

## ENTERPRISE - ENTERPRISE IN ACTION

### TASK

Create a new marketing mix for Starbucks

### FEATURES OF QUALITY FOR CLASSROOM-BASED ASSESSMENT 1

See Junior Cycle Business Studies:

[Guidelines for the Classroom-Based Assessments and Assessment Task](#)

## EVIDENCE: PROJECT

### Business Report Starbucks Marketing Mix



#### Introduction:

This document is used to present my group's findings on the marketing mix (the 4 p's: Product, Place, Price and Promotion) on the Mocha which is sold at Starbucks.

The ingredients in the Mocha are:

- Milk
- Brewed espresso
- Mocha sauce water
- Sugar
- Cocoa

It is sometimes topped with whipped cream and has very high levels of caffeine:

Size	USA Caffeine	Global Caffeine
Short	85mg	90mg

#### FEATURES OF QUALITY

FOQ 1: The students used an effective method of research to find out the current marketing mix.

FOQ 2: There is a good evaluation of the findings and some consideration of different points of view.

FOQ 3: The action plan is based on evidence from the research and is completed to a high standard.

FOQ 4: The project is presented clearly and in a logical manner.

[CLICK HERE TO VIEW ENTIRE PROJECT](#)

## RESEARCH: STUDENT A

### CBA One Business in Action: Template for Student Research

Project option: Enterprise in Action <input checked="" type="checkbox"/> Economics in Action <input type="checkbox"/> Finance in Action <input type="checkbox"/>	
Title of your project <i>Starbucks Marketing mix</i>	Student name <i>.....</i>
Method of research	Field (primary) research <input type="checkbox"/> Desk (secondary) research <input checked="" type="checkbox"/>
1.1 Introduction: Outline briefly the purpose of your research <i>To research the marketing mix of the Mocha in Starbucks</i>	
1.2 Method of research: Explain briefly why you have chosen your method of research <i>We may not be allowed to use field research on Starbucks premises so we are using desk research</i>	
1.3 Sources: List your source(s) of information <i>panmore.com; Panmore Institute</i>	
1.4 Summary: Give a brief summary of what you found out as a result of your research <ul style="list-style-type: none"> <li>• Amount of caffeine in mocha</li> <li>• The large sizes of Starbucks cups</li> </ul>	

FOQ 1: An acceptable research method is used to find out basic information about the product element of the current marketing mix. Some evaluation is provided to contribute to the action plan.

1.5 Evaluation of findings: Think critically about the following questions and write a short response

(a) Were you surprised by your findings? Give a reason for your answer.

a little because I didn't expect that much caffeine in <sup>one</sup> ~~the~~ drink

(b) Is the source of your research reliable? Give a reason for your answer

Yes because:

- \* - source material is constantly reviewed
- \* Authors of the articles need to provide regular updates
- \* work submitted is screened (can be accepted or rejected)
- \* name of author is always clearly stated.

(c) Is the information one-sided or biased? Give a reason for your answer.

No, it is purely facts reported by the author, which are then reviewed and screened by others before being published

1.6 Conclusion: Based on your findings what is the key message you will share with your team?

We want to demonstrate that it is possible to create a healthier alternative to a product and remain competitive and innovative

1.7 Decision-making: How do you think your findings will affect your team's action plan?

My findings show with certainty the very high levels of caffeine. Combined with high sugar content, it is certainly unhealthy. Therefore, it makes sense to produce healthier alternatives, which is what we aim to do.

1.8 Recording your sources: Provide some evidence of your research e.g. interview questions, questionnaire, photocopies, images, notes, graphic organizers etc.

