

## Coffee Shop (Starbucks) in River Falls



### Executive Summary

The following marketing plan is for the opening of a Starbucks coffee shop, located on Main Street in River Falls, WI. The ultimate goal for creating this business is to offer River Falls with a quality coffee shop that is affordable and provides a comfortable environment for everyone. River Falls provides us a great target market of college students and allows for the opportunity of expansion further on. There is little existing competition in this market and we hypothesize that with our focus on college students, green marketing, and affordability, this business will prosper.

Starbucks Coffee seeks to position its products as the first choice coffee beverage for the busy college student on a budget. Our goal is to affectively introduce Starbucks into the River Falls community and establish a loyal customer base. A special emphasis will be placed on expanding current markets and creating a long-term customer relationship. Starbucks has a wide menu and affordable prices geared toward our college student target market. A convenient location, a solid and reputable brand name, green attitude, and quality products are some of our marketing strategies. There is a tremendous focus on creating an inviting environment for our customers as well as providing products that suit all customer tastes and preferences.

Traditionally Starbucks is known for its Viral Marketing and non-traditional advertising venues. The new location in River Falls will also be advertised locally in order to gain the greatest profit with minimal advertising cost. Local promotions in River Falls will include local, sponsorship, and promotional advertising on campus and in town. Part of our advertising program will be creating coupons, promoting special discount days, buyer rewards, and student discounts. Our other focus will be on viral marketing strategies and print advertising. Our aim is to be the only coffee shop in River Falls that caters to everyone in the community, while providing a comfortable atmosphere off socializing off campus.

**Vision Statement:** To provide River Falls with a quality coffee and comfortable environment for everyone.

**Mission Statement:** To provide a wide variety of quality beverages for local customers in a relaxing, affordable environment. Our environment will provide an ideal place for studying and social experiences while providing our customers with the convenience of Wi-Fi internet.

**Value Proposition:** We will have the only coffee shop in River Falls that caters to everyone in the community, while providing a comfortable atmosphere off socializing off campus.

### Marketing Overview

#### Internal Environment:

Our goal is going to be to accomplish our mission statement. We will have a strong organization structure

## S.W.O.T. Analysis

### Strengths:

- Student Discounts to attract business
- Relaxing environment
- Complimentary WiFi connection
- Affordable
- Central location
- Locally owned
- Competitive Pricing
- Offer more than just coffee
- Green Marketing

### Weaknesses

- Focusing on beverages and not having much food
- Competitors
- Cost of creating the new business in River Falls
- Our brand name
- Less focused on being quit and convenient for on the go

### Opportunity

- Room for expansion
- Large customer markets including: Students and community of River Falls
- River Falls customization
- Expand into having entertainment such as music

### Threats

- Dining dollars
- Caribou coffee in the UC
- Gas stations
- Size of the building
- College students not having money
- Other local
- Freddy C- Store

### Competitive Analysis: Scale 1-5. 1 being worst and 5 being best

Coffee Shop	WiFi	Quality Coffee Product	Quick for on-the-go	Dining Dollar availability	Punch Card availability	Provide good social environment	Wide variety of food products
Starbucks	5	5	3	1	5	5	2
Freddy C-Store	4	2	5	5	5	1	5
Caribou Coffee	5	5	4	1	5	2	3
Gas Stations	1	2	5	1	5	2	5

## Marketing Objectives

The River Falls Starbucks Coffee marketing objectives are to effectively introduce Starbucks Coffee to the River Falls community by means of advertising and promotions, in efforts to establish brand loyalty. Also, to get a fourth of the way to our breakeven point and to make two additions to Starbucks too further satisfy the River Fall community over the next year.

## Target Markets

### Consumer Markets:

Starbucks Coffee will continue to target its existing consumer markets, as well as expanding to reach a younger, college target market to help increase sales in the River Falls area. The primary consumer market for Starbucks Coffee can be described as follows:

### Demographics:

- Male and Female college students and adults
- General Age: 18-35
- College students with a limited budget
- Education level: in process of obtaining college degree or newly graduated
- Primarily located in college towns (River Falls)

### Psychographics:

- Fast-paced lifestyle, interested in quick energy fix
- Spend a lot of time and energy on school
- Live very busy lives and need to use time wisely to enjoy all activities they want to do
- Limited amount of money, some emphasis on health and personal fitness
- Enjoy spending time with friends

### Media Habits:

- Technology-based consumers
- Individuals likely to use internet for all needed information such as; news, finances, communication, music, and social networking
- Likely to own the newest cell phones, laptops , MP3 Players, and devices
- Consumers prefer to watch trendier shows on television such as *The Office*, *Grey's Anatomy*, *Lost*, *Entourage*, *House*, and *Project Runway*
- Magazines Frequently read include *Elle*, *Popular Mechanics*, *Business Week* , and *Time*
- They are likely to listen to internet or satellite radio or music on an MPG device

