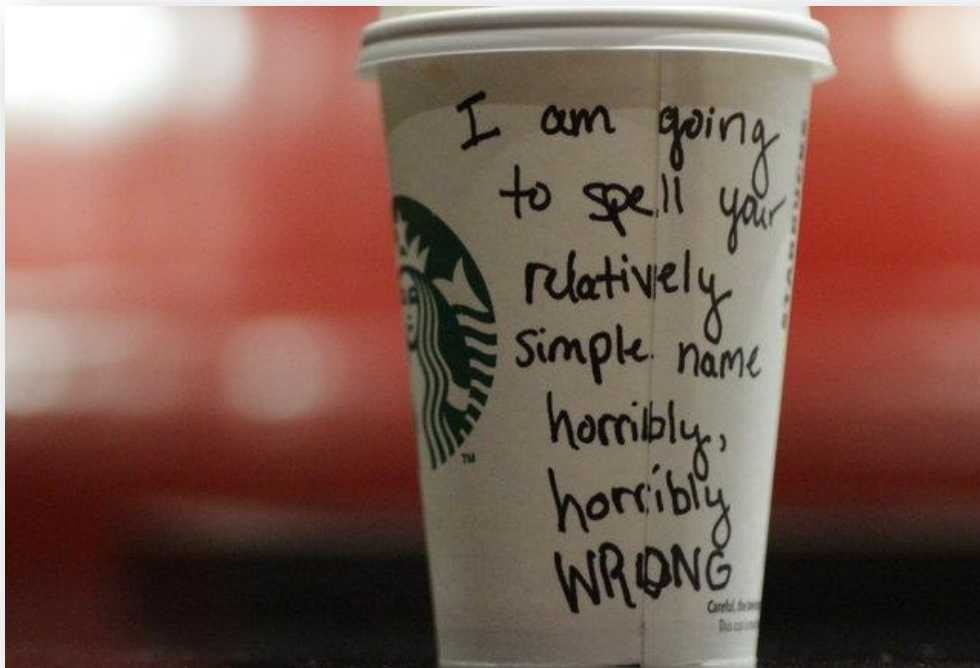


Dissertation Starbucks

“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks’ quality coffee or its brand image have the biggest share?”



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Executive summary

In the current postmodern society we live in (a society where social ties are formed around market mediated offerings), brands play very powerful and influential roles over consumers. Since people are likely to use a brand they like as a status symbol or value system to determine and show their self-worth to the outside world, brands indirectly have the power to influence the attitudes and behaviours of people towards each other within society. Therefore, it is said that nowadays, consumption is more a matter of cultural meaning rather than utility.

Starbucks is a very successful and influential company. Therefore, Starbucks as a brand, also has the power to influence people's behaviours. Through unconventional marketing campaigns, clever use of social media and other ways of attracting and retaining (new) customers, the company knows well how to stay ahead of competition and keep consumers Starbucks-minded. This report aims to discover the main success factors that have made Starbucks a successful company. Since the brand is known for its quality coffee, research has been conducted to find out if the coffee solely has the possibility of being the biggest success factor. The theory behind consumer behaviour will be discussed throughout this report, to discover whether the company's brand image is strong and attractive enough to be the biggest reason for people to become and remain a Starbucks customer, or not.

The main research question of this report is the following: "What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks' quality coffee or its brand image have the biggest share?". The sub-questions are related to the internal- and external analyses, social media, and Starbucks with regards to corporate social responsibility. Since this report is focused on Starbucks in the Netherlands, the research is limited to native Dutch residents and the results are only applicable to Dutch consumers and the Netherlands. This report has been written by means of quantitative research (desk research including internal- and external analyses and discussing theories), and qualitative research (a taste test and questionnaire).

The results of both the quantitative and qualitative research tools are diverse. The taste test, as a part of the qualitative research, brings the most important information. Therefore, the brief summary of the results of this report is the following: Starbucks' biggest success factor is its quality coffee, with the great help of the company's brand image. This implies that Starbucks' positive brand image and strong marketing campaigns are effective, but are not solely the biggest success factor. Without great quality coffee, the company would not have grown out to be as big as it is now. However, without great marketing, the company would not have reached such a big audience worldwide.

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1. Introduction

“We changed the way people live their lives, what they do when they get up in the morning, how they reward themselves, and where they meet” (Orin Smith, Starbucks CEO) (Thompson, 2004). This quote, by the CEO of one of the most successful companies worldwide, shows that in the current postmodern society we live in, a brand has the power to influence not only a customer's mind, but even his or her life. The theory behind this is the following: brands exist in the minds of people, and brand management is the management of perceptions. Since a brand has the power to influence perceptions, brands can transform the consumer experience.

Starbucks, as a successful global company, knows how to use its power over consumers well. As one of the most popular coffee brands worldwide, the company knows how to attract new customers, and maintain relationships with the current ones. This report attempts to discover Starbucks' key success factors. The research will focus on the question whether the company's quality coffee causes the brand to be as successful, or if the company's brand image is the main success factor. This report focuses mainly on the Starbucks company and its key success factors in the Netherlands. The research is therefore limited to native Dutch residents, that is to say people that were born and still live in the Netherlands. The results as well, will only be applicable to Dutch consumers/the Netherlands.

According to the theory of Thorstein Veblen, 'conspicuous consumption' means the desire to provide prominent visible evidence of the ability to afford luxury goods. Consumption nowadays is therefore more a matter of cultural meaning rather than utility. Because of this, people self-position themselves by using their brands: "I am what I have and what I consume". Because of this 'conspicuous consumption' (the desire to provide prominent visible evidence of their ability to afford a certain type of good or service), gaps are being created in society. People want to show that they belong to certain status groups by purchasing and displaying objects, which are the status symbols. This, in the mind of the consumer, prevents one's decline in the social hierarchy. The people who do not go along with this way of thinking, do simply not 'fit in', and by this, gaps are being created. (Veblen, 2005)

Because of the conspicuous consumption which happens a lot nowadays, it is sometimes more likely to assume that a brand obtains its success purely because of how the brand makes a person feel, instead of what the products actually do. The research that will be conducted in this report will therefore be around the following questions: How has Starbucks become a popular coffee brand worldwide, and why? Is it because their quality of coffee is better than others? Is it because people like the perception of 'A Starbucks lifestyle'? Is it because consumers like Starbucks as a status symbol and want to be seen with a Starbucks coffee cup? Or is it a combination of all?

This report commences with the introduction of Starbucks as a company. This includes the company's history, mission, product portfolio, current marketing approach, and more. Subsequently, the theoretical framework is explained in chapter four. All of the accompanying theories with regards to the main research question are included. Thereafter, the external analysis including the DESTEP-analysis and consumer behaviour of the Dutch is explained in chapter five. In chapter six, the competitive analysis is discussed. This entails Starbucks' biggest competitors in the Netherlands. The marketing strategies of Starbucks are explained in chapter seven. This includes the six P's, Starbucks' marketing campaigns, and the company's social media strategies. Chapter eight discusses Starbucks' SWOT analysis, and chapter nine explains the qualitative and quantitative research. The results are being discussed in chapter ten. In this chapter, the results of both the taste test, as well as the questionnaire will be discussed. However, they will be discussed separately. The reason to this is because the results of the taste test may differ to the results of the questionnaire. In chapter eleven, the final conclusion of the research will be discussed, including the final answer to the main research question. The final chapters discuss the limitations, future research, recommendations, and references.

2. Research question and methodology

Research question

The central research question of this research report is the following:

“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks’ quality coffee or its brand image have the biggest share?”

The sub-questions:

- 1. What is the Starbucks consumer behaviour like with regards to positioning, marketing campaigns, etc.?*
- 2. What is the internal analysis of Starbucks, regarding the distribution channels, competitors and marketing strategies?*
- 3. How does social media increase the image of Starbucks as a status symbol, and to which extent is the quality of Starbucks coffee being discussed by social media?*
- 4. What is the social role of Starbucks with regards to corporate social responsibility?*

Methodology

In order to conduct reliable and comprehensive research, various research methods have been used. This implies both qualitative and quantitative methods. The main methods that have been used for the research are the following: desk research, a questionnaire, and a taste-test. Desk research has provided essential information on Starbucks as a business and has aided in understanding the structure of the company. The questionnaire has provided important information on the behaviour of coffee consumers, and has played a big role in answering the main research question. The taste-test has played one of the biggest roles in answering the main research question. Because the panel did not know exactly how and why the taste test was executed, the results are honest, trustworthy, and very useful for the research.

Firstly, desk research was used to get as much information related to the specific question as possible. A part of the sources that was used during the research are listed in the tentative bibliography. During the research, more reliable and informative sources have been collected and listed. Using desk research has enabled the chances of studying as much information as possible about the subject in order to write a credible report. During the desk research, information on, for example, the history of Starbucks (when it was created, how it was created, by whom, etc.), the organizational structure of Starbucks, its product portfolio, and more has been collected. Defining the market of Starbucks and writing the internal and external analysis has also been done by means of desk research.

Secondly, qualitative and quantitative methods:

- For verifying, questioning or discussing the existing theories or hypotheses about the subject,

quantitative data has been used. This has been gathered using a questionnaire. In the questionnaire, people were asked about their consumption of coffee, if they consume Starbucks coffee and if so, how many times a week, their opinion about Starbucks etc. The participants were also asked about their consumer behaviour; if can they identify themselves with other Starbucks consumers, if they consider drinking Starbucks coffee as a daily or weekly habit, and so on. In addition, the participants were asked if their consumption of Starbucks coffee is in any way influenced, or if they are stimulated to buy Starbucks rather than another coffee brand, because of Starbucks' Corporate Social Responsibility (further referred to as CSR) activities. The questionnaire included native Dutch residents only.

- Then, the most important research tool for the report that has been used (as a part of the qualitative research) was a taste test. This test was divided into two parts. The first part consisted of collecting a group of approximately 10 people that are real coffee drinkers. They were provided with three little coffee cups, all cups looking the same, but containing coffee from three different brands. The cups were provided with a label indicating which brand it was (one Starbucks, one D.E., and one from the HHS coffee machine). The participants were then asked which coffee they liked the most, based on the quality and taste of the coffee. This test provided the information on which coffee people liked the most, based on quality. The taste test as well included only native Dutch residents.

In the second part, a group of 10 different coffee drinkers participated. In this group, each person was also provided with three little coffee cups, containing coffee from the same three brands. However, the coffee that was inside of these cups, was not the coffee that the label on the cups indicated. Therefore, the label of the coffee brand had been purposely taped wrongly on the cup. For example, on the coffee cup with the Starbucks coffee, a label was attached that said: 'Coffee from the machine of the Haagse Hogeschool'. This part of the test provided the information on what people 'want' to like the most, and what people 'want' to call their 'favourite coffee brand'.

After the taste test, the questionnaire was handed out. This questionnaire included questions about the coffee-drinking habits of the participants. The reason the questionnaire was done after the taste test and not before, is because the participants were not allowed know what the research was about, since this could influence their choices and eventually the outcome of the test. They only knew that their opinion about different kinds of coffee was relevant for this research.

Using quantitative and qualitative research methods has aided with getting insights into other people's opinions, experiences, beliefs, and so on. Also, statistics have aided in providing credible data for the report.

The taste test has provided specific, practical and real-life information on whether people like Starbucks for its quality of the coffee, or because of the name of the brand.

Thirdly, mostly secondary data has been used. However, primary data has been included as well. This implies that the data that was already out there has been used. This data has already been processed in books, journals, articles, etc. The primary data that has been used was the data that has been collected by conducting a questionnaire. This data has made the report all-round and more interesting, because it does not contain only one type of data, for example only already-existing data or only self-collected data.

3. Company introduction

3.1 Starbucks' history

The motto of Starbucks to “Share delicious coffee and try to make the world a little bit better” has not changed, from the opening of the first Starbucks store up until now. This opening took place on March 30, 1971, in the old Pike Place Market in Seattle, Washington, United States. The small store was opened by three associates named Jerry Baldwin, Zev Siegel and Gordon Bowker. At that time, only quality coffee beans and equipment to make coffee were sold in the store. The name ‘Starbucks’, inspired by Moby Dick, recalled the romance of the sea and the seafaring traditions of the first coffee traders. In 1982, entrepreneur Howard Schultz joined the company. After visiting Italy and being impressed by the Italian coffee bars and the romance of the coffee experience, Schultz proposed implementing the Italian coffeehouse tradition in the United States, and creating a ‘third place’, a place for people to meet and talk, a place for togetherness. His idea, however, was rejected by the three original Starbucks owners. Schultz therefore founded his own coffee house, named ‘Il Giornale’ in 1985. In 1987, the three founders of Starbucks decided to purchase and focus on ‘Peet’s Coffee & Tea’, and sold the Starbucks chain to Howard Schultz. The expansion went fast, and the first Starbucks stores outside of Seattle were opened in Vancouver and Chicago, in 1987. The first Starbucks store outside of North-America was opened in Tokyo, Japan. From the start, the company wanted to be a different type of business. A business that not only focused on coffee and the rich tradition of coffee, but above all on the feeling of togetherness. Nowadays, Starbucks is located in more than 60 countries worldwide. And with each cup, the company does not want to only transfer their heritage, but also a special experience for every single customer.



Figure 1 / Source: Google, 2015

The figure above shows the Starbucks logo throughout the years. The first logo is from 1971, with the opening of the first ever Starbucks store in Seattle, Washington, United States. By the time of the second logo in 1987, Howard Schultz, the CEO and director of the company, started to expand the Starbucks chain. The third logo came in 1992, around the same time Starbucks started selling

frappés. The total amount of stores in the mid-90s is 677. In 2011, the company changed its logo again, to the logo that represents Starbucks nowadays.

3.2 Vision

Starbucks says to strive for stimulating a culture in which diversity is being appreciated and respected. Therefore, diversity is an integral part of everything they do. “Embracing diversity as an essential component in the way we do business”, is one of the ways in which Starbucks is trying to achieve their vision statement, which states: “Establishing Starbucks as the premier provider of the finest coffee in the world while maintaining our uncompromising principles while we grow”.

Besides embracing diversity, the company also rapidly expands its retail operations, grows its specialty sales, and selectively seeks opportunities to lift the brand by introducing new products and developing new distribution channels in order to reach their goal.

In addition, the company acknowledges the fact that providing a great work environment and treating each other with respect and dignity, developing enthusiastically satisfied customers, contributing positively to the community and environment and recognizing that profitability is essential, are the keys to success. An example of the company trying to create a great work environment is the fact that Starbucks calls all of their workers, from the baristas to the managers, “partners”.

Values

Starbucks also has a set of core values that the company holds on to with their coffee, their partners, and their customers at their core. Creating a space where everyone is welcome combined with warmth and belonging is one of these values. The other values concern creating new ways to grow, challenging the status quo and acting with courage. Lastly, Starbucks wants to deliver their very best in everything they do while holding themselves accountable for results by being present and connecting with transparency, respect and dignity.

3.3. Mission

“Inspiring and feeding of the soul – one person, one cup, and one community at the time”, this is the mission statement of Starbucks. Within the company, the main focus lies on ensuring the quality of the coffee. The company says to search passionately, to find the best (responsibly produced) coffee beans, to roast the beans extremely carefully, and to try to save lives of those who grow them. When talking about partners, the company says to use this term because it is not just a job, it’s a passion. “Together we strive for diversity and create a place where we can all be ourselves. We always treat each other with respect and dignity. And we adhere to that standard”, Starbucks says. The company also says they feel very committed to their customers, and that making contact and laughing with them, giving them a helping hand – even if it’s just for a little

while – , is a priority. They say: “Of course it all begins with the promise of a perfectly made drink, but our work goes much further. What it’s really all about is human contact. The minute our guests start to feel at home here, and feel this sense of belonging, our stores become a haven, a quick getaway from the worries of the outside world, a place where you can meet your friends. It’s all about fun, in the rhythm of life – sometimes enjoying it slowly, and sometimes faster. But always full of common humanity”.

Starbucks claims that every store is a part of a community, and that everyone takes on the responsibility of being good neighbours. They say they want to be welcome, wherever they do business. “We can be a stimulus for positive action – by bringing together our partners, guests, and the community and contributing every single day. We now notice that our responsibility – and our possibilities of doing good – is even bigger. The world is looking at Starbucks to set a new standard. Therefore, we will take the lead”. (Starbucks, Responsibility, 2015)

With regards to the environment, the company also has a mission. Starbucks wants to take a leading role when it comes to environment in all facets of their business. They fulfill that mission by gaining insights in environmental problems and sharing information with their partners, developing innovative and flexible solutions to accomplish change, striving for the selling, buying, and usage of environmentally friendly products, acknowledging the fact that financial responsibility is essential for the future of our environment, emphasizing the responsibility for the environment as a corporate value, measuring and guarding their process of every project, and stimulating each and every partner to share their mission.

3.4 Organizational structure

The organizational structure of Starbucks differs from the corporate structure of other (smaller) coffee shops, mostly due to the fact that maintaining a brand as sizable as this, brings some complications. As shown in figure 2 on the right, the structure of the company begins with the Starbucks executives overseeing the company from Seattle, Washington; the company’s birth place. The Starbucks executives are followed by the district managers, placed around the country, to oversee the regional groupings of stores. Subsequently, there are store managers, also referred to as chiefs, in each Starbucks store. Shift supervisors replace the store managers in their absence, and take on the responsibility of manager when needed. To complete the structure, there are multiple employees (or baristas) working in each store. The Starbucks company does not work with a franchise system. Instead, they license storefronts. This implies that stores need to adhere to strict guidelines, in order to protect Starbucks’ name and for the company to keep being associated with quality.



3.5 Starbucks & Corporate Social Responsibility

Starbucks attaches great value to taking responsibility and taking a stand on social issues. The company believes doing this supports the health of the business, as well as their partners (employees), and the communities Starbucks is a part of. The following points are various issues that Starbucks is involved with, and their corresponding policies. These issues vary from support for health care reforms to provide their partners with affordable health insurance, minimizing their environmental footprint, to the necessity of addressing climate change in order to be able to keep buying the coffee that is needed for the continued existence of Starbucks.

