

A Study on Unveiling the Secret to the Success of Starbucks in India

Kareena Jaykishan Singh

Student, Thakur Global Business School, Mumbai

MD Nasir Shahid

Student, Thakur Global Business School, Mumbai

Amruta Kamlakar Birje

Student, Thakur Global Business School, Mumbai

Dr. Stuti Sahni

Associate Professor, Thakur Global Business School, Mumbai

Abstract

Over the last 20 years when one looks at evolution that has taken place in how coffee shops have started to be perceived and the kind of experience it is bringing on table for its consumers. To carry out its business successfully every business needs a workable and successful marketing strategy in order to be noticeable. A brand that opened its first store in 1971 in Seattle has grown from one store to 24000 retail stores in 70 countries. As per a source as on 27th February 2023, the number of Starbucks stores in India is 292. This makes us wonder what is the secret behind the success of Starbucks in India. The objective of this paper is to study and understand the marketing strategies of Starbucks and what makes it different from its competitors.

INTRODUCTION

In 2012, Starbucks joined forces with the Tata Group, one of the biggest corporations in India, to enter the Indian market. The first Starbucks store was opened in Mumbai, and since then, the company has expanded to other major cities such as Delhi, Bangalore, and Hyderabad. Starbucks provides a range of coffee and tea drinks in India, including its famous espresso-based drinks and a number of regionally themed drinks like the "India Spice Majesty Blend." There are sandwiches, wraps, and pastries on the menu, many of which have Indian flavors and ingredients.

To cater to the local market, Starbucks in India has made several adjustments to its menu and store design, including serving more vegetarian and non-pork options and incorporating local artwork and design elements into its stores. In addition, the company has a strong commitment to ethical sourcing and has established partnerships with Indian coffee farmers to provide high-quality, sustainably grown coffee beans. Along with

the Tata Group, one of the biggest corporations in India, Starbucks entered the Indian market in 2012. In Mumbai, the company's initial location was established; since then, it has grown to include locations in Delhi, Bangalore, and Hyderabad, among other significant cities.

OBJECTIVES OF THE STUDY

To understand the marketing strategies of Starbucks

To understand what makes Starbucks different from its competitors.

DATA COLLECTION METHOD

The information showcased in this paper is through the data which was collected through both primary and secondary sources through interviews and websites, articles, journals.

STATISTICAL REVIEW

- By 2022, the coffee chain was present in 26 Indian cities.
- There are **292** Starbucks stores in India as of February 27, 2023
- A store for every 1,207,294 people, in Maharashtra with about 35% of the total number of Starbucks stores.
- The total net revenues climbed by 11% to \$32.3 billion in the fiscal year 2022 from \$29.1 billion in the previous year, including \$576 million related to the extra week in fiscal 2021.

LITERATURE REVIEW

(amol, 2015) The establishment of a 50:50 joint venture with Tata Global Beverages, according to the researcher's study, created a very strong link and sense of trust among the Indian public. Because the known name TATA aided in dealing and negotiating with the government as well, they almost simplified dealing with external stakeholders like suppliers, distributors, creditors, etc. by doing this. The same analysis he did explains how Starbucks expanded its menu to accommodate Indian tastes. They boldly boast on their website that they have incorporated special menu items with distinctive Indian flavors. These meals include Tandoori Paneer Sandwich, Chatpata Paratha Wrap, and Murg Kathi Wrap, among others. As a result, products were created specifically for the Indian market.

(BY NAINI THAKER, 2022) She quoted Mr. Das's remark that "With India, there is no lack in terms of consumers" in her essay. While the market for coffee is modest and most people drink tea, it is undoubtedly expanding quickly. In that regard, competition is beneficial because it hastens the growth of the category. As far as we're concerned, it all comes down to giving our consumers the "Starbucks Experience," which includes selecting the ideal locations, creating the ideal ambiance, brewing the ideal coffee, and demonstrating artistry,

creativity, and a connection with the client. We are convinced that we will keep expanding as long as we carry out these tasks correctly.

(linda, 2023) Starbucks has been successful in leveraging the rising trend of health concerns by providing healthier options like soy milk and gluten-free products. Finally, the business has been successful in customizing its menu and retail layout to better suit the Indian market, which has increased its appeal.

(Reviews, n.d.) The cornerstone of Starbucks' approach to establish a long-term competitive advantage is product differentiation. Starbucks distinguishes itself by superior customer service and high-quality coffee. Starbucks achieves the "Starbucks Experience" by creating well-designed locations with a pleasant ambiance and knowledgeable employees..

(Roy & Fischer, 2019) Instead of having a quick food restaurant feel, the outlets have a neighborhood coffee shop vibe. Tata provides access to resources relevant to India, an understanding of the local market, and a strategic network. Also, Starbucks gained the knowledge necessary to operate in an uncharted institutional environment as a result of this collaboration, which is a tactical advantage.

As per study of (smatmaster.co.uk, 2021) Apart from the fact that partnering with local businesses truly helps them in establishing up their business, obtaining raw materials and numerous legal and formalities may be taken care of, it also has a negative influence as Partnering with local businesses means you have to split your profit as well. Although Starbucks' premium price model is quite successful at attracting a specific niche of customers, it may result in a significant loss of customers, particularly in developing nations.

STRATEGIES OF STARBUCKS WHICH MAKE THEM SUCCESSFUL

Digital interaction with customers

The expansion of Starbucks' digital interactions with consumers is one of its top priorities. In order to do this, it is putting new strategies into place to draw digitally registered consumers aside from the rewards program. For instance, the coffee company uses Wi-Fi sign-ins at its physical stores and provides mobile order services.