## REFLECTION: STUDENT A

### CBA One Business in Action: Template for Student Reflection

Project option: Enterprise in Action <input checked="" type="checkbox"/> Economics in Action <input type="checkbox"/> Finance in Action <input type="checkbox"/>	
Title of your project <i>Starbucks marketing mix (mocha)</i>	Student name
1.1 Introduction: Provide a brief outline of your project <i>We are researching the marketing mix on the mocha, which is sold at Starbucks,</i>	
1.2 Roles and responsibilities: Describe your key role and your main responsibilities <i>To research about the marketing mix of our product, the mocha.</i>	
1.3 Summary: Give a brief summary of how you contributed to your project during the following activities: (a) How I contributed to researching the project <i>I did a section on a One note notebook so then with the others we could share our findings</i>  (b) How I contributed to analysing the research information <i>I edited one of the 4 ps to make it clearer. I did Place</i>	

FOQ 5: The student reflection shows engagement in some parts of the project.



(c) How I contributed to developing the action plan

I made suggestions on how we were going to create the new marketing mix on our product

(d) How I contributed to compiling the project

I chose to do the introduction and the rationale

1.4 Review: Describe how you got on as a team and any difficulties you overcame while working as a team or Describe the advantages and challenges of working on this group project from your individual perspective

I thought that we got on as a team. We did have a bit of difficulty finding some bits of information but it was alright

1.5 Teacher feedback

OVERALL JUDGEMENT

STUDENT A:

OVERALL JUDGEMENT



IN LINE WITH EXPECTATIONS



Exceptional



Above expectations



In line with expectations



Yet to meet

## Business Report Starbucks Marketing Mix



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It is sometimes topped with whipped cream and has very high levels of caffeine:

Size	USA Caffeine	Global Caffeine
Short	85mg	90mg



Tall	95mg	170mg
Grande	175mg	175mg
Venti	180mg	255mg

As you can see, this is not very healthy. This is something we should change.

Rationale:

- ◆ We want to change the product (Mocha) because the current version is not healthy.
- ◆ We aim to come up with a healthier alternative, at a competitive price.

Research methods:

➤ For our CBA we used two research method types, they were:

- i. **Desk Research:** Gathering and analyzing information, already available in print or published on the internet.
- ii. **Field Research:** Collecting data that is new and or original, in ways such as, surveys or interviews.

The type of desk research we did was based going on to different websites and gathering information about Starbucks, specifically their Mocha including their marketing mix, which is all information relating to their business activity, I.e. Pricing, product placement and marketing strategies used. We thought this was a good idea as we would be able to gain the information we specifically needed. Also, meant that our reporting would be accurate,

We knew some information ourselves but was a good way to make sure that the information we used was correct. When we were doing this, we would have searched "How is the mocha from Starbucks made?" or "Who are Starbucks competitors?". After researching this our information came up, we then check multiple sites to ensure the information was correct. When we made sure it was we either wrote it down in our CBA copy or online in the One Note folder that was made specifically made for this type of research. We also made sure that we took note of the website to then help us reference

for our reflection/research sheets. From this research we expected to gather our information easily and efficiently.

The type of field research we did was to create a survey for our peers to complete. We thought this would be a good idea as when we were deciding on an idea we wanted to change from their marketing mix and the specific product we wanted to see if that was something else that people our age would like. It was also a nicer option of gathering our information as it was a product that most of our classmates enjoy, we sent the survey to our class to find our results, it was super helpful and if we were to do this again we would use this method. We thought this was the best option to do as our class were also doing their CBA and we wouldn't have the time to ask them the question individually so by us sending them a link they could do it in their own time.

We expected to get a variety of results as not everybody thinks the same, or maybe what we thought would work well might not have. It was just a good indicator for us to see where we were going exactly with our project. When we created the survey, we came up with good and non-biased questions that would not alter anyone's opinion, we then created the survey on this application called "Forums" which was available on our Microsoft Office page. One member typed up the questions and layed out the survey, we also then proof read it to make sure that it made sense before sending it to our class. After a week we then came back to the survey and checked our results then printed two copies.

### Action plan for implementing research findings (marketing mix and financial information)

**Changes have been made to Starbucks pervious marketing mix to improve the 4p's of Starbucks, were going to focus on the Product.**

## Product

After much research on multiple sources we found out that Starbucks's Mocha was one of the unpopular drinks in Starbucks, I myself personally liked the Mocha so after a quick discussion we decided that we wanted to improve it.

