

STARBUCKS COFFEE

2011-2013 ADVERTISING & MARKETING PLAN

BA 174 ADVERTISING
TUES. THURS. 9AM-12:15PM
JUNE 15, 2010

SAM LEHNERT | COMMERCIAL AD,
SITUATION ANALYSIS, WEB SITE,
DVD AND COVER DESIGN

DANIELLE GORE | CONTROLS, FINAL
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BA 283 MANAGEMENT
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1.0 EXECUTIVE SUMMARY

Starbucks is the biggest competition for any new coffee house when they enter the market. They are also the biggest. They have hundreds of locations all over the world. There are some that have their own building and then there are those that are in airports, schools, malls, etc. The main objective for Starbucks is to be the most respected and recognized brand for coffee and specialty drinks.

In order to achieve this goal, Starbucks must continue to grow by expanding their locations and make sure they are introducing new products and keeping their customers from going to other coffee shops. They also need to make sure they capitalize on the opportunities in other countries outside of the U.S., which will help them grow even more in the global market.

Starbucks is an all around great company. They treat their employees well because to them happy employees make happy customers that want to come back. All of Starbucks' employees are eligible for benefits and health insurance. Every employee starts above minimum wage and they even employ the students of any of the schools they are located in. Starbucks is also becoming more environmentally aware. They are using more products that are recyclable and they even have boxes sitting out at all locations to recycle the sleeves off the cups.

Starbucks is also a big contributor to local charities, especially the ones that focus on children, homeless, AIDS research, and the environment. Starbucks prides their company on being a strong force in not only the market but their communities as well. Starbucks plans on continuing to have the college students and business associates as their customers, but would also like to target seniors more as well as parents and children.

2.0 SITUATIONAL ANALYSIS

Starbucks opened its first store in 1971 and now is in a dominating position in the retail beverage industry. This company itself is diversified into other related industries including bottled water, and even the music retailing industry. Even when a customer enters a Starbucks, many different types of products are available. They provide bagels, souvenirs, pastries, yogurt, wraps, fruit, Frappuccinos, Espressos, Tazo teas, and many other items. They acquired Seattle's Best Coffee in 2003, which it was a big competitor of Starbucks, but now seems to be positioned slightly higher now, for the highest overall sales.

Starbucks uses hip, contemporary design of all promotional, web-related, and other material to keep it appealing to young generations. This also hits their target market of men and women ages 22-40. This contemporary look and feel is unified throughout all their material, so even the older target segments will feel younger when they drink your coffee.

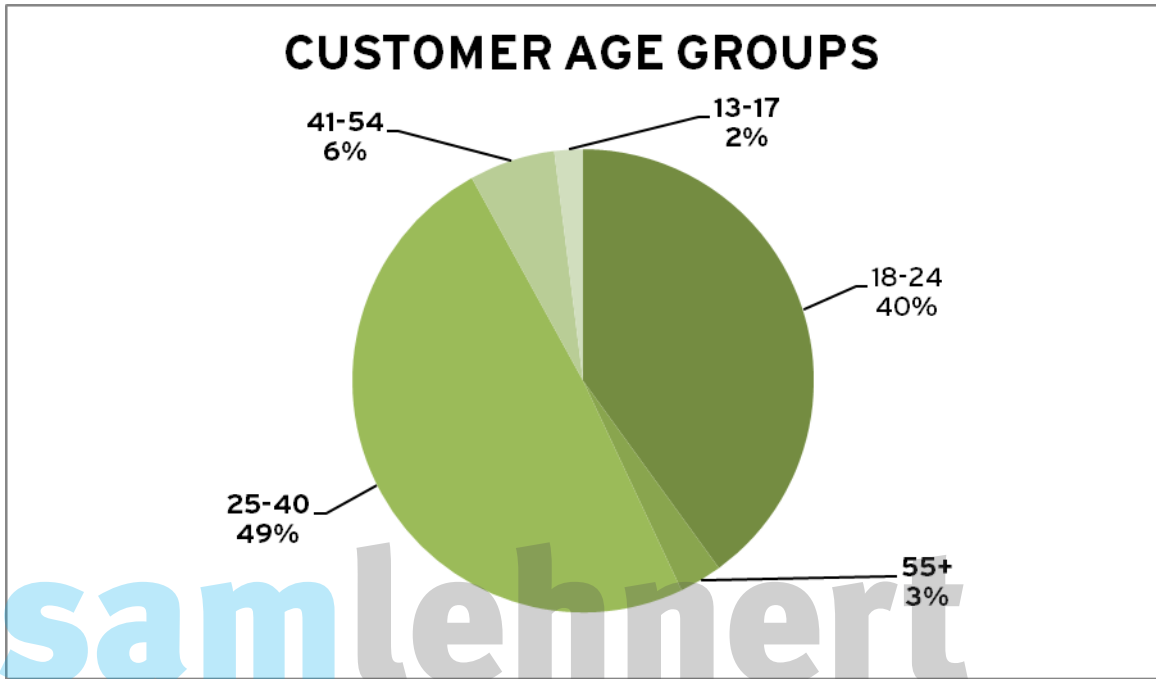
2.1 MARKET SUMMARY

Starbucks is mainly a first mover company. They see trends and interests of their target market first, and adapt to meet those initial needs. For example, when Starbucks noticed that their customers wanted to support companies that were socially responsible.

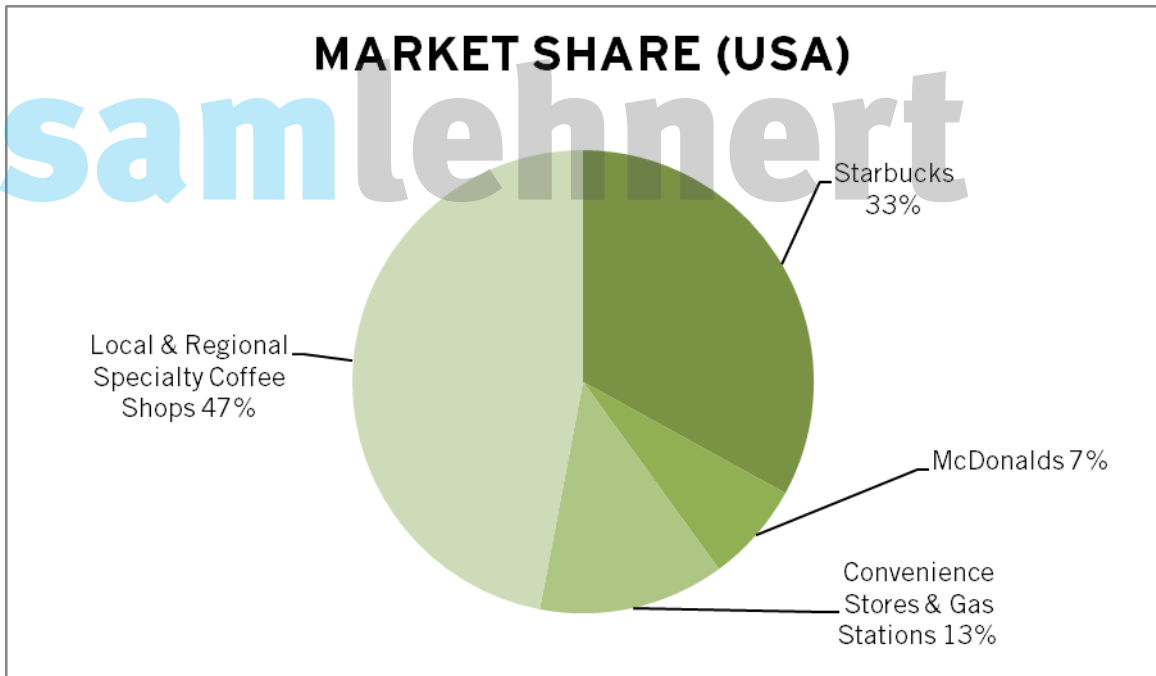
Starbucks has begun selling Product Red goods in November of 2008, enabling the supply of AIDS medicine for 3,800 people a year. This, along with other contributions made by Starbucks, helped the brand in the minds of their customers.

The difficult task ahead for Starbucks is to keep adapting to the products, packaging, and the atmosphere customers want, to stay ahead of the competition. Taking advantage of new ways of promoting Starbucks with the growth of smart phones, social networking, and digital media is another task. This company needs to continue what they have been doing in adopting these new promotion techniques.

2.1.1 MARKET DEMOGRAPHICS



Source: Internal Research June 2010



Source: Internal Research June 2010

Demographic Breakdown of Target Market:

- Urban dwellers
- Ages: 18-40
- Gender: Men & Women
- Income: Depends on life-stage, but relatively high
- Occupation: Depends on life-stage, ranges from college students, faculty members, as well as persons in managerial, executive, and professional positions.
- Values: People who care about their employees, global issues, and the environment for example. They also care a great deal about having a high standard for customer service.
- VALS Results: Innovators, Achievers, Experiencers, and Thinkers
- Technology: Our target market consists of many MAC users. These people are the ones that love to get newest technology as soon as it is available. Where you see the advertisements for the latest smart-phones is where Starbucks customers are looking. (Keep in mind the alliance with Apple for selling music) Starbucks has done an effective job at promoting themselves on social networking sites.

2.1.2 MARKET NEEDS

What does the market need? That is the question. The answer lies in the ability for the company to adapt to changing ways of communicating with customers. Customers easily get tired of the clutter involved in traditional advertising and promotion techniques, but to keep innovating and thinking of new ways to reach these customers is what is needed for Starbucks to maintain their dominance.

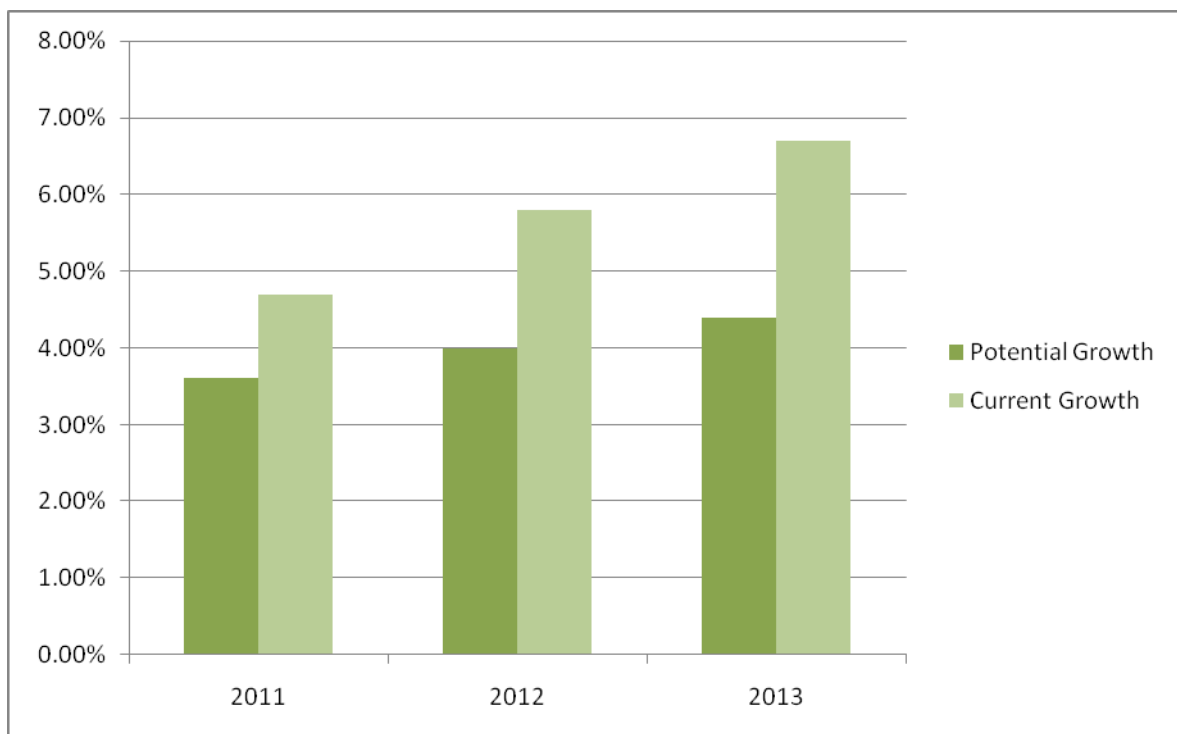
Although it may not be a real “need” of customers. The energy drink industry is growing and there is great potential in expanding and creating a different type of beverage that could help diversify Starbucks. Something comparable with Monster Energy’s “Java Monster.”