Starbucks Social Media Strategy

On social media, Starbucks is universally acknowledged. The business's numerous social media pages are well-known for their distinctive branding, engaging messages, and appealing content. There is a wide variety of material, such as features, photography, articles, and recipes. There is, however, more than meets the eye. The content broadcast can be divided into a number of campaigns intended to build community and company awareness.

Starbucks Product-based Marketing Campaigns

Starbucks has dedicated itself to pushing unique and consumer-favored beverages. The company is aware of just how popular its signature products are, but even more so, it is cognizant of the audience's appetite for this kind of material. They've even set up social media pages for two of their devoted customers' favorites, the Pumpkin Spiced Latte and Frappuccino, where they share and promote amusing jokes. User-generated material (UGC) plays a role in this as well. Customer photos of the more Instagrammable goods, like the Unicorn Frappuccino, are frequently chosen to be shared again via the official channels and also utilized in influencer campaigns.

Starbucks Corporate Social Responsibility-based campaign

Starbucks advertises itself as inclusive and open-minded by using societal change as a marketing strategy. A prime example is the LGBT+ community's support effort, #ExtraShotOfPride.

Community-based campaigns

Another element of Starbucks' digital strategy is the focus on people and communities. Take a look at the #RedCupArt campaign, which increases interaction while also providing users with access to a variety of user-generated content. By using narrative to depict bold and charitable acts in American towns, they localise the topic. Starbucks tries to humanise the brand by sharing tales on their account about the employees that are essential to the company, especially at a time when customers are leery of big businesses. This sense of community also makes online coffee content communal because they effectively invented the contemporary coffeehouse culture back in the day.

Marketing during festival

Starbucks adopts a variety of marketing strategies to leverage festivals and holidays to attract customers, boost sales and build brand awareness. These strategies include creating limited edition festive-themed beverages and food items, promoting them through social media and interactive campaigns, decorating its stores with festive decorations and music, offering special discounts and promotions, and partnering with other businesses and organizations to sponsor festivals and events. By implementing these strategies, Starbucks aims to create a memorable customer experience and strengthen its position as a leading coffee brand during festive periods.

Marketing Throughout COVID-19

Everyone is aware of the epidemic of COVID-19's rapid global expansion. All firms experienced an overnight impact. They had to acquire the skills necessary to survive in these unusual situations. Indeed, the pandemic had a substantial detrimental impact on the Indian business, but Starbucks consistently came up with innovative solutions to mitigate the harm. These actions by the coffee colossus during the outbreak serve as a case study in themselves and serve to highlight why it is the most admired.

Considering other factors that indirectly contribute towards the marketing of the company**Quality**

Speaking about the first factor, quality, consumers choose Starbucks over other coffee shops because they believe that the quality offered by Starbucks is significantly higher than the quality offered by other coffee shops. They believe that Starbucks provides them with the best quality and quantity while upholding sanitary standards, and that the raw materials it uses are of higher quality than those utilized by other market players. The group of customers who like sugar-free coffees and beverages loves going to Starbucks since it offers sugar-free items on its menu as well. In contrast, some coffee shops, like CCD and...., do not offer sugar-free products across their entire menu. Also, if you are not pleased with the Starbucks beverages you purchase, they will replace it right away. You can also personalize your own coffee at Starbucks using a variety of options.

Service and ambiance

They believed that the atmosphere at Starbucks was highly alive, dynamic, and bright when comparing it to other businesses' ambiance and service, which is another important factor. In addition, Starbucks offers free Wi-Fi and charging stations for laptops and smartphones.

As they receive services for working from the café, working-class people would therefore undoubtedly prefer to visit Starbucks.



PRECEPTUAL MAP

POSITIVE CONSUMER PRECEPTION

Quality

Customer services

Hospitality

Hyped

GOOD EXPERIENCE

BAD EXPERIENCE

Very expensive

Value for money

Over crowded

NEGATIVE CONSUMER PRECEPTION

CONCLUSION

Due to its enviable leadership and widespread presence, Starbucks is the market leader. Because of its quaint setting, friendly environment, and unrivalled service, a customer's experience at a Starbucks location may differ from that of any other coffee shop. Their warm "perfect coffee shop atmosphere" ought to show to be a tenable competitive advantage. Due to their successfully implemented retail outlets and on-site collaborations strategy, Starbucks now holds the top spot in the established sector. As a result of its comprehensive marketing approach, Starbucks enjoys a dominant market position. The success of Starbucks in India can be attributed to a combination of factors, including its localization strategy by incorporating Indian flavors, offering vegetarian options, and partnering with local suppliers, its focus on creating a unique customer experience, and its emphasis on high-quality products and services. By tailoring its menu and store design to cater to Indian tastes and preferences, Starbucks has been able to differentiate itself from local competitors and establish a strong brand presence in the country and appeal to the diverse consumer base in the country. Additionally, Starbucks has leveraged digital marketing and social media platforms to engage with customers and create a personalized experience. The company has also emphasized sustainability and ethical sourcing practices, which resonates with the socially conscious Indian consumers, who place a high value on social responsibility. However, Starbucks faces competition from local and international players, and the company will need to continue to innovate and adapt its marketing strategies to maintain its competitive edge in the Indian market. Overall, Starbucks' successful marketing strategies in India serve as a valuable case study for multinational companies looking to expand into emerging markets.

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