General human rights:

This policy concerns Starbucks' commitment to treat their partners with respect and dignity, and to be active in the communities in which it does business. This policy also concerns the maintenance of the commitment to basic human rights, children's rights, rights of employees, and equal human rights for everyone. Starbucks also makes sure that all its employees respect this policy, and that all principles are developed in order to comply with the core values of Starbucks. (Company S. C., Global Human Rights Statement)

C.A.F.E. Practices:

The C.A.F.E. Practices stand for 'Coffee and Farmer Equity', and involves the sustainable production of coffee. Nowadays sustainable ways of producing coffee are not very common in the marketplace, therefore Starbucks has taken this initiative with regards to more sustainable coffee production not only for coffee farmers, but also for processors and suppliers. (SCS, 2007)

Overview Supplier Code of Conduct:

This code of conduct proves the fact that Starbucks only does business with suppliers that have signed an agreement that confirms the compliance with the 'Starbucks Supplier Code of Conduct' and its related standards considering welfare, sustainability, economy, laws, and the environment. (Company S. C., Starbucks Supplier Code of Conduct, 2004)

Starbucks standards for social responsibility for produced goods and services:

This shows the requirement for Starbucks' suppliers and businesses to the company's standards considering transparency, worker health and safety, worker treatment and rights, worker hours and compensation, environmental protection, and compliance and corrective action. (Company S. C., Starbucks Supplier Social Responsibility Standards: Manufactured Goods and Services, 2006)

Position on food labelling:

This is a letter from Vivek Varma (Senior Vice President Starbucks), asking the chairmen and ranking members of the Congress for an appropriate national menu labelling standard, so that

Starbucks can use this as an addition to their provision of healthier products and the education of their customers. (Varma, 2009)

Guidelines for Cocoa Practices:

This document contains Starbucks' guidelines to a green supply chain of non-coffee ingredients. Starbucks acknowledges the fact that there are sustainable ways of cocoa cultivation, as well as non-sustainable ways. These guidelines show the indicators to the sustainable ways of cocoa cultivation and trading. (Company S. C., Cocoa Practices, 2009)

Overview Cocoa Practices:

This document shows an overview of the Cocoa Practices; explains how these practices are different from the C.A.F.E. Practices, how the practices work, and who can apply to these practices. (Company S. C., Overview of Starbucks Cocoa Practices)

Animal welfare:

This is a short statement by Starbucks claiming that high quality and ethical standards are the company's priorities. In order to achieve this, Starbucks uses only animal welfare-friendly practices. (Company S. C., Animal Welfare-Friendly Practices Statement)

Corporate political contributions and expenditures:

This policy was created to show more transparency about Starbucks' political contributions and expenditures. Since the company says to conduct business only ethically and with integrity, Starbucks wants to also show their interest in public policies. (Company S. C., Corporate Political Contributions and Expenditures)

In addition to Starbucks and corporate social responsibility, the company has also set up a 'Starbucks Foundation'. This foundation was set up in 1997, with the aim of funding literacy programs. Nowadays, the foundation works for strengthening communities globally. The regions that are benefited are the regions that supply Starbucks' coffee, tea and cocoa. The foundation also donates money to non-profit organizations.

Furthermore, Starbucks directly supports farmers by working with farming communities and granting farmer loans. By doing this, the company invests in the environment while also strengthening the economy and developing local communities. Other ways of how Starbucks is involved with social responsibility are the following: building community stores, motivating youth leadership, and working together with 'Create Jobs for USA' by creating jobs. (Company S. C., Being a Responsible Company, 2015)

3.6 Product portfolio

Just like the company's affiliates in the United States, the Starbucks stores in the Netherlands offer a very extensive range of coffee.

The range exists of the following different types of drinks:

- Espresso coffee: Caffè Americano, Gingerbread Latte, Toffee Nut Latte, Caffè, Latte Caffè Mocha, Cappuccino, Caramel Macchiato, Espresso, Espresso con Panna, Espresso Macchiato, flavoured Iced Latte, Iced Caffè Americano, Iced Caffè Latte, Iced Caffè Mocha, Iced Caramel Macchiato, Iced Latte, Iced Skinny, flavoured Skinny Latte, White Chocolate Mocha, Pumpkin Spice Latte



- Filter coffee: Caffè Misto, Iced Coffee, Pike Place Roast



- Chocolate drinks: Hot Chocolate Classic, Starbucks Signature Hot Chocolate, White Hot Chocolate



- Frappuccino Blended Coffee: Coffee Frappuccino Blended Beverage, Coffee Frappuccino Light Blended Beverage, Espresso Frappuccino Blended Coffee, Espresso Frappuccino Light Blended Coffee, Mocha Frappuccino Blended Coffee, Mocha Light Frappuccino Blended Beverage



- Frappuccino Blended Crème: Strawberries & Crème Frappuccino Blended Crème, Chai Crème Frappuccino Blended Beverage, Caramel Frappuccino Light Blended Beverage, Caramel Frappuccino Blended Beverage



- Starbucks Refresha: Cool Lime & Berry Hibiscus



- Tea: Chai Tea, Chamomile, Mint Blend, Spearmint Green Tea, Chai Tea Latte, China Green Tips, Earl Grey, Hibiscus Blend, Vanilla Rooibos



Since Starbucks says to love not only good coffee, but also really good food, they claim to offer a selection of delights for any time of the day.

The selection of Starbucks food exists of the following products:

- Warm breakfast: Croissant, English Breakfast Muffin, Smoked Salmon Bagel, Stack of Pancakes



- Donuts: Cinnamon Swirl Donut, Apple Fritter Donut



- Muffins: Chocolate Cherry Muffin, Blueberry Muffin, Triple Belgian Chocolate Muffin, Skinny Blueberry Muffin, Skinny Lemon and Poppy seed Muffin



- Yoghurt and fresh fruit: Fresh Fruit Salad, Organic Yoghurt with Fruit Coulis, Organic Yoghurt with Homemade Muesli



- Warm Sandwiches: All Day Breakfast Ciabatta and Omelet, Calzone Spicy Turkey, Ciabatta with Brie and Honey, Focaccia Caprese, Croque Monsieur



- Sandwiches: Sandwiches with Bacon, Salad and Tomato, Sandwich with Cheese, Sandwich Spicy Chicken



- Salads: Vegetarian Salad, Caesar Salad with Turkey



- Cookies and Brownies: Oven Baked Chocolate Chunk Cookie, Oven Baked Oat and Raisin Cookie, Oven Baked Raspberry and White Chocolate Cookie, Granola Bar, Rocky Road Bar, Caramel Brownie, Espresso Brownie, Salted Caramel Pecan Bar, Caramel Shortbread



- Cakes: Marshmallow Rocky Road Chocolate Cake, Apple Toffee Cake, Raspberry White Chocolate Cheesecake, Passion Carrot Cake, New York Cheesecake



Besides homemade Starbucks drinks and beverages, the company also offers a line of ready-to-drink beverages. This line is called “Starbucks Discoveries”, and includes a ready-to-drink chilled coffee drink made from 100% Fairtrade Arabica Espresso Roast Beans. This drink comes in three flavours: Seattle Latte, Caramel Macchiato Latte and Chocolate Mocha Latte.



In addition to all the beverages and food available in all Starbucks stores, the company also has their own line of products. Firstly, the Starbucks shop sells coffee formats including packaged coffee, Verismo Pods, and more.



Also available in the Starbucks store, is their tea. The types of tea and equipment available are full leaf tea, filter bag tea, tea concentrate, tea infusers, tea pots and kettles, and more.



Thirdly, drink ware is a big part of Starbucks' products sold in the stores. This includes cups and mugs, travel mugs, and accessories.



Another part of the Starbucks line of products is their equipment. This entails coffee presses, coffee makers, Espresso machines, grinders, Verismo machines and accessories & parts.



Lastly, the Starbucks store has a section called “Gifts & More”, including products such as cups in gift wrapping, gift sets, syrups & sauces, cocoa & treats, calendars and more.



Source images: Starbucks.com, 2015

3.7 Abell Model

With the following 'Abell' model, a demarcation is being made of the scope of Starbucks as a business. In this model, the technologies (or methods) that the company uses to meet the needs of the consumers are being shown. Also, the part of the market that the company responds to is shown.

As displayed below, common needs are the following: having the opportunity to buy an affordable drink, being able to drink it on their way or in the store, having the choice between many different products, and getting quality coffee/drinks. Existing target groups consist of teens, adolescents, and elderly people. The means by which companies try to and can meet the needs of the buyers are the following: ensuring great quality coffee, expanding the product range, offering a place for warmth and belonging, and making sure every customer experiences great service.

When it comes to Starbucks' customers, the needs of being able to choose between coffee-to-stay or coffee-to-go, having enough choice, and getting quality coffee are the biggest. The need 'affordable' is not really applicable on Starbucks' customers, since the company is not considered 'cheap'. This implies that people will consume Starbucks's coffee, regardless of their pricing. The target audience of Starbucks consists mostly of teens and adolescents. Starbucks tries to meet the needs of their customers by proving good quality coffee, offering a wide variety of products, and creating a warm place where people feel they belong. Even though good service is something that the company is very involved with as well, they are generally not associated with good service very often, because of long waiting lines and crowdedness in the stores.

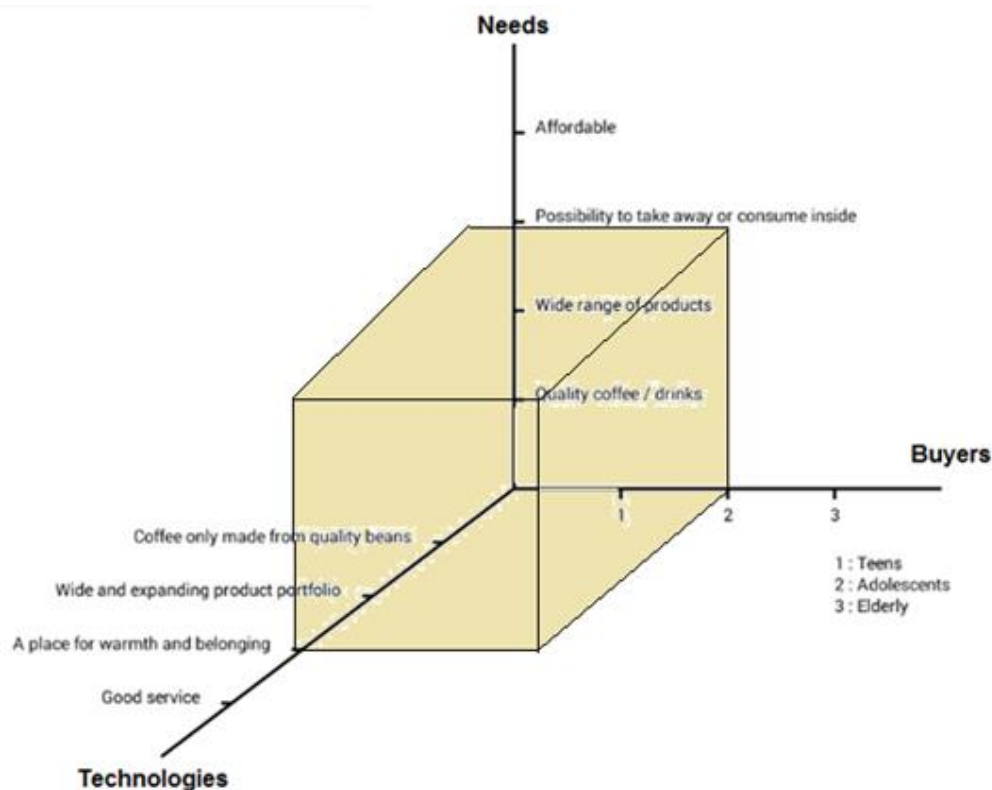


Figure 3

3.7.1 Current marketing approach

Starbucks' approach is different from other huge companies like McDonalds, Dunkin' Donuts, and Burger King. Conventional approaches include advertisements on for ex. billboards, TV, newspapers, radio, and so on. Starbucks' methods, however, are believed to work best when they are unconventional. This point seems to be true, since the company still attracts millions of people, internationally.

Starbucks' marketing strategies are an example of why their methods are unconventional. Instead of advertising on TV, billboards, and so on, the company decided to let their quality products speak for itself. This type of advertising that Starbucks uses is word-of-mouth advertising, and has worked successfully for years. As further explained in chapter 7, 'Marketing Strategies', the company constantly invests in marketing campaigns that promote and create this word-of-mouth advertising.

Also, Starbucks has always laid great emphasis on their 'Third Place'. As explained in Starbucks' mission, the company wants to create a place for people to feel at home, to get an escape from the daily happenings. A place to relax, to get together with people and talk, a place for togetherness. This has been the objective since 1982 when Howard Schultz got inspired by Italian coffeehouses and their romance, up until now. By presenting itself as the 'Third Place', the company tries to create a sort of attachment to the customer, providing a quick getaway for everyone that needs it. Not only providing a 'Third Place', but even a 'Starbucks Community' is what the company does to make people feel even more inclusive. The company does this by enabling people to express their experiences at Starbucks on their website, and by getting involved in the discussions themselves.

Another way of Starbucks to keep attracting people, is their coffee-to-go system. If people are not interested in the 'Third Place', or do simply not have the time to sit down and enjoy their coffee at the store, the company makes it possible for them to still enjoy good-quality coffee and be a part of the Starbucks experience.

Finally, Starbucks attaches great value to their 'Perfect Cup of Coffee'. With this, the company tries to show that product quality is most important. Even though the prices are slightly higher than people would expect, people are still willing to pay more to be able to experience this perfect cup of coffee. Not only their coffee, but also other products are being promoted while highlighting great taste. By constantly changing and expanding their product range, the company shows to be innovative and to take people's opinions and wishes into account. An example is the way Starbucks constantly adapts to seasons, providing people with special summer drinks to cool down, and coffee with special winter flavours to warm up with.

3.7.2 Target analysis

Starbucks' current target audience is well-defined, which contributes to the company's success. This audience consists of men and women, mostly in the age of 25-40. This age group represents 49% of the company's entire target group. Because Starbucks knows what the needs and wants of these people are, it is easier to provide them exactly with what they are asking for. In order to meet these needs and wants, the company tries to advertise in a way that will appeal to this giant group of people. The same goes for the design of the store, of which the company thinks will be suiting for the biggest part of their target audience. This group, that consists of people in the age range of 25-40, will generally be working people, with moderate to high income, and will be interested in issues such as social welfare and social responsibility. Starbucks therefore keeps these points in mind when altering things that are related to the representation of the brand. This target group grows 3% yearly.

The second largest target group of Starbucks are young adults, representing 40% of the whole target audience. The way in which the company tries to please this group is by laying emphasis on the company being an excellent place for young adults including students to hang out, study, and meet with others. Another way by which the company tries to appeal to this part of the target audience is by focusing on technology and staying up-to-date. The Starbucks stores nowadays already offer free Wi-Fi, but also social networking such as Facebook, Instagram, and Twitter are means by which the company tries to attract and maintain this group of young adults. The part of the target audience concerning young adults grows 4.6% yearly.

Lastly, a smaller but still significant part of Starbucks' audience, are kids and teens. Customers within the age of 13 to 17 represent 2% of the entire target audience. Products sold for kids below 13, are evidently bought by parents. Starbucks is a popular destination to hang out, not only for adults and young adults, but also for teens. The range of drinks for kids or young teens is not very wide, and would most likely only consist of tea, water, or hot chocolate. (O'Farrell, 2013)

4. Theoretical framework

4.1 Consumer behaviour

In order to be able to answer the central research question: *“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks’ quality coffee or its brand image have the biggest share?”*, it is important to understand why the brand image may have a share in the success of the company in the first place. The theoretical framework will therefore explain the behaviour of consumers, and why these consumers can be susceptible to the actions of brands. This framework discusses different theories, including the theory of conspicuous consumption, high/low involvement, identity systems, and more. These theories confirm that because of the branding some people might only purchase a product for the feeling it gives them (for example a safe feeling in an uncertain world, confidence, etc.), and not for what the product actually does. This way of emotional branding is used by a lot of brands, and Starbucks is one of them. Therefore, the brand image that Starbucks portrays might have the biggest share in the company’s success. The information discussed in this framework will be included and discussed throughout the rest of this report.

Trying to look inside the consumer’s mind is difficult. However, it is essential for a brand (or company) to know why your customers are behaving the way they do. In that way, you can make changes according to their reactions, to try to meet their wants and needs the best. In our current postmodern world, brands play a big role. A brand is a multidimensional construct, because there is not one sole comprehensive theory for defining a brand. In literature, brands are referred to as a personality, a relationship, an identity system, and much more. Consumers have their own perceptions of brands, and form a personal meaning about a brand stored in their memory. This is called ‘consumer brand knowledge’, and is descriptive and evaluative brand information. The perception that the consumer forms in their mind is a process by which physical sensations are being selected, organized, and interpreted.

Figure 4 / Source: Richard Elliot, 2011

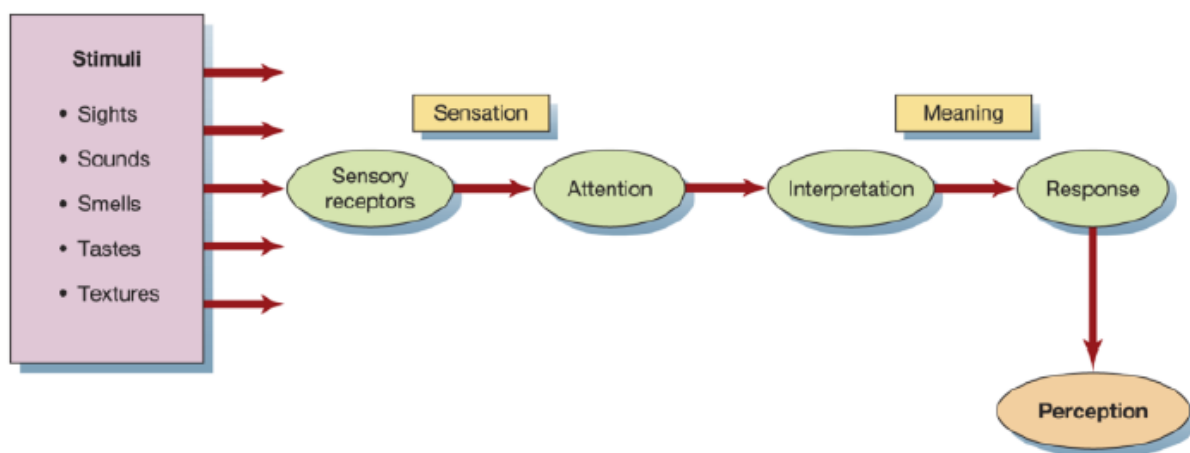


Figure 4 above shows the process of perceptions. It starts with the selection of sights, sounds, smells, tastes and textures, that are subsequently being organized in the mind. Eventually, the final interpretation of a stimulus creates a perception in the consumer's mind.

The marketers design their offerings and strategies to create advantageous brand knowledge structures, and by this are influencing the multiple dimensions of consumer brand knowledge. To ensure that an optimal position for the brand is being formed in the consumer's mind, marketers make sure that their brands are being associated with things such as places, objects, people or other brands. This provides consumers with a feeling of security, trust and knowledge, and builds valuable brand knowledge.

Consumers often try to match their own personality to the personality of the brand that they like, which gives them a feeling of self-assurance. A brand can become a symbol of value which is beyond itself. For example, when someone wears a Rolex, it makes him feel luxurious, sophisticated, and he will start to act this way. The associations in the consumers' minds are therefore beyond the product category, they are associated with social values. (Richard Elliot, 2011)

A brand has the power to influence perceptions and transform the consumer experience. According to the theory of Thorstein Veblen, 'conspicuous consumption' means *"the desire to provide prominent visible evidence of their ability to afford luxury goods"*. Consumption nowadays is therefore more a matter of cultural meaning rather than utility. Because of this, people self-position themselves by using their brands: "I am what I have and what I consume". Because of this 'conspicuous consumption' (the desire to provide prominent visible evidence of their ability to afford a certain type of good or service), gaps are being created in society. People want to show their belonging to certain status groups by purchasing and displaying objects, which are the status symbols. This, in the mind of the consumer, prevents one's decline in the social hierarchy. The people who do not go along with this way of thinking, do simply not 'fit in', and by this gaps are created.

