

Starbucks Marketing Analysis Based on Consumer Psychology Theory

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Abstract: Due to the development of the modern market, the old economic system was gradually being replaced. As the world's largest coffee retail company, Starbucks should make timely transformation and innovation with the development of emerging economy. This paper used indirect investigation method and so on to analyze the marketing operation of Starbucks. The research found that Starbucks had advantages in product market and paid attention to atmosphere consumption, this pattern satisfied consumers' consumption experience. But at the same time, Starbucks should pay more attention to innovation and explore foreign markets in order to maintain a certain market position. On the basis of analyzing Starbucks' marketing strategy from multiple perspectives and the consumption theory behind it, the author found that this research played such an important role in whether Starbucks can establish itself in the product market, If Starbucks can change and innovate in time, they will remain at the forefront of coffee retailing.

Keywords: product market, atmosphere consumption, indirect investigation method

1. Introduction

With the improvement of people's living standards, coffee drinks have gradually become more popular and fashionable drinks, with a wide variety and exquisite packaging, which has led to the coffee market becoming a new competitive place for retailers.

As the world's largest coffee retailer, Starbucks has a large share of the coffee market, but they will face certain challenges in emerging markets. Besides, around the contemporary era, if Starbucks decided to enter the Chinese market, it was committed to developing into a different coffee company, they should bring new experiences to Chinese customers, so this article will use the SWOT analysis and 4P analysis to comprehensively investigate Starbucks' marketing strategies, analyse deeply of marketing details.

From the end of the 20th century to the beginning of the 21st century, Starbucks ushered in the peak period of marketing and gradually became a leading enterprise in the world market. However, with the development of emerging consumption patterns, Starbucks' turnover in recent years has leveled off.

This paper will introduce the relationship between consumer psychology and marketing strategy through literature analysis which is mainly analyzed from three aspects: Starbucks under SWOT analysis, the influence of marketing strategy on consumer psychology and suggestions for Starbucks.

2. Background Information of Starbucks

In 1971, Starbucks opened its first store in Seattle's Pike Place Market and began operating coffee beans. Under Mr. Schultz's leadership, Starbucks opened its first coffee store in 1987 and went public in the following years. Starbucks has since entered a new phase of development. In the early 19th century, Starbucks launched coffee products quickly captured the market, and in just 10 months to achieve \$100 million in global sales, and established more than 40,000 points of sale. Since the reform and opening up, foreign enterprises have gradually entered the Chinese market. At the same time, he led the company to open hundreds of stores in the Chinese market, and they adapted to the changes of the new environment very calmly [1]. At this time, Starbucks, as a world-famous coffee chain company, has been committed to roasting the world's best quality Arabica coffee. Starbucks is the world's leading roaster and retailer of specialty coffee. Around the turn of the 20th century, Starbucks sought to evolve into a different coffee company, bringing new experiences to its customers. Below, this paper will analyze the marketing strategy of Starbucks from multiple angles, and explore the consumption theory behind it.

3. Starbucks under SWOT Analysis

3.1. Strength

First, Starbucks has very strong profitability, dominating the Fortune 100 list, the company generated more than \$600 million in revenue in 2004 alone. The huge profitability has brought Starbucks broad marketing prospects, laying the foundation for it to occupy most of the coffee market. Secondly, Starbucks has gradually become a well-known global brand through its reputable products and services, It has opened the international market, formed a high social consensus, huge market strength and international influence, exported to more than 40 countries, and established about 9,000 branches. Through flexible marketing methods, Starbucks adapts to diversified market conditions, so that the Starbucks industry is not subject to basic geographical restrictions. This flexible marketing methods allow Starbucks to adapt to markets around the world, and the integration of different cultures increases the possibility of products going to the world [2]. Finally, Starbucks has strong moral values and moral mission and attaches great importance to employee development, forming an excellent industrial chain. Starbucks enables consumers to form a new consumption style, through high-end services and market positioning, and this sense of ethical mission has helped Starbucks establish a good reputation in its target markets so that consumers and enterprises to establish a virtuous consumption chain cycle [3].

3.2. Weakness

First of all, Starbucks is too rely on the coffee market, the form of products is too simple, and the company is too rely on the local market, 3/4 of the coffee shops 5are located in their hometown. Secondly, Starbucks relies too much on a major competitive advantage, which is coffee retailing, this phenomenon resulting in concentrated risk and market singleness, that lets Starbucks difficultly to enter other areas, and also needs to spread the business risks. This way of marketing will lead to a single market and lose its market advantage. If Starbucks does not continue to develop and extend products, it will be difficult for it to continue to take advantage in the emerging economy, which will ultimately affect its own advantageous projects.