2.1.3 MARKET TRENDS

There are many trends affecting the different life stages of our target market. Starbucks try to keep their focus balanced between the college age, post-graduation and young family age, and the 30-40 year olds. One effective way that companies with similar target markets have been promoting themselves is through social networking sites. Starbucks already has a strong presence on Facebook, Twitter, and many others. There seems to have been much time invested in this, since they have a much easier time effectively targeting their market through that new media advertising.

We conducted a survey at Rivertown Crossings Mall in Grandville, Michigan which resulted in 95% of teen coffee drinkers thinking that Starbucks is “cool” and a “high-end” brand. That group of coffee drinkers made up almost 60% of our 18-24 year old survey takers.

STARBUCKS Current Growth and Potential Growth



Source: Internal Research June 2010

2.1.4 MARKET GROWTH

-College Students are increasing at a rate of 4.6% annually

-“9 to 5ers” (Business Professionals) are growing in the downtown area at a rate of 3% annually

In Starbucks market, there is significant room for growth in the college student market. They also, have significant room for growth in the energy drink industry. As the world ages, Starbucks needs to continue to establish themselves among younger people, so when they become prime ages to start drinking coffee, they will choose Starbucks. There isn't much to change

2.2 SWOT ANALYSIS

2.2.1 STRENGTHS

-Already Have Market Share | Due to the fact that Starbucks already has a dominant share of its respective market, they have the resources to buy out competitors if they need to. The amount of financial resources also allows Starbucks to purchase in greater quantities for various supplies and in turn pay a lower price than competitors would get. Since only a few of the competitors can take advantage of the “economies of scale,” this narrows the industry down to a few powerful players including McDonalds, Nestle, Kraft, and some of the big gas companies like Speedway and Exxon Mobil.

-Perceived as Premium Quality | Our target market associates Starbucks as the premiere brand for coffee.

-Unique, but Established Brand Experience | Not only do they think Starbucks is the premiere brand, but they come to Starbucks for the ambience. They come for the great service and the overall atmosphere provided. Having this atmosphere established is a huge advantage.

-Sustainable Brand Image | Starbucks brand is an easily sustainable one. It needs to be constantly adapted to new forms of media and keep the visual appeal that makes it accepted and praised by the college age customers and older.

2.2.2 THREATS & COMPETITION

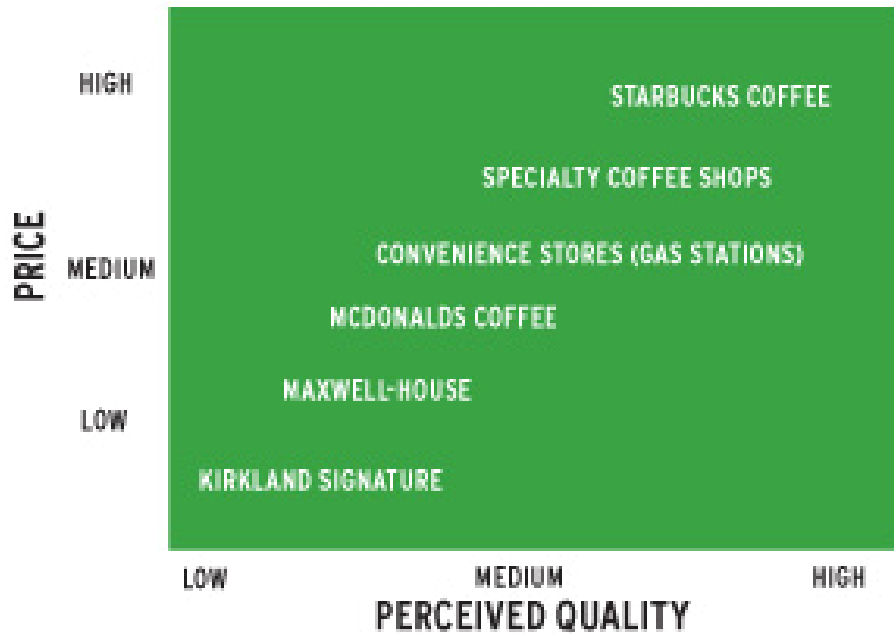
- Regionally Corporate Coffee Shops (Biggby, Tim Horton's)
- Dunkin' Donuts
- Gas Stations and Convenience Stores
- McDonalds and other Fast Food Restaurants
- Local Coffee Shops
- Nestle, Kraft Foods (Maxwell-House,) and other instant coffee sold at big-box retailers



Source: Bing Images

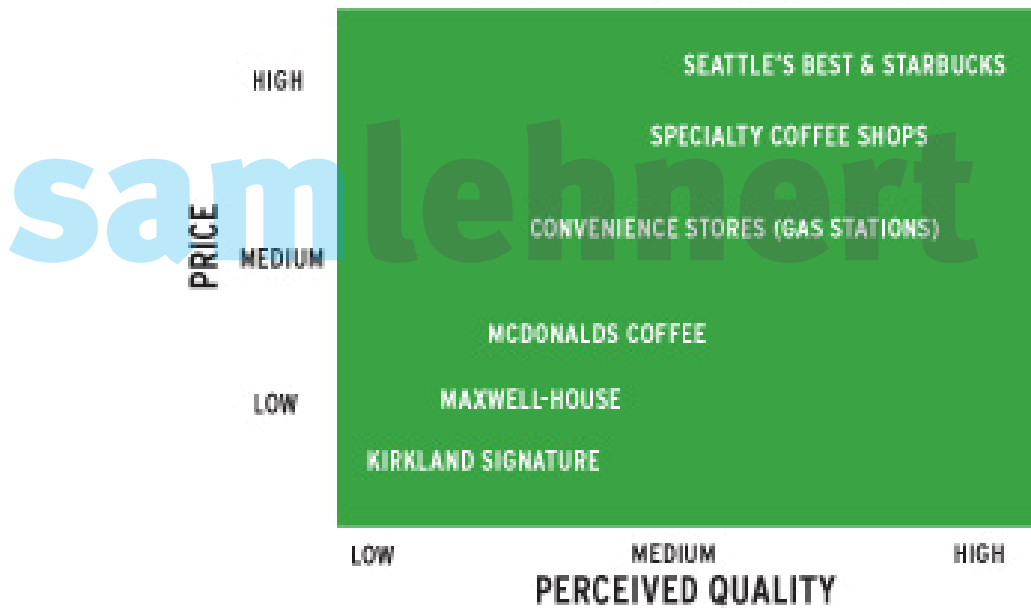
2.3 COMPETITIVE ANALYSIS

2000 STARBUCKS POSITIONING



Source: Internal Research June 2010

2005 STARBUCKS POSITIONING



Source: Internal Research June 2010

2010 STARBUCKS POSITIONING



Source: Internal Research June 2010

Currently, it is looking like Starbucks has differentiated itself from convenience stores, home-brewed coffee and specialty coffee shops. Although specialty coffee shops are still ahead of McDonald's, Starbucks had established themselves as higher quality. The future looks like it will be a battle between Starbucks and McDonald's. Also, Starbucks has released a home-brew that will be at the higher end of the home brewed coffee, but will be cheaper than coffee shops. Starbucks has been able to effectively market itself as the premiere brand of coffee, and as long as they keep the interests of the target in mind, they can remain just that.

One of the reasons many customers will purchase their premium coffee at McDonald's is because of the advertising they ran to show it's not just a cheap coffee, they made it high-end coffee. McDonald's has also done a lot in the past ten years to show they are socially responsible, which appeals to a lot of the current customers at Starbucks.

2.4 SERVICE OFFERINGS

2.4.1 AT LOCATION

Starbucks provides customers with hi-speed internet access, so customers can continue to connect online through their smart phones and laptops while they sip some coffee. Customers view the menu and decide how they want their drinks and the Starbucks team gives them what they want.

2.4.2 ONLINE

Starbucks provides the ability to add money to Starbucks cards online. They provide information on new products, social responsibility activities, and other things to promote the brand. They allow customers to learn about the personality of the company at their own pace and keep it visually interesting for them.

Customers can access the online store to purchase coffee for home brewing as well as other related items.

2.5 KEYS TO SUCCESS

The keys to the success for Starbucks are:

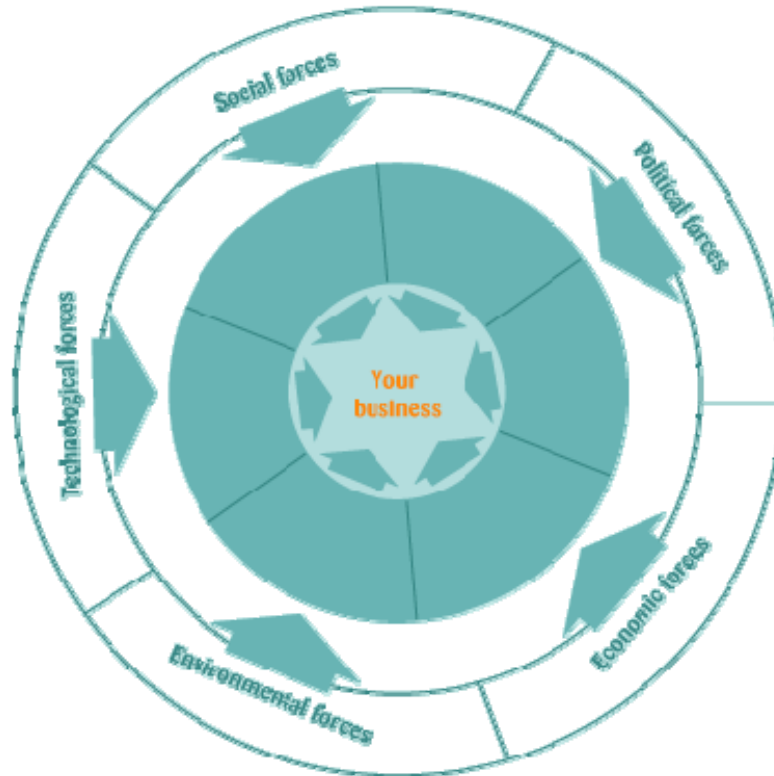
- The unique, innovative, upscale atmosphere that will differentiate Starbucks from McDonalds
 - The establishment of Starbucks as a community hub for socialization and entertainment.
 - The best coffee and bakery items.
 - Keeping their products as a status symbol
 - The huge online presence through social networking and other mediums
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-

2.6 CRITICAL ISSUES

How will Starbucks differentiate themselves from McDonalds Premium Coffee to avoid a significant loss of market share?

How can Starbucks take advantage of new technology to keep the perception customers have of them?

2.7 EXTERNAL-ENVIRONMENT



Source: <http://www.shell-livewire.org/store/1031237396.934.png>

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2.7.1 TECHNOLOGICAL ENVIRONMENT

Smart phones, interactive TV, social networking, and other new forms of media are changing the way people connect. Technology is changing and innovating faster than ever before. Laptops are getting lighter, smaller, faster, and come with more storage. Screen resolution is increasing and people demand to see visually pleasing web sites.

2.7.2 SOCIAL/CULTURAL ENVIRONMENT

People get sick of the traditional ways companies advertise. They don't like the clutter in advertising and this is huge for Starbucks customers. Social networking has taken over and controls the way people connect with each other and businesses.

2.7.3 POLITICAL/LEGAL ENVIRONMENT

In America, Democrats and Liberal ideas are in power. This means that the federal government wants to limit monopolies and domination of industries. This is something that needs to be followed. The social responsibility activities Starbucks participates in counter much of this and put the company in good standing.

2.7.4 ECONOMIC ENVIRONMENT

Economic recovery has taken place in the first quarter of 2010. Predictions of near future are looking good, slowly giving more confidence to consumers. Economic spending

2.8 MACRO-ENVIRONMENT

The retail coffee industry in this area experienced rapid growth at the beginning of the decade and is now moving closer to the mature stage of its life cycle. Many factors contribute to the large demand for premium coffee: The student population in college is huge source of demand for coffee retailers, the cold and damp climate is extremely conducive to coffee consumption, and current trends in the Northwest reflect the popularity of quality coffee and specialty drinks.

The popularity of the Internet is growing exponentially. Those who are familiar with it, have higher expectations for the visual appeal of sites. Starbucks provides an effective web site which meets the needs of the customers.

3.0 **MARKETING STRATEGY**

Howard Schultz prided himself on making sure that Starbucks never grows too fast outside its culture. The same goes for its marketing strategy. This culture consists of two key points.

