for maximized potential for each month. Since we are promoting cold drinks this is a strategy and a media campaign totally devoted to months when the weather is warmer and people are looking for an alternative to warm drinks. Approximately seventy-five percent of the budget will be devoted to the national media campaign and the remaining twenty-five percent will be spent in the spot media campaign.

Scheduling Objective

The National scheduling during the months April through September will include Net TV-Daytime, Net Cable-Daytime, Magazines-General Interest, and Magazines-Women's. Net TV-Daytime will have 153 GRPs each month, Net Cable-Daytime will have 132 GRPs, General Interest Magazines will have 100 GRPs, and Women's Magazines will have 125 GRPs. The Spot media will be comprised of Spot TV-Daytime, Spot TV-Prime, and Newspapers. Spot TV-Daytime will have 45 GRPs each month, Spot TV-Prime will have 33 GRPs, and Newspaper will have 42. The reason we have only scheduled media buys for the warm months is because our entire strategy is based on the promotion of the iced and frozen that sell during the warm months, therefore all of our budget and efforts our being dedicated to these months.

Appendix