The hypothesis that people try to match their personality to the personality of the brand they like has been discussed by multiple researchers, who say that: *"Individuals who consume in a certain manner will also manifest certain common personality characteristics, leading to prediction of consumer behaviour"*. Pierre Martineau is a strong advocate of the assumption that consumer buying behaviour is *"determined by the interaction of the buyer's personality and the image of the purchased product"*. He argued that the product that the consumer purchases or wants to purchase, is a symbol of the personality of the consumer. By this, consumers use products as a symbol to show their personality to the outside world. Walter A. Woods (Journal of Marketing, 1960),

identifies multiple types of consumers, and the importance for these consumers to find the symbolic content of the product. Woods further claimed that when ego-involvement is high with a certain product, the product image is important to the consumer. (Edward L. Grubb, 1967)

“Involvement is the motivation to search for information and to engage in systematic processing, and it affects responses to persuasion, decision making, and processing of advertising”. (Richard Elliot, 2011) This theory shows that when a consumer has low involvement with a product, the decision is mostly conducted by emotional factors. Low involvement implies that the decision is made by emotional factors. It also implies that the consumer is seeking less information about the product, is reasoning less analytically about the purchase of the product, and is paying less attention to negative cues. Sometimes, consumers start to seek information about the product after the purchase rather than beforehand. They do so to legitimize their decision. Brands can respond to this very effectively, because they know that getting the consumer involved emotionally creates the biggest chance of getting the consumer to buy the product. *“The full human impact of emotions is only realized when they are sensed, when they become feeling, and when those feelings are felt”* (Damasio, 1999)

The functional realm (high involvement), concerns ‘what the product actually does’. When consumers have high involvement, they seek information about the product they are considering to buy, pay attention to small details and negative cues, reason analytically, and think good before buying the product. Emotional factors are not relevant. It is only important for the customer that the product does what it promises.

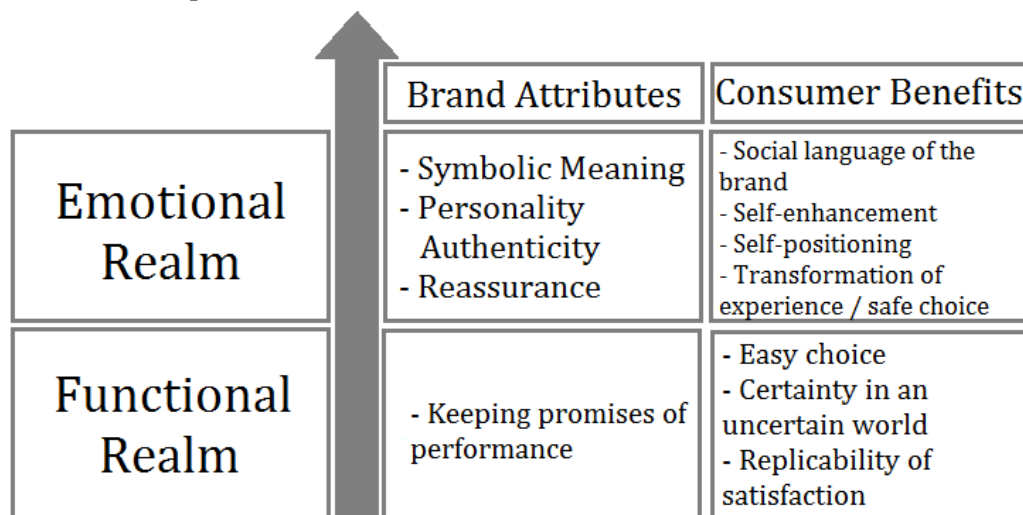


Figure 5 / Source: Richard Elliot, 2011

Figure 5 displayed above shows the brand attributes and the consumer benefits with purchasing products within the emotional, as well as within the functional realm. When buying a product and having low involvement (emotional realm), the brand attributes and consumer benefits differ from

when buying a product while having high involvement with the brand and product (functional realm).

When a consumer has low involvement (purchasing because of emotional reasons), the brand has done a good job with their emotional branding. Emotional branding is consumer-centric instead of product-centric, which means that the product says more about the personality of the consumer than that it has a big functional meaning. Emotional branding is also relational and story-driven, which implies that the brand is focused on establishing a relationship with the consumer, and uses brand narratives to reinforce the desire for this relationship. With emotional branding, the brand shows an understanding of consumers' life circumstances, aspirations, and inspirations. Warm feelings of community are created among brand users.

The brand narratives that are being told to the consumers, are usually stories that inspire and captivate them. These stories are supposed to demonstrate consumer's dreams, lifestyles, goals, and more. Since the meaning of a brand is not only created by the brand but also by the consumer, it is important that the brand knows how to respond to each target group.

When emotional branding causes brand users to feel connected, different types of communities can be created. These communities that are being created, are the effects of branding on social integration. In other words; it is what branding does to the society. The first type of community that can occur is a brand community. This is a non-geographical community, formed because of the mutual admiration by users for a brand. A sense of 'we-ness' is created, which implies a strong connection to not only the brand, but also to the other brand users. In some cases, even a greeting ritual to fellow brand users arises. The second type of community is a neo-tribe. In this 'tribe', emotions, beliefs, and styles are shared among fellow brand users. The third community is a subculture. This is a big group of people that identifies itself by sharing a common belief, value, custom, etc. Being a part of this kind of community adds meaning to the life of a person and shows belonging in society, therefore this phenomenon is very common in the postmodern society.

Pierre Bourdieu, French sociologist and social scientist, has claimed that 'taste is culturally constructed', and that it differs per cultural class. He says that taste is determined by economic capital (financial resources), by cultural capital, and by social capital. These three kinds of capitals do not only determine taste, they also determine the social position of a consumer in the social order. Therefore, showing your personal taste to the outside world automatically gives you a preselected place in society. Because of this, competition arises between the dominant high cultural capital class, and the lower strata. This concept is mostly applicable to fashion, since it is a way to show belonging to leisure class, but can be applied to other subjects as well.

When brands are used as an identity system (showing your belonging in society), people link the brands they use with their self-concept. Their brand becomes a reflection of themselves. Naturally, they think that others also rely on this type of communication system. This is how a postmodern society is being created; 'social ties are forming around market mediated offerings'. (Richard Elliot, 2011)

5. External analysis

5.1 DESTEP analysis

The DESTEP analysis below stands for demographic, economic, social/cultural, technological, ecological and political factors, and is a means by which an image can be created of the external environment in which a business is active. Having insight in the external environment of an organization is important to effectively use the opportunities and threats that are caused by the landscape in which a company operates. Adjusting the strategic policy to the findings of the DESTEP analysis enables an organization to be successfully active in its environment. The following analysis is based on Starbucks as a company in the Netherlands. This research is therefore limited to Dutch inhabitants / the Netherlands.

With regards to answering the central research question, the DESTEP analysis provides useful answers. It provides information on the educational level of Dutch inhabitants, which confirms that there are a lot of (highly) educated people in the Netherlands, which are (according to Starbucks) “interested in issues such as social welfare and social responsibility”, and are therefore most likely to consume Starbucks because of its image, righteous deeds, its ‘Third Place’, and so on. The analysis also shows that the use of the internet by Dutch inhabitants has increased greatly throughout the years. This might imply that the success of Starbucks in the Netherlands is indeed because of its unconventional but effective marketing strategies, and the resulting image that the company has created in the eyes of the Dutch. The ecological aspects show that the long-term average of the yearly temperature is 10.2 degrees Celsius, which is generally not very warm. This might imply that Starbucks’ success in the Netherlands is mostly due to the fact that people are in need of a warm drink, for nearly the entire year.

Demographic aspects:

The current population (Dec. 2014) in the Netherlands consists of 16.902.146 inhabitants, and is divided in five age groups:

- Inhabitants under the age of 20: 22.9% of total population
- Inhabitants within the age range of 20 to 40: 24.5% of total population
- Inhabitants within the age range of 40 to 65: 35.5% of total population
- Inhabitants within the age range of 65 to 80: 13.3% of total population
- Inhabitants from the age of 80: 4.3% of total population (CBS, Cijfers, 2015)

Starbucks' biggest target audience are men and women within the age range of 25-40. (49% of Starbucks' total target audience). The second biggest target group of Starbucks are young adults (40%). The third biggest target group are kids and teens (2%)(target analysis is further discussed in 2.7.2). The biggest age group in the Netherlands are people within the age of 40 to 65, which does not directly belong to one of Starbucks' biggest target groups. Dutch inhabitants within the age of 20-40, which represent 24.5% of the total Dutch population, would therefore be Starbucks' biggest and primary target group in the Netherlands.

Economic aspects:

The average standard income (2013) in the Netherlands is the following:

- 27.8 (x1000) euro for an active person with income in 2013
- Compared to 27.4 in 2012 and 2011, and 27.1 in 2010
- 21.4 (x1000) euro for a non-active person with income in 2013
- Compared to 21.3 in 2012 and 21.2 in 2011 and 2010
- 22.9 (x1000) euro for a person with no income in 2013
- Compared to 22.9 in 2012, 22.7 in 2011, and 22.5 in 2010
(CBS, Inkomens van personen, 2014)

The euro exchange rate (in dollars per euro) is 1.29 in 2015, which has been unchanged since 2012 before it decreased from 1.39 to 1.29. (CBP, 2012)

The unemployment rates in the Netherlands (2014) are the following:

- 630.000 people were unemployed in 2014
- Compared to 507.000 people in 2012, and 419.000 people in 2011
- The unemployment rate was 8% in 2014
- Compared to 6.4% in 2012, and 5.4% in 2011
(CBS, Werkloosheid; jaarcijfers, 2014)
- The GDP in the Netherlands is 669 (billion euro) in 2015
- Compared to 647 in 2014, 627 in 2013, and 609 in 2012
- Which means that it has increased with 1.5% between 2014 and 2015. (CBS, 2014).

The inflation rate as of January 2015 is 0.0%, compared to 1.0% in 2014. (CBS, Inflatie, 2015)

Briefly summarized, the data above shows the following information:

- The income of Dutch inhabitants has increased over the years; for active, non-active as well as for

persons with no income

- The euro exchange rate has decreased from 2012, but has been stable ever since
- The unemployment rate in the Netherlands has been increasing ever since 2008
- The GDP in the Netherlands has been increasing for years and is still increasing
- The inflation rate has decreased over the years, and possibly might keep decreasing

This information altogether shows that the Dutch economy is generally doing well. Despite the unemployment rate increasing, all other important factors are positive. This information is useful for Starbucks, because it can develop strategic options for its marketing plan based on changes, current developments, and predictions for the future involving the Dutch economy and population. Insight in the economy of the Netherlands and the average financial situation of its target audience is essential for Starbucks operating on the Dutch market. Obviously, when the economy improves and the purchasing power rises, Starbucks will improve its sales of (luxury)products. The opposite applies if the economy deteriorates.

Social/cultural aspects:

The educational level of the Dutch working population is divided. The division is as follows:

- People that have only had primary education: 382 (x1000) people
 - Of which native Dutch: 261, and ethnic minorities/immigrants: 120 people
 - People that only finished high school: 3345 (x1000) people
 - Of which native Dutch: 2710, and ethnic minorities/immigrants: 634
 - People that finished college: 1531 (x1000) people
 - Of which native Dutch: 1304, and ethnic minorities/immigrants: 227
 - People that finished higher education/university: 1740 (x1000) people
 - Of which 1450 native Dutch: 1450, and ethnic minorities/immigrants: 290
 - People that finished their masters/doctors degree: 965 (x1000)
 - Of which native Dutch: 734, and ethnic minorities/immigrants: 230
- (CBS, Behaald onderwijs, 2013)

Starbucks' biggest target group are "people with a moderate/high income, that are interested in issues such as social welfare and social responsibility". (further explained in 3.5) Therefore, the company focuses greatly on the 'Third Place' aspect of the stores, to provide people with a perfect place to connect, talk, discuss things, and get together. The data above shows how many people within the total Dutch population are moderately/highly educated, which goes together with a

moderate/high income. Starbucks can alter their focus by studying the data above, and see if their focus points correspond with reality; whether the majority of Dutch people are moderately/highly educated or not.

With regards to leisure and the Dutch society, there are many different day trips and activities that the Dutch like to do and spend money on. One of them is recreational shopping. From 1990-1991 to 2006-2007, the consumption costs per person per day have increased with 4.55 million euro. Since Starbucks affiliates are mostly located in shopping areas/train stations, the increase of consumption costs is to the advantage of the company. When people go shopping, it is likely (especially for the Dutch) to take a pause from shopping, sit down and drink a coffee, perhaps at Starbucks. This information is therefore useful for the company to be informed about how much money Dutch people spend while shopping/consuming, and how big the chance is for people to consume Starbucks while shopping. (CBS, Dagtochten; uitgaven, 2008)

In the Netherlands, coffee is a real 'culture drink'. Dutch people love coffee, and have made it a real habit (see 5.2.1). Starbucks will therefore never have to worry about the demand for coffee decreasing in the Netherlands, since it will probably always exist.

Technological aspects:

From 2005 to 2013, the percentage of the total Dutch population that has access to the internet has increased with 14%. In 2005, 83% of the total population had access to the internet, by means of personal computers, laptops, mobile phones, etc. In 2013, 97% had access to the internet. The means have stayed the same, but the use of internet on for example mobile phones has increased with 61%. This information is useful for Starbucks, since the company uses social media as a very important means of spreading information, raising awareness, and promoting word-to-mouth advertising. Starbucks needs to know whether or not their time invested in social media is worth it, and by having data that shows how many Dutch people actually have access to the internet, the company knows whether or not to keep investing in social media. (CBS, ICT-gebruik, 2014)

With regards to other technological developments, Starbucks will have to stay up-to-date. When competitors invest in new technological devices that for example produce faster and better quality coffee, and Starbucks does not invest in this, the company might lose customers.

Ecological aspects:

Based on the climate atlas of the Netherlands, the numbers are the following:

- The number of days with sunshine duration <20%: an average of 150 days (out of 365)
- The number of days with sunshine duration >50 and <80%: an average of 80 days

- The number of days with sunshine duration >80%: an average of 35 days (KNMI, Klimaatatlas)
- Number of days without precipitation: an average of 155 days
- Number of days with a minimum of 1mm precipitation: an average of 112 days
- Number of days with a minimum of 10mm precipitation: an average of 22 days (KNMI, Klimaatatlas; neerslag & verdamping)
- The long-term average of the yearly temperature: 10.2 degrees Celsius
- The long-term average of the yearly maximum-temperature: 13.5 degrees Celsius
- The long-term average of the yearly minimum-temperature: 6.6 degrees Celsius (KNMI, Klimaatatlas)

The data above shows the yearly averages of the Dutch climate; including sunshine, rain, and temperature. Since some Starbucks affiliates in the Netherlands have an outside section with seats placed outside of the store, the information above is very useful. Being aware of the weather changes is a part of customer service; if, for example, it is going to be a very cold day, Starbucks can place heating lamps in the outside sections of the stores. Knowing the Dutch climate is therefore necessary for a company serving people outside of stores.

Considering the product portfolio, climate knowledge is also useful. Starbucks likes to serve specialties based on the season, and with knowing whether or not it is going to be a very cold or normal winter, the company can respond to this. The demand for hot drinks (for the most part coffee) will generally be higher in colder periods as opposed to warmer times. This is beneficial to Starbucks, since the climate in the Netherlands is generally colder (see data above). The raw materials for coffee itself (coffee beans) are not cultivated in the Netherlands, due to the inappropriate climate. Therefore, the climate in the Netherlands is not relevant to Starbucks from a production-technological viewpoint.

Political aspects:

The political factors that Starbucks has to take into account are the same for every business in the Netherlands. Starbucks had to comply with the Dutch laws and decisions of the government since the establishment of the Starbucks store in the Netherlands in 2007. If, for example, the government decides that from 2016 on all shops in the Netherlands have to close on Saturday, Starbucks has to adjust to this. Any general political changes, however, will not be

disadvantageous for the welfare of the company, since it will be the same for any of Starbucks' competitors within the Netherlands. (Michael R. Solomon, 2008)

5.2 Consumer behaviour of the Dutch

Despite the fact that brands are created not only by the firm but also by the consumer (see chapter 4), it is important for Starbucks as a company to create a positive image of their brand in the mind of the consumer. The company focuses most on three things: coffee, service, and atmosphere.

Starbucks claims to deliver quality coffee, provide good customer service, and offer a place with a pleasant atmosphere for people to feel at peace, have fun, and enjoy their time. Unlike other coffee shops/houses, Starbucks does not only want to sell coffee. The company wants to “sell” a lifestyle in which the consumption of coffee, human spirit, inclusiveness and convenience comes first.

Starbucks first started doing this in the United States in 1971, but has started doing the same on the Dutch market since 2007.

Both people that have high- and low involvement with Starbucks would be customers at the store. Obviously, not everybody consumes a Starbucks coffee because it has a symbolic meaning. Many people consume Starbucks’ coffee because it generally does what it promises; deliver great taste.

When it comes to consumer behavior and Dutch consumers, the book ‘Ondernemingsgedrag en de dialectiek van cultuur en economie’ (Entrepreneurial behaviour and the dialectics of culture and economy) of L.L. Brons, a Dutch author, is very relevant. He writes that within the economical sociology, research has been conducted on consumption and the coherence with some rather specific aspects of culture. DiMaggio (1994) distinguishes four research traditions: (1) the culture of poverty, (2) the cultural aspects of the transformation of a good to a consumer good, (3) taste, and (4) consumption as principle (symbol) of social organization. In this research, taste proves to be an important factor in consumer behaviour within the Dutch market. Starbucks responds to these factors with its strategies. The image that Starbucks portrays gives the customer a feeling of status and identity; a feeling of belonging. Even though this feeling is difficult to deeply investigate, it is something that plays an important role within the cultural-economic theories.

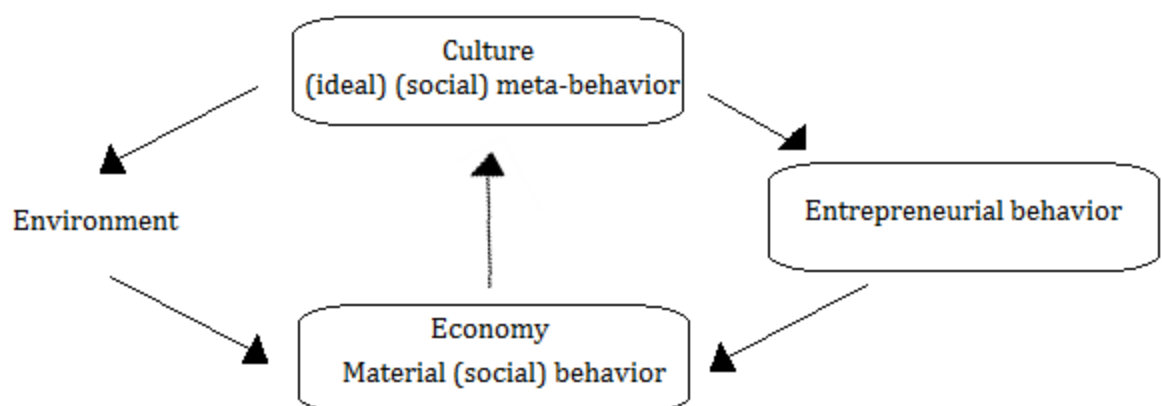


Figure 6 / Source: Brons,2002

The previous research shows that ‘consumption as principle (symbol) of social organization’ is indeed reason for the Dutch consumer to buy. This means that Starbucks and its trendy image has its impact on the target audience.

Figure 6 (as shown on the previous page) is the synthetic model of interaction culture-economy. It shows the economic operator (entrepreneurial behaviour) and the effects its changes have on the economy, and indirectly also on the acting individual (culture). This model shows that the culture that exists in the Dutch society, is susceptible of change made by the entrepreneurs. The entrepreneur in this case is Starbucks. Depicting this model in reality, would imply that the Dutch coffee culture will shift to the product that Starbucks offers them. Even though Starbucks keeps the consumer’s wishes and demands into account, they still influence the consumer, and also culture, by what they offer.