The first is our image. When you walk into a Starbucks, a friendly face greets you. The color scheme is very earthy and warm. The same thing can be said about the smells. We want to make it a comfortable place for you to relax. It could even be where you and your wife met, or where you heard your favorite band for the first time.

The second is, well, you.

You are our culture. We want to make sure that you come first. This is why our baristas do their best to remember your regular drinks. And since our culture is you, we know just how to reach you. Weather this be via a mobile phone app, our website, or in-store, we are there for **you**.

The goal over the next 3 years for 2011-2013 is that we stand to make our company more social, streamline and shape up our image, and get back to our roots.



Source: Bing Images

3.1 MISSION

Our mission: to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time. This mission statement still stands true today. You will notice the nurturing of the human spirit upon walking into any of our inviting locations. We inspire people just by having all of friendly baristas remember your name and just smile. We inspire each neighborhood just by being there for it and by being the new meeting spot for everyone.

3.2 VALUE PROPOSITION

Starbucks will have a year by year focus when it comes to our marketing goals, focusing on three specific areas we can improve upon:

- 2011: Build a stronger relationship with customers of Apple products via a app that will place orders
- 2012: Using an ad campaign strategy of to pull for regular and decaff coffee in-store
- 2013: Improve our image in the area of market saturation.

3.3 CUSTOMER EXPERIENCE

Since one of the prime aspects of our culture is our image, we try to make the customer experience a quality one. The first thing you notice when walking into one of our locations is that it smells amazing. It makes it an inviting experience and then you notice all the available comfortable seating. You then think to yourself, “Who is that great band that is playing on the P.A.?”. Well, thankfully, we are selling that CD, both in-store and digitally via iTunes and the mobile iPhone/iPod Touch/iPad Music Store. The last aspect of the experience is the cool earthy green tones of our cafes.

This all leads to the feeling of being at home, in your study. We’ve noticed a lot of people will spend hours working in our cafes. This is why we’ve made it feel like this is a place to get work done and be productive. That’s why we have partnered up with AT&T to give you the fastest wireless internet available.

3.4 MARKETING OBJECTIVES

Starbucks has grown from its original image of the Seattle Grunge rocker to an “anyone can drink coffee” regular joe. Having said that, being that we are in 55 countries does make

for specific audience that comes in.

Here are just a few:

- **Mothers:** This one is primarily due to our tasty Frappicinos. They're the kind of demographic that doesn't necessarily like to drink straight black coffee, but they like the taste. They also have the income to spend on the large sizes and premium options. Their age ranges from 30-50.
- **9-to-5ers:** These savvy groups of people never have time to brew their own pot, much less have breakfast, but we are on their walk to the office. They will grab a pastry or bagel along with that classic black coffee. It really gets their day started. Male or female, from 23-45, the 9-to-5ers are a great demo.
- **Web 2.0 :** This group is the ones that follow us on Twitter, the ones that like every status of ours on Facebook, the ones that download our app off iTunes. They are young and hungry.

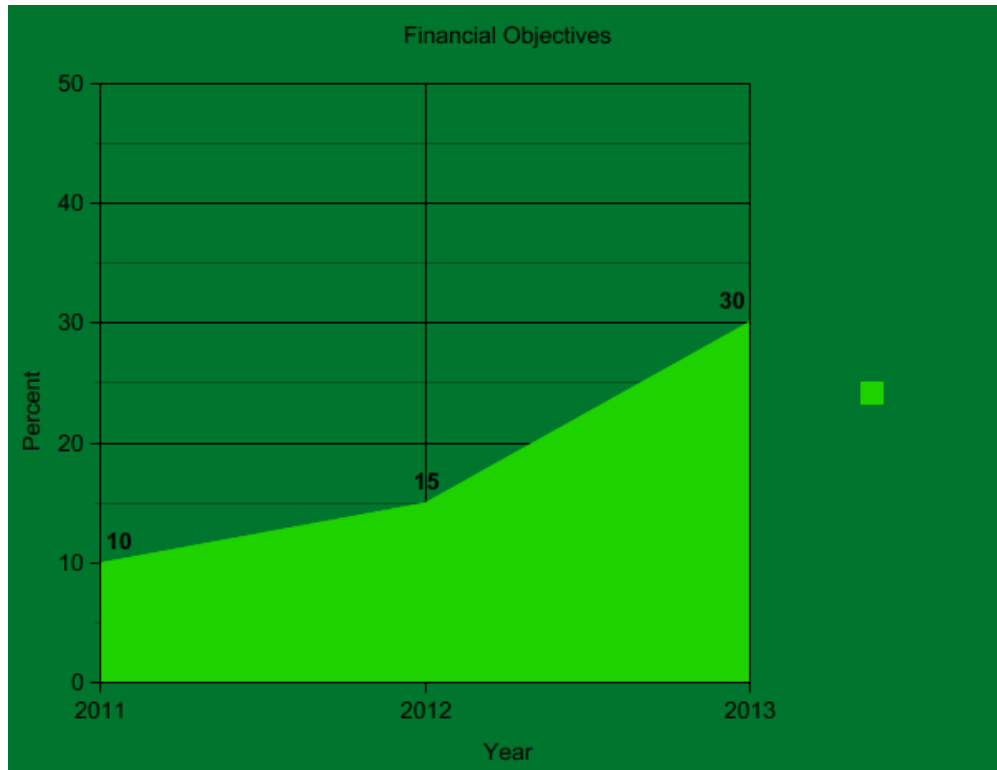
With the following promotions (see section 3.9.3), we hope to increase foot traffic into our stores from all of these groups by 20%.



Source: Bing Images

3.5 FINANCIAL OBJECTIVES

With the marketing that we have in place from promotions and product, we hope to steadily improve our revenue stream by 10% percent in 2011, 15% in 2012, and 30% in 2013



Source: Internal Research June 2010

3.6 STRATEGY PYRAMIDS

The following are Starbucks's three keys to success:

- Continue to use our social media efforts to create a foothold within the Web 2.0 Generation demographic.
- Continue to deliver a quality product, ensuring that all the beans we use are fair trade and from a quality source.
- Making sure that our product is available to the markets which demand it.

3.7 POSITIONING

At Starbucks, we position ourselves as high value, moderate cost. Reason being is that the cost of a coffee shop that is high end and family owned will have its products priced higher because they think that people will pay those high prices because the product is good.

Well, we realize that times are tough: Trust us, we know. That is why our prices are just a

bit lower. Don't worry though, as the product will never change.

Regarding the exact positioning of our company compared to the rest of the market, we feel it is fair. Most customers know that we have quality product, and they will pay a modest price for it.

3.8 MARKETING RESEARCH

We will continue to watch what our competitors do and innovate upon that in a way that works for Starbucks. Starbucks realizes that we are not the only one in the market anymore. We have to know how to deliver our product to you in a comfortable and friendly way, which is why we will do this research.

3.9 MARKETING MIX

A portion of our marketing will reflect the social aspect of our customers, while the other half will focus on rebranding many of our locations and strengthen our core product.

As we mentioned before, our culture wouldn't exist without our product that you love so much.

Since the beginning, we've prided ourselves on obtaining the best and fair trade coffee beans possible. We will never sacrifice taste for cost.

Building off this core product will be exciting over the course of the next three years, but the marketing mix will prove that it's still about the coffee.

3.9.1 PRODUCT AND SERVICE STRATEGY

We will continue to serve the mass customization culture; We've seen a great success with the "however-you-want-it" Frappuchino (Chicago Tribune) and will apply the same aspect with our regular coffee. The "however-you-want-it-coffee" will allow customers to add anything to their coffee for a fixed price. This will bring in existing customers, knowing that they can get their favorite drink for a flat rate without worrying about being charged extra for things like sugar, cream, and/or ice.

3.9.2 PRICING

Back in January, we had to raise the price of certain products in several of our larger markets. Many customers did not like this and complained of defecting to Dunkin' Donuts (Daily Finance). These complaints were found on Twitter. To fix this, we will bring back prices to their pre-January prices.

Regarding the “however-you-want-it” regular coffee line (see section 3.7.1) the price model we will use is 1.50 for small, 2.00 for medium, 3.00 for large.



Source: Bing Images

3.9.3 PROMOTION

We plan on a strong social media campaign. For starters, our Starbucks iPhone app will post to Twitter once you place a order. This will make promotion a viral effort, promoting from user to user. This can be opted out of if a user feels that the feature is too obtrusive.

Another feature we plan to implement into our stores is the use of QR codes. Smartphone devices and point towards a link can scan the QR codes. Links will be exclusive codes and information on product.

Regarding the partnership we established with Apple back in 2007, new customers of

Apple computers, iPhones, and iPods will get a \$25 dollar gift card to start a relationship with these customers. This is one of our strongest demographics (see section 3.4) and will further strengthen it.

3.9.4 PLACE

Over the years, we have gained considerable flack for market over-saturation. To combat this, we will go and re-brand over 500 of our locations in markets that have considerable less demand for the product or the competition is too strong in markets where regional coffee chains and shops.

We have had much success with our Seattle's Best Coffee brand and placing it within many different retail locations (i.e. Subway, Burger King, grocery stores) (Reuters). Rebranding certain locations will help improve our image of over saturation in the market where consumers are not familiar with the Seattle's Best.

If there are locations of Seattle's Best or placement of the brand within 30 miles, we will re-brand some Starbucks locations as a local shop. We have had success with this in the past and will continue the procedure further. (Telegraph)

4.0 ADVERTISING

This Starbucks marketing plan for the years 2011-2013, like any other marketing plan, will rely a lot on the advertising part of our strategy. For the most part, Starbucks relies on in-house advertising within the company. We feel that the people who embody the Starbucks mindset and are enthusiastic about the company's values and future we will the people who are actually employed at Starbucks.

The purpose of any advertising plan is to increase traffic with the intention to increase sales. At Starbucks, we also believe in emphasizing building the brand. Starbucks already is a well-respected and well-known brand; we simply want to keep that integrity. Starbucks has always been an innovative company. For instance, leading the way in the social media channel and creating a need in people to have their daily cup o' joe from no place other than Starbucks. They are also socially responsible, supporting causes such as the environment and AIDS. They use recycled products and allow you to bring in your own mug to use, if you wish. One idea that we wanted to follow through with is the service portion of being socially responsible. By having a strong advertising plan, we will be sure to achieve the goals that we have set for ourselves, both financially and standards as a company.



Source: Bing Images

5.0 FINANCIALS

Starbucks has been a company that has served the people in America close to forty years now. Starbucks Company over the last few years has seen some very hard times according to Starbucks newsroom, the company has made some major changes in the way that they do business now, and Starbucks says they have seen sales rise from those changes in this first quarter of 2010 according to Starbucks newsroom. With the global market for coffee being in such high competition Starbucks had to create an idea for innovation and they did in early 2009. In 2009 Starbucks listen to their customers and found a way to bring Starbucks high quality coffee to the instant coffee market. Starbucks reviled a line called Starbucks Ready Brew and has been successful in the American market and is soon to open in Japan and the U.K.

