Strategic Evaluation of Integrated Marketing Communication Campaign Development: A Case Study of Starbucks In Australian Market

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Abstract
This paper describes the Strategic evaluation of IMC Campaign Development program. The basic approaches involve the evaluations of Brand, Situation, Message strategy, Media strategy, Budget, and other considerations such as Production plan, Contingency plan etc. The focus for Starbucks right now is to connect with the local people of Australia and understand their café culture in depth. This campaign would be a small step towards capturing the Australian market and to develop an emotional connection between the company and people. This approach would first improve their image in the market and once they start to generate profits then they can increase the business volume by opening new stores across the country.

Keywords: Brand, Budget, Contingency, Strategic Evaluation, Starbucks

Introduction
Starbucks is one of the premier retailers of coffee in the world which is operating in 75 countries. It was founded in Seattle, Washington 47 years ago, on 31st March 1971. At present the company operates in 28212 locations worldwide. Starbucks locations have wide variety of drink and food options in their menu like hot and cold drinks, expresso, whole bean coffee, fresh juices, pastries, and snacks including items like muffins, chips and crackers; some products are seasonal as well like their annual launch of Pumpkin Spice Latte. Based on the profits and revenues from last three years the net worth of Starbucks is $30 billion. Their total revenue for 2017 was $22.4 billion (Report, 2017). This paper describes the Strategic evaluation of IMC Campaign Development program and is based on the secondary data collected from various sources.

Brand Evaluation
The main objective of Starbucks is to maintain its status as the most recognized respected brand in the world. Starbucks hardly advertise itself as being just about the coffee, for them it is all about the experience they provide to the customers. Starbucks is not just a brand, but it is a status symbol across the world also. The Starbucks mission statement is “to inspire and nurture the human spirit-one person, one cup and one neighborhood at a time” (Report, 2017).

Analysis of Business Environment
Founders Jerry Balswin, Gordon Bowker and Zev Siegl realized that Australia has a good market for coffee due to its pleasant weather conditions in most parts of the country which is perfect to relish a cup of coffee. Also, with increase in the café culture among people across the country, most of the major cities are suitable for selling coffee. Starbucks price range was also affordable for premium coffee drinkers in Australia. Keeping

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in mind all these factors, Starbucks planned to expand their business in Australia. Starbucks established themselves in Australia by opening its first Sydney outlet in 2000. Just after that they opened 84 more outlets all over Australia in next year. Unfortunately, within coming 8 years Starbucks suffered recorded losses of $143 million and were forced to close almost two-third of their outlets across Australia (Spinks, 2017). At present Starbucks is trying to make a comeback to improve their position in Australian market and is trying to grow slowly. As of 2018, there are 35 outlets of Starbucks in Australia (Starbucks, 2018).

**Market Analysis**

Starbucks being a world-wide brand in the market of coffee business never expected such kind of failure in Australian market. It came as a surprise that Starbucks was not able to capture the Australian market. For a business that relies a lot on its brand name, this was a setback for them. Multiple factors lead to their failure in Australia:

- Instead of slowly establishing themselves into the market and creating a repo with consumers they tried to create a foothold everywhere and expanded rapidly (Mescall, 2016).
- Without researching properly how tough the competition was, or how to cater Australian consumer taste in this kind of environment they rushed themselves into 4.2 billion-dollar coffee industry which has almost 6700 coffee business and the largest of which only has a 4% of total market share (Spinks, 2017).

**Market Segment**

Starbucks wanted to appeal everyone, and this was not a good strategy considering complexity of the market they were entering. They wanted to be the premium coffee supplier, but Australia is already defined by a rich coffee culture. Therefore, they needed to find a niche market and customize their product to suit the taste of Australian coffee lovers.

**Positioning**

Starbucks stores were located in poor locations, and the coffee was very expensive. Rather than following 4P’s of marketing to distinct their position in market in relation to other brands they relied on word of mouth to promote their product and that too when very few people knew about the product (Mescall, 2016).

**Competitive Analysis**

The coffee industry market is dominated by independent outlets and local coffee shops. There are very few franchised operators in the market. The most famous coffee chains include Gloria Jean’s Coffees, Hudson Coffee and Mc Cafe. Australian people have always preferred quality over quantity that is why these chains have a limited market influence when it comes to trends like pricing and products. Customers are still fond
of niche providers, making it clear that they are more inclined towards independent café and coffee shops over chain stores (Larson, 2008).

**Marketing Communication Objective**

These are the long-term goals where marketing campaigns are intended to increase the value of their brand over time. The main marketing communication objectives of Starbucks are as follows:

**Brand Awareness**

When you enter any market, it is important to tell people about your company and products. When Starbucks entered Australia they just relied on word of mouth because of their powerful global image. It was obviously a back fired situation. So now whenever they try to amend some changes and come up with new campaigns it should be promoted properly like by broadcast commercials or print ads.

