



**Digital Loyal Customers
Deliver Business Value
Starbucks – A Case Study**

Starbucks Customer Engagement Case Study

- Starbucks – the facts & figures
 - Offline presence
 - Online Presence
- Starbucks Social Conversation Sphere
 - Learning From Customer Conversations
 - Developing Engagement Mechanisms
 - New Product Development – VIA Instant Coffee
- Starbucks Reward Program
 - Customer Activity
 - Mobile Payment App
- The Business Results
- Q&A

Starbucks Background

Starbucks: An Illustrated History

Real World Footprint

Starbucks Coffee Quick Facts:

Founded in:	1971
Founded by:	Jerry Baldwin Gordon Bowker Zev Siegl
First Store:	Seattle
H. Schultz joins:	1982
Number of Stores :	17,000 +
Number of Countries:	55 +
Updated Feb 2012	

Starbucks 5 ways of being:

- Be welcoming
- Be genuine
- Be considerate
- Be knowledgeable
- Be involved

"the Starbucks experience", Joseph A. Michelli



Starbucks Background – Online Social Footprint

Branded & Managed Public Social Network Communities

Hosted Communities

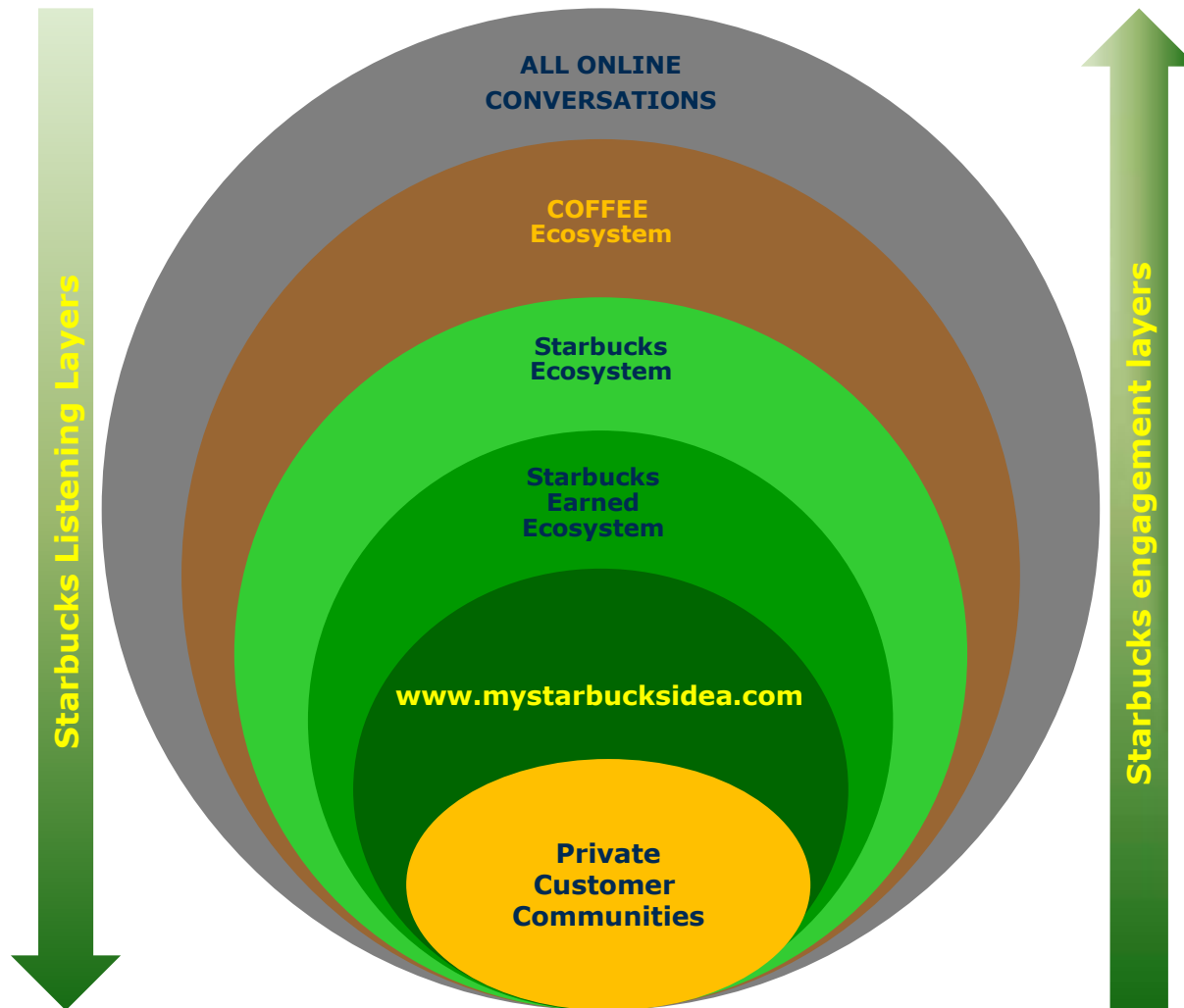


MyStarbucksIdea: 126k ideas

Ideas ARE Implemented:
VIA Instant Coffee
Mobile Payments

From Starbucks FY 11 Annual Report

Starbucks - Social Conversation Sphere



Each layer in the Social Conversation Sphere offers an organisation a opportunity to derive insights which can be actioned to deliver business value.



Starbucks
Ecosystem

All Online Conversations
On every Social Platform
In EVERY Country
About STARBUCKS

UNEARTHING “NUGGETS”

Starbucks Ecosystem

Social Insight Project

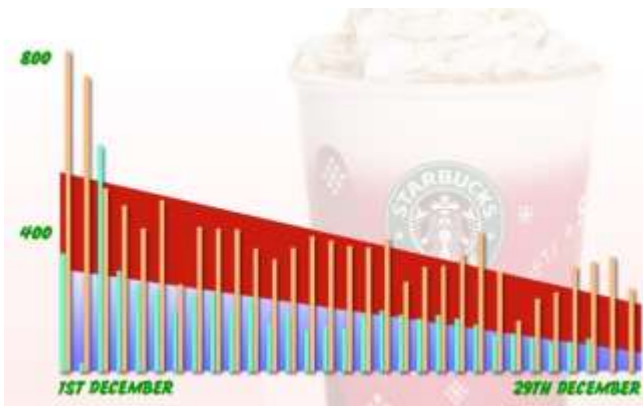
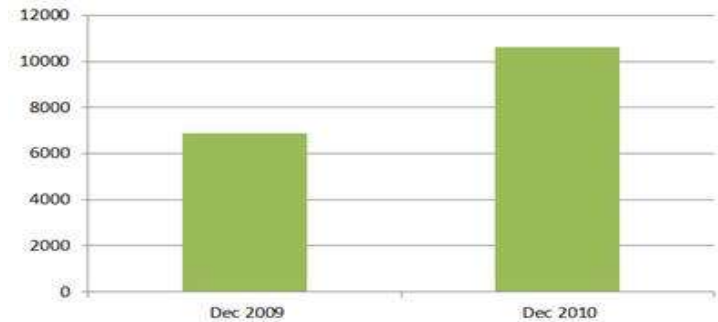
Christmas Coffee Flavours Dec 2010

Festive Flavours Insights

In November each year Starbucks launch their red cup campaign and offer festive flavoured coffee in the majority of the markets they operate in. Not all flavours available in all countries.