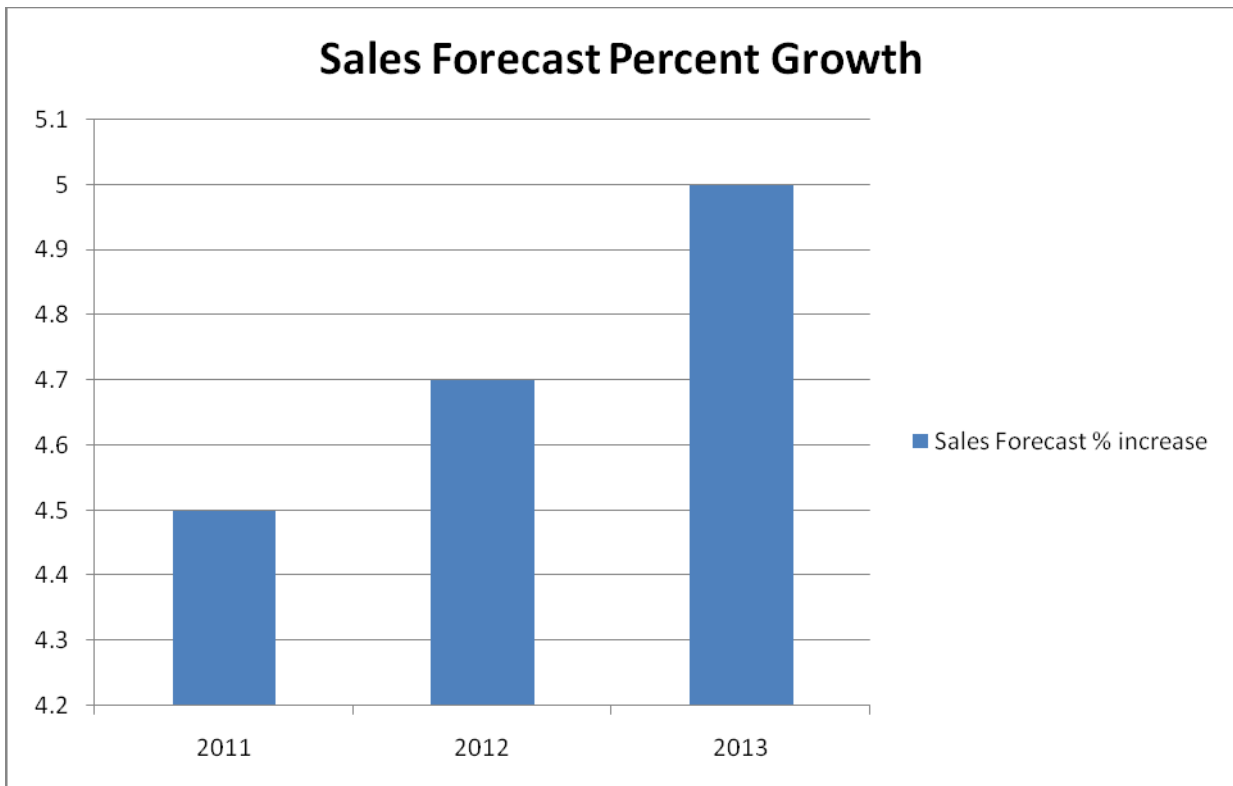
5.1 3 YEAR SALES AND EXPENSE FORECAST

Starbucks has show a significant need to serve their customers better. Starbucks in 2009 launched their new coffee called Starbucks Via Ready Brew, this was an idea from the customers that Starbucks had seen a need for. Starbucks developed an instant coffee not like the traditional instant coffee that you are used to. Starbucks has developed an instant coffee that looks tastes and feels like coffee you have just brewed, for a whole new instant coffee experience. Starbucks sales are going to increase because of this new product on the market. Starbucks over the last couple of years have tried to cut cost and they have. According to Starbucks newsroom Starbucks has exceeded their cost saving measures by 30 million bringing the total savings to 580 million. Starbucks is going to continue their cost cutting measures and they are going to keep saving money in every way they can without affecting the performance to our customers.

5.1.1. SALES FORECAST

Starbucks has innovation and excellent customer service so our sales are expected to grow in the three coming years 2011, 2012, and 2013. Starbucks expect sales in 2011 to grow at least 4.5% with the economic situation seeing the end of the tunnel people are

going out and spending more money. In 2012 sales should grow another 4.7% with the via ready brew hitting new markets soon Starbucks has an opportunity to move to new markets and expand their new product. In 2013 Starbucks should have sales growth near 5% by then the economic situation should be coming to an end and more people will have jobs and they will have extra money to spend on higher goods and they won't have to substitute for the cheaper coffee in the morning on their way to work.



Source: Internal Research June 2010

Starbucks Sales forecast

Year	2011	2012	2013
Expected Sales (Billion)	\$10.21	\$10.69	\$11.22

These numbers are calculated from previous year's sales at Starbucks according to Forbes. We looked at previous years and the difference in sale numbers between the years. Via ready brew from Starbucks just came out and they are looking to expand sales in different countries this affected how we came up with the sales numbers along with other products that Starbucks is looking at bringing to the market. Most of these things came from Starbucks news where they tell investors about possible items that they are intending to bring to the market. We used financial numbers from 2009 on forbes.com and with my research we looked at numbers that said there was intended 4 percent growth at Starbucks. With Starbucks new products and marketing techniques we estimated the sales growth for the next three years and used the numbers from 2009 and applied my sales percentage growth and came up with the numbers for 2011-2013. The numbers are really close to the previous three years in terms of differences of sales between the years.



Source: Bing Images

5.1.2 EXPENSE BREAKDOWN

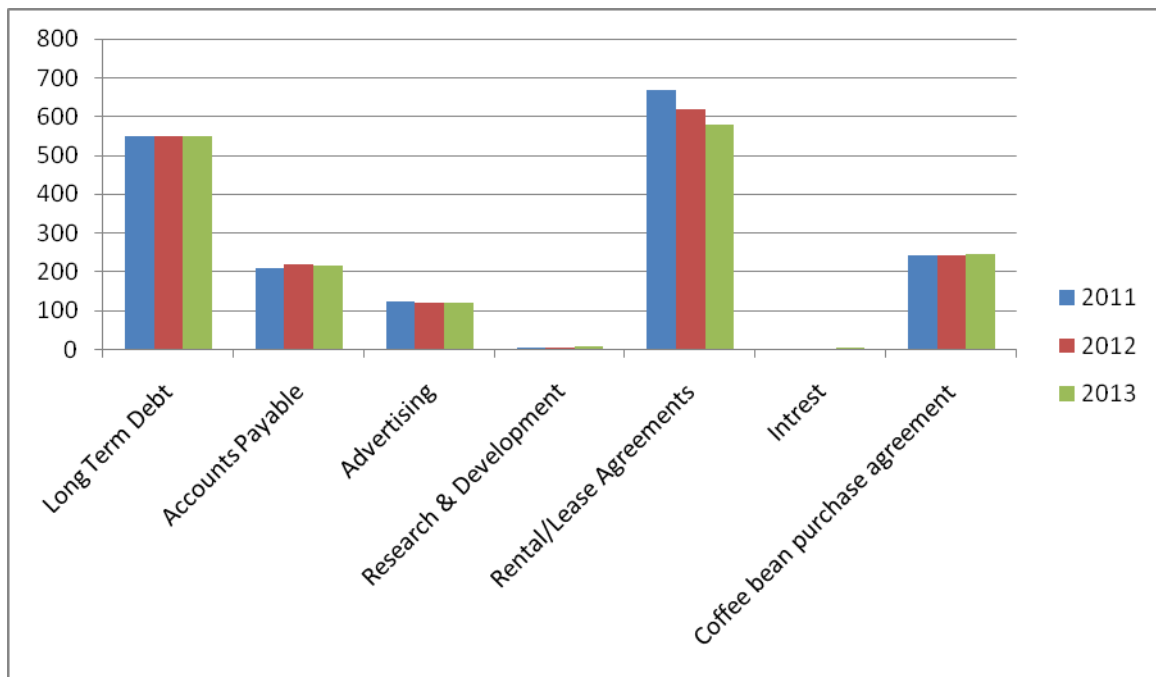
Starbucks has lots of expenses with operating all of their stores. Starbucks has long term debt that they make payments on twice a year. This debt is from doing regular business and making improvements to locations worldwide. Starbucks has accounts payable that they buy some of their supplies and goods from, these change month to

month according to how busy the stores are and how much merchandise they need to purchase. Starbucks has many months that advertising is very important, they need to attract people to stores over the holidays and this is where Starbucks sees increased advertising expenses. Starbucks has many different expenses from running a company with so many locations worldwide.

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Expense Column (Numbers in

Millions)	2011	2012	2013
Long Term Debt	\$548.8	\$548.4	\$548.0
Accounts Payable	\$210.2	\$220.6	\$215.6
Advertising	\$123.3	\$120.2	\$119.3
Research & Development	\$6.3	\$6.5	\$6.8
Rental/lease agreements	\$667.0	\$620.0	\$580.0
Interest	\$2.3	\$2.0	\$4.0
Coffee Bean purchase agreement	\$241.3	\$243.6	\$245.9



5.2 YEARLY SALES AND EXPENSE FORECAST

Starbucks is focused on bringing the highest quality coffee to the market while providing excellent customer service. Starbucks sees an increase in sales and expenses November through January. This is from all the Christmas shoppers out and about doing all of their shopping before Christmas and Starbucks has increased store traffic and people buying gift cards and stocking stuffers. In turn Starbucks has increased costs in doing business throughout these months that leads to higher operating costs which is why you see increased numbers in the accounts payable section and Advertising section. Starbucks wants to make sure that they capture every possible customer during this season. Some of the expenses are the same throughout the year month to month; these include rent, research and development, and the coffee bean purchase agreement.

5.2.1 YEARLY SALES FORECAST

Starbucks has great overall sales forecast for each month of the year. Starbucks sees increased sales over the holiday shopping season which is November and December. Then you get into the months after Christmas and you see some new customers come in from the gift cards they have received and they usually spend more because they are with someone other than themselves. Starbucks also has great summer and fall drinks that are seasonal only, which ushers in more people who don't regularly go to Starbucks daily.

Sales Forecast

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Numbers (Billions)	\$1.2	\$0.7	\$0.6	\$0.4	\$0.3	\$0.5	\$0.8	\$0.9	\$0.7	\$0.6	\$1.5	\$2.0	\$10.2

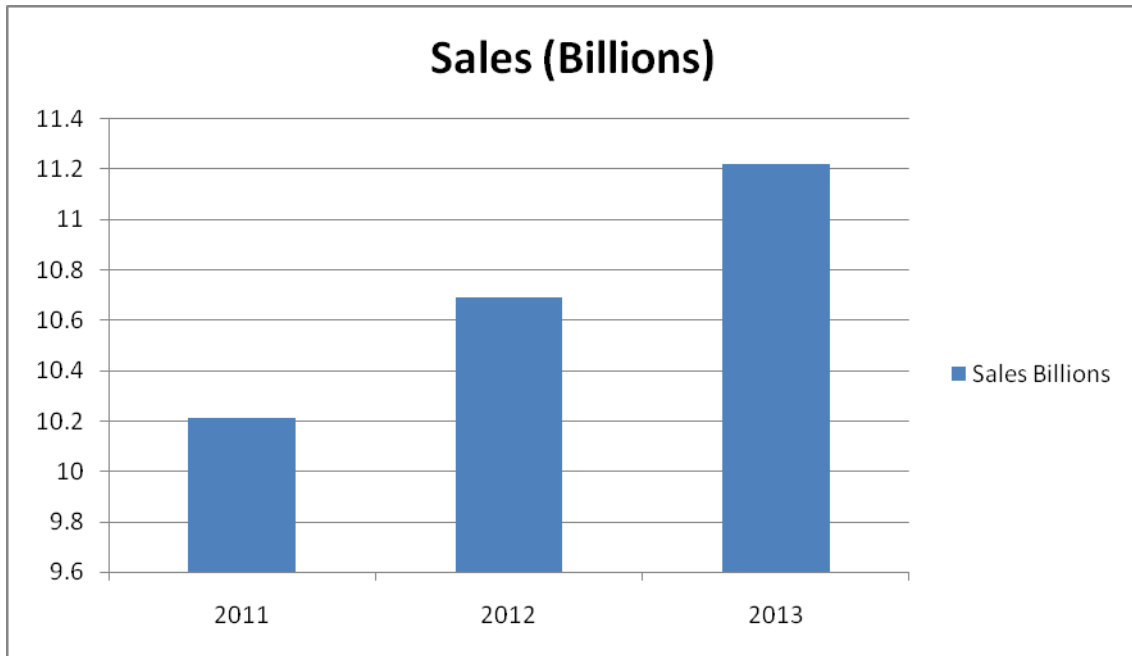
Sales Forecast

2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total

Numbers (Billions)	\$1.3	\$0.7	\$0.5	\$0.5	\$0.4	\$0.6	\$0.8	\$0.9	\$0.7	\$0.6	\$1.6	\$2.1	\$10.7
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Sales Forecast

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Numbers (Billions)	\$1.3	\$0.7	\$0.5	\$0.6	\$0.5	\$0.6	\$0.8	\$0.9	\$0.7	\$0.7	\$1.6	\$2.3	\$11.2



Source: Internal Research June 2010

5.2.2 MONTHLY BREAKDOWN

Starbucks has many expenses to cover and below are a few important ones according to Starbucks financials. From increased sales during the holiday shopping season you see that Starbucks also has increased costs, these include accounts payable for the merchandise Starbucks has to buy and put on the shelves, increased amounts of coffee being used, and increased advertising to bring all of those customers in.