**Enhance Brand Image**

Regaining trust and building image is tough for Starbucks in Australia after their major fall in 2008. Firstly, they should stop relying on reputation. They should lose their ego before launching any other new product or store in the market and try to adapt with the local culture. Secondly, they should slowly reintroduce the brand and enter market by promoting themselves through social media or by collaborating with local radio and TV stations (McQuerrey, 2018).

**Influence Customer Belief**

Australians have a lot of knowledge about coffee, as the coffee culture here is very old and rich. So, when customers go to a shop and see teenagers behind the cash counter who doesn’t even have knowledge about the coffee they can feel the difference when they go to a small vintage café where baristas are experienced and have passion for whatever they are making. Therefore, it is essential for Starbucks to have a passionate workforce to influence customer beliefs.

**Retention and Referral**

It is essential to increase your customer base, simultaneously it is also important to retain your existing customers and convince them to visit again. This can be done by using membership reward system, this way customers will be convinced that the organization values them and appreciates their visit. They will be motivated to visit again as they are incentivized by the organization with attractive deals to save money. Simultaneously, it is also essential to focus on the expansion of existing customer base. Staying connected to old members to promote their brand via social media or referring them to friend and family such that if a new member joins both parties can receive rewards like a free coffee coupon.
**Localization**

Being a global brand does not mean you have the liberty to excuse spending time in understanding the local cultures, behavior, and customer needs. The UAS based customer will have a different approach towards customers in Australia. From culture to needs everything will be different so they will perceive the product differently. They can localize better by having local partnerships and events, more tactical campaigns, local social media channels and PR initiatives. Fig.1 shows the equity of brand loyalty.

![Figure 1. Equity of Brand Loyalty](source)

**Campaigning Strategies**

**Target Audience**

Their main aim should be to target and attract the local people of Australia. But, they focused on the wrong consumer segment in Australia while establishing themselves. They targeted the premium coffee drinkers and failed to impress them as people were unable to identify what is so different about the Starbucks experience and were not happy to pay more price for such coffee in comparison to other places. So, the target audience in the beginning should be average coffee drinkers. Targeting average coffee drinkers with a reasonable price would be a great start because they are more open to trying different things and not very rigid about the taste and blend. Once Starbucks have started to cater the market, they can approach the premium coffee drinkers as well by introducing new products altered according to the Australian taste at decent prices. Side by side for a constant revenue and to keep running their business Starbucks should also keep in mind the international students and tourist because they already know about the brand and it’s easy to attract them on the basis of their worldwide brand status.

Big idea: For a campaign to be successful Starbucks must keep in mind few important points. Firstly, they need to create an Australian ambience at the outlets to crack the Australian market. Also, it is important to think about the price policy for this new campaign. The big idea for the campaign should be to introduce a
new coffee product named AUSPRESSO with the tagline ‘the true Aussie blend’. Since Australian people are really fond of long black coffee and Starbucks does not have it in their menu this could be the deal cracker. Their Americano is similar to long black but long black is less voluminous and retains the crema therefore more strongly favored just the way Australian people like. And it is a kind of coffee that is found in Australia and New Zealand, so it will give people a sense of belongingness as well. Sometimes it is difficult to lower down the price of existing products, therefore, while launching this new product from starting it should be placed at a competitive price.

**Message Strategies**

The two main message strategies that should be used are the rational and emotional appeal. Rational appeal is important because it is necessary to focus on the functional needs of the consumer. For Starbucks, the best execution style in rational appeal would be Hard-sell and testimonials. It is important to create an urgency for their new product which can be done by putting up offers like ‘hurry get a chocolate doughnut free with your first AUSPRESSO valid till New Year’s Eve’. Also, it would be a great idea to collaborate with a known celebrity or a footy team player who can talk about their first thoughts about trying AUSPRESSO and how they like it’s flavor and blend to attract more people. It is also important to create an emotional connect with people which Starbucks failed at in the beginning. People should feel that Starbucks is not just an American coffee brand and it does respect and understand the Australian coffee culture as well. They can do it by putting up image ads in which they can show the coffee farms of Australia and a picture of their AUSPRESSO basically to convey that it comes directly from the roots of Australian farms. Also, they can just put the tagline on the ad ‘the true Aussie blend’ to press the right emotional nerve of the people.