### Organizational Markets:

Starbucks Coffee in the past has targeted the wealthy, urban adult consumer. They have marketed toward convenience, an inviting atmosphere, and socialization. To increase distribution and sales of its products, Starbucks will now place more of an emphasis on the following in the future:

- College and university campuses
- Smaller less-urban towns

The college market is a relatively untapped market. Often college kids need an energy fix and are likely to have the few dollars on them to buy a cup of coffee. Starbucks is a well-established name that many of them

have grown up with and come to recognize. In addition, college kids are all about socialization and technology. A Starbucks store provides all three of these ideals to the college consumer. Also by placing stores in smaller, less-urban towns, we are entering a relatively easy marketplace. Not many coffee shops are willing to enter such markets due to the smaller consumer base. However, this would be an opportunity to establish consumer loyalty and gain long-term customers.

### **Positioning the Product**

Starbucks Coffee seeks to position its products as the first choice coffee beverage for the busy college student on a budget. The justification for this positioning is as follows: many coffee beverages are available. There is competition from Caribou Coffee right here in River Falls, and Starbucks wants to win over the target market. Starbucks coffee provides superior coffee beverages, better-tasting teas, and nutritious food to suit every interest at a price that is affordable for college students. Starbucks has developed environmentally friendly packaging, recyclable containers for on the go, and resides in a convenient location right in downtown River Falls to make business the easiest and most convenient for everyone. Starbucks wants to have a go green, professional and fun image that will attract college students from every angle. Starbucks has perfected its products, packaging, pricing, and promotion in an effort to create the best image possible for its target market. This positioning is thus supported by all its marketing strategies.

### **Product strategies:**

We will be using the Starbucks brand name to help us get known and more effectively enter the market. Especially for just entering the market, our main focus is going to be on our core products of coffee beverages. While our main concentration is going to be on coffee products we also want to put a lot of focus on our coffee shop's environment and emphasis our efforts to be a "Green" coffee shop. In addition we want to be known for having outstanding service with employees who care and are intuitive to our customers.

Our goal for our products would be for our current coffee products to become a more mature product for the company and to increase the customer's interest in Starbucks coffee. However, we would also look into having product line extensions for new coffee products and to further develop our food options offered at Starbucks.

When enjoying our coffee beverages in the shop we are going to serve beverages in mugs and glasses that can be washed and use multiple times within the Starbucks. For our beverages on-the-go, we will have recyclable containers that carry the company's logo on it. Coffee sleeves that are placed around the cups will also carry the Starbucks logo and be recyclable. To contribute to our goal of being an environmentally friendly business we will offer incentives and encourage customers to use their own reusable mugs and thermoses when visiting the coffee shop. See below figures for examples of product packaging.



Figure 1: Recyclable coffee containers for on- the-go.

Figure 2: Recyclable coffee sleeves.

Figure 3: Environmentally friendly reusable mugs.

<u>Menu</u>				
<b>Coffee</b>				
Brewed Coffee of the Day	\$1.50	\$1.80		\$1.90
Iced Coffee		\$1.50	\$1.80	\$1.90
<b>Espresso Creations</b>				
Caffè Latte	\$3.00		\$3.55	\$3.85
Caffè Mocha	\$3.20		\$3.75	\$4.00
Flavored Latte	\$3.40		\$3.95	\$4.25
Cappuccino	\$3.00		\$3.55	\$3.85
Caramel Macchiato	\$3.25	\$3.85		\$4.10
		Single Shot		Double Shot
Espresso	\$1.50		\$1.85	
Additional Espresso Shot	\$ .50			
<b>Coffee Alternatives</b>				
Hot Tea	\$1.25		\$1.80	\$1.80
Chai Latte	\$2.75		\$3.00	\$3.25
Iced Tea	\$1.25	\$1.80		\$1.80
Iced Chai Latte	\$2.75		\$3.00	\$3.25
Hot Chocolate	\$2.80		\$3.05	\$3.30
<b>Cold Drinks</b>				
Frappuccino, Vanilla & Mocha	\$1.75		\$2.25	
Bottled Pop			\$1.25	
Bottled Water			\$1.25	
Juices, Apple & Orange			\$1.25	
Lemonade			\$1.50	
Gatorade		\$1.50		
<b>Foods</b>				
Muffins			\$1.50	
Cookies			\$1.00	
Chocolate Chunk, Peanut Butter, Oatmeal, Raisin				

**Pricing Strategies:**

The pricing strategy chosen is one that will demonstrate that we understand that our target market can't afford high prices, so our set prices for our drinks and foods show that we have taken their situation into consideration and set our prices to show that to our customers. We will also take into consideration our target market not being able to afford high prices by setting our prices on a competitive level.

**Promotional Strategies:**

At current locations, Starbucks promotes its products by mainly unconventional strategies rather than typical billboards and ad space. Starbucks uses viral marketing on the Internet in order to promote its products and business. Buzz has spread throughout the country about Starbucks coffee. They are very unique when it comes to promotional

strategies and delivering satisfaction to customers. Since the opening of Starbucks in 1980, the word has been spreading rapidly by mouth and with little influence by viral marketing.