A big factor is how were going to **improve** the Mocha,

The Mocha consists of, Espresso, steamed milk and mocha syrup, **Sugars 35g**, 2% milk and whipped cream, the size is Grande and costs on average 4 euro.

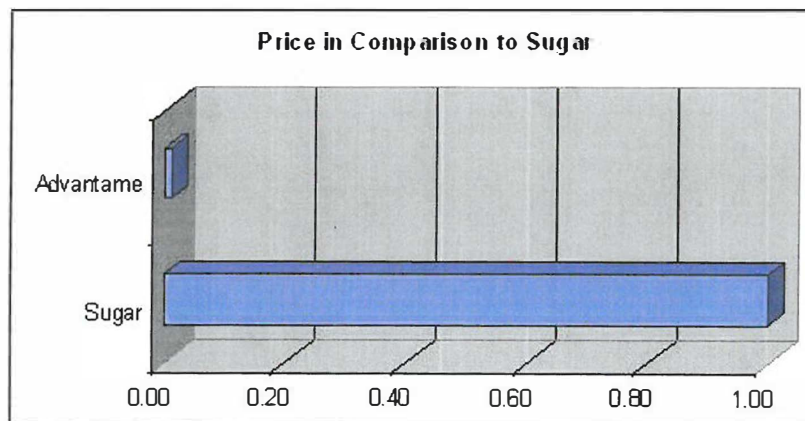
After looking at the **sugar levels** of the mocha we decided to change it to decrease the amount of sugar for a healthier drink but after some time thinking we decided that decreasing the amount sugar in this beverage would cost it to be less tasty and less people would buy it.

So how are we going to make it healthier yet still have a great taste, items in stores today can offer to have less sugar or without sugar but compared to the items with sugar it doesn't quite taste the same, and people these days would sacrifice the sugar levels for a good tasting product.

So, **here's what we decided to do**,

First, we decided to replace the normal sugar with artificial sweeteners, now I know what you might be thinking, some artificial sweeteners may be harmful or addictive or worse than sugar but the artificial sweetener we chose was **Advantame**, it is made up of from **aspartame** and vanillin, which is basically an artificial version of vanilla extract and get this, it has zero calories! It is also approved in the E.U as food additive 969 so it is an approved artificial sweetener.

The cost of advantame is **1% or less the price of sugar per unit of sweetness**.



Advantame will tempt consumers with healthy and great tasting Mocha and increase the sale rates of the Mocha.

### How will it affect the price?

Now imagine that If 1kg of sugar is 1 euro then 35 grams would be 35 cents

Advantame would cost 10 cents per 1 kg, that means that 35 grams would be 3 cents or so.

The price of the mocha would turn from 4 euro to 3.65 which also means a decrease of the price.

And what do people love most, a price drop, this will increase the numbers on Mochas sold and everyone's going to be happy.

### Price

Starbucks uses a premium pricing strategy. This pricing strategy takes advantage of the behavioral tendency of people to purchase more expensive products based on the perceived correlation between high price and high value. The company's coffee products are more expensive than most competing products, such as McDonald's Premium Roast. Through this pricing strategy, the company maintains its high-end specialty image. This part of Starbucks Coffee's marketing mix directly thereby helping the business maintain its premium brand image.

We feel that Starbucks should lower the prices of the Mocha as they are, €3.50 (tall), €4.00 (Grande) and €4.40 (venti). If they lower the prices it would lead to more purchases for the Mocha and bring more money in for the company if it is cheaper. It is also putting future customers away as their competitor prices are cheaper.

From data collected from a survey we sent to fellow students we asked this question, 'would you use the store more if they offered a student discount?'. The results were that 85% of the people that answered said yes. This would bring in a whole other group of customers into the franchise which will be very beneficial for the company, and if other students see that their friends have a student discount card they will want one to. This would also help with advertising as if there is a young face it would entice others to go, which is only going to help Starbucks soar even more than they are.