**Media Strategies**

Media strategies that should be used for this campaign are as follow:

- **Traditional media:** Starbucks can run a small advertisement featuring a celebrity or footy player on TV promoting their new product. Because TV is one of the most used medium with high reach. Outdoor media can also be a good platform to increase engagement. By putting image ad banner Starbucks can cater more people. The print ad focusing on the new AUSPRESSO and the free gift you get when you buy the new blend. It will have a good reach and better graphics than newspaper. Placing it in the main areas like CBD will attract more people who are willing to grab a free bite with their coffee.

- **Digital and interactive media:** Social media is a very interactive way to promote the campaigns these days. Starbucks can ask customers to put up a picture on social media tagging them with their new coffee and caption it as #starbucksauspresso. People who do that will get 10 percent discount on their next purchase from any Starbuck outlet. In this way they can reach out to youth and university students because youngsters are social media slaves these days. So, their campaign will not go
unnoticed. Also, they can opt for paid media like display ads and digital video which will help Starbucks to create a buzz and excitement in the audience. Surveys are also a good way to attract customers. By doing a quick two-minute survey about what would you like Starbucks to introduce next and generating a QR code on mobile that can help people win one free standard hot drink on their next visit to Starbucks (McQuerrey, 2018).

**Promotional Tools**

Event sponsorship would be good tool to promote the campaign. Starbucks should try to collaborate with footy teams and clubs as well as other national sports. Footy is like a religion in Australia and sports culture of Australia is very strong therefore by sponsoring such events Starbucks can build the perfect bridge that they need to reach out to consumer base in order to make this campaign a success. They can provide free coupons for the club members to promote their campaign. People will see their logo and the new AUSPRESSO ad at the venue, and this will surely leave an impression on their minds making a deeper connection with the target market. Also, they will get better news coverage, PR, and word of mouth. Initially company might have less profit but in long run they can capture the market.

**Production Requirement**

Production is a process which helps in converting inputs into the finished outputs that can be placed in the market for selling. To complete the production there are a lot of requirements to be fulfilled. The key requirements for this campaign will be:

- **Budget:** The first thing to be kept in mind while developing a budget for the campaign isto decide the total amount available to spend on the campaign. Deciding a figure will help to keep all the plans in line with the available sources. The promotion of Starbucks campaign will have a lot of advertising like digital marketing and event sponsorships. Therefore, we will list the different strategies and media tools that would be used in the plan and will allocate the budget accordingly on each activity. Like television is a major media therefore it will be worth spending massive budget on TV ads. Also, a detailed budget is important. In detail budget company will include the employee labor, managerial resources and time needed to execute the plan. This will give Starbucks a clear idea about total cost of executingthe plan (Reading: Developing a Marketing Campaign and Budget | Principles of Marketing, 2017).

- **Timing:** The campaign should be planned twice a year. November to February and April to December as described under:

  **1st Promotion (November – February):** Timing for the campaign should be the festive season. Because at this people will have holidays, they plan to go out more, also a lot tourist will visit the country, so it is a great time to get a hold of the market. Similarly, in February is the month of love.
A lot of young and old couples will be going around and spending a lot of time together in coffee shops and restaurants.

**2nd Promotion (April – September):** During Australian Footy League (AFL) Starbucks could sponsor the event and distribute free coupons to the club members. This will help in boosting their campaign and people would surely visit the Starbucks store to experience the new coffee introduced by them.

**Figure 2.** Production Requirements

Source: Author’s Own Analysis

**Contingency plan**

Now the campaign has been defined it is also important to identify the risks and dependencies that can create issues in the successful running of the plan.

**Timeline**

Starbucks will need enough time to achieve their objectives. The important considerable points while creating the Timeline are shown in Fig.3.
Figure 3. Points of Creating Timeline

Source: Author’s own analysis

An illustrative timeline is shown in Fig.4.

Figure 4. An Illustrative Timeline

Source: Author’s own analysis

Build – Promote the Campaign before launch to create established audience.
Tease – Generate excitement for the campaign with media and influencers.
Launch – Drive traffic to your campaign by promoting on established networks.
Update – Keep the people happy and engaged with frequent updates.

Future Scope

- Introducing wide range of cheaper and tasty flavored coffee for Australian citizens
- Expanding their business by focusing for online deliveries since many traditional cafes do not offer that.
- Maximizing the usage of social media as a campaigning tool.

Conclusion

The coffee reflects the Australian culture and triggering their taste will develop an emotional connect between the company and people. It has direct impact over the business and therefore, needs proper strategy for campaigning management. The focus of Starbucks right now is to connect with the local people of Australia and understand their café culture in depth. This is important to increase their customer base in Australia. This campaign will be a small step towards capturing the Australian market. The study suggests that rather than spending money on opening new stores, company should invest in something that will first improve their image in the market and once they have started to generate profits they can increase the business by opening new stores all across the country.
References