5.2.1 Coffee consumption in the Netherlands

Holland is a real (so to say) coffee-country, and has its own authentic coffee culture. “Gezellig een bakkie doen” (drinking a cup of coffee for the sake of relaxing and having a good time with each other) is a well-known phenomenon within the Netherlands. It implies a moment of peace, togetherness, cosiness, and for many people an addictive but normal Dutch habit. Coffee is the most consumed beverage in the Netherlands (except tap water), which puts the country on the seventh place in the list of countries that drink the most coffee in the world. (Vnkt, jaarverslag 2003)

Since the Dutch attach this great value to socializing and relaxing while enjoying their cup of coffee, it initially did not seem very likely that their famous coffee-to-go system that Starbucks was going to bring along, would leave coffee drinkers in the Netherlands thrilled. However, before Starbucks was established in the Netherlands, the idea was not entirely new to the Dutch market. In so-called ‘Kiosks’ (small shops in train stations) the concept of coffee-to-go already existed, and was designed for people to take their coffee along while traveling. In addition, the Douwe Egberts (DE) coffee bars and other small coffee houses in the Netherlands had already introduced this concept, but it was not very popular yet.

Even before the existence of any of the Starbucks affiliates in the Netherlands, Starbucks’ European coffee-roasting factory was located in the Netherlands. The reason for this, is because the Dutch are one of the biggest coffee importers worldwide. The question when introducing Starbucks to the Dutch market in 2007 was therefore not “will the Dutch be interested in another (good-quality) coffee-house?”. Because the answer to that question would most likely be answered with a wholehearted “yes”. The relevant question was: “Is there a market for coffee-to-go within the Dutch culture?”. Finding the answer to this question was important, since explained above, drinking coffee in the Netherlands is considered a social activity, rather than a fast service.

As previously discussed in chapter 4 (theoretical framework), emotional branding focuses on creating and maintaining relationships with the consumer. Starbucks is a brand that does emotional branding, and has different means of executing this way of branding. For example the name writing on to-go coffee cups is one of these means. In addition, creating a ‘Third Place’ for the customer, making every Starbucks visit a ‘memorable experience’, and selling personalized Starbucks products for at home are also means of creating relationships with the consumer. Feelings of being a part of a community are being created by taking part in Starbucks’ ideas and ways of branding. The theoretical framework also discusses the fact that with emotional branding, the brand demonstrates understanding of the customer’s circumstances, aspirations, and so on.

Starbucks does this by offering their 'Third Place'. They 'show' their understanding of a consumer being in need of a quick getaway between home and work; a third place.

Starbucks is a successful company worldwide. In over 60 countries globally, Starbucks is present. Therefore, the company is a familiar and trusted concept for travelling Starbucks customers visiting other countries. In every Starbucks affiliate, a different story regarding the coffee history of that country in relation to Starbucks is being told. In the Starbucks affiliate in Amsterdam, for example, the history of the Dutch coffee culture is central. By doing this, Starbucks creates a different experience in every Starbucks affiliate. The aim of the company with telling stories and letting people in on their history, is to 'bring the soul of Starbucks to the customers'. This, again, is a form of relational and emotional branding, and has to do with Starbucks trying to get the consumers emotionally involved. The functional meaning of the brand is not so much in the picture at this point, more important is the establishment of relationships with the customers, using brand narratives to reinforce the desire for this relationship.

5.2.2 Consumption analysis Coffee-To-Go

As shown in Starbucks' product portfolio (3.6), the company has a wide range of products, ranging from all different types of coffee, tea, cold drinks, sandwiches, cakes, and coffee and tea equipment. Because of this wide range of quality coffee and other products in combination with the company's underlying idea of creating a place of warmth and belonging for people, it's rather complex to determine who Starbucks' target audience exactly is. In fact, the coffee market is twofold. At Starbucks affiliates in busy and lively cities, where people are always on the run because of their hectic lifestyles, people usually visit Starbucks to take their coffee-to-go, and continue their day in the quick world. In this case, the biggest target audience would be working people that attach great value to the quick and functional coffee-to-go system, and do not care so much about the 'third place' aspect of the store. At other affiliates, like in big malls or other shopping centres, it is more likely for people to come to the store, sit down and relax, drink their coffee, and enjoy the nice environment that Starbucks has created for them. In this case, the 'third place' aspect is addressed, since people are actually coming to the store to enjoy coffee, and at the same time experience being in a place where warmth and belonging is paramount. With the last example, people make use of the coffee-to-stay system, rather than the coffee-to-go system. This explains why the coffee market is twofold.

As further explained in part 5.2.1: 'Coffee consumption in the Netherlands', the Dutch prefer to drink their coffee and take their time for it, to make it a relaxing and fun moment. When consuming your coffee when you are in a rush, like with the coffee-to-go idea, you are doing the opposite of what the Dutch coffee culture stands for. Because of this, during the entrance of Starbucks on the Dutch market in 2007, it was uncertain whether or not the Dutch customers would like the coffee-to-go idea of the store as much as customers in the United States and other parts of the world did. This concern arose because even though the coffee-to-go system was slowly rising in the Netherlands, the coffee-to-stay concept remained more successful. A practical example that more or less proves this point, are all of the free-coffee machines in Dutch offices and schools that are used by millions of people daily. Instead of purchasing average to good quality coffee-to-go and bringing it to the workplace, people prefer to have nice small interactions with colleagues next to the coffee machine and 'enjoy' their machine-made coffee.

Despite certain concerns with bringing Starbucks to the Dutch market, the company has proved to be an international success once again. The first Starbucks store in the Netherlands was opened at the international airport Schiphol. A smart move, because even if the Dutch are not into the coffee-to-go idea, placing Starbucks at this location almost forces them to like it. After all, taking your time to drink some coffee with the risk of missing your flight is not that convenient. Besides, the

amount of non-Dutch people at an airport is high, so even without Dutch customers, the Starbucks store at Schiphol would probably still be successful.

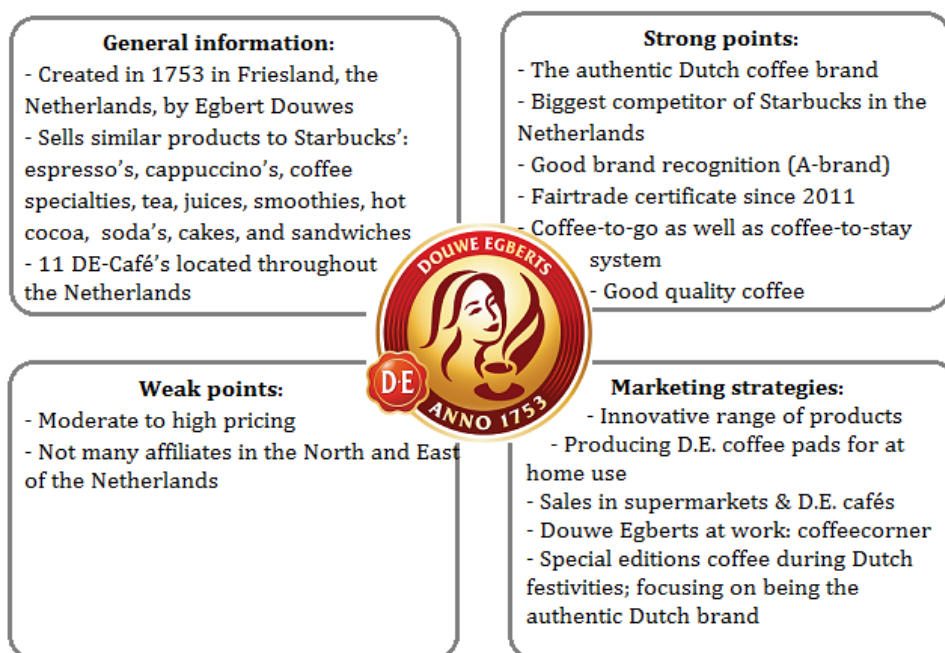
6. Competitive analysis

6.1 Competitors

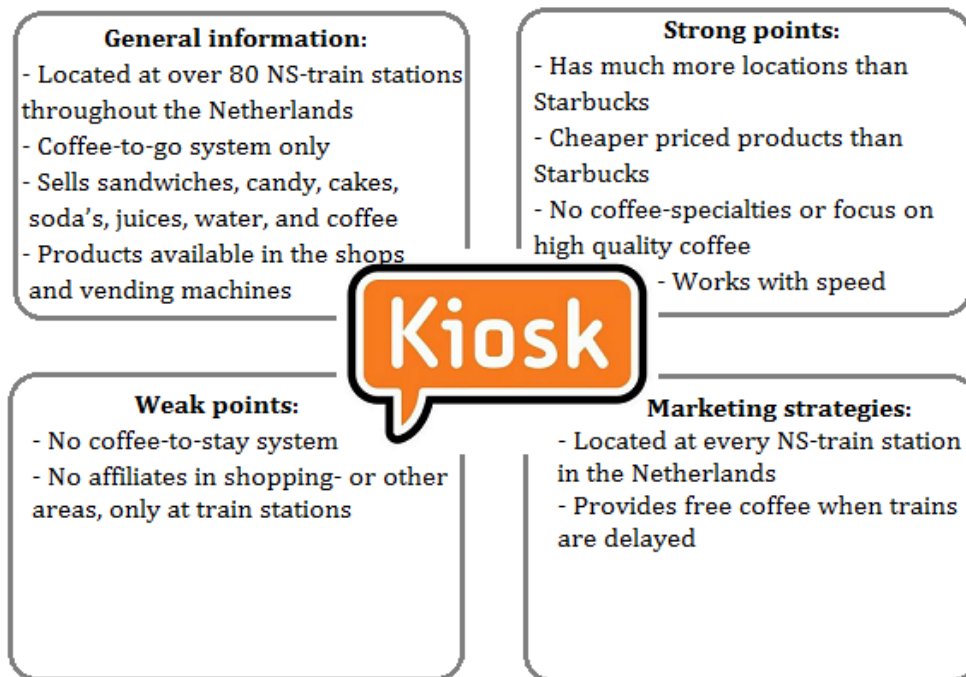
When it comes to coffeehouses, it is safe to say that Starbucks is one of the most legendary ones ever. The company is currently the number one coffee house globally, with more than 21.000 stores in over 60 countries worldwide. Despite Starbucks' success, the company does face competition. In the United States for example, Starbucks' biggest competitors are Dunkin' Donuts, McDonalds, and Caribou Coffee. In the United Kingdom, Starbucks' biggest rival is Costa Coffee. Similar to Starbucks, Costa Coffee was founded in 1971. Nowadays, the company has over 2,861 stores in 30 countries. In the Netherlands, Starbucks' biggest competitor in terms of coffee houses is Douwe Egberts. Other competitors are the Coffee Company (meanwhile owned by Douwe Egberts) and Kiosk.

The Coffee Company is a reasonable big competitor for Starbucks, since the company focuses on producing good quality coffee (sustainable and quality beans), and also creates a nice environment for their customers to be in when consuming their coffee, like Starbucks does. The reason why Kiosk is said to be Starbucks' last competitor in the Netherlands, is mainly because the company is not focusing very much on producing good quality coffee. For the most part, their coffee is meant to be fast and inexpensive. In addition, there is no such thing as a 'Kiosk experience', since it is only coffee-to-go.

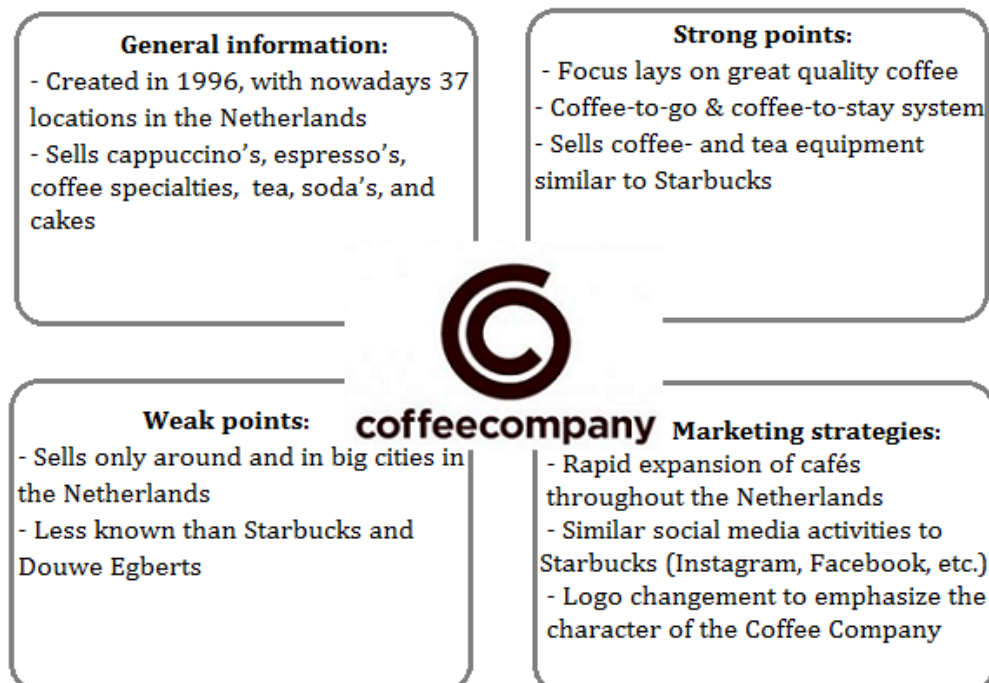
Douwe Egberts, Starbucks' biggest competitor in the Netherlands, will be used in the qualitative research, the taste test. Besides using Starbucks and Douwe Egberts coffee, coffee from the Haagse Hogeschool will be used, which was not listed below.



(Egberts, 2015)



(Kiosk, 2015)



(Company C. , 2015)

Starbucks' biggest competitor in the Netherlands: Douwe Egberts

Since the emergence of Starbucks on the Dutch market in 2007, Douwe Egberts realized they had to strengthen their position in order to face the upcoming competition. Douwe Egberts had, prior to Starbucks, a deal with one of Holland's biggest gas stations 'Total', to sell their coffee to customers on the way. Starbucks subsequently decided to do the same. However, they went beyond. The company closed a deal with the other biggest gas station in the Netherlands 'Shell', to sell their coffee to not only customers in the Netherlands, but also in France. In addition, they decided to add a barista to the concept.

In 2014, Douwe Egberts launched an "Inspiring coffee- and tea corner for at the office": the 'D.E. Coffee Kitchen'. However, D.E. was not the only coffee company who had this idea. Starbucks has its own 'Starbucks Corner Café'. This implies coffee machines providing "great quality Starbucks coffee only for employees, since there is a strong demand for amazing tasting coffee at work", thus Starbucks. The objective of Starbucks for 2014 was to open one hundred of these Starbucks-Corners in one year. (Kampen, 2014)

Even though Starbucks was more or less late to enter the Dutch market (in 2007, while other coffee companies had already started trendy coffeehouse formulas similar to Starbucks'), the company has proved itself to be a great rival to Dutch coffee companies. Before the emergence of Starbucks in the Netherlands, Douwe Egberts was the market leader. In 2008, D.E. still had a market share of 55% in the Netherlands. In 2013, however, DE Master Blenders 1753 (parent company of Douwe Egberts) experienced a decline in sales. The total turnover of the industry on a comparable basis decreased with 3.2%. From 2008 to 2014, the total market share of Douwe Egberts in the Netherlands has decreased from 55% to 27%. (Voormolen, 2008) (Wilco Dekker, 2014)

The second most traded commodity worldwide is coffee. This means that the demand of coffee is always present. The fact that coffee is such a globally wanted item, explains why the demand of coffee is price elastic. Even if the coffee prices increase, the demand and consumption of coffee does not decrease. This is an advantage for Starbucks. However, it is also advantageous for other coffee companies. Therefore, Starbucks will always have to cope with competition in the Netherlands, no matter how successful they are.

6.2 Five forces model

The five forces model is a strategic model that is based on five forces, which determine the attractiveness of a market. From the information that this model provides, a company can adjust its strategy. Businesses are dependent on various types of influences, that need to be taken into account. These influences are both internal and external. In the five forces model, the external influences are being discussed. The model does this by means of five forces. With regards to answering the central research question: *“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks’ quality coffee or its brand image have the biggest share?”* this model aids partially. For example, it explains why Starbucks has the opportunity to always provide the same quality of coffee, which people claim to love, and which might be the biggest success factor for the company. It also addresses Starbucks as a company in competition with other Dutch coffee brands that have a strong market position, and points out that Starbucks does face strong competition, but is able to stay ahead of it. Both Starbucks’ image and its quality of coffee might play a role in this. In addition, it discusses the threat of substitution of coffee, explaining that people who only buy coffee for the taste of it, will probably not find a substitute product. This might imply that Starbucks’ quality coffee is the biggest success factor, due to the fact that people simply like the taste of it. This information partially shows that both Starbucks’ coffee, as well as its brand image can have the biggest share in the company’s success.

1. Supplier power:

Since Starbucks is originally specialized in coffee, their biggest source of income is based on their sales of coffee. Starbucks does business with many coffee farmers from different countries, and claims to do this ethically, with responsible cultivation practices. From 2000 onwards, Starbucks started buying Fairtrade coffee. In 2009, the company bought over 18 million kg. of Fairtrade coffee. Starbucks works with different farmers worldwide. The countries vary from Colombia, Indonesia, New Guinea, and Costa Rica. This causes the power of the supplier to neither be very strong, nor very weak. If, for example, a supplier is not willing to cooperate with Starbucks any longer, the company has other options to choose from. This brings Starbucks in a safe position with regards to its suppliers. Besides, Starbucks is constantly working on its relationships with its farmers. These relationships ensure minimum working conditions, child labour procedures and more similar cases (See 3.5). These advantages for the suppliers also make it less likely for Starbucks to lose them. (Starbucks, Koffie, 2015)

2. Buyer power:

Starbucks’ biggest target group consists of people within the age range of 25-40 (see 3.7.2). This

group includes mostly working people. If the majority of these people normally buy Starbucks for example before going to work, but come across another coffee house that is maybe closer to the office or offers coffee at a lower price, Starbucks might lose customers. Assuming that this would happen, it would still not mean the doom of the company. Starbucks has a very strong brand recognition, and even if it would lose a number of customers, it would still remain a very strong business. Seen from another angle, it is certain that the customers' bargaining power is getting stronger. Since the customers nowadays have many options to choose from, and the quality of coffee is getting more difficult to distinguish, Starbucks can face some difficulties in maintaining and attracting their customers. The only way to cope with this, is to try to find original ways to stay ahead of the competition.

3. Competitive rivalry:

As further discussed in chapter 6.1 (competitors), Starbucks' biggest competitor in the Netherlands is Douwe Egberts. D.E. has been active on the Dutch market for many more years than Starbucks has, and is therefore a very trusted brand for Dutch coffee consumers. Starbucks has, however, found a way to get on a similar level in terms of success. Since the emergence and growth of Starbucks in the Netherlands throughout the years, Douwe Egberts has faced a decline. In other words; Starbucks does face strong competition within the Netherlands, but is nowadays also capable to face this competition.