### Place

Currently Starbucks sells through

- . Cafés
- . Online Stores
- . Starbucks App
- . Retailers

We felt that there wasn't much we could change about the places Starbucks can sell as it covers nearly all the major ways you can sell a product, it covers online and caf es and retail stores which are mostly used by average consumers and Starbucks caf es are evenly scattered around any country you would go to.

Each place is an official caf e and will sell all items Starbucks offers.

### **Promotion**

Currently Starbucks promotes through:

- **Advertising**
- **Public relations**
- **Sales promotions**

We felt that Starbucks have promoted enough as it covers advertising both online ads and normal ads, Starbucks public relation is good as many people will know and recognize Starbucks as a premium caf e shop and is well known not just in Ireland but around the world.

1 Million People are now ordering Starbucks on mobile every month. The average number of sales a Starbucks can make in one day averages around 500-1000 transactions, that's orders, not drinks, e.g. five drinks per order is still only one transaction.



## Evaluation of Research Findings

Name	Do you go to Starbucks	What do you buy?	How often would you go	Do you think the price is	Why?
Jack McGinley	Sometimes	Hot Chocolate	Sometimes	I don't know	Yes
Alexander Considine	Yes	frapichino	Often	eh there ok	Yes
Kate Wilcoxson	Yes	ice tea	Sometimes	yes	Yes
Robyn Ward-Pratt	Yes	charmel frap	Often	ya	Yes
Grace Wright	Yes	Frappuccino	Sometimes	No	Yes
Dragos Cazan	Sometimes	Frappucino	Sometimes	too expensive	Yes
Hannah Morgan	Yes	frappuccino	Sometimes	no	Yes
Oren Metzuyanim	Yes	aobgg	Sometimes	nahhhhhhhhhhhh	Yes
Emily Rowe	No	nothing	Never	yeah	No
Noah Smith	Sometimes	hot chocolate	Sometimes	i think they are a bit ex	No
Ruth Macartney	Yes	latte	Sometimes	maybe	Yes
Nathan Siung	Yes	Frappuchino	Sometimes	No	Yes
Senan Delargy	Yes	hot chocolate	Sometimes	no as very expensive an	Yes
Moya Rae Tracey	Sometimes	chocolate cream lata	Sometimes	yes	No
Eli Labidi	No	no	Never	no	No

Starbucks Survey

15 responses

15

Responses

Average time to complete: 1 minutes and 12 seconds

01:12

Average time to complete

The form status is Active

1. Do you go to Starbucks in Dundrum?

Yes	9
No	2
Sometimes	4

2. What do you buy?

15

Responses

Latest Responses

*"chocolate cream lata"*

*"hot chocolate"*

3. How often would you go?

Often	2
Sometimes	11
Never	2

4. Do you think the prices are reasonable for students?

15

Responses

Latest Responses

*"no"*

*"yes"*

*"no as very expensive and us students have limited funds"*

5. Would you use the store more if they offered a student discount?

Yes	11
No	4

6. Do you think they offer enough of a variety?

Yes	12
No	3

### Conclusion

From our research, our conclusion is that Starbucks has cover promotion and place almost perfectly, the areas of improvement in Starbucks marketing mix is the product itself (how healthy the beverage is) and the price (how much the beverage costs, if they could include student discounts, etc.).

### Recommendations

**Our recommendations for Starbucks is for it to remove** the Mocha's normal sugar and replace it with Advantame (the amount can depend on how sweet it is, if it's too sweet, use less, if it's not sweet enough, use more, experiment until you get a good result.) and for Starbucks to offer a student discount or have a student discount card. Otherwise we though Starbucks is doing great now.