Expenses for 2011

(Millions)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Long Term Debt	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73	\$45.73

Accounts Payable	\$17.30	\$16.30	\$14.10	\$12.00	\$13.50	\$13.70	\$14.00	\$14.70	\$18.00	\$23.20	\$25.60	\$27.60
Advertising	\$8.40	\$7.50	\$6.80	\$7.80	\$8.10	\$9.50	\$10.70	\$11.00	\$11.40	\$11.80	\$13.70	\$16.60
Research & Development	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.58
Rental/lease agreements	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58	\$55.58
Interest Payment	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Coffee Bean purchase agreement	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11	\$20.11
Total Per Month (Millions)	\$147.84	\$145.94	\$143.04	\$141.94	\$143.74	\$145.34	\$146.84	\$147.84	\$151.54	\$157.14	\$161.44	\$166.40

Expenses for 2012

(Millions)	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Long Term Debt	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70	\$45.70
Accounts Payable	\$18.30	\$16.60	\$14.40	\$12.50	\$13.80	\$14.30	\$14.80	\$15.20	\$20.20	\$24.70	\$26.50	\$29.30
Advertising	\$8.20	\$7.30	\$6.40	\$7.70	\$8.00	\$9.40	\$10.40	\$10.90	\$11.30	\$11.50	\$13.40	\$15.70
Research & Development	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54
Rental/lease agreements	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67	\$51.67
Interest Payment	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17
Coffee Bean purchase agreement	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30	\$20.30
Total Per Month (Millions)	\$144.87	\$142.27	\$139.17	\$138.57	\$140.17	\$142.07	\$143.57	\$144.47	\$149.87	\$154.57	\$158.27	\$163.37

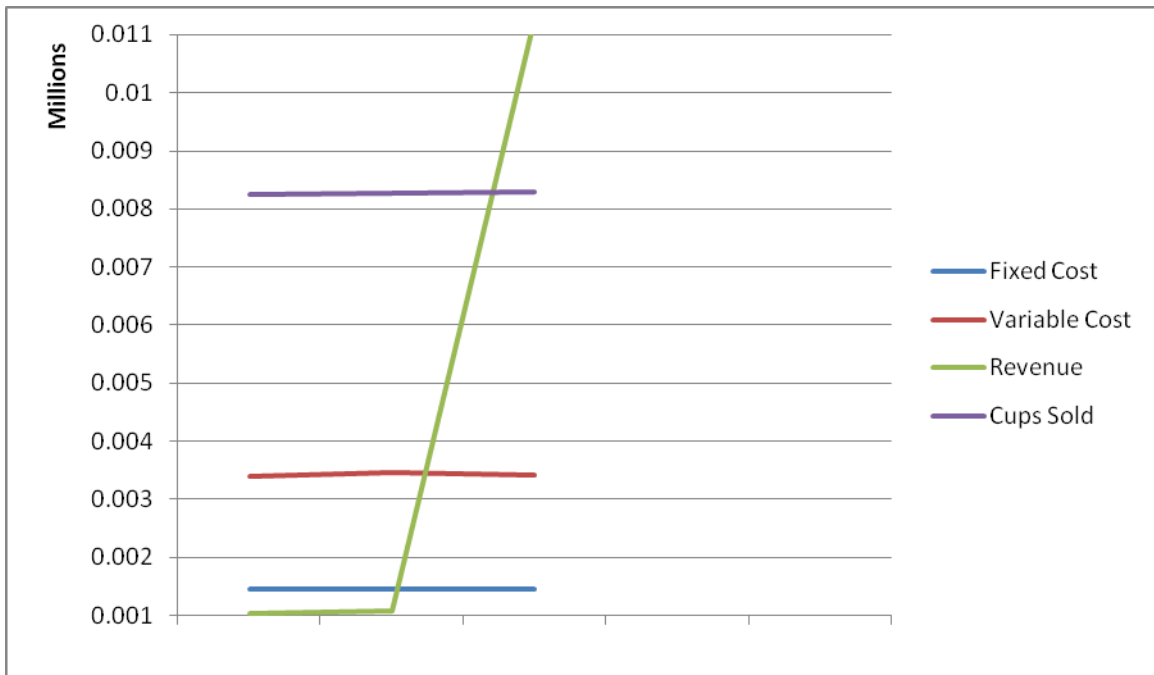
Expenses for 2013

(Millions)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Long Term Debt	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67	\$45.67
Accounts Payable	\$17.50	\$16.60	\$14.60	\$12.30	\$13.60	\$13.90	\$14.30	\$14.90	\$18.50	\$24.30	\$26.70	\$28.40
Advertising	\$8.00	\$7.20	\$6.20	\$7.40	\$8.10	\$9.30	\$10.10	\$10.80	\$11.20	\$11.60	\$13.50	\$15.90
Research & Development	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57
Rental/lease agreements	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33	\$48.33
Interest Payment	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33
Coffee Bean purchase agreement	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49	\$20.49
Total Per Month (Millions)	\$140.89	\$139.19	\$136.19	\$135.09	\$137.09	\$138.59	\$139.79	\$141.09	\$145.09	\$151.29	\$155.59	\$159.69

5.3 BREAK EVEN ANALYSIS

While taking a look at the break even analysis Starbucks has an average revenue forecast of 10.24 billion over the next three years. We take that 10.24 billion and divide it by \$2.65. \$2.65 is the average price of a drink at Starbucks. If we have 10.24 billion in sales divided by average price of \$2.65 for a drink we come out with 3.86 billion cups of coffee that have been sold yearly over the 3 year forecast. If you take the average variable cost of 339.8 million and divide that by number of cups sold per year 3.86 million you come up with the cost per drink for Starbucks which is .88 cents per cup of coffee sold. Starbucks then takes the average price of a drink subtract .88 cents and you get \$1.77 of profit per drink sold. So now that we have the average cost per cup sold we can take the fixed costs of 1459.4 million and divide it by the profit of a drink \$1.77 we get the number of cups of coffee that have to be sold to break even which is 824.51 million cups sold at a price of \$2.65.

824.51 cups X \$2.65 per drink = Break even point



Source: Internal Research June 2010

5.4 PROFIT ANALYSIS

Starbucks has to sell at least 824.51 million cups of coffee per year to break even with costs. Each cup sold after the 824.51 millionth is profit for Starbucks. So in order to meet the profit standpoint that Starbucks wants and be able to pay out dividends to the shareholders Starbucks has to sell an additional 845 million cups to get to a profit forecast of 1800 million. Starbucks will succeed if they keep cutting costs and closing store that are not profitable. Starbucks has already saved close to 580 million dollars with the restructuring plan in place in 2009. Starbucks has forecasted that they will keep cutting costs and improve customer service while keeping a high quality coffee affordable.



Source: Bing Images

6.0 CONTROLS

The following section outlines the methods in which Starbucks will recognize and achieve the goals of this marketing plan for the years 2011 to 2013. We have also defined how and when we are to obtain these goals. Some obstacles we are to face include:

- Sustaining repeat business
- Increase product use by existing, loyal customers
- Gaining new buyers and reaching a new market
- Reaction to competitors
- Customer satisfaction
- Keeping up with social media and latest technology trends

6.1 IMPLEMENTATION MILESTONES

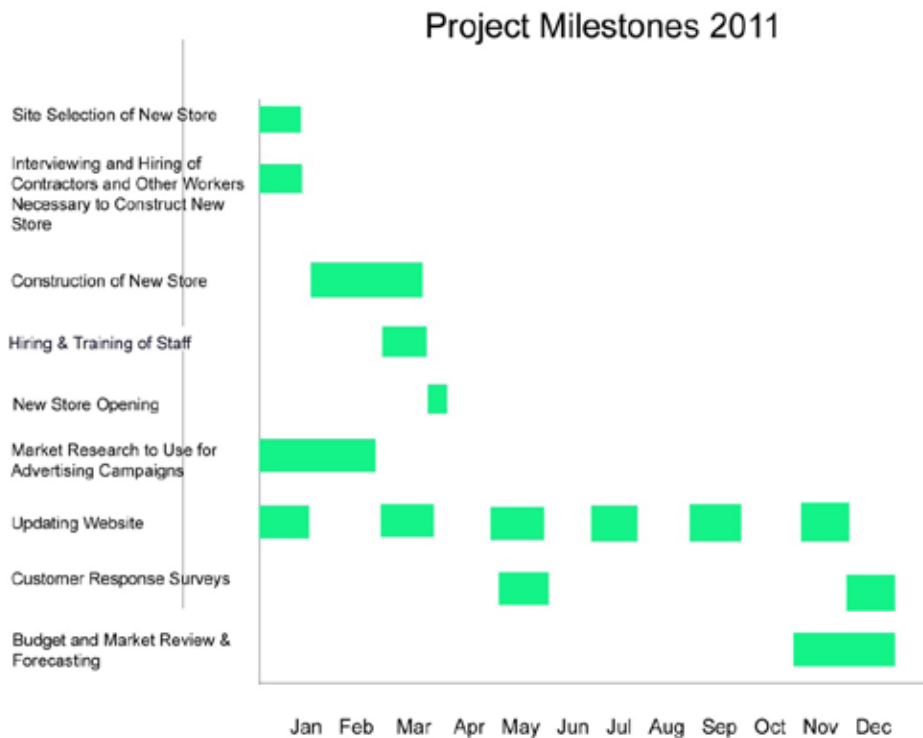
By outlining and defining different projects and decisions Starbucks will undergo in the forthcoming years, we will have a tool to measure our rate of progress and success. The milestones listed below outline scheduling in the years 2011 to 2013 in both the project and promotional department. By setting sales goals and deadlines, these milestones will help us complete our goals in a timely and achievable manner. This will also help us determine whether or not we are on track with our goals and will help us pinpoint where we can improve. Reflecting on the milestones in a yearly or quarterly review will help us with decisions as to whether or not the projects are still beneficial to our overall goal of improving profit margins and increasing customer satisfaction.

6.1.1 PROJECT MILESTONES

The milestone charts below lay the framework for the project scheduling for Starbucks within the forthcoming months and years. Each bar chart shows the schedule for the months within each upcoming year. Later on, it specifies who is in charge of each task and which department that responsibility falls under. It also defines the start dates of each project and the deadlines that they are to be completed by.

Project Milestones 2011

The horizontal bar chart and table below outline Starbucks Corporation's intentions and means of follow-through for the year of 2011. The horizontal graph visually explains the expectations we have for the upcoming year, while the table defines the start and end dates in list form. We feel that this will allow us to plan ahead and evaluate where we are excelling and lacking. For instance, in 2011, Starbucks begin the year by making strides in opening a new store. We plan on the opening being the first week of April. At the end of April, we will start conducting customer response surveys. We will initiate these again in six months, in November, in order to see where we are succeeding and failing, as well as gauge our growth.



Source: Internal Research Report 2010

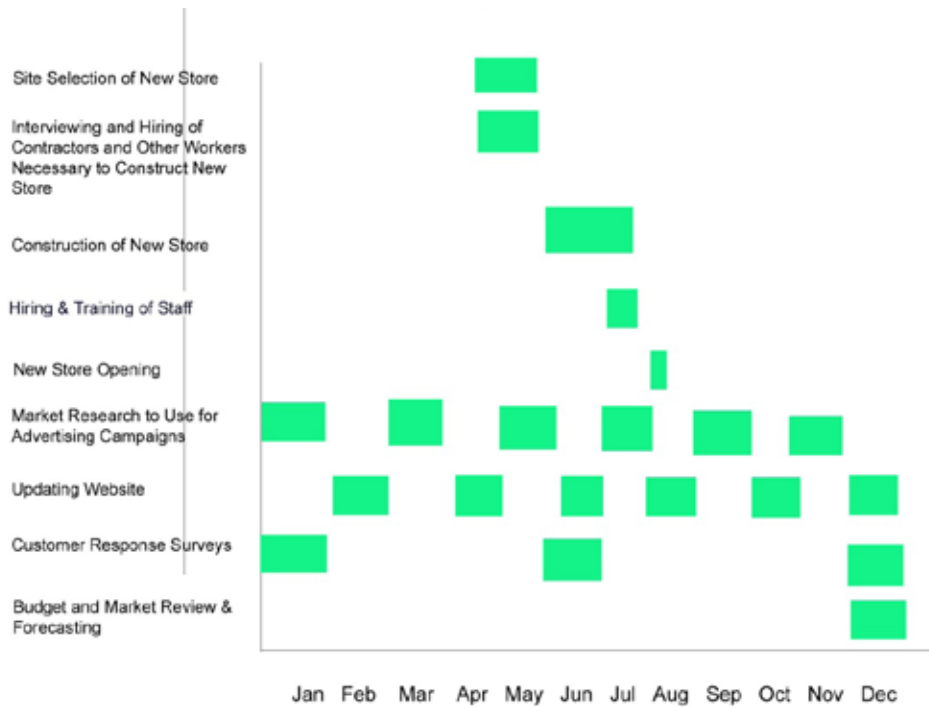
Milestone	Start Date	End Date	Budget (\$)	Department
Site Selection of New Store	1/1	1/31	1,000	Development
Interviewing and Hiring	1/1	1/31	50,000	Development

of Contractors and Other Workers Necessary to Construct Store				
Construction of New Store	2/1	3/31	250,000	Development
Hiring and Training of Staff	3/1	3/31	10,000	Human Resources
New Store Opening	4/1	4/7	10,000	Management
Market Research to Use for Advertising Campaigns	1/1	2/28	25,000	Marketing
Updating Website	1/1 3/1 5/1 7/1 9/1 11/1	1/31 3/31 5/31 7/31 9/31 11/30	10,000	Marketing
Customer Response Surveys	5/1	5/31	5,000	Marketing
Budget and Market Review & Forecasting	11/1	12/31	5,000	Accounting, Management & Marketing

Project Milestones 2012

In 2012, we will be predicting new store construction in the months of more tolerable weather. We will open a new store in August and see how the area responds. This year, we will focus on doing market research for advertising campaigns every other month, with updating the website on the alternating other months. We feel that this partnership will allow us to make successful strides on keeping up with the industry and the consumer. Also, this year, we will continue the trend of having customer response surveys every six months.