4. Threat of substitution:

Starbucks' primary product is coffee. The motives of someone to drink coffee can differ. One might drink coffee only because he/she likes the taste, and another person might drink coffee to combat fatigue. For people that drink coffee mainly because they like the taste, the chances of finding a non-coffee product that gives them the same satisfaction are small. This is due to the fact that there is no natural substitute for coffee beans. People who only drink coffee to fight fatigue, however, might be satisfied with another energizing drink. Substitute coffee products that a customer might prefer over a Starbucks cup of coffee, could be coffee drinks that are being sold in supermarkets. When it comes to high quality and taste, however, one would most likely prefer an original cup of Starbucks coffee.

5. Threat of new entry:

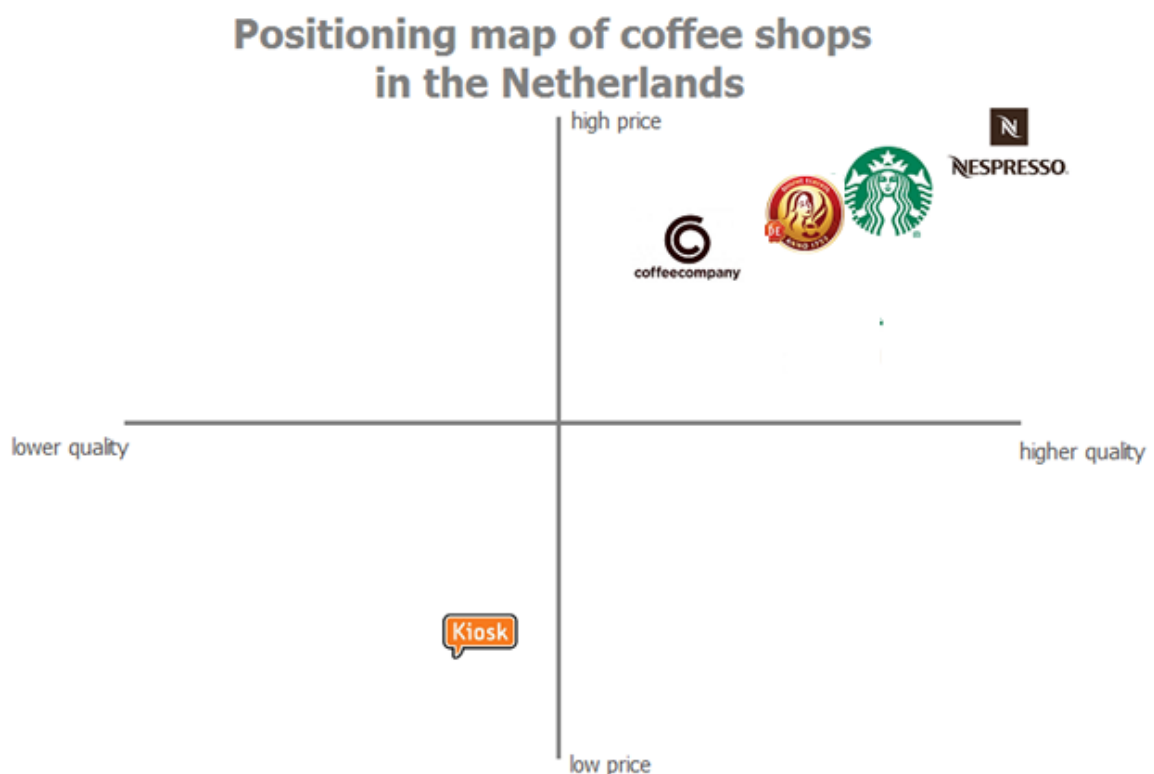
In the United States, Starbucks has been a successful coffee company since 1971. Despite the fact that the company only started to emerge since 2007 in the Netherlands, Starbucks has still proven to be successful, in a short amount of time. The fact that the Dutch are real coffee-lovers, might have been the reason for Starbucks to become popular in the Netherlands. However, Starbucks had

already raised brand awareness within the Netherlands before its emergence on the Dutch market, because of its success worldwide. Therefore, the threat of new entry in the Netherlands is not very big. If a new coffee company decides to enter the Dutch market with no existing brand awareness, the chance of the company becoming a serious threat for Starbucks is small. In addition, with the existing coffee companies in the Netherlands including Starbucks and Douwe Egberts, there is not much demand for coffee that has not yet been satisfied. (Mulwijk, 2011)

6.3 Positioning map

The following image is a positioning map of the current existing coffee shops in the Netherlands. This map envisions the position of the brands on the Dutch market. The height of the brands on the map is based on their pricing strategy. Whether the brands are placed more on the left or more on the right side of the map is based on the quality of their coffee.

The brands that surround the Starbucks logo, are at the same time the company's biggest competitors in the Netherlands (further explained in the competitive analysis, chapter 6). Nespresso, however, is not a coffee shop similar to Starbucks or its competitors, but it is a very successful coffee business in the Netherlands. Several Nespresso shops are established throughout the country to sell its products. However, without a coffee-to-stay or coffee-to-go formula.



As shown above, the Starbucks logo is placed relatively high on the map with regards to pricing. This is because the company has a rather high pricing strategy, compared to its competitors. The reason to this pricing strategy is further explained in 3.5 & 7.1. Starbucks is also placed relatively close to the 'higher quality' denotation. The reason for this, is because Starbucks lays big emphasis on using high quality beans, while doing it sustainably. In addition, many consumers continue to purchase Starbucks' coffee, regardless of its relatively high price.

7. Current marketing strategies

Recognizing the current marketing strategies of Starbucks plays a big role in answering the main research question. The reason to this, is that the outcome of these strategies shows whether or not the buying behaviour of consumers is easily influenced by good marketing strategies, and thus, if Starbucks' image has the biggest share in the company's success or not. If, for example, Starbucks' marketing strategies have continuously not been effective and did not cause any change in the sales or popularity of Starbucks, it might imply that the consumer does not care much for the image that the company portrays, and buys from Starbucks mostly for the coffee that the company offers. In that case, Starbucks' biggest success factor would be its quality coffee.

7.1 Six P's /Marketing mix

The marketing mix or six P's is a tool that consists of six interdependent components, which can be used for complementing the marketing strategies. The right combination of P's can help a company to improve the effectiveness of the strategies and operating results.

Describing the marketing mix with regards to Starbucks aids with answering the main research question. Firstly, the first P of 'Product', describes the value of the actual products that Starbucks offers to the consumers. This has to do with the fact that some people use Starbucks' products as status symbols, which would imply that the company's image is its biggest success factor. The second P, 'Price', has to do with consumers being willing to spend a certain amount of money on Starbucks' products, in order to show their status in society. This as well has to do with the company's brand image. The other P's: 'Place, people and presentation' all have to do with Starbucks' brand image as well. The entire 'Third Place' aspect is created mostly by the Starbucks people, the employees. How the products and stores are presented, also has to do with the brand image, and can influence a buyer's behaviour greatly. All of these aspects can cause people to feel related and loyal to the brand, since they recognize the store, the service, the products, the ambiance and the experience, and feel at ease with it.

1. Product

To satisfy certain needs and wants of consumers, goods and services are made available. Starbucks satisfies its consumers by its products. These products are mainly beverages, with high quality coffee as a focus point. The complete product portfolio of Starbucks is displayed in 3.6. To keep satisfying its customers, new and innovative products are produced constantly. In addition, the company offers seasonal drinks, in for example summer and Christmas. Next to solely the products, Starbucks wants to create a special experience for every customer. They do this by offering a 'Third Place', and assuring that every employee creates a special experience for the customer.

As further explained in the theoretical framework (chapter 4), a product has a functional and emotional meaning. When a consumer is low involved, he/she will not seek much information or reason analytically before buying the product, since how happy the product (or the imagination of having the product) makes the person feel, will be the most important reason to buy. If, for example, the thought of being seen by the public with a (pricy) Starbucks coffee cup gives a person a feeling of satisfaction and confidence, this person is low involved. In this case, Starbucks' biggest success factor is its image. However, when a customer buys coffee from Starbucks solely for what the product does (the functional meaning), the person has high involvement. In this case, the company's biggest success factor is its quality coffee (or drink).

2. Price

The value of the product is usually determined by the consumer, by quality and price. Starbucks' products are moderately high priced. The explanation to this is that Starbucks wants to produce sustainable coffee, as further explained in 3.5: Starbucks & Corporate Social Responsibility. Because of this sustainable coffee production including buying quality beans, the prices are higher than average. Evidently, the company also has ways of attracting customers with discounts and other special deals.

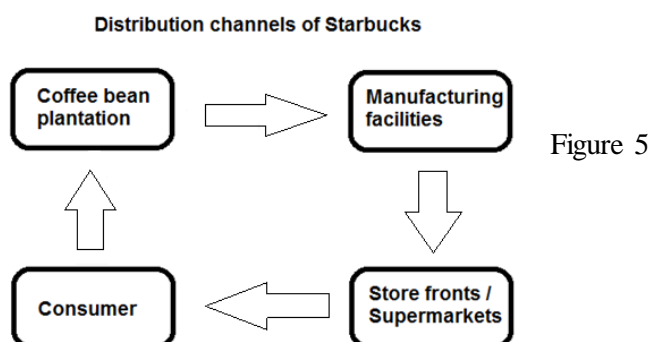
With regards to the theory of conspicuous consumption ("the desire to provide prominent visible evidence of their ability to afford luxury goods") by Thorstein Veblen (further discussed in chapter 4), the pricing strategy of Starbucks is also something that can influence the consumers behaviour. Evidently, there are people who are willing to pay more for a Starbucks coffee than the less expensive coffee of another brand solely for the quality of the product. However, there are also people who, according to this theory, like to purchase 'luxury goods' just for the sake of showing their ability to do so. This has to do with the possibility of Starbucks' biggest success factor being its image. When people like to be seen with a Starbucks coffee to show that they are able to afford it, they are using the company's products as a status symbol, to show their belonging to society.

3. Place

The locations of Starbucks affiliates differs per country. In general, the company wants to locate its affiliates logically in 'places where many people are'. These are locations such as airports, shopping centres, stations, etc. In the United States, for example, Starbucks shops are located within walking distance of each other. These affiliates are located in busy places covering the entire area with the brand, and minimizing competition. Since Starbucks was the first coffee house of its sort in the United States since 1971, this strategy is applicable there. In the Netherlands, however, the company entered the Dutch market late. This implied that there were already strong competitors, which forced Starbucks to apply a different locating strategy. Therefore, Starbucks

affiliates in the Netherlands are nowadays located mostly on train stations, at the airport, and other crowded places. (Peterson, 2014)

Figure 5 shows the distribution channels of Starbucks. The first channel in this distribution process is the coffee bean plantation. This is where the coffee beans were planted and harvested. The next step in the process is from the bean plantation to the manufacturing facilities, where the manufacturing of the coffee takes place. From the manufacturing facilities, the coffee goes to the Starbucks store fronts and supermarkets. This implies the placing of the bottled Starbucks drinks in supermarkets, and the manufactured coffee brought to the Starbucks stores to be brewed and sold to the consumer.



The chain of supply of Starbucks starts with making a plan. The plan to be made concerns the whole distribution process. Since Starbucks is involved in the source of the bean all the way up to the brewing of the coffee itself, the most important step is to beforehand make a good plan on how to manufacture to retail markets, starting with nothing more than raw materials. Starbucks attaches great value to sustainability, so the company makes sure that all the products used in the process are sustainable. Besides, in order to get the best quality beans available, the beans are being sorted by coffee departments. After the planning, the creating and finding sources is addressed.

Concerning the plantation of the beans, Starbucks ensures that their standards of high quality are always met. From the plantation to the manufacturing of the goods is another part of the process. In this part, the coffee is made ready to be brewed for the consumer. Afterwards, the manufactured products will be delivered to retail stores. These manufactures goods do not only include coffee, but also food and tea. Eventually, the barista in the Starbucks store will try to create ‘an exceptional experience for each customer’.

4. Promotion

As further explained in 3.7.1 (Current marketing approach), Starbucks’ ways of advertising are not conventional. The company focuses mainly on word-to-mouth advertising, nowadays making great use of social media. Using this way of advertising compared to the conventional way, enables the

company to save up on money greatly. Starbucks uses the saved money for promoting for example new stores.

As further explained in 7.2 (marketing campaigns), promotion has a great impact on changing the behaviour of consumers. The marketing campaigns that Starbucks has had so far, caused a lot of controversy, self-identification by consumers, discussion, and even frustration. Starbucks' unconventional ways of advertising, such as the misspelling of names, have caused a lot of people to share their experiences with the company on social media platforms. Encountering Starbucks' name and logo everywhere on the internet and recognizing each other's stories, can cause people to feel like they belong to a non-geographical community (as further explained in the theoretical framework in chapter 4), because of the mutual admiration by users for the company. When people encounter the brand everywhere and see others talking about it, but are not Starbucks consumers themselves, it might make them want to belong to this community as well. This is how promotion causes the behaviour of the consumer to change.

5. People

Starbucks says to attach great value to maintaining good relationships with its workers, and calls them 'partners', instead of employees. The employees of Starbucks, especially the baristas in the store, are responsible for creating a special experience for every customer. Treating everyone with respect, patience, and friendliness, aids in perfecting the experience that Starbucks wants to create for its consumers. This also applies to the 'Third Place' aspect of the store, of which the baristas are responsible for making the customer feeling welcome and a 'part of the club'. Making a visit to Starbucks a positive and enjoyable experience in the consumers' minds, also contributes to creating a positive image of the company. When customers start to visit Starbucks exclusively for the experience it gives them and not necessarily for the quality of the products, the image of Starbucks may be called the company's biggest success factor. This is not the case yet, however, since it is safe to say there are still customers that solely buy from Starbucks because they value the quality of the company's products more than anything else.

6. Presentation

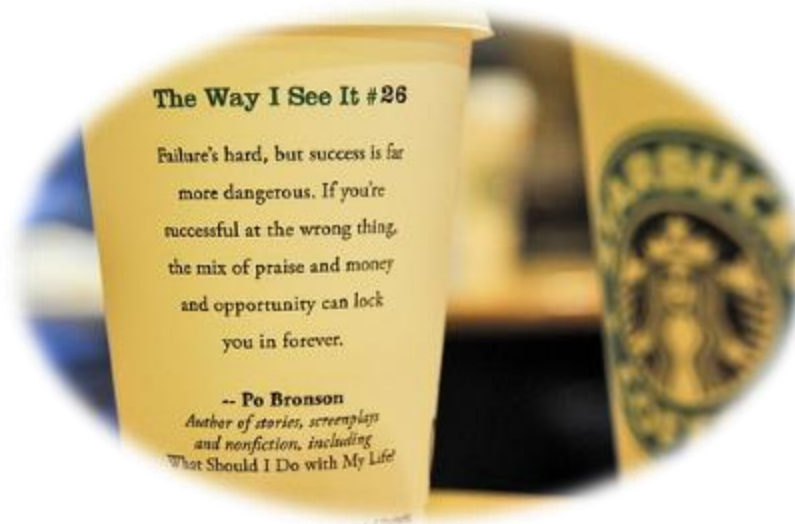
The last P, that stands for presentation, has to do with the image of the company. This is an important element, since the way that Starbucks presents itself affects multiple things. A strong and positive image can influence the buying behaviour of consumers greatly. The image of Starbucks is positive, as seen in the SWOT analysis (chapter 8) as a strength. Starbucks is considered as 'the best and biggest coffee shop' worldwide, which undoubtedly causes many people to be interested in trying out and buying the company's products. In addition, because of its global brand recognition, people feel comfortable with the brand. For example, when Starbucks customers are

on holiday in a strange country and see the familiar 'Starbucks' logo, they will feel a sense of peace, because of recognizing something they feel at home with while being far away from home. A positive image of the brand does not only make people want to use the brand as a status symbol, it also causes people to trust the company's products faster, and use the brand mainly for its functional meaning. With regards to the 'presentation' element of the marketing mix, the brand equity is also an important part. The brand equity implies the value that a brand can create and realize from a product. A way to create this, is by making the product memorable. Starbucks makes its coffee memorable not only by the quality of coffee, but also by their famous coffee cups including the Starbucks logo. Customers recognize the logo as the Starbucks logo, and will always remember which coffee company it is when they see the logo a next time. When customers are willing to pay more for a Starbucks coffee because they like being seen with that specific coffee cup with the logo on it, it is safe to say Starbucks has positive brand equity. (Investopedia)

7.2 Marketing campaigns

A big part of the success of Starbucks is due to the hidden marketing strategies that they use. With these marketing strategies they do not solely sell somebody a coffee cup, they sell a certain way of life that includes a certain set of values. This lifestyle is promoted by different means. An example of this is the “The Way I See It” (“Selon Moi”) campaign that was set up in 2005, and is currently not used anymore. In this campaign, quotes by CEO’s, artists, scientists, environmentalists, writers, and others were placed on the back of every Starbucks coffee cup. Examples of some of the quotes: *“There is a special place in hell for women who do not help other women”* and *“The minute you settle for less than you deserve, you get even less than what you settled for”*.

Despite the fact that this campaign caused a lot of controversy, it has been a useful means for Starbucks to strategically keep the company in the spotlights. The idea behind this campaign, is to stimulate conversation amongst Starbucks customers, since the quotes featured on the back of the cups are generally good conversation starters. When studying the quotes displayed on the cups, it seems as if Starbucks is using this campaign to market a lifestyle to educated, politically interested and professional individuals, and with that, offering them a place to discuss and converse with likeminded people. In this way, Starbucks is ‘secretly’ creating a lifestyle for Starbucks customers who have already become so called “Starbucks people”. When talking about “Starbucks people”, however, the question may arise as to what a “Starbucks person” is, and why someone is being referred to that definition. (Turnbull, 2005)



As previously explained in the theoretical framework in chapter 4, people have a sort of ‘relationship’ with a brand, a relationship that adds meaning to the life of the person. People will

therefore identify themselves as a “Louis Vuitton person” vs. a “Chanel” person, a “Nike person” vs. an “Adidas person”, and so on. By doing this, people create the feeling of fulfilment for themselves, because they feel like they belong somewhere. Giving yourself this identification by means of a brand is a simple way to belong, since all you need to do is sacrificing your money, and all of a sudden you are a part of the club. “Starbucks people” are doing exactly the same thing. They like to be a part of the Starbucks lifestyle, and to know exactly how to pronounce all of the different coffee types available. If they do not understand the Starbucks language yet, they will be helped nicely by the baristas, which also gives them a feeling of inclusiveness. The “The Way I See It” campaign aids in the creation of this lifestyle, by giving customers the feeling that their opinion matters, and, maybe most importantly, a feeling of connectedness with Starbucks, when they agree on the things that Starbucks has made them read. Evidently, the situation may occur in which people do not agree at all with the quotes placed on the cups. Some people may even find them offensive, or dislike the fact that Starbucks is trying to implement their conceptions and thoughts into other people’s minds. Therefore, Starbucks has added disclaimers to the cups, saying that these beliefs were not per se those of Starbucks. (Turnbull, Tempest brews over quotes on Starbucks cups, 2005)

Another covert way of the company to sell the Starbucks lifestyle, is the misspelling of names. To facilitate and speed up the sales in the Starbucks stores, the baristas write the name of each customer on the coffee cups. This prevents the baristas and customers from being confused about which coffee is who’s, and gives the whole experience of buying and drinking coffee at Starbucks a personal touch. However, many regular Starbucks customers have probably experienced the misspelling of their names multiple times. This is not because the baristas do not know how to spell names, it is a cleverly thought out marketing strategy. The baristas are deliberately spelling Paul as Pawl, Jessica as Gessika, and Frank as Franque, to confuse people and play with their emotions. (Dooley, 2014)

The effect that the misspelling of names has on the customers in the society that we are living in right now, is to share it on social media. This implies the customer taking a photo of the coffee cup with his or her misspelled name, and sharing it on Facebook, Twitter, Instagram, and so on. Starbucks reaches the same goal with this strategy as with the “The Way I See It” campaign, namely reaching people and getting a minute in the spotlights once again by having people mentioning the company and discussing the phenomenon. Every once in a while, however, a customer’s name will be spelled correctly. The customer will be delighted to discover that his or her name is spelled right this time, giving the customer a false sense of security.