In Dec 2010, research was carried out on conversations around 5 festive flavours Gingerbread, Eggnog, Toffee Nut, Peppermint & Dark Cherry in 3 markets the UK, Singapore & Australia.

Conversations double
Dec 2009 to Dec 2010



Similar patterns in conversation volumes in 2009 & 2010

1st Dec Spike related to World Aids Day

2nd Dec Spike related to charity open house in Singapore

Observations on conversation around flavours...



Gingerbread is an **emotive** flavour which results in words and phrases around the **emotion** of the festive period.

Toffee Nut is an **indulgent** flavour which results words and phrases around the **sensations** evoked when drinking the coffee.



Key Observations from conversational tones around different flavours

- Customers associate different emotions and senses with the different festive flavours
- Flavours provide changes in tone and differences in conversation
- Geographic locations do not significantly impact conversation tones

Starbucks
Earned
Ecosystem

All Online Conversations
On Starbucks Managed
Social Platforms
In EVERY Country
About STARBUCKS

Starbucks
Managed Public
Ecosystem

Starbucks Earned Social Ecosystem

Facebook: 28.3 million
4.3m check-ins

Youtube: 12.7k

Twitter: 2.1 million

Flickr: 6,799 (inactive)

Starbucks Coffee Company

Profile

Name: Starbucks

Channel Views: 491,117

Total Upload Views: 8,031,310

Joined: 30 November 2005

Last Visit Date: 4 days ago

Subscribers: 0,000

Website: <http://www.starbucks.com>

About Us:

We were founded in 1971, opening the first store in Seattle's Pike Place Market. Starbucks, named after the first muller in Herman Melville's "Moby Dick," is the world's leading retailer, roaster and brand of specialty coffee with millions of customer visits per week at stores in North America, Europe, Middle East, Latin America and the Pacific Rim.