### Sources:

<https://www.starbucks.ie/>

<http://www.sugar-and-sweetener-guide.com/advantame.html>

<https://www.fastfoodmenuprices.com/starbucks-prices/?redir>

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<http://panmore.com/starbucks-coffee-marketing-mix-4ps-analysis>

<http://www.caffiengineformer.com/caffeine-content/starbucks-grande-caffe-mocha>

<http://www.marketingteacher.com/starbucks-marketing-mix>

<http://ww.nbrii.com/blog/the-customer-experience-starbucks/>

Survey

<http://panmore.com/starbucks-coffee-marketing-mix-4ps-analysis>

[https://www.google.ie/search?q=how+many+calories+in+a+kg+of+sugar&rlz=1C1VFKB\\_enIE602IE609&og=how+many+calories+in+a+kg+of+sugar&aqs=chrome..69i57j0.10056j0j7&sourceid=chrome&ie=UTF-8](https://www.google.ie/search?q=how+many+calories+in+a+kg+of+sugar&rlz=1C1VFKB_enIE602IE609&og=how+many+calories+in+a+kg+of+sugar&aqs=chrome..69i57j0.10056j0j7&sourceid=chrome&ie=UTF-8)

# Starbucks Survey

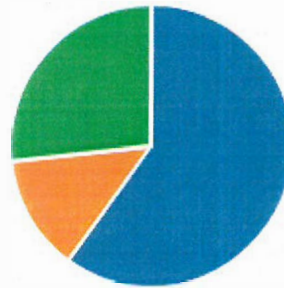
15  
Responses

01:12  
Average time to complete

Active  
Status

1. Do you go to Starbucks in Dundrum?

● Yes	9
● No	2
● Sometimes	4



2. What do you buy?

15  
Responses

Latest Responses

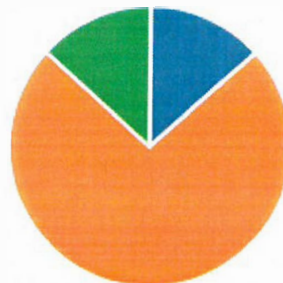
"no"

"chocolate cream lata"

"hot chocolate"

3. How often would you go?

● Often	2
● Sometimes	11
● Never	2



4. Do you think the prices are reasonable for students?

15  
Responses

Latest Responses

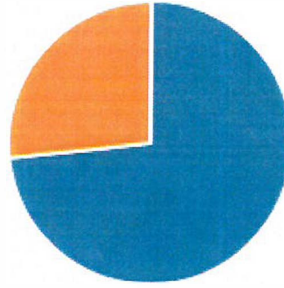
"no"

"yes"

"no as very expensive and us students have limited funds"

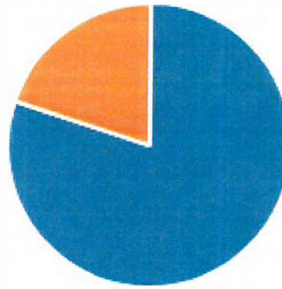
5. Would you use the store more if they offered a student discount?

● Yes 11  
● No 4



6. Do you think they offer enough of a variety?

● Yes 12  
● No 3





## Current Starbucks Marketing Mix

### Product

In order to hold its market position Starbucks provides premium product to its customers with an unforgettable experience. They position themselves in the market by continuously innovating their product and delivering high quality coffee.

Understanding the perishable nature of coffee, Schultz made sure to monitor every step involved in the production of coffee. Hence, they bought whole bean and dark roast coffee from places such as Kenya, Sumatra, Costa Rica and Ethiopia. They roasted these coffees in their own plant and sold them through their stores

To keep up the momentum and satisfy their customers, Starbucks expanded its coffee and food categories, which was 8 and 7 initially. They are innovating their products continuously and have also launched *Tazo Tea* to attract all the tea lovers in India. Across the world, Starbucks has more than 1000 different variants being offered to their customers. Even though they were a little late to introduce tea, they selected the process of brand localization to make it popular. Along with this, they also offer customers different products from season to season such as Frappuccino, strawberry cream in summers and different lattes such as gingerbread latte in Christmas. In the Starbucks store you can also find Starbucks cappuccino and coffee makers.

### Price

Price is used to find out the value of a product. The company has always put in their best to offer high value products to the customers. They buy the best quality coffee beans and make sure that their staff is efficiently and effectively trained. This is reflected in their price, because a Starbucks coffee is not cheap, and it uses premium pricing because of the experience that it offers.