7.3 Social Media & Starbucks

Nowadays, leading companies could not do without all of the popular online platforms called social media. They are a means of advertising, promoting, sharing photos and videos, communicating with the crowds and building relationships, sharing information and discussing with people worldwide, and much more. Starbucks, as a worldwide leading company, knows best how to make full use of social media and using it to their advantage.

In order to answer the question “*How does social media increase the image of Starbucks as a status symbol, and to which extent is the quality of Starbucks’ coffee being discussed by social media?*”, the biggest social platforms on which Starbucks is active need to be reviewed. These platforms are Facebook, Instagram, and Twitter. Starbucks has more than 35 million followers on Facebook, 4 million on Instagram, and 7,5 million on Twitter. (Facebook, 2015) (Twitter, 2015) (Instagram, 2015)

All of the above mentioned ways of using social media are being taken into account by Starbucks. The company promotes itself, shares photos and information, communicates with the crowd, and so on. More specifically, on Facebook, the company mainly shares photos of its drinks, advertisements of new Starbucks stores, new campaigns, and new products that are available in stores and online. On this Facebook page, the company also answers questions and reacts to comments that their followers place below photos and posts. This direct way of communication helps the company to build and maintain relationships with its customers. On the Starbucks Instagram account, the company also shares photos. These photos include Starbucks drinks, products, stores, announcements, people, and more.

What makes the Instagram account more interesting than the Starbucks Facebook page, is the feeling that the company wants convey with the account. The company tries to create a feeling of togetherness, inclusiveness, comfort, friendship, and love, with the photos they post. Starbucks does so by posting photos and adding a special text. An example of this is using the hashtag #HowWeMet, including a photo of two people or more enjoying their drink at Starbucks, sharing their story of how they met with the company. By sharing this with the worldwide public, Starbucks tries to make people feel even more at home with the company, creating a friendship with their customers, and sharing the love. In addition, the company indirectly tries to reinforce the Starbucks ‘community’ that exists, by letting everyone share their story within the community, by letting the public identify themselves in others (for example seeing that someone has the same favourite drink as you do), and by making their followers be the only and the first people to find out about new products, new stores, announcements, and more.

Starbucks' Twitter account mainly includes updates, news, discount tips, photos, quotes, retweets from followers, and answers to followers. Similar to the Instagram (and Facebook) account, the company has an underlying idea with keeping this platform as up-to-date and inclusive as possible, and keeping the communication with its consumers at its best.



starbucks

6 maanden geleden

We met each other in Santa Marta. We were both on holiday and had a friend in common, my cousin, and he introduced us" / "And in that moment—he fell in love with me." / "We're still just friends. She hasn't said yes to me yet. We're still in this. Six years. I'm not in a hurry." #HowWeMet #Bogota

Volgen

Source: Instagram, 2015

With regards to the question as to how the company uses social media to increase their image as a status symbol, the answer is not very concise. Technically, Starbucks uses social media for the most part to communicate and share everything with everyone, worldwide. The company is not actively trying to show their ability of being a status symbol, by for example showing and appointing their products as luxury goods, for people with higher economic or social status only. On the contrary, the company gives a very open, comforting, friendly, and loving impression on all of their platforms, basically exactly the impression that Starbucks always speaks of with the experience that they want to create for customers. They do so by interacting with their existing followers actively, and being very welcoming to new followers. In addition, the company shares photos and posts with and from their followers, allowing everyone to have a say.

As an answer to the sub-question mentioned at the beginning of this chapter, Starbucks does not really use social media as a means of increasing their image as a status symbol. They do use social media to emphasize their aim of creating a special experience with the company for everyone. Therefore, when it comes to influencing the behaviour of consumers, Starbucks does not focus on trying to make people consume conspicuously (a consumer purchasing something to provide the evidence of their ability to afford luxury goods, further explained in the theoretical framework). Instead, the company lets consumers use the brand as an identity system. *"People try to match their own personality to the personality of the brand that they like, which gives them a feeling of self-assurance"* (chapter 4), by expressing itself as a strong and loving personality that people would like to identify themselves with. Consumers who are influenced by this, are prone to purchasing Starbucks' products purely because of the warm feelings they generate about themselves with buying from the brand.

Regarding the second part of the sub question, the answer is more concise. Evidently, the brand promotes and expresses praise for its products. The inviting and tempting photos of caramel cappuccino's with sweet whipped cream mostly speak for themselves. Therefore, it is certainly possible that some people are persuaded to buy from Starbucks, purely because the quality of their products seems outstanding.

8. SWOT analysis

8.1 SWOT analysis

The SWOT analysis of Starbucks consists of the company's internal and external factors. The strengths of Starbucks are directly related to its success factors. For example, the high quality of coffee (a strength) is one of the company's success factors. The image below sums up all of Starbucks' current strengths, weaknesses, opportunities, and threats.

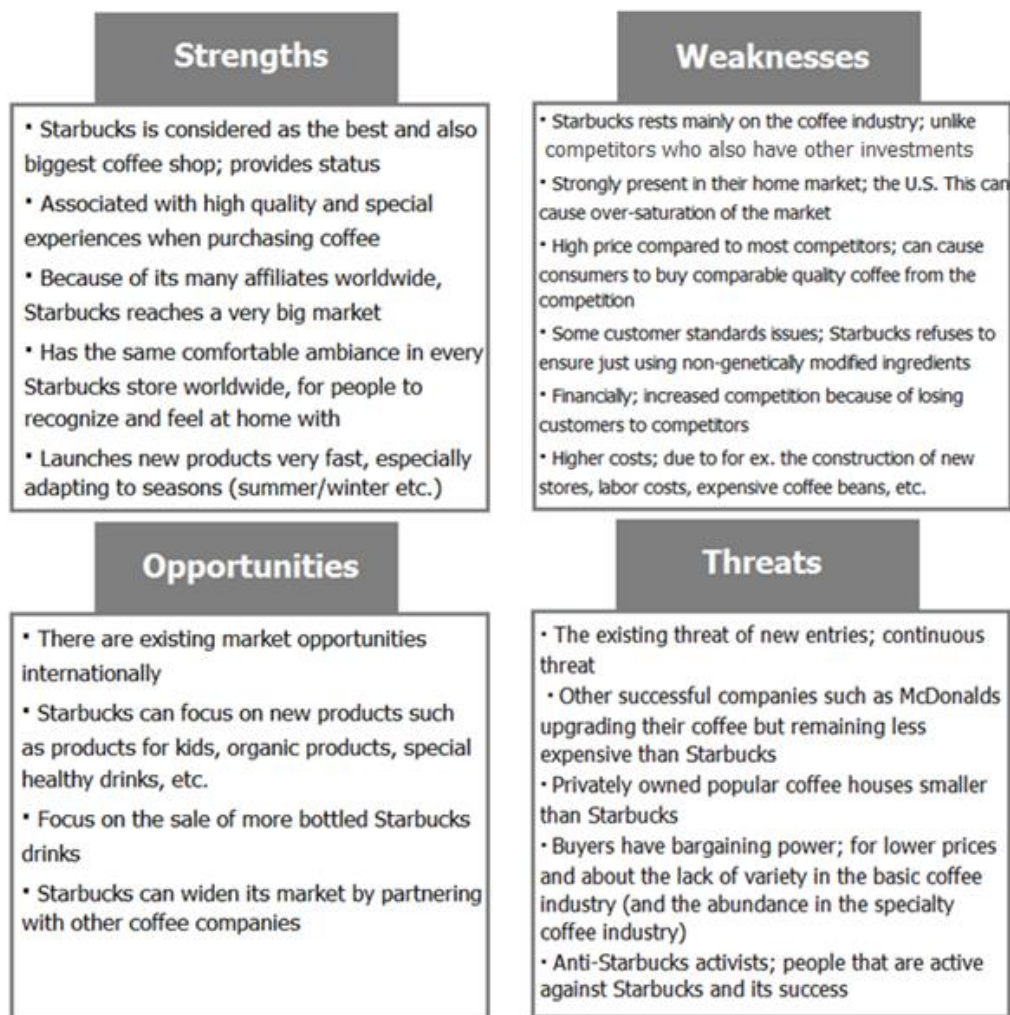


Figure 6

Briefly summarized, Starbucks is known and recognized worldwide. Their big range of quality products and comfortable ambiance are its biggest strengths, their products are highly priced and costs of production are high which are weaknesses, the company has different opportunities worldwide and possibilities for new products, and new entries and big competitors upgrading their coffee at a lower price than Starbucks are the biggest threats. Starbucks' biggest strength, is the fact that they are associated with high quality and special experiences when purchasing coffee, as indicated above. This strength is one of the elements that plays a part in answering the main

research question. The reason to this is that when an analysis is made of Starbucks' points that strengthen the company, the brand image is the biggest success factor. (Craig J. Thompson, 2004)

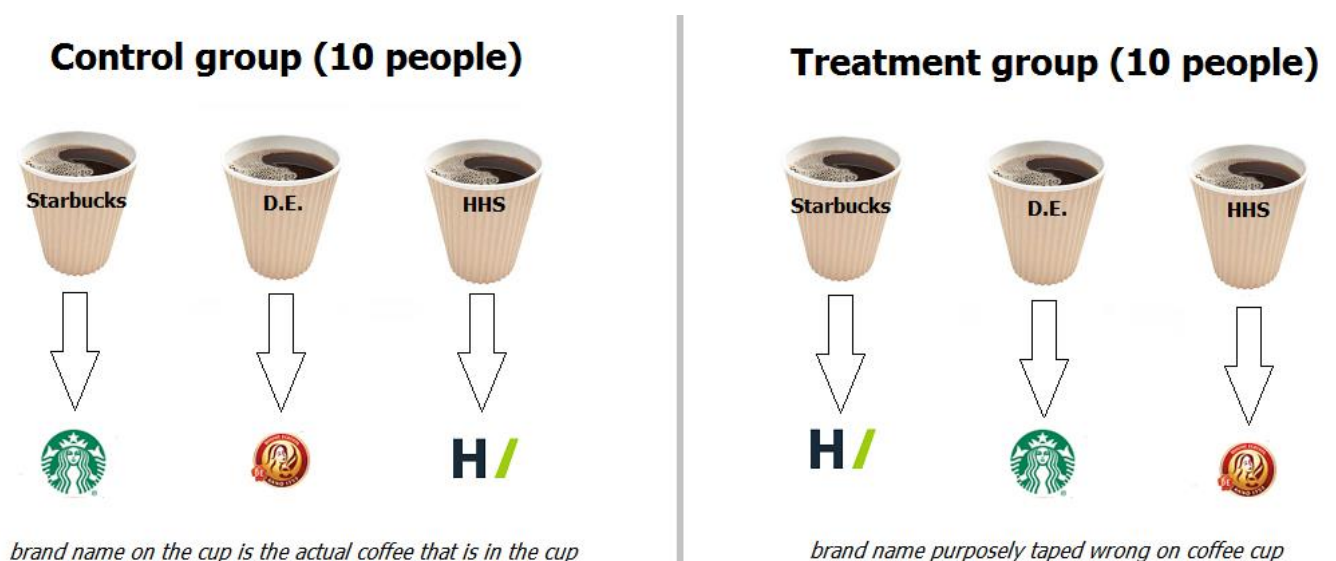
9. Qualitative & quantitative research

9.1 Taste test

For the last part of the report, qualitative research has been conducted in order to finalize the answer to the main research question: *“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks’ quality coffee or its brand image have the biggest share?”*.

The research tool that was used for this part was a taste test. A taste test implies a test in which a group of people test out a product, assessed on taste. This test has provided the information on the opinions of people about the taste and quality of coffee. Since the research revolves about finding out whether Starbucks’ quality coffee or its brand image is what makes people love the brand, it was necessary to conduct real-life research on this matter. The test was divided into two parts, without the knowledge of the panel. The results of the first part of the test have showed if consumers actually appreciate the quality of Starbucks’ coffee, or not. The second part of the test showed whether consumers ‘want’ to like Starbucks’ coffee, and if they care about the name that is on the label while considering a purchase, or not.

Firstly, a group of 20 people was gathered. Then, the group was divided into two groups, the first group being the ‘control group’ containing 10 persons each named with a number (1-10). The second group was the ‘treatment group’, also containing 10 persons, but every person was named with a letter (A-J). The control group was the group not receiving a special treatment. The treatment group has experienced a form of manipulation, without being aware of it. The ten people of the first group (control group), then received three small coffee cups. These cups included coffee from Starbucks, Douwe Egberts, and from the Haagse Hogeschool. The cups did in fact contain the coffee of the brand that was labelled on the cup. Each person also received a form, on



which he/she needed to write down their number, followed by their preference of coffee based on taste.

The ten people of the second group (treatment group), also received three small coffee cups each. However, the content of the cups was not according to the label that was on the cup. Again, each person received a form on which he/she wrote down their letter, followed by their preference of coffee based on taste.

After all of the people of the two groups tasted the different coffee brands and wrote down their preference, the forms were handed in. None of the participating people knew that one half of the group tasted the actual coffee that the cups indicated, and that the other half tasted different brands of coffee than what they thought at the moment.

Eventually, the group of people that just participated to the taste test, filled in a questionnaire. This questionnaire was done after the taste test instead of beforehand, because choices might have been influenced when the respondents were inquired about their thoughts on Starbucks before doing the test. Handing out the questionnaire after the taste test, has therefore ensured reliability, since everyone participating gave their honest opinion, unaware of the underlying intention of the test. The panel therefore only knew that research on the opinions on different kinds of coffee was conducted, and did not know anything about the research in relation to consumer behaviour.

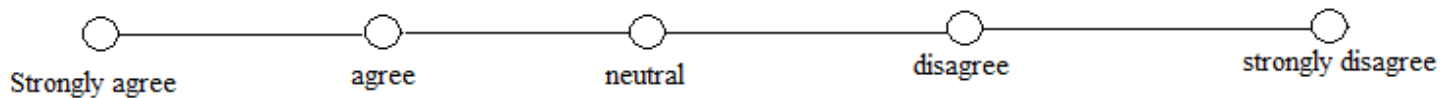
The results of the taste test firstly showed whether or not people really prefer the quality of Starbucks' coffee over the coffee of other brands. This provided a big part of the answer to the question if Starbucks' quality coffee is the company's biggest success factor or not. Secondly, the results of the test showed if people just say to prefer Starbucks because of the lifestyle, experience and image of the company or not. If, for example, the first part of the test showed that the coffee of the Haagse Hogeschool was chosen as worst quality coffee, but was chosen as best quality coffee in the second part of the test (because people think it's Starbucks while it is actually HHS coffee), it would have been safe to say a big part of consumers prefer image over quality, which makes the company's image its biggest success factor.

9.2 Questionnaire

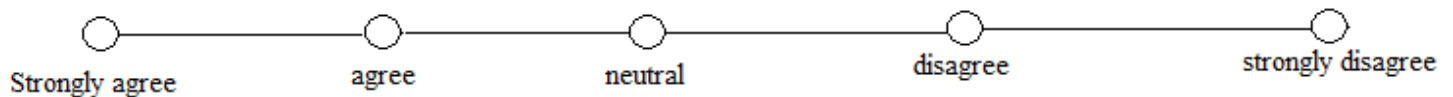
To verify and question the theories that are being discussed in this report, a questionnaire has been used. This questionnaire was a part of the taste-test, and included questions that provided information on the consumption of Starbucks coffee by the panel that has participated on the taste test.

Questionnaire Starbucks coffee

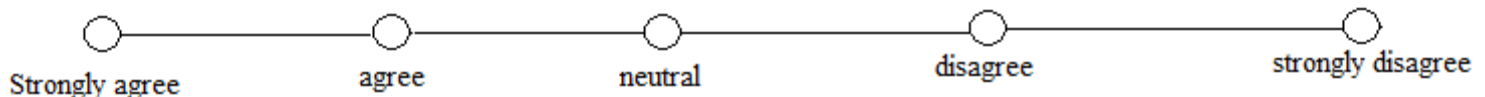
1. When I think about Starbucks, I think about comfort and togetherness.



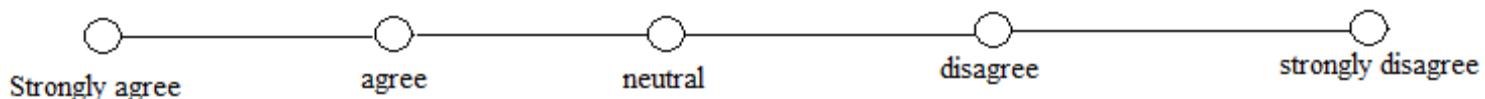
2. When I visit Starbucks, I see people that have a similar lifestyle as I have



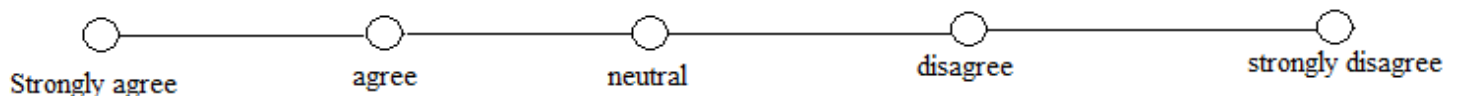
3. Starbucks is a cool / nice / trendy brand



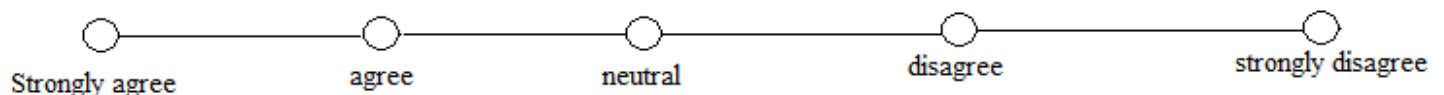
4. Whenever I see Starbucks from a distance, it makes me want to go inside and buy something



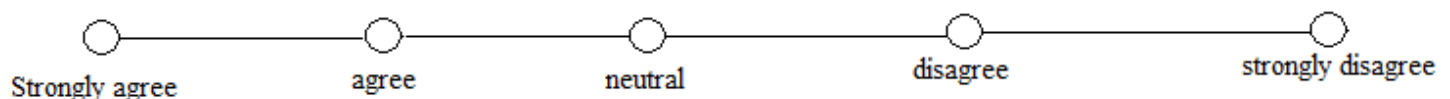
5. If another brand – Burger King for example – would start selling the exact same quality coffee as Starbucks but at a lower price, I would stop going to Starbucks and start buying from the other brand



6. I am satisfied with Starbucks' quality of coffee



7. The fact that Starbucks produces coffee sustainably motivates me to buy from the company more than if they would not



10. Results

10.1 Results taste test

The taste test took place on the 24th of April 2015 at the Haagse Hogeschool. Eventually, the taste test was not done with 20 people (students). Unfortunately, not as many people as expected showed up that day. Therefore, the taste test was done with 13 people. The rest of the research went as planned.