Headquarters: Seattle, WA

Country: United States

Interests: Coffee

#65 - Most Subscribed (All Time) - Sponsors - Global

#65 - Most Viewed (This Week) - Sponsors - Global

#63 - Most Viewed (All Time) - Sponsors - Global

Report profile image violation

Subscribers (9005)

Starbucks Earned Ecosystem – Facebook Engagement

Who is your favourite person to have coffee with?

The majority of the 37,147 answers were best friends or close family members.



Findings from Facebook Question influences messaging on Red Cup Packaging....

"why we're best friends"



www.mystarbucksidea.com

All Online
Conversations on
mystarbucksidea.com
In EVERY Country

CUSTOMER INNOVATION & PRODUCT LAUNCH



126,360 ideas (February 2012)

Starbucks VIA® Ready Brew



Innovation & Product Launch – VIA Instant Coffee

- Innovation
 - Starbucks VIA – instant Starbucks Coffee
- Risk
 - Starbucks VIA could have cannibalised existing revenue streams
- De-Risked Product Development Through
 - Customer Engagement and Feedback
 - Starbucks asked customers how they would use an instant version of their coffee
 - When staying away from home, in a hotel on business
 - When time is short at home
 - When time is short in the office.....
 - Customer Insight
 - Starbucks customers gave them
 - Use Cases for VIA Instant Coffee
 - Packaging Insights – single serving sachet
- Product Launch
 - Starbucks launched VIA across ALL their channels