Project Milestones 2012



Source: Internal Research Reports 2010

Milestone	Start Date	End Date	Budget (\$)	Department
Site Selection of New Store	5/1	5/31	1,000	Development
Interviewing and Hiring of Contractors and Other Workers Necessary to Construct Store	5/1	5/31	50,000	Development
Construction of New Store	6/1	7/31	250,000	Development
Hiring and Training of Staff	7/1	7/31	10,000	Human Resources
New Store Opening	8/1	8/7	10,000	Management
Market Research to Use for Advertising Campaigns	1/1	1/31	25,000	Marketing
	3/1	3/31		
	5/1	5/31		
	7/1	7/31		
	9/1	9/30		
	11/1	11/30		
Updating Website	2/1	2/28	10,000	Marketing
	4/1	4/30		
	6/1	6/30		
	8/1	8/30		
	10/1	10/31		
	12/1	12/31		
Customer Response Surveys	1/1	1/31	5,000	Marketing
	6/1	6/30		
	12/1	12/31		
Budget and Market Review & Forecasting	11/1	12/31	5,000	Accounting, Management & Marketing



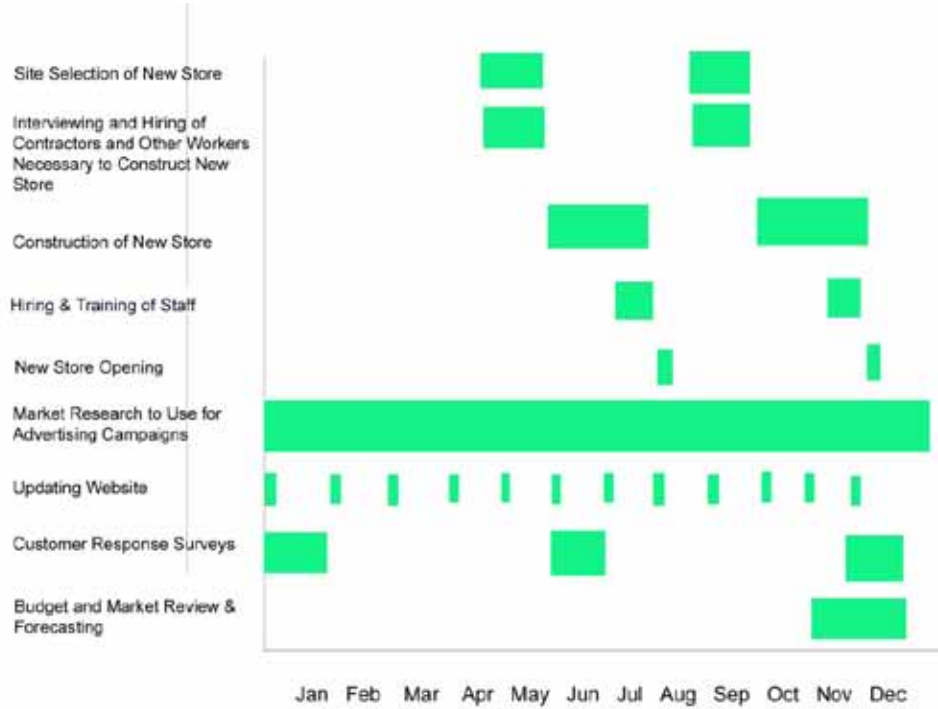
Source: Bing Images

Project Milestones 2013

Every year, Starbucks will rely on customer satisfaction surveys to gauge how well they are faring as a company. This will especially be helpful in the year 2013, where we will come to the end of the time-span of our current marketing plan when we will be reassessing as to how to go about our next one for the following three years. Customer satisfaction surveys will take place the first week of every month. This will give us time to review how different months affect the reaction of the consumer. We will also increase our budget for marketing and encourage research constantly throughout the year. Another big change will be updating the website once a month. This will cater to our “Web 2.0” target market.

Project Milestones

2013



Source: Internal Research June 2010

Milestone	Start Date	End Date	Budget (\$)	Department
Site Selection of New Store	5/1 9/1	5/31 9/30	2,000	Development
Interviewing and Hiring of Contractors and Other Workers Necessary to Construct Store	5/1 9/1	5/31 9/30	100,000	Development
Construction of New Store	6/1 10/1	7/31 11/30	500,000	Development
Hiring and Training of Staff	7/1 11/1	7/1 11/30	20,000	Human Resources
New Store Opening	8/1 12/1	8/7 12/7	20,000	Management
Market Research to	1/1	12/31	50,000	Marketing

Use for Advertising Campaigns				
Updating Website	1/1 2/1 3/1 4/1 5/1 6/1 7/1 8/1 9/1 10/1 11/1 12/1	1/7 2/7 3/7 4/7 5/7 6/7 7/7 8/7 9/7 10/7 11/7 12/7	25,000	Marketing
Customer Response Surveys	1/1 6/1 12/1	1/31 6/30 12/31	5,000	Marketing
Budget and Market Review & Forecasting	11/1	12/31	5,000	Accounting, Management & Marketing

6.1.2 PROMOTION MILESTONES

The promotions milestones will show how we use the timing and placement of the advertising listed in the previous section and other marketing methods are going to help generate consumer interest and business. Again, the bar charts will outline the scheduling for the months within the years 2011 to 2013, and then the tasks will be more clearly defined and a budget will be set. By taking a step-by-step initiative like this, we can take great strides over the next few years in order to get, and remain, ahead of the curve.

In an internet-based society, website development is crucial. All efforts will be going into social media as well. Internal advertising, which includes posters within the store and other promotional items, will be used to market to the loyal consumer. Starbucks originally did not do a lot with TV spots or radio ads, relying mostly by word of mouth, but recently and in the coming years we are going to experiment with different marketing tools in this commercial area.

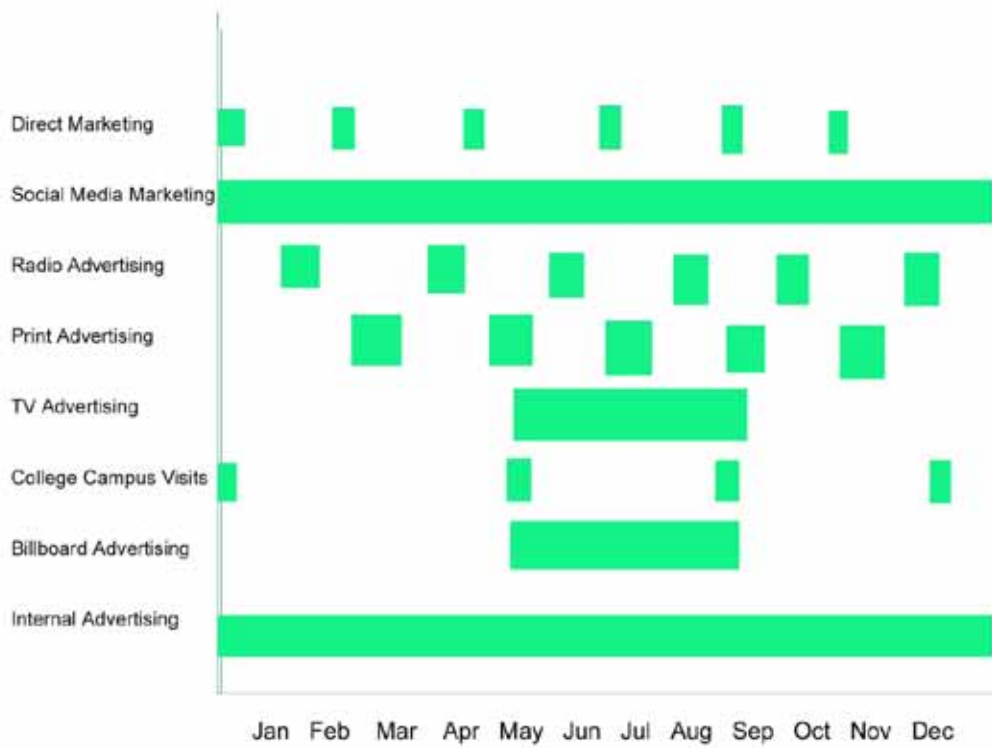


Source: Bing Images

Promotion Milestones 2011

In 2011, direct marketing will take place at the beginning of every other month. This will allow us to experiment with different mailings and judge the response. Social media marketing will continue throughout the year because this is the target market that we wish to focus on. Starbucks is a trendsetter in this market, and wishes for it to stay this way. Internal advertising will also take place year-round. We believe Starbucks is coming into more of a mature phase in the life cycle, so we want to keep our loyal customers interested. TV advertising will start in the summer time as we hope this will attract customers in during the months where people do not really crave a hot beverage.

Promotion Milestones 2011



Source: Internal Research June 2010

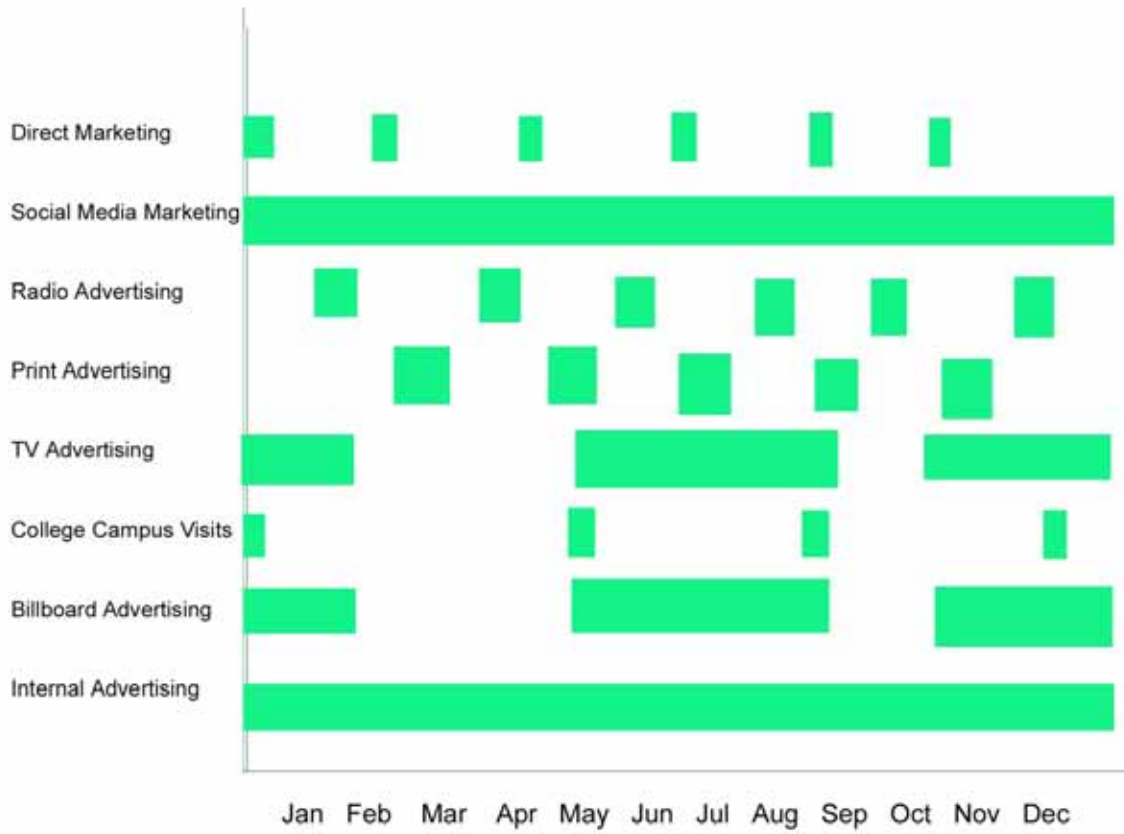
Milestone	Start Date	End Date	Budget (\$)	Department
Direct Marketing	1/1	1/1	30,000	Danielle Gore Marketing
	3/1	3/14		
	5/1	5/14		
	7/1	7/14		
	9/1	9/14		
	11/1	11/14		
Social Media Marketing	1/1	12/31	25,000	Michael Corn Marketing
Radio Advertising	2/1	2/28	50,000	Sam Lehnert Marketing
	4/1	4/30		
	6/1	6/30		
	8/1	8/31		
	10/1	10/31		
	12/1	12/31		
Print Advertising	3/1	3/7	50,000	Katie Boggs Marketing
	5/1	5/7		
	7/1	7/7		