3.3. Opportunity

Firstly, Starbucks can find new partners and find new opportunities for development. Increasing partners means increasing marketing opportunities, and their products have a larger marketing platform and sales opportunities. For example, with the help of Yili Milk, Mengniu Milk has become the second largest milk brand in the world after Yili Milk, and its brand awareness has been greatly improved, so Starbucks should follow Mengniu's example and seek good cooperation opportunities and partners. Secondly, Starbucks can innovative new specialty products and services, such as affordable products, to expand the target market. This is conducive to product diversification to meet the needs of various consumers. Finally, Starbucks can expand its global business and promote horizontal integration strategy and vertical integration strategy, increasing global business and services means opening up a wider market, having more consumer groups, which can create more disposable profits for enterprises, and ultimately form a virtuous circle.

3.4. Threat

First of all, due to market uncertainties and economic fluctuation, Starbucks' competitive advantage cannot always exist. Since the outbreak of the economic crisis, the international financial crisis caused by the restriction of credit and the lack of capital flow has hit the world economy hard, and Starbucks has not been spared in this sweeping global crisis, resulting in problems in the capital chain of Starbucks, which also gives the company a warning that it should open more physical chain stores to ensure the stability of the economic cycle and improve the ability of enterprises to bear risks. And they also should be paid to expanding products and businesses to other areas. Secondly, Starbucks needs to pay attention to price changes caused by the rise in product costs, which will lead to changes in consumption tendency. Since the outbreak of the economic crisis, the international financial crisis caused by the restriction of credit and the lack of capital flow has hit the world economy hard, and Starbucks has not been spared in this sweeping global crisis, resulting in problems in the capital chain of Starbucks, which also gives the company a warning that it should open more physical chain stores to ensure the stability of the economic cycle and improve the ability of enterprises to bear risks. In general, the current future of Starbucks is still bright, but it cannot go all the way to the end. Starbucks should carry out innovation and transformation, timely adapt to changes in market demand, and adopt multiple ways in parallel to diversify market and investment risks, so below this paper will analyze its impact strategy.

4. The Influence of Marketing Strategy on Consumer Psychology

Under the leadership of the current chairman Shuwardt, Starbucks makes its brand image deeply rooted in the hearts of the people with its high-quality products and services transforming product consumption into atmosphere consumption [4]. For them, coffee is just a vehicle through which Starbucks delivers a unique touch to its customers.

The paper analyzed the marketing results of Starbucks according to the 4Ps principle.

4.1. Products Strategy

Starbucks should constantly adjust its products according to market demand. The reason why the price of Starbucks coffee is high is that in addition to the material selection of coffee itself, coupled with the rising price, the cost has increased. With the rapid development of economy, people's income is gradually increasing, leading to an increase in consumption, but the increase in consumption is not as much as the increase in income. People buy things are used to fulfill their needs, the maslow's

motivation need theory is separated into four parts, which including: psychological (survival), safety, love, esteem and self-actualization.

Nowadays, people's survival needs to meet, people began to pursue higher levels of consumption, people will become more pay attention to the quality of consumer products, exquisite packaging, environmental atmosphere and other factors, people are willing and able to spend more money to purchase ambiance in addition to the product itself, it is a new form of self-actualization and esteem [5].

For example, Starbucks emphasizes not only selling coffee, but also the environmental atmosphere of Starbucks. In Starbucks, it provides advanced decoration, while revealing a strong local culture, and maintaining American style, so that Starbucks consumers can enjoy coffee, which is also taking into account the sense of consumption experience.

In addition to establishing atmosphere consumption related to products, Starbucks will also sell some related products to improve the induced consumption of enterprises. Starbucks's core product is still coffee, but in addition to providing some basic products, that is, coffee based, seasonal or in line with consumer needs of creative coffee products. Besides, some expected products will be provided, that is, Starbucks will give consumers full of coffee aroma, comfortable environment, and a variety of coffee product combinations or preferential choices. Finally, there are additional (potential) products, that is, the stores will occasionally organize lecture Tours, experience sharing activities and increase the supply of light food. The sale of these peripheral products has played a significant role in increasing Starbucks' marginal propensity to consume.

4.2. Price Strategy

In the early days of its establishment, Starbucks adopted the skimming pricing method to obtain the maximum profit within the acceptable range of customers. However, with the change of enterprises, Starbucks' pricing is mainly divided into two aspects: product pricing and atmosphere pricing, that is, Starbucks pays attention to the environment and experience of customers' consumption. Another method of pricing is mantissa pricing. For example, a cup of coffee costs 39 yuan instead of 40 yuan. This pricing method captures the consumer psychology of customers, they will think that the cup of coffee is not to 40 yuan, but more than 30 yuan. If the price is 40 yuan, the customer will think that this is a new level, and there may be a gap of 10 yuan in the psychological estimate. In addition, Starbucks' products are mainly coffee, supplemented by western desserts, and unified Group and foreign unified procurement and logistics, which effectively stabilize the purchase price and industrial chain and increase profits. Only to establish a good relationship with customers, Starbucks promotes accompanying cards, preferential activities and related experience sharing to establish an obvious sharing spirit in the price strategy.