THE RESULT - VIA is Starbucks Most Successful Product Launch

YEAR 1

VIA Revenue 2010

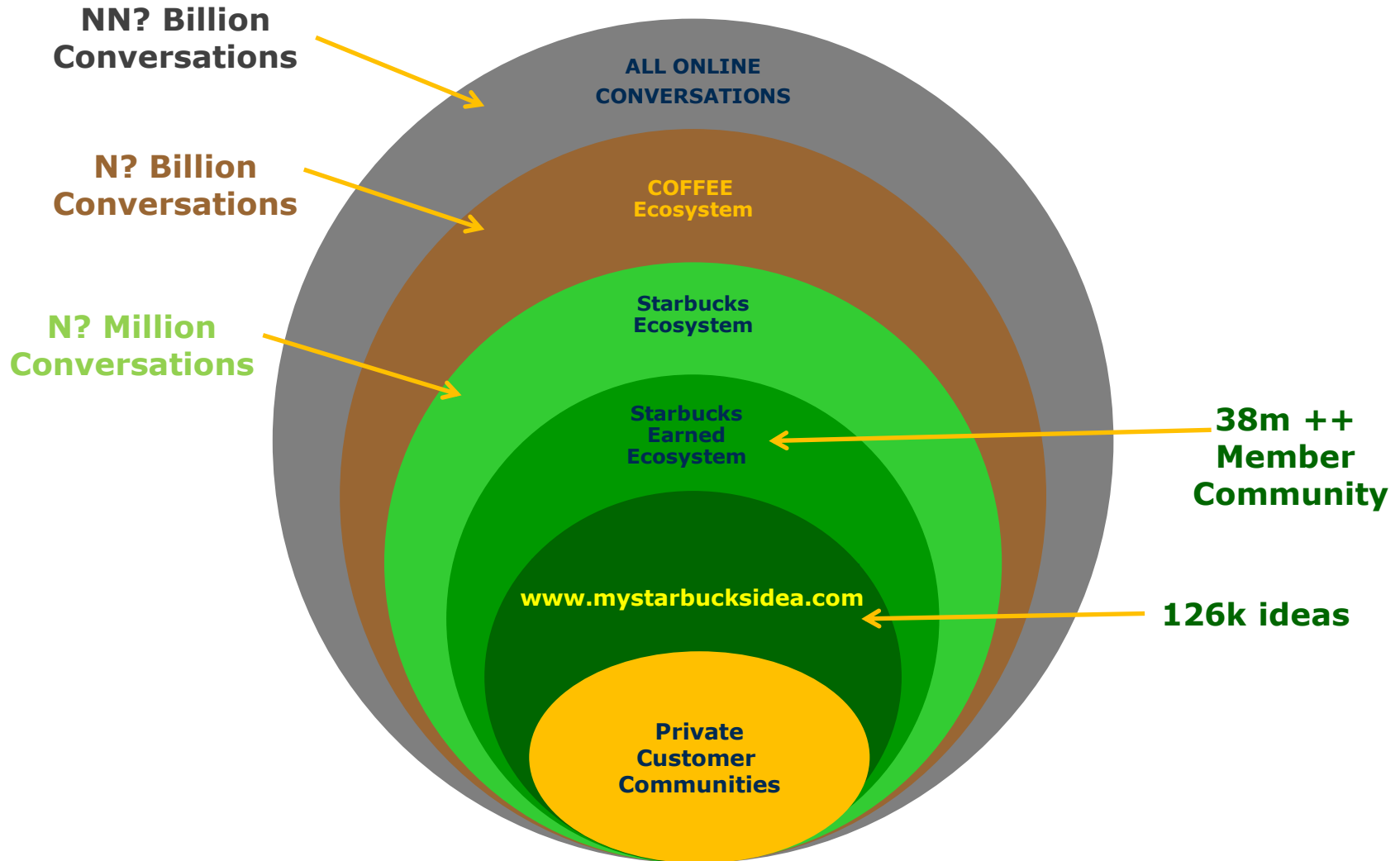


YEAR 2

VIA Revenue & Growth in 2011



Starbucks - Social Conversation Sphere

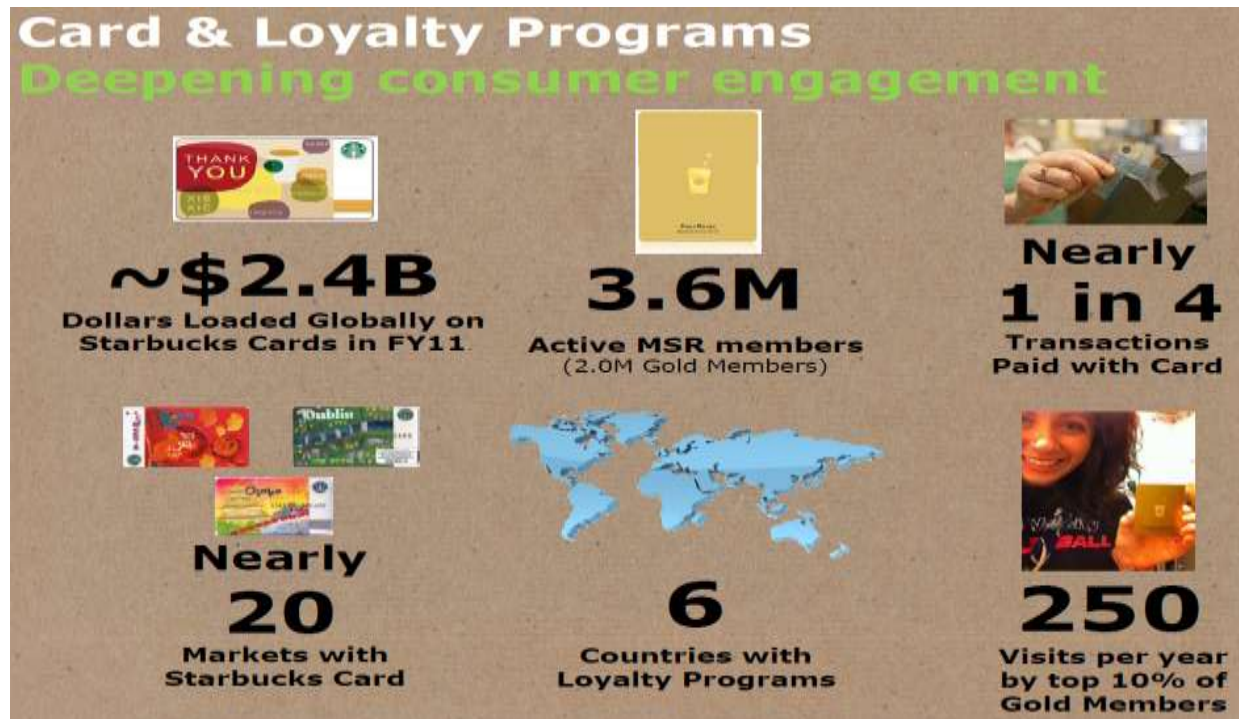


From Engaged Community to Loyalty & Deeper Consumer Engagement...