However, to have a competitive edge, Starbucks started with a \$1 bottomless cup of coffee, which was not only 50 cents cheaper from their other coffees, but the customer could also refill it any number of times they wanted. Starbucks is expanding by opening stores in different parts of the world and so they have included various other value-added services such as breakfast pairings for \$3.95.

Starbucks focused on relative pricing by offering premium items. They sold whole bean coffee in various grocery stores in addition to other low-cost coffee items, such as drip coffees and Seattle's Best line. Even though Starbucks offer low cost products with high price items, they justify the higher price through comparison.

Starbucks works on a simple idea – if the consumers get premium products they wouldn't mind paying a little more. So, for them quality is the key. They never compromise on the quality of the products and implements strict and stringent quality control measures along with great customer service to justify its price.

For profit maximization they increase the price of certain drinks and sizes instead of the whole lot. By doing so, they can seize consumer surplus from the regulars who find more value in these upgraded coffees. This makes it possible for the company to enjoy a higher margin from the customers who are ready to pay more for larger cups of coffee.

## Place

- . Cafés
- . Online Stores
- . Starbucks App
- . Retailers

Originally, the company sold its products through Starbucks cafés. Through the Internet, the company now offers some of its products online. Also, Starbucks now sells some merchandise through retailers (example: instant coffee). In addition, the company uses the Starbucks App to allow customers to place their orders. This part of Starbucks' marketing mix shows how the firm adapts to changing times, technologies, and market conditions.

Through these placements, Starbucks has its own bricks and mortar presence, while taking advantage of other retailers' bricks and mortar, and at the same time maintaining a strong online offering for its "dry" products and equipment. In this, Starbucks has hit the marketing placement sweet spot.

## Promotion

Starbucks did not invest a lot of money on advertisement. While McDonalds spent around 727.7 million dollars on advertisement in 2007, Starbucks only invested 16.6 million dollars. Starbucks used their extra cash on finding and acquiring the best places for their outlets. They organized a huge event in the places where they could open new stores. They also had many other promotional activities, which included printing information on tee shirts and mugs. Apart from this they also came up with the concept of smart partnerships. This meant appointing local representatives as their ambassadors to endorse their brand.

Starbucks had gift cards for their customers. This idea promoted their product not only to their loyal customers but attracted new customers as it helped them with free advertisement. They also provided coffee to various offices without any size restrictions. Even though they do not have an official slogan they do have an official mission, which is *"To inspire and nurture the human spirit— one person, one cup and one neighborhood at a time."*

Starbucks have relied heavily on word of mouth, which provided beneficial for them as it increased their brand awareness and brand loyalty. Today, Starbucks have above 27 millions of fans on Facebook and more than 2 million followers on twitter. With its trendiness and creativity freshness, Starbucks has established itself all over the world.

References:

<https://www.marketing91.com/marketing-mix-of-starbucks/>

## New Starbucks Marketing Mix

### Product

We want to change the product because it's not healthy, so we came up with a healthy alternative.

Sugars 35g is contained in a Mocha Grande, 2% milk and whipped cream

If 1kg is 1 euro, then 35 grams would be 35 cents

Advantame would cost 10 cents per 1 kg, that means that 35 grams would be 3 cents or so.

Approved in the E.U as food additive 969 so it is an approved artificial sweetener.

It has zero calories compared to 35 grams of sugar which is 11 calories, so it is considerably healthier.

Cost cheaper too which would increase the profit and sale rate as some people or most people would prefer to stay healthy and here is a product that is healthy and tastes better than average sugar and is an approved sweetener which also means it's safe.

### Price

Starbucks uses a premium pricing strategy. This pricing strategy takes advantage of the behavioral tendency of people to purchase more expensive products based on the perceived correlation between high price and high value. The company's coffee products are more expensive than most competing products, such as McDonald's Premium Roast. Through this pricing strategy, the company maintains its high-end specialty image. This part of Starbucks Coffee's marketing mix directly thereby helping the business maintain its premium brand image.

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### Promotion

1. Advertising
2. Public relations
3. Sales promotions

The company advertises its products through television, print media and the Internet, which makes it have a wide arrange of promotions that does not need to be improved.