The first group (control group), contained 8 students. This was the group that tasted the actual coffee that the cups indicated. For example, the coffee cup indicating Starbucks, contained actual Starbucks coffee. The second group (treatment group) contained 5 students. This is the group of people that did not taste the coffee that was indicated on the cups. For example, a coffee cup indicating Starbucks, was actually coffee from the Haagse Hogeschool coffee machine. Before and during the taste test, none of the students knew why this test was being done. Neither did anyone know that research on Starbucks was being conducted. After the taste test was finished and everyone was done filling in their questionnaire and preference form, ms. Kapiteijn told the students what they had just participated in.

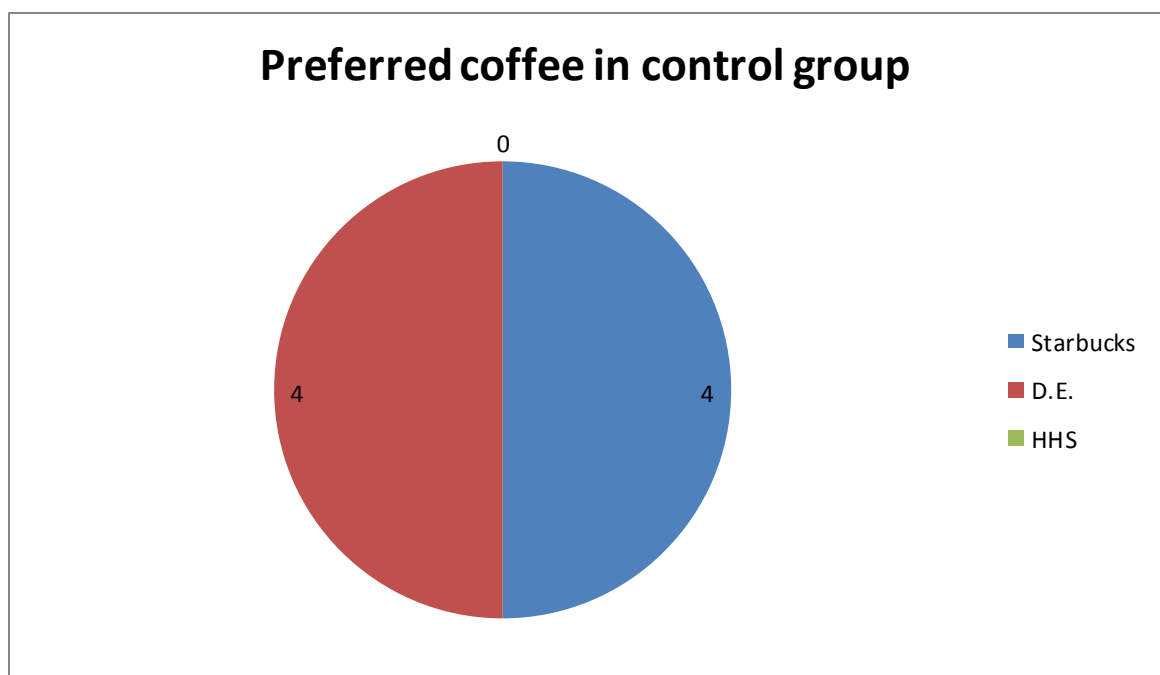


Figure 8

Figure 8 shows the division of opinions with regards to the best coffee, in the eyes of the students. As shown above, the opinions are equally divided. Four of the eight students found Starbucks

coffee the tastiest, and the other four said Douwe Egberts was the best quality coffee. None of the students found the coffee of HHS the best. Since this is the control group, these students were not misled. The results are therefore real, which implies that no one preferred the taste of Starbucks coffee over Douwe Egberts, since the results are equal. These results confirm and explain why Douwe Egberts is Starbucks' biggest competitor within the Netherlands; the quality of coffee is valued just as much as Starbucks' coffee.

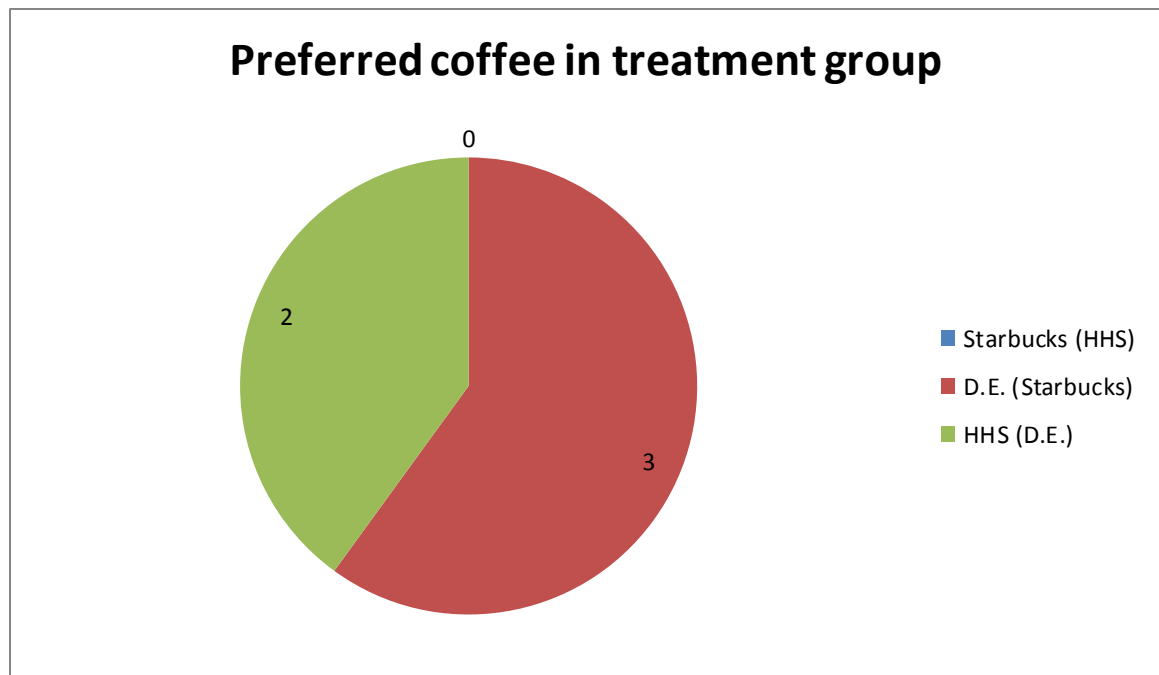


Figure 9

Figure 9 shows the division of opinions with regards to the best coffee in the treatment group. As shown above, two out of the five students prefer Douwe Egberts coffee (which they thought to be HHS coffee). The three remaining students said to prefer Starbucks coffee (which they thought to be Douwe Egberts coffee). These results show that the best coffee in the eyes of the student is Starbucks, when it comes to taste.

Conclusion taste test

The results obtained from the taste test are very interesting. Firstly, none of the students liked the coffee of the Haagse Hogeschool coffee machine. Their reasoning was that it was too strong. With regards to the main research question: *“What are the key success factors that make Starbucks a fast-growing company in the Netherlands nowadays - does Starbucks' quality coffee or its brand image have the biggest share?”* the results are even more interesting and useful.

Despite of the assumption that Starbucks' brand image in combination with the way that the company influences the behaviour of its consumers is the company's biggest success factor, none of the students in the treatment group said to prefer the cup of Starbucks coffee (which was

actually HHS coffee). As seen in the results of the control group, the taste of the HHS coffee was not appreciated by the students. The students of the treatment group probably felt the same way, but did not consider choosing Starbucks anyway. Therefore, these students did not make a decision purely based on wanting to choose a popular brand. The functional meaning of Starbucks is in this case therefore bigger than its emotional meaning (implying that what the product does is more important than what the product means to a customer; further explained in theoretical framework in chapter 4).

The conclusion of this taste test is the following: when Starbucks consumers genuinely do not like the coffee, they will not lie and say that they do like it, just because they want to be a part of the brand. This means that their opinion was based purely on taste. If someone had said Starbucks, it would probably have been only to claim their place in the Starbucks community, since the results of the control group show that zero out of the eight people liked HHS coffee (labelled as Starbucks). In other words, these consumers are not consuming 'conspicuously' (consuming to provide prominent visible evidence of the ability to afford luxury goods; chapter 4). The people that participated with this test were not scared to 'not fit in' with the rest of the society that claims to like or love Starbucks, and have based their opinion on honest personal preference. The result purely based on this taste test is therefore the following: Starbucks' quality coffee is its main success factor.

10.2 Results questionnaire

Directly after the taste test, the questionnaire was handed out. The same 13 students that participated in the taste test filled in the questionnaire. The questionnaires were labelled with a number or a letter, so that it was clear if the person that filled in the questionnaire, participated in the control- or treatment group.

The end goal with regards to the questionnaire, was to see whether or not people say to be satisfied with the quality of Starbucks' coffee. Of course, the results of the people from the treatment group are influenced. The reason to this is that these people thought to consume Starbucks, when it was actually HHS coffee. Therefore, when a person from the treatment group says to dislike the quality of Starbucks' coffee, this person actually means to dislike the quality of HHS coffee. In addition, the questionnaire provides information on the perception of people when it comes to Starbucks.

The probably most important aspect of doing a questionnaire, was to see if people only like Starbucks because of the brand image or not. If someone from the treatment group says to be very satisfied with Starbucks' coffee on the questionnaire, and also chooses Starbucks as preferred coffee in the taste test, it is clear that this person only likes Starbucks because of the brand image. The reason to this is that the coffee indicated as Starbucks in the treatment group, was not actually Starbucks coffee. If the person really appreciated the coffee of Starbucks because of the taste, he or she would probably recognize this taste and choose this coffee, even though it would have been labelled as a different brand.

With regards to the results of the questionnaire, the result of each question is presented in a histogram. The results of the people from the treatment group are represented with a red bar, the results of the people from the control group with a blue bar.

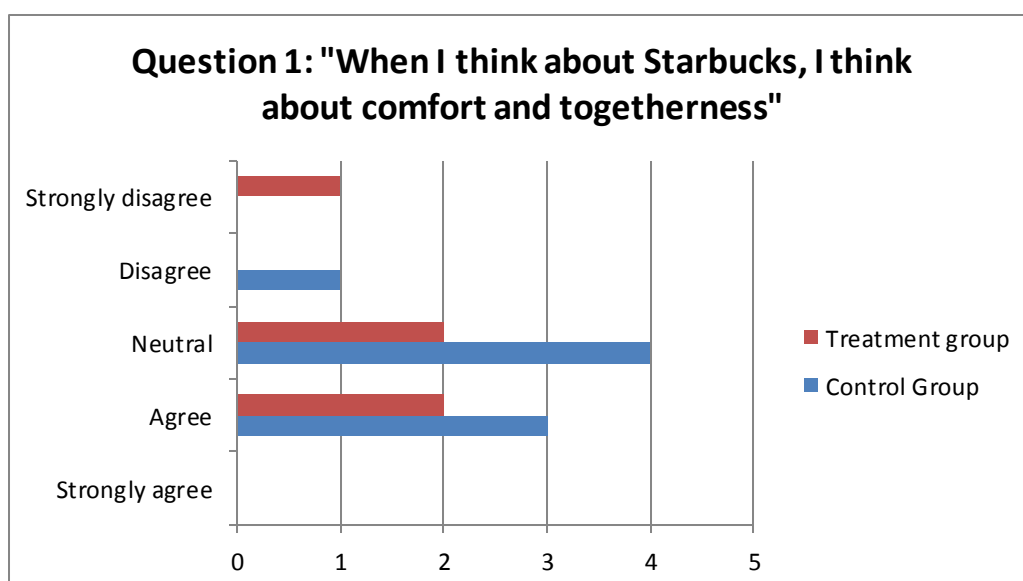


Figure 10

As shown above, 38% of the respondents (five out of 13 people) agrees on associating Starbucks with comfort and togetherness. In this question, the taste of the coffee could not have influenced their opinion, since they have tasted the coffee at the Haagse Hogeschool and not at Starbucks. Therefore, based purely on the results of this question, Starbucks' biggest success factor is not their brand image. If it was, the majority of the respondents would have agreed, or even strongly agreed.

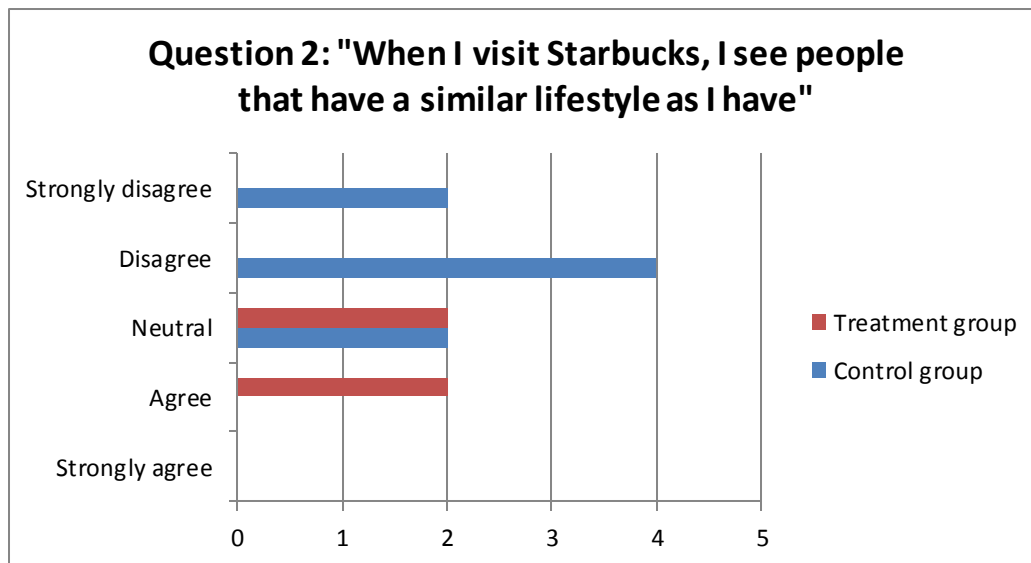


Figure 11

Above are the results of question 2. 50% Of the respondents either disagrees, or strongly disagrees with the statement. The other half is neutral, or says to agree. What these results mean with regards to the theory of 'wanting to belong in society by means of luxury goods' (further explained in the theoretical framework), is that not everyone wants to be a 'Starbucks person'. In fact, the people who agreed with the statement are a minority. Therefore, this theory would only apply on a small number of consumers.

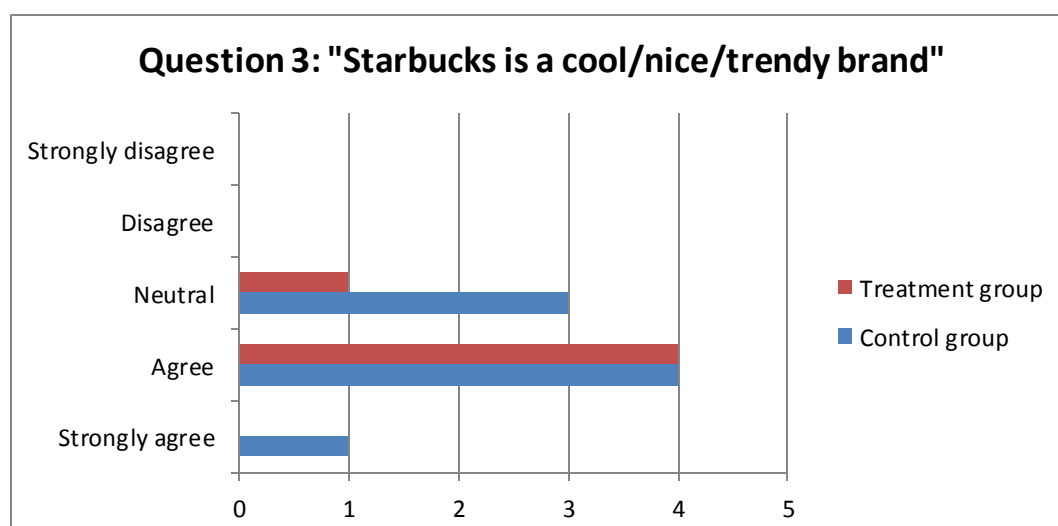


Figure 12

Figure 12 represents the opinions of students on finding Starbucks a cool/nice/trendy brand. 8 Out of the 13 people (61%) says to agree, one person strongly agrees. The remaining people say to be neutral. The fact that none of the respondents disagree, influences the answer to the main research question. These results show that consumers find Starbucks a cool/nice/trendy brand, which is related to the brand image. In addition, these results show that a part of the reason as to why someone purchases something from Starbucks, might be the fact that they like the image that the brand has. Therefore, the brand image might definitely be Starbucks' biggest success factor, according to the results of this question.

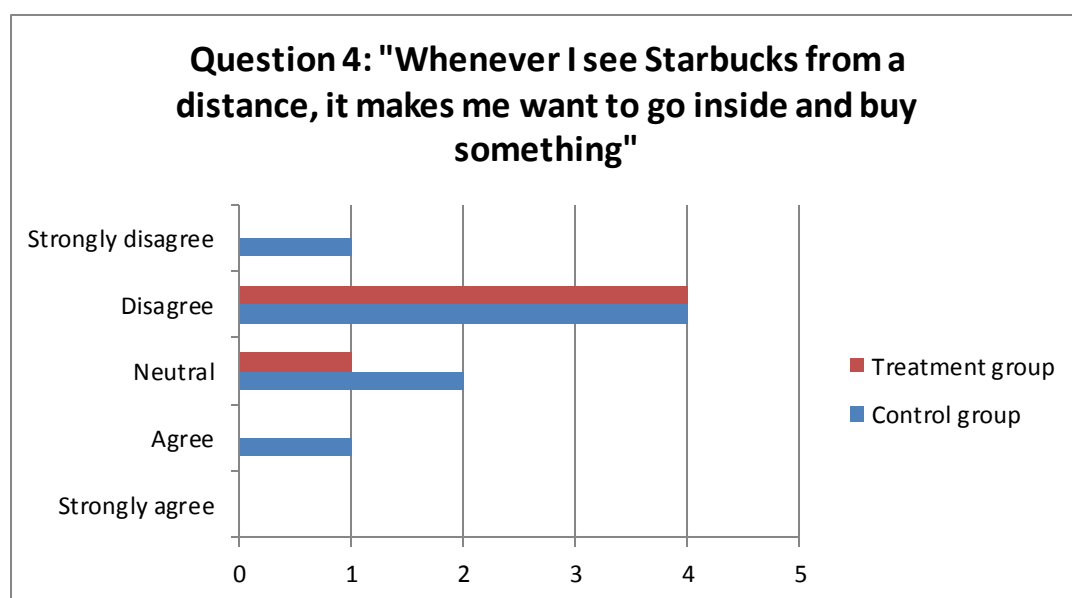


Figure 13

The results of question 4 (as displayed in figure 13), are rather negative. 9 Out of the 13 respondents, which implies 69% of the respondents, (strongly) disagrees with the statement to feel the need to buy something from Starbucks when they see the shop from a distance. In contrast, only 1 person agrees. The fact that so many people say to disagree, would indicate that these people are not a big fan of Starbucks. Whether this is caused by the fact that they do not like Starbucks' coffee, or because they simply do not like the company, is unclear. It is very contradictory to see that some of the people that claim to not feel the need to visit Starbucks, are the same people who claim to find Starbucks a cool brand, and say to be satisfied with the quality of coffee. Therefore, the cause to the negative results is unclear and difficult to find out.