STARBUCKS REWARD CARD



Starbucks Rewards – CUSTOMER CASH FUNDING GROWTH



US\$11.7billion

FY11 Annual Revenue

US\$2.4billion

CASH pre-loaded on customers Starbucks Cards

20% of revenue pre-loaded cash

14% operating margin = US\$336m investment fund

US\$666

Average annual pre-loaded \$\$ on MSR member cards

Starbucks Rewards goes Mobile



Everything is easier with Starbucks Card Mobile.

Just enter your Starbucks Card number and your iPhone becomes your Starbucks Card. You can register your card, check your balance and track the Stars you earn toward free beverages through My Starbucks Rewards.

We saved the coolest feature until last - you can pay for your drink using the Starbucks Card Mobile app. Enter your card number and your device will display a barcode you can use to pay your Starbucks Card to make purchases. It's fast, it's easy. And it's a revolution in mobile payment. Mobile Pay is available at nearly 6,000 company-operated Starbucks stores, including all Target® Starbucks stores, in the United States. To find a store, use our Store Locator and select the Mobile Payment filter.

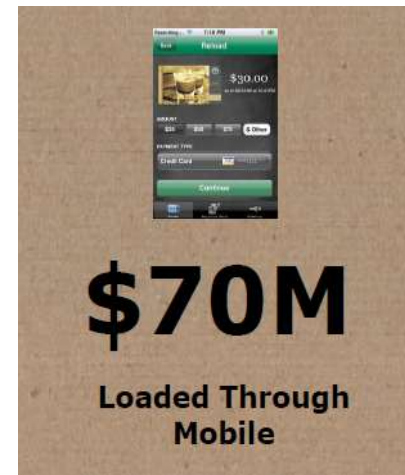
Have more questions about the Starbucks Card Mobile app? Consult our FAQs.



Starbucks Mobile provides more consumer data:

- Unique Customer ID
- Your phone number
- Your bank details
- Credit Score
- Where you live
- Where you shop
- What coffee you prefer
- How often do you buy coffee/other products
- If you use their Wifi network
- Which locations you visit regularly
- Which locations you visit occasionally
- And much more.....

Starbucks Mobile Payment Adoption Growing



\$70M

**Loaded Through
Mobile**

FY11 mobile
pre-loaded cash value

Starbucks Engaged & Loyal Customer Community

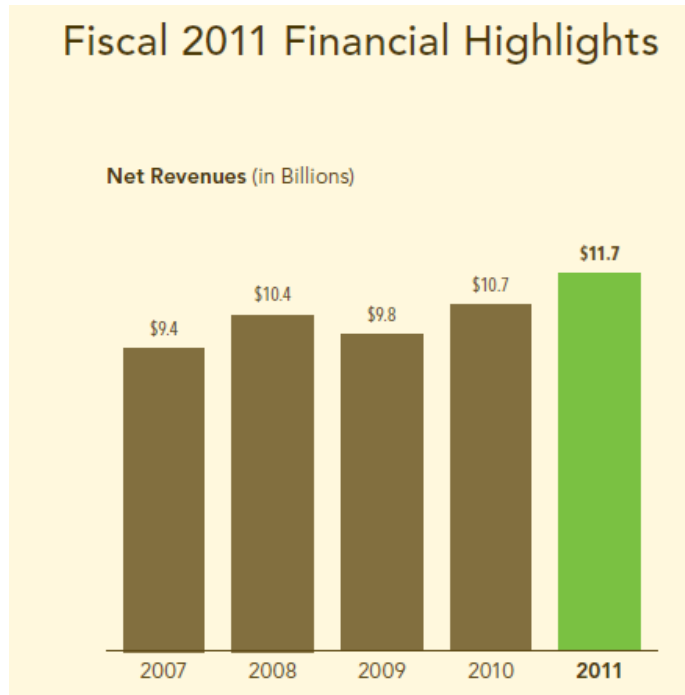
- facilitates direct access to customers
- allows Starbucks to listen to their customers
- allows Starbucks to engage with their customers
- gives permission to test & trial new products
- is an active and engaged partner
- demonstrates loyalty & trust through the Reward Card
- is open to adopting new initiatives like Mobile Payments

The Starbucks community is participating in the future of the Starbucks.

STARBUCKS BUSINESS RESULTS



Starbucks engaged and loyal customers deliver REVENUES



Starbucks.....

Engaged Customers Provide Insight

Loyal Customers Generate Revenue

Engaged & Loyal Customers

ACCELERATE GROWTH.....

Starbucks Customer Engagement Case Study

Q & A





THANK YOU

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