	9/1 11/1	9/7 11/7		
TV Advertising	5/1	8/30	100,000	Brittany Love Marketing
College Campus Visits	1/1 5/1 9/1 12/1	1/1 5/1 9/1 12/1	5,000	Sam Lehnert Marketing
Billboard Advertising	5/1	8/30	10,000	Michael Corn Marketing
Internal Advertising	1/1	12/31	25,000	Brittany Love Marketing

Promotion Milestones 2012

In 2012, we added a few more time periods in which to enact our marketing strategies. We added more billboard space. This was done during January and February, and also in November and December. TV ads are also piggybacking off of this expansion. The reason for the beginning of the year is to draw customers in even though it is a time of year where people have “buyer’s remorse” after Christmas and spend less. Also, we feel the advertising around the holidays will really kick up sales.

Promotion Milestones
2012



Source: Internal Research 2010

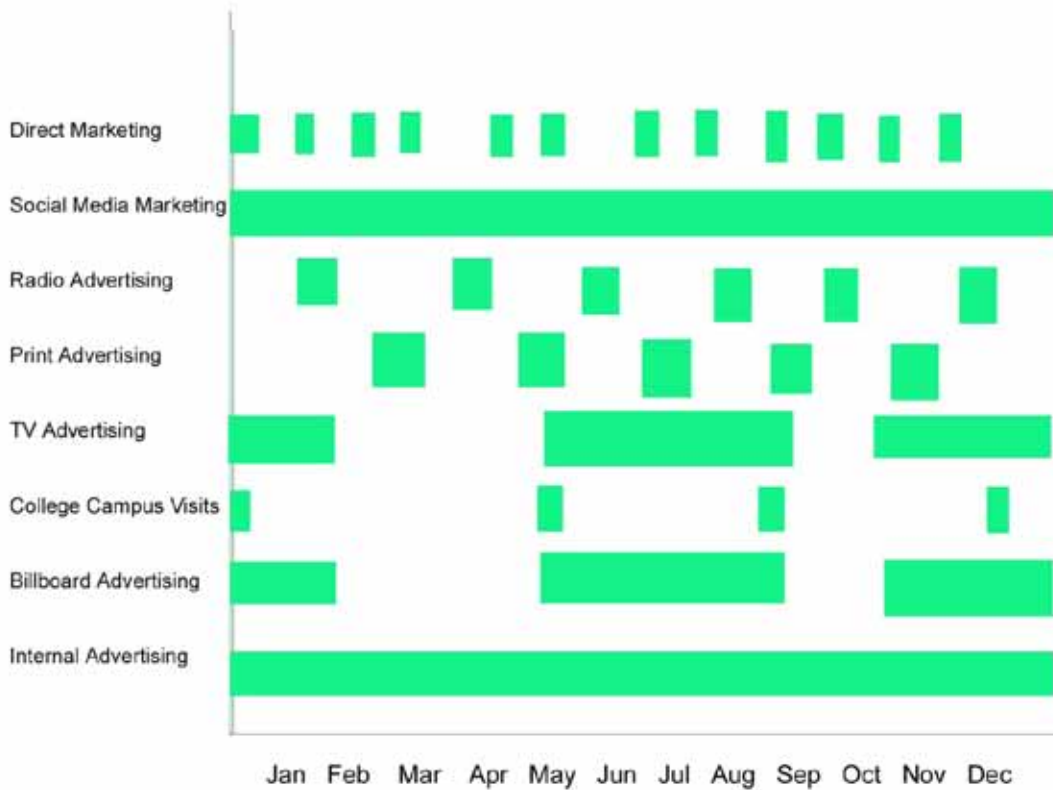
Milestone	Start Date	End Date	Budget (\$)	Department
Direct Marketing	1/1	1/1	30,000	Danielle Gore Marketing
	3/1	3/14		
	5/1	5/14		

	7/1 9/1 11/1	7/14 9/14 11/14		
Social Media Marketing	1/1	12/31	25,000	Michael Corn Marketing
Radio Advertising	2/1 4/1 6/1 8/1 10/1 12/1	2/28 4/30 6/30 8/31 10/31 12/31	50,000	Sam Lehnert Marketing
Print Advertising	3/1 5/1 7/1 9/1 11/1	3/7 5/7 7/7 9/7 11/7	50,000	Katie Boggs Marketing
TV Advertising	1/1 5/1 11/1	2/14 8/30 12/31	300,000	Brittany Love Marketing
College Campus Visits	1/1 5/1 9/1 12/1	1/1 5/1 9/1 12/1	5,000	Sam Lehnert Marketing
Billboard Advertising	1/1 5/1 11/1	2/14 8/30 12/31	30,000	Michael Corn Marketing
Internal Advertising	1/1	12/31	25,000	Brittany Love Marketing

Promotion Milestones 2013

At the end of our three year period, we hope to have a good idea of what is and what is not working for us, marketing wise. Hopefully we will be utilizing our resources correctly. In 2013, we will double direct marketing. At this time, we believe we will know which areas to target and what formatting draws the best consumer response from mailings. We are still relying on a lot of “word of mouth” advertising from our consumers and think people will still be relying on the “hip” and “chic” perception of the Starbucks brand. We are simply building off of that strong inclination.

Promotion Milestones 2013



Source: Internal Research 2010

Milestone	Start Date	End Date	Budget (\$)	Department
Direct Marketing	1/1	1/1	75,000	Danielle Gore Marketing
	2/1	2/14		
	3/1	3/14		
	4/1	4/14		
	5/1	5/14		
	6/1	6/14		
	7/1	7/14		
	8/1	8/14		
	9/1	9/14		
	10/1	10/14		
	11/1	11/14		
	12/1	12/14		
Social Media Marketing	1/1	12/31	25,000	Michael Corn Marketing
Radio Advertising	2/1	2/28	50,000	Sam Lehnert Marketing
	4/1	4/30		
	6/1	6/30		
	8/1	8/31		
	10/1	10/31		
	12/1	12/31		
Print Advertising	3/1	3/7	50,000	Katie Boggs Marketing
	5/1	5/7		

	7/1 9/1 11/1	7/7 9/7 11/7		
TV Advertising	1/1 5/1 11/1	2/14 8/30 12/31	300,000	Brittany Love Marketing
College Campus Visits	1/1 5/1 9/1 12/1	1/1 5/1 9/1 12/1	5,000	Sam Lehnert Marketing
Billboard Advertising	1/1 5/1 11/1	2/14 8/30 12/31	30,000	Michael Corn Marketing
Internal Advertising	1/1	12/31	25,000	Brittany Love Marketing

6.2 MARKETING ORGANIZATION

Starbucks Corporation made the decision in September 2009 to hire Annie Young-Scrivner as their global chief marketing officer. Michelle Gass is also the head of marketing, and leads Starbucks' secondary, Seattle's Best Coffee. Among the various people working underneath these two, Starbucks will hire locally in Grand Rapids in order to market specifically to the West Michigan Area. This will happen immediately after entering the area. Hiring will be geared towards marketing and advertising professionals and students with an innovative mindset.

Sam Lehnert

6.3 CONTINGENCY PLANNING

Revenue exceeds projections: If revenue generated is higher than we expected, we can put the extra profit into use for the next fiscal year. We can put more effort into the marketing arena with the extra income. What we need to do is figure out what we are doing well and what has triggered this success so that we can build upon it in the upcoming years. We could also use this money to refurbish existing locations or build additional venues. All of the money should be reinvested into the company in hopes of continued success.

Revenue misses projections: If revenue is considerably less than what we predicted for ourselves, we need to take a step back and see where we have failed. We

may need to look into the effects of the economy on our profit margins. Other options may include redefining how we market and for whom. We may need to see how our products are positioned in comparison with our competitors. Ultimately, what is necessary at this stage is a revamping of our product and realizing adjustments to be made. What we do not need to do is take away from marketing. Marketing is how will we regain the consumer's confidence and rebuild our profit margins.

Social Media plays a lesser role: While Starbucks is one of the leaders in this newer marketing tactic, we need to take action to prevent this department from lacking since financial performance does indeed correlate with engagement in social media. We will need to make sure that we are engaged in multiple social media channels. We will need to hire and dedicate teams specifically for this task. They will need to be young professionals that will have a good understanding of the way social media works and the way to market to those who use social media. We could make the decision to deal with less media channels in order to market stronger to a more specific group of people.

A competitor gains the lead in the industry market: If this should happen, we should take some time to define where they are gaining their success. We will need to survey current consumers and lost consumers of our company to see where our faults lie. If we can define our weaknesses, we can clearly see where we need to improve. What we also need to do will survey not only the successes of the competitor, but their weaknesses as well. Their weakness shall become our strength. What they do wrong, we will do right. We could take the lead from Domino's and apologize for lacking and prove to people that we have worked hard to regain their confidence and loyalty.

Starbucks loses brand power: Starbucks is a prominent presence in today's society. Brand power does not go away overnight, so hopefully we will catch this problem before it actually becomes a major problem. To combat this issue, we need to strive to bring quality to every transaction to keep the customer's perception of Starbucks high. We need to be careful if we have bad publicity especially. Keeping the best PR representatives on staff will help us in this area. Brand personality and brand equity go along with this. The problem may lie with not changing the brand personality with the times. We will need to enforce advertising with a new personality that will help consumers relate back to the company. For brand equity, we will need to re-associate the brand identity and meaning in consumers' minds. Hip advertising will help us achieve this. We will need to determine the

demographics that we will market to, and we will need to spend the money that will burn our image back into the minds of our customers.

Starbucks receives bad publicity: This goes hand-in-hand with losing brand power. Whether it is via a publicly recognized lawsuit, unethical practices, or socially irresponsible decisions on domestic or foreign ground, Starbucks needs to tread lightly in these waters. It all goes back to quality and prevention of these matters. We need to think globally and have integrity within our company. We also need people that will work to build the goodwill and reputation of our company. If we consistently give back and maintain credibility, we will not be affected as greatly if we have an incident involving the company.

Industry sales come to a halt: We do not foresee this to be a likely problem. While sales of certain beverages may be down, people that like to drink coffee every day will still like to drink coffee every day- they may just choose a cheaper type. If this happens, we plan on emphasizing bags of coffee sold for home use, whether they are sold within Starbucks shops or in a local grocery store. We could also introduce new, different products into the market that offer a new approach. For instance, more frozen beverages or something with a health kick, if that is how the trends are going.

Internet side of business plays a lesser role: Starbucks has an agreement with AT&T for free use of WiFi for two hours. If someone requests unlimited use of the internet provided at Starbucks, they can purchase a plan with AT&T that allows them to do so. However, if this causes people to choose other places to use WiFi and enjoy coffee, we will need to rethink our strategy. Perhaps offering free, unlimited WiFi without any catches would be appropriate since we ultimately need the foot traffic to bring in profit. Also, we could put our energy into the music and entertainment side of Starbucks or the baked goods area.