4.3. Place Strategy

Since entering the consumer market, Starbucks has adopted a variety of channels for distribution. Among them, Starbucks mainly uses direct stores, assisted by authorized franchise stores and retail channels to distribute products in multiple directions.

The first is the direct marketing channel: Manufacturer-customer (M-C).

Starbucks insists on the company's direct stores, its advantages are: reduce the channel operation and maintenance costs; Be able to quickly grasp the real information of the first-line market and control channels and networks to optimize distribution channels. Customers enjoy the most traditional and pure coffee experience, with Starbucks manufacturers directly in charge of the production process from raw materials to products. For Starbucks itself, being able to directly contact the consumer market and understand the needs of first-line consumers is the primary means to gain profits.

The second is the licensed franchise. Starbucks has adopted a flexible investment and partnership model with countries around the world, acquiring stakes in places such as the United Kingdom, Thailand and Australia, and reaping profits from it. For years, Starbucks has been working to help poor communities, especially women [6]. But in some local markets, such as Singapore, Malaysia, the Philippines and Beijing, Starbucks does not have a stake, and is purely licensed.

Finally, retail channels. Starbucks chose to confront retailers such as hypermarkets, accelerate corporate expansion, and allow franchise and franchise coffee experience point models to be widely expanded and strengthened brand image.

4.4. Promotion Strategy

Starbucks has pioneered a way to create a brand that does not rely on advertising, but to form a unique fan base for the brand, especially at a time when consumer demand is shifting from product to experience [7]. On the contrary, Starbucks pays more attention to the interaction between its employees and consumers, emphasizes the concept of sharing (such as buy one get one free or share coffee), and tries to mobilize all employees to establish the characteristics and atmosphere of Starbucks.

At the same time, Starbucks establishes accurate standardized management and goes deep into details to provide services, consumer-centric and mutually reinforcing, so that Starbucks consumers can experience different cultural tastes and unique humanistic environment [8]. Although Starbucks has many branches around the world, and each store has its own story behind the different decoration culture style, and invites consumers to celebrate together to reward consumption, buy one get one celebration and promotion, so that even in the need of wide publicity and rely on word-of-mouth marketing to achieve the same effect. Such special offers can achieve the effect of real promotion by attracting more consumers through sharing.

5. Suggestions

5.1. Advertising

In terms of brand advertising, Starbucks should refuse to join other enterprises and build brand independence. The sale of artificially flavored coffee beans should be refused to maintain the high quality of the product. For example, Apple's profits have been greatly increased by its beautiful and creative advertisements. Some advertisements, such as Baisuishan Mineral Water, even contain stories. The company uses compelling story background to introduce the product, which greatly improves consumers' awareness and acceptance of the product, playing an indispensable role.

5.2. After Sales and Service

In terms of after-sales service, Starbucks should pay attention to product quality and service, strengthen communication between employees and reduce mistakes, cherish every opportunity to serve and ensure customers' sense of experience in the later period [9].

5.3. Sales Environment

In terms of sales environment, Starbucks should use good purchasing atmosphere to stimulate consumers thereby to improve the deal proneness. They also should continue to pay attention to the construction of the sales environment, provide customers with a good consumption environment. Besides, a special service cafe is important to establish aim to providing convenient services for other special groups such as those with hearing impairment and continue to improve the atmosphere consumption index [10].

5.4. Product Business Development

In terms of product business development, Starbucks should adopt the highest standards for sourcing and roasting, and provide the freshest coffee, striving to remain the world's largest Arabica coffee roaster and the leader in hand-made coffee.

6. Conclusion

According to the above research, the following conclusions can be drawn: at present, Starbucks still occupies an advantage in the product market, and satisfying the high-level consumption of consumers' psychology has become a new marketing model, but they still need to continue to flexibly change its business model according to market demand. In addition, Starbucks should continue to operate with integrity and innovation, open up international horizons, sort out a good brand image, and lay the foundation for the development of the enterprise. This study is conducive to Starbucks and other enterprises to find marketing advantages and problems, further improve the marketing direction, and develop in a better direction. However, due to the lack of target market research, the data is not universal, so the objectivity and practicability of the data should be improved by issuing questionnaires.

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