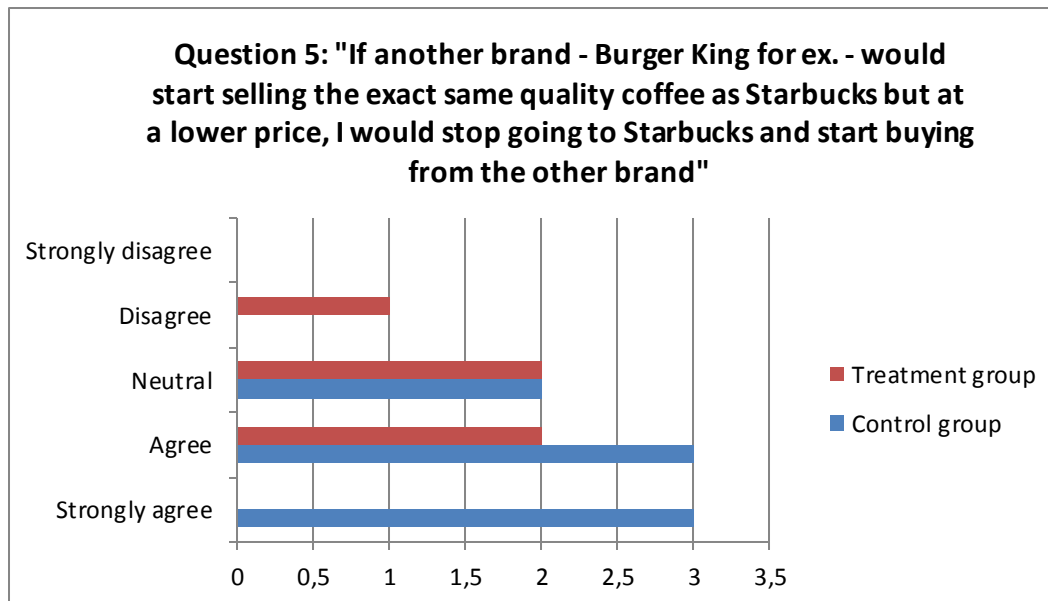


Figure 14

The results to question 5 can help answer the question whether consumers buy Starbucks purely because of its quality coffee, or for other reasons. 8 Out of the 13 people (61%), say to stop buying coffee from Starbucks if another brand starts to sell coffee with the exact same quality and taste as Starbucks, but at a lower price. These results show that the majority of consumers who buy Starbucks, do this only because of the taste of the coffee. The brand image does not have anything to do with the buyers' motives, according to the results of this question. However, one person says to disagree. A little side note to the answer was: "Not the same experience". This implies that for some people, the brand image and experience actually is the biggest reason to go to Starbucks. In other words, this person is loyal to the brand Starbucks. He/she feels a special kind of relationship with the brand, and would therefore not prefer another company over Starbucks, even if it provides the same quality of coffee. It might not be the majority, but a small part of the consumers add more value to the brand image of Starbucks than its quality of coffee, and is unconditionally loyal to the brand.

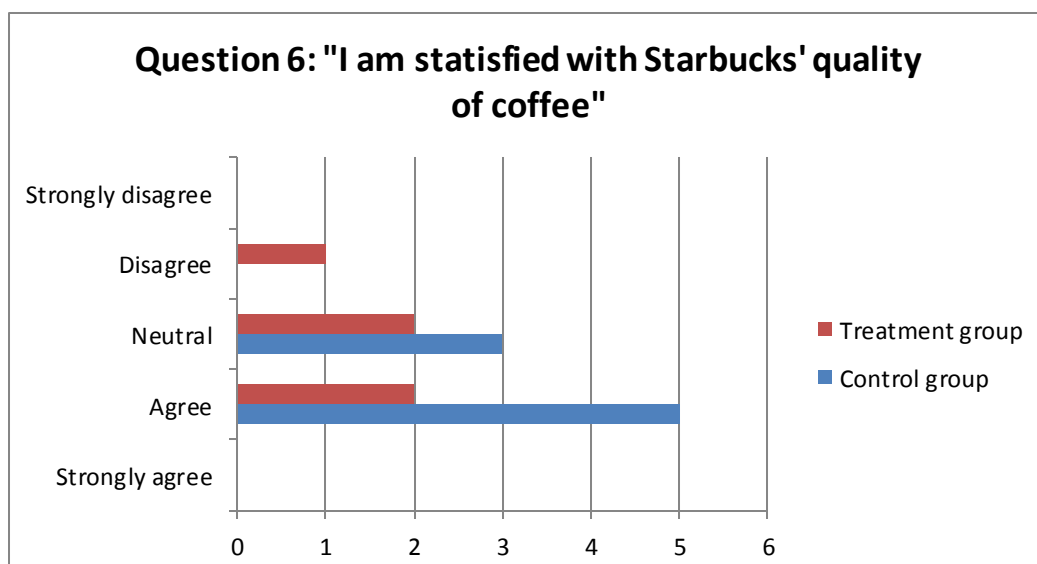


Figure 14

Figure 14 shows the results of question 6, regarding people being satisfied with Starbucks' coffee or not. The majority of the respondents (7 people, which implies 53%) agree. Only 1 person disagrees. The remaining 5 people say to be neutral. The results of this question indicate that Starbucks' biggest success factor might be its quality coffee, since the majority of the students says to be satisfied. However, none of the respondents says to be extremely satisfied. In addition, someone says to not be satisfied. The results of this question imply that people do like Starbucks' coffee, but probably not enough to let this be the only reason for purchasing. Therefore, other reasons (such as experience, brand image, etc.), might be the decisive factor for a consumer for purchasing Starbucks' coffee.

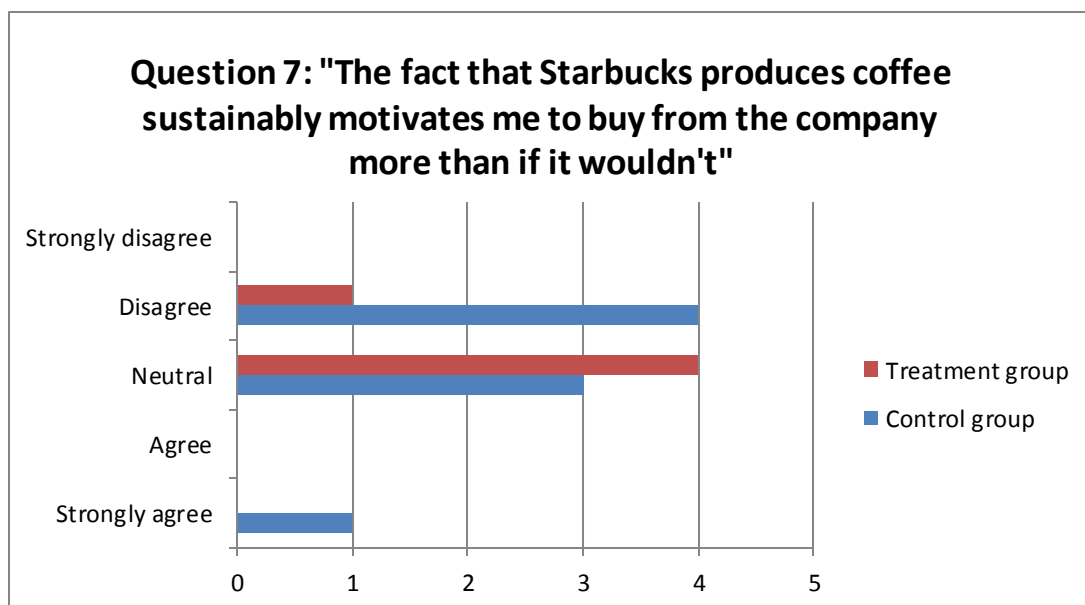


Figure 15

The results of the final question, question 7, are displayed in figure 15. These results show that the fact that Starbucks produces coffee sustainably, is not a big reason for consumers to buy from Starbucks. Only 1 out of the 13 people says the sustainable production to be a motivation to buy from the company, which means 1% of the respondents. 5 People say that this is not an important factor. Therefore, there is a chance that Starbucks attracts new customers because of their sustainable way of coffee producing, but this does not include a large amount of people.

Conclusion questionnaire

After the revision of the results of the questionnaire, multiple useful points have been found for answering the main research question. The results of the questionnaire provide enough information to indicate that both Starbucks' quality coffee, as well as the brand image is the main success factor. Therefore, the questions that indicate that the quality coffee is the main success factor are discussed firstly. Thereafter, the questions that indicate that the brand image is the biggest success factor will be discussed.

With regards to the possibility of Starbucks 'quality coffee being the biggest success factor, the answers to question 1 (*"When I think about Starbucks, I think about comfort and togetherness"*) and question 5 (*"If another brand - Burger King for ex. - would start selling the exact same quality coffee as Starbucks but at a lower price, I would stop going to Starbucks and start buying from the other brand"*), play a big role. This is due to the fact that with question 1, 1.38% of the respondents (the minority) says to associate Starbucks with comfort and togetherness. This would imply that if these people visit Starbucks, they do this solely to enjoy the coffee, and not to enjoy the ambiance and comfort of the store. The answers of question 5 show that the majority of the respondents, 61%, would stop going to Starbucks if another brand would start selling the same quality coffee, but at a lower price. This implies that the 'Starbucks experience' and brand image is not the main reason for people to visit the company. However, 1 out of the 13 respondents said to keep visiting Starbucks, even if another company would offer the exact same coffee at a lower price. He/she said: "It's not the same experience". Some people are therefore loyal to the brand and attach more value to the image of the store than the coffee, but it is definitely not a majority. Therefore, the result based on these answers implies that Starbucks' biggest success factor is its quality coffee.

The answers to question 3 (*"Starbucks is a cool/nice/trendy brand"*) and question 6 (*"I am satisfied with Starbucks' quality of coffee"*) indicate that Starbucks' biggest success factor is its brand image/experience. Firstly, 61% of the respondents said to agree on finding Starbucks a cool brand. This, plus the fact that none of the respondents disagreed with this statement, proves that Starbucks has a positive brand image in the mind of the consumer. Therefore, the brand image and/or experience is very likely to be the company's biggest success factor. If, for example, the minority of the respondents had agreed with the statement, the coffee alone would have been more likely to be the biggest success factor. Secondly, 53% of the respondents says to be satisfied with Starbucks' coffee. Initially, this result would mean that the coffee is the biggest success factor, since 53% is the majority of the respondents. However, seen the fact that Starbucks is a very popular and successful brand, only a little bit more than the half of the consumers agreeing on liking Starbucks' coffee is not very much. Therefore, there must be another key factor that

motivates people to buy from the company. This other key factor would therefore definitely be its brand image/experience.

Comparing the results of the questionnaire, there is not one final answer that comprehends all of the findings above. Since the results indicate that not only the quality coffee, but also the brand image can be the biggest success factor, the best explanation might be that both factors play a more or less equal role. Therefore, the final result of the questionnaire is the following: only a small part of native Dutch people seems to be impressed by Starbucks' brand image and marketing campaigns. The majority says to only be interested in great quality coffee. The factor of success would therefore be the company's quality coffee, with its brand image only as a helping hand.

11. Final conclusion key success factors Starbucks

Taking into account all the research that has been done during the writing of this report, a conclusion regarding Starbucks' biggest success factor can be made. This conclusion is based on the conducted desk research, the theoretic framework with regards to consumer behaviour, and the taste test and questionnaire.

Nowadays, people are using brands as a symbol of value all the time. They do this to obtain self-assurance, and to show their belonging to society. Starbucks is a popular and successful brand, with a relatively high pricing strategy. Consumers who buy from Starbucks could therefore feel a sense of luxury and sophistication, when they know society sees them being able to afford this kind of luxury. As further explained in the theoretical framework (chapter 4), when people use objects as status symbols, because of the desire to show in which kind of status group they belong, gaps are being created in society. The people that use the same kinds of objects therefore belong to the same kind of status group. Evidently, there are people who do not fit in to this particular group that other consumers have unconsciously formed. The gaps that are being created because of this, can motivate both groups to behave differently.

Due to the creation of gaps in society as explained above, different kinds of behaviours can occur. The people that do fit in to the Starbucks status group, might feel a sense of self-assurance with obtaining their place in society, because of showing their personal taste to the outside world, and therefore getting a preselected place in society. The people that do not fit into this status group, might slowly but surely create feelings of rebelliousness and aversion towards the brand, simply because of not fitting into the status group. In the current postmodern society, people identify themselves with brands, and think that others also rely on this type of communication. When one does not fit into the group, he/she will probably not want to fit in either, and therefore start showing feelings of dislike towards the brand. This theory might be an explanation for the consumers that say to like Starbucks' coffee when someone offers them a cup, but are not interested in the rest that the brand has to offer, with regards to social status.

The most valuable information that was needed to answer the main research question has been obtained during the qualitative research; the taste test and questionnaire. The final result of the taste test was the following: Starbucks' biggest success factor is its quality coffee. This result was determined since all the respondents answered honestly, and said to not like Starbucks' coffee (actually the coffee of HHS). Therefore, they did not answer in order to 'fit into the society'. In addition, according to the answers of the questionnaire, people did not say to care much about the 'experience' of the company. They also said to switch to another coffee shop if it provided the

same quality coffee at a lower price. According to these results, Starbucks' biggest success factor is its quality coffee.

As explained above, people can use brands as a status symbol. The people who cannot afford doing this, and do not 'fit' into the 'brand society', might become rebellious against the brand. This might explain the unexpected negative answers with regards to Starbucks' experience and chances of sticking to the brand.

Based on the results of this report, there is sufficient information to say that the brand image plays a big part in Starbucks' success. The huge amount of followers on social media, the fact that none of the respondents said to disagree with finding Starbucks a cool/trendy brand, and marketing strategies that seemed to have worked are examples of it. However, the most important part of this research, namely the taste-test, has proven that none of the respondents said to like Starbucks, purely to claim their place in society by saying they 'like' Starbucks. Even if some of people are purposely rebellious against the brand because of not being able to fit into the brand society, it is unlikely that the brand image only is the one and only success factor. Therefore, briefly said: **It is Starbucks' quality coffee which makes the company a fast growing company within the Netherlands. However, only with the help of the great brand image that the company has.** Therefore, the factors go more or less hand in hand. Without great quality coffee, the company wouldn't have grown out to be as big as it is now. Without great marketing, Starbucks probably wouldn't have reached such a big audience worldwide.

Purely based on the theories of the theoretic framework, the final conclusion is slightly different than expected. Since Starbucks seems a company with a very strong brand image and marketing system, it was likely for the company's brand image to be its main success factor. However, the final conclusion of this report appoints Starbucks' quality coffee as the key success factor, with the aid of the strong brand image of the company. These results are the results based on research in the Netherlands, with native Dutch residents. However, the same research might provide different results if conducted in for example the United States. Chapter 5.2.1 refers to the Netherlands being a real 'coffee country', which might explain why Dutch people are more down to earth, and open to appreciate good quality coffee. In addition, native Dutch residents might be less vulnerable for impressive marketing campaigns and interesting ways of influencing the behaviour of consumers, than other cultures are. Therefore, these results are the results of research conducted in the Netherlands with native Dutch residents, who appreciate Starbucks' quality of coffee over its brand image.

12. Limitations

Although the research has reached its aims, there have also been limitations.

Firstly, this research is limited to native Dutch residents and the results will only be applicable to Dutch consumers and The Netherlands. Despite the fact that Starbucks is a global company, and consumer behaviour with regards to the Starbucks company is also measurable in other countries, this research only focuses on native Dutch residents. The main reason to this, is because otherwise, the research would have been too broad. Besides, the taste test and questionnaire has been done only with native Dutch residents.

Secondly, the taste test was intended to include 20 respondents. Unfortunately, only 13 respondents were available to participate with test. Therefore, the results of the taste test and questionnaire were not as extensive as planned. The eventual results, however, have been very useful, despite the smaller amount of participating people than planned.

The aim was to make the results of the taste test and questionnaire as reliable as possible. Therefore, the test has been executed carefully, to ensure that none of the respondents would know what the research was about. The only thing the respondents were allowed to know, was that they were going to be asked about their opinion on best quality coffee. Since they did not know that the brands displayed on the coffee cups were not the actual coffee brands that were inside the cups, their opinions were 100% honest. When filling in the questionnaire, the respondents did not know either what the research was about. Therefore, they have provided answers based on their thoughts and opinions, unprejudiced.

13. Future Research

For further research with regards to the same specific topic as this research report, the following points are recommended:

Firstly, it is advised to execute a taste test with a bigger amount of people. In addition, a group of people consisting of different sexes and ages would be even more interesting. If possible, people from different countries and cultures. This would provide more profound results, with a probable different answer to the research question.

Secondly, it would be interesting to compare research results of the Netherlands, with research results of people from for example the United States. These are both countries in which Starbucks is a popular and successful country, but the results might differ greatly. Since the Netherlands is a 'coffee country', Starbucks had reasonable chances of succeeding. However, another country might not like Starbucks simply because it is a coffee country. Therefore, it would be interesting to see what the different reasons of success are in different countries.

Thirdly, expanding ways of measuring people's behaviours would be an enrichment to the research. This would imply another kind of test, besides a taste test. For example, a test that is focused more on purely the brand image of Starbucks, and the unconscious behaviour of consumers, would be interesting.

14. Recommendations

The following recommendations are made for Starbucks as a company, in response to the findings of the report.

Firstly, it is recommended to Starbucks to pay more attention to publishing their activities with regards to corporate social responsibility. As further discussed in chapter 3.5, the company attaches great value to taking responsibility and taking a stand on social issues. These issues vary from support for health care reforms, to providing their partners of affordable health insurance, minimizing their environmental footprint, and the necessity of addressing climate change in order to being able to keep buying the coffee that is needed for the continued existence of Starbucks. However, as seen in the results of the questionnaire in chapter 10.2, only one out of the 13 people says the sustainable production is a motivation to buy from the company, which implies 1% of the respondents. Therefore, Starbucks could pay more attention to making people aware of the responsibility the company takes. Namely, the fact that only 1% of the respondents says to appreciate Starbucks' sustainable production, is probably because the other respondents are unaware of everything Starbucks does with regards to CSR.

Secondly, as seen in chapter 10.2, the respondents were rather negative in their answers with regards to Starbucks being a cool/trendy brand, wanting to visit Starbucks when seen from afar, being loyal to Starbucks even if another company starts selling the same quality coffee at a lower price, and valuing the 'comfort and togetherness' aspect of the Starbucks store. As further explained in the final conclusion in chapter 11, this might have to do with the fact that the Netherlands is a real 'coffee country' in which people might be more down to earth, which causes them to value good quality coffee over publicity stunts and marketing campaigns.

Therefore, it is recommended to Starbucks to alter the attempts of influencing the consumer behaviour that are used in other countries, to exactly that strategy or idea that works for Dutch people. As further explained in the theoretical framework in chapter 4, *"Involvement is the motivation to search for information and to engage in systematic processing, and it affects responses to persuasion, decision making, and processing of advertising"* (Richard Elliot, 2011). Therefore, it is possible that Dutch people are naturally more low involved, because they value the quality of coffee over the rest that comes with the brand. Dutch people might therefore be more interested in what the product actually does (functional realm), than what the product means to them (emotional realm). Therefore, Starbucks could possibly become even more successful in the Netherlands, if the company lays greater emphasis on the quality of the coffee, which the Dutch people appreciate the most. This can be done using their smart ways of doing marketing and branding.

15. References

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