Economy remains in a decline: Should this happen, we should make an effort to cater to our consumers in their time of need. If we make an effort to keep them now, they will continue to use us when economic times return to normal. We can reduce prices or reduce serving sizes. We could also offer a happy hour- if they come in between a certain time period, drinks will be half off. This will increase foot traffic and hopefully generate sales for other items that we offer in the store. A dollar or value menu may even be in the works.

This has worked well for McDonald's, who is one of our biggest competitors. By adding value to our product it will increase the products desirability and worth.

Consumer tastes change: This answer is simple. We cannot lose sight of who our consumers are and how to market to them. We may need to differentiate an existing product to look new and exciting. We will need to take time to examine trends in the industry and in the country as a whole. As an example, the zero calorie health trend recently taking off. Adjusting our products to align with the current fads will keep us hip and on the cutting edge. Maintaining our loyal customers is a big goal.

Coffee crops are poor: Starbucks prides itself in offering many different varieties of different coffee beans prepared in different ways. If a crop of one particular species of bean has a sub par season, it should not be too difficult to find another to develop its story and market as a replacement. Although news travels fast about the dangers of crop failure, consumers should trust and rely on Starbucks to bring them acceptable alternatives.

Starbucks fails internationally: With Starbucks located all over the world, we will have to put liaisons in place in every country to head the companies in their area. They can act as a culture interpreter to give us information as to what markets well in that particular country and what we are doing wrong. The last thing we want is to offend someone culturally. If something should fail in this bracket, we will look to our liaison to see what we can change. If the fault lies within the liaison, they will have to be replaced with someone who can better interpret the market and forecast trends globally.

Music side of Starbucks fails: Coffee shops and music seem to go hand-in-hand. Should the entertainment side of Starbucks start to decline, we plan on pushing the literary side of the coffee shop scene. We could offer book clubs, a used book exchange, a book of the month, and things of that nature. Instead of handing out a free music download every week, we could offer an excerpt of a different book every week with a discount code for purchasing that book.

Starbucks Card fails: Time and money should be invested in the Starbucks Card because it encourages repeat business. If this fails, we may need to offer more bonuses and perks for using it. The solution may even come from redesigning the card and remarketing it. We could also negotiate with another company, like Barnes and Noble, to

be able to offer rewards at their company if consumers open up a card at our company. We could offer something extra for opening up a card like a free CD sampler. Both of these solutions will help with our entertainment division of the company.

Delays in store openings: Things can happen that are out of the company's control, such as no real estate, construction costs, and unreasonable lease or property rates. This will most certainly affect profit margins and income. It results in not meeting expected revenues for the year. There is not a lot you can do about this but to have options. If you have a backup construction company, you may be able to proceed with construction as planned. We may need to relocate if rent is too high.

Failures by third party: Starbucks deals with a number of third parties in order to operate the company. When you deal with roasting plants, boats that transport goods, coffee mills and people who harvest coffee beans, you have the opportunity for accidents or failures to happen. Even if prices are raised for things we need to make our products, like milk, we can encounter difficulty. Again, alternative options are key here. We may need to trim the budget and reduce spending on one sector in order to cover costs in another sector. Fortunately, difficulties with third parties are usually isolated incidents. If they become reoccurring problems, it is time to find different third parties to deal with.

Difficulties in foreign markets: This can affect either the international stores or imports and exports of goods, such as coffee beans, used to make our products. It can involve things like customs, tariffs and restrictions. It also can involve currency exchange rate fluctuations. Economic impact from foreign countries plays a big part in our distribution. Laws and regulations in other countries may be vastly different than ones in our country. We need people working for our company that are well-versed in international business and can forecast economic events to deal with them accordingly.



Source: Bing Images

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POWERPOINT



Source: Bing Images

1



2

2.0 SITUATION ANALYSIS

3

WHO IS STARBUCKS?

- **First Mover**
- **Industry:** coffee and beverage retailing
- **Position:** elite/premiere brand

4

WHO IS STARBUCK'S CUSTOMERS?

- Urban Dwellers
- Ages **18-40**
- Both Men and Women
- High Income
- **Occupation:** college students, faculty members, people in management, executive, and professional positions.
- Care about global issues (environment)
- **VALS Results:** Innovators, Achievers, Experiencers, and Thinkers

5



6

KEYS TO SUCCESS

- The unique, innovative, upscale atmosphere that will differentiate Starbucks from McDonalds
- The establishment of as a community hub for socialization and entertainment.
- The best coffee and bakery items.
- Keeping their products as a status symbol
- The huge online presence through social networking and other mediums

7

3.0 MARKETING

8

OUR CULTURE

1. IMAGE
2. YOU

9

MARKETING MIX

- BEST FAIR TRADE COFFEE POSSIBLE
- IT'S OUR CORE PRODUCT
- WE WILL BUILD OFF IT

YEAR BY YEAR FOCUS

- 2011-Stronger relationship with Apple customers
- 2012-As campagin strategy of pull for regular coffee instore
- 2013- Change image of our over saturation in market

TARGET MARKETS

- Mothers
- 9-to-5ers
- Web 2.0
- College Students

STRATEGY PYRAMIDS

- Social media efforts
- Continue to deliever quality product
- Making product avaliable in markets that demand it

PRODUCT & PRICE

- Continue "however-you-want-it" Frappucino
- Start new "however-you-want-it" regular coffee
- Price is 1.50 for small, 2.00 for medium, 3.00 for large

PROMOTION

- Strong social media campaign
- iPhone ordering app
- QR codes
- Partnership with new Apple customers

PLACE

- Rebrand locations
- Seattle's Best
- Stealth local coffee shops

PRINT ADVERTISING

- College Newspapers
- Business Magazines
- Large City Newspapers



BILLBOARD ADVERTISING

-High-traffic Urban Areas



RADIO/WEB ADVERTISING

- Pandora Artists
- Examples: Coldplay, Death Cab, U2, Jack Johnson, and many others



VIDEO/WEB ADVERTISING

- YouTube
- TV Shows Online

WEB SITE/ONLINE PROMOTION

-Connecting Online Promotions to Web Site
-Staying as a "First Mover"



STARBUCKS SALES

Starbucks has **innovation** and excellent customer service so our sales are **expected to grow** in the three coming years 2011, 2012, and 2013.

We expect **sales in 2011 to grow at least 4.5%** with the economic situation seeing the end of the tunnel people are going out and spending more money.

In 2012 **sales should grow another 4.7%** with the via ready brew hitting new markets soon Starbucks has an opportunity to move to new markets and expand their new product.

STARBUCKS SALES

In 2013 Starbucks should have sales growth near 5% by then the economic situation should be coming to an end and more people will have jobs and they will have extra money to spend on higher goods and they won't have to substitute for the cheaper coffee in the morning on their way to work.

STARBUCKS SALES

According to Starbucks newsroom Starbucks has exceeded their cost saving measures by 30 million bringing the total savings to 580 million. Starbucks is going to continue their cost cutting measures and they are going to keep saving money in every way they can without affecting the performance to our customers.

STARBUCKS SALES FORECAST

YEAR	2011	2012	2013
Expected Sales (Billions)	\$10.21	\$10.69	\$11.22

Break even point must sell
824.5 million cups of coffee at
average price of **\$2.65 per drink**

CONTINGENCY PLANNING

- Starbucks Receives Bad Publicity
- Music Side of Starbucks Fails
- Starbucks Card Fails
- Failure by Third Party
- Difficulties in Foreign Markets
- Economy Remains in a Decline

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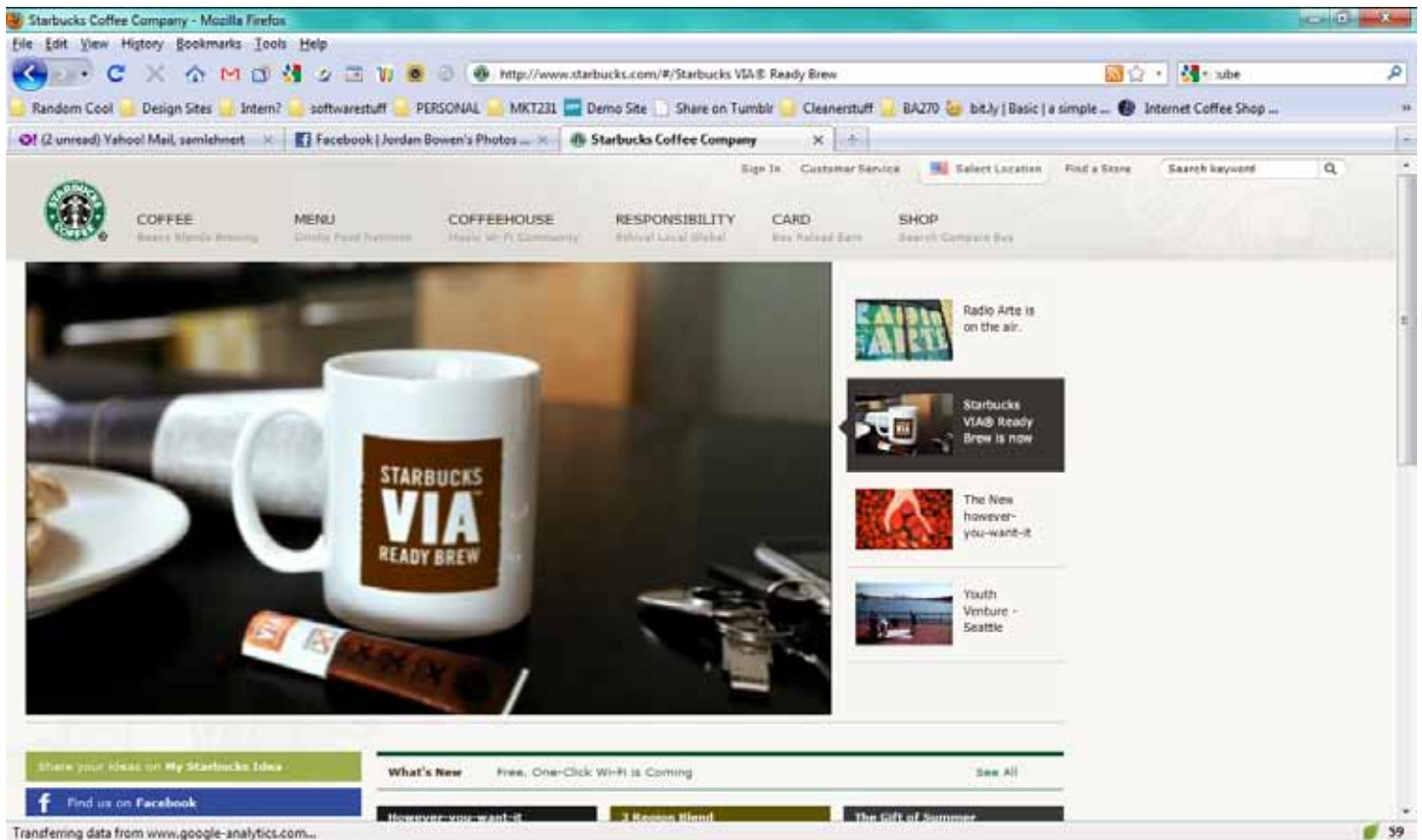
RESEARCH



Source: Bing Images

ADVERTISING APPENDIX

WEB SITE



NAPKIN RE-DESIGN



DON'T YOU JUST
LOVE SUPPORTING COMPANIES
WHO CARE
ABOUT OUR PLANET?

WE'LL WE CARE.

NOW WHAT
COMPANY PROVIDES
THE **HIGHEST**
QUALITY PREMIUM
COFFEE?

WE'LL WE DO.

WE ARE
STARBUCKS

AND WE AREN'T
YOUR AVERAGE
CUP OF JOE

STARBUCKS ONLINE VIDEO AD CAMPAIGN STORYBOARD

This will be seen on TV Shows aired online that our target market views. One example is the show Glee. This will be viewed on YouTube for artists our Target Market loves like Jack Johnson, Coldplay, Postal Service, and others.

BILLBOARD ADVERTISEMENT



RADIO ADVERTISEMENT ON PANDORA



PANDORA
radio from the Music Genome Project®

Register for FREE to save your stations and access features anytime, anywhere.

Create a New Station...

Search Station

Here's more great stuff to help you enjoy the sounds you love and explore the wider world of music.

Try now

Pandora 1.2
available now on the iPhone

Improved streaming over cell network

Sponsored by **AT&T mobile**

Download on the App Store

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2011-2013 ADVERTISING & MARKETING PLAN