With our new location in River Falls, we have decided to promote Starbucks coffee with more influence towards college students and the direct community. Since Starbucks has become widely famous and stores are located in nearly every town, the new location in River Falls will be advertised locally in order to gain the greatest profit with minimal advertising cost. Local promotions in River Falls will include local, sponsorship, and promotional advertising on campus and in town.

**The following are promotional strategies that will be used:**

1. Local Advertising: Starbucks will be located on Main Street in the town of River Falls and will be promoting locals to drink Starbucks coffee. Many ways to advertise to the UWRF Campus as well as the community include radio and TV stations, as well as local newspapers.
  - *The Student Voice* is the main paper around campus and it written and read by UWRF college students. By placing an ad in the school newspaper, the message will get to an estimated 70% of students on the campus.
  - *WRFW* is the campus radio station and is willing to promote local businesses. The station is aired both on the radio and on a local TV Station.
  - *The River Falls Journal* will spread the advertisement
  - from a campus-gearred business to the entire community of River Falls and surrounding areas. Readers from the community will see the ads and use the Starbucks located on Main Street
2. Promotional Strategies: Aside from getting advertisements out to the community, Starbucks will promote specific items and sales each month in order to gain customers and profit. Customers are more willing to check out a new coffee shop if deals and promotions are being held, which is easily afforded by the large business that Starbucks is.
  - *Coupons* are always a good seller for businesses such as Starbucks. Members of the community will feel motivated to come and try out a cup of coffee at our convenient location on Main Street and after tasting the coffee, will want to keep coming back.
  - *“Dollar Days”* are another idea for a promotional strategy that will be held 3 times per year and promote people to come in for a cup of coffee for only one dollar. This will raise our customer count and still bring up our sales.
  - *Starbucks Rewards Cards* will motivate people to keep buying our coffee in order to receive a discount on our product. Each purchase will be worth a punch on the card, and after 10 buys, the customer will receive a free cup of coffee. Promotions such as this will keep customers coming back and feeling willing to buy in hopes of a reward in the long run.
3. Viral Marketing: A current strategy used by Starbucks currently is working successfully should be continued in the promotional categories. By advertising online and creating buzz, the word about Starbucks in River Falls will spread quickly and hopefully gain customers. The generation that is the target audience for our advertising is very Internet-gearred. Viral marketing will be the most effective way to get the work out about a new coffee shop going in town on Main Street.

Strategy	Jan	Feb.	Mar.	April	May	June	July
Viral Marketing	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Starbucks Rewards Cards	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Dollar Days	\$200			\$200			\$200
Coupons	\$1,000						
WRFW Radio	\$200	\$120	\$120	\$120			
School Newspaper	\$265	\$210	\$210	\$210	\$70		
Local Newspaper	\$350	\$350	\$260	\$120	\$120	\$70	\$70

Aug.	Sept.	Oct.	Nov.	Dec.	Total
------	-------	------	------	------	-------

\$3,500	\$5,50	\$5,500	\$9,500	\$9,500	\$72,000
\$35	\$35	\$35	\$35	\$35	\$420
		\$200			\$400
\$1,000		\$1,000	\$1,000	\$3,000	\$7,000
	\$60	\$120	\$200	\$250	\$1,190
	\$265	\$265	\$320	\$320	\$2,135
\$120	\$360	\$260	\$410	\$410	\$2,900

#### References

Figure 1 “*Starbucks Strikes Again*” (June, 2007). [http://sixuntilme.com/blog1/2007/06/starbucks\\_strikes\\_again.html](http://sixuntilme.com/blog1/2007/06/starbucks_strikes_again.html)

Figure 2 “*What Your Starbucks Drink Really Says About You*” (Nov. 2010). <http://www.zootpatrol.com/index.php/2010/11/what-your-starbucks-drink-really-says-about-you/>

Figure 3 “Starbucks Store” (2011). [http://www.starbucksstore.com/products/shprodli.asp?DeptNo=8100&ClassNo=0035&SubClassNo=0965&CCAID=SBSRGOSP1MGBR&utm\\_source=google&utm\\_medium=pc&utm\\_term=starbucks%20travel%20mug&utm\\_campaign=Starbucks%20Store%20Brand&gclid=CKbZ8qqku6gCFYEUKgodUUaqEg](http://www.starbucksstore.com/products/shprodli.asp?DeptNo=8100&ClassNo=0035&SubClassNo=0965&CCAID=SBSRGOSP1MGBR&utm_source=google&utm_medium=pc&utm_term=starbucks%20travel%20mug&utm_campaign=Starbucks%20Store%20Brand&gclid=CKbZ8qqku6gCFYEUKgodUUaqEg)

“Starbucks Marketing Strategy Unconventionally Effective” (n.d). <http://www.voteforum.com/starbucksmarketingstra>