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Department of Psychological and Behavioural Science

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Starbucks: Emphasizing the Green

Candidate Number: 40576

London School of Economics and Political Science

PB417: Consumer Psychology

Summative Assessment 2020



Memorandum

To,
Starbucks European Head Office,
Unit 3 Building 5, 5 Chiswick Park, Chiswick,
London W4 5YA

Dear ma'am/sir,

As an ardent caffeine drinker and a regular customer at the Starbucks in London, I would like to thank you for enriching the coffee culture in the United Kingdom. While Starbucks remains one of the most ethical companies, from sourcing to serving, I believe that the customers can be made more aware about its sustainable steps by making them an active part of it. This would not only increase the visibility of Starbucks as a green company and strengthen the brand community but also financially benefit the organization by attracting more ethical consumers. In this letter, I would propose a few ways of doing this, and highlight how Starbucks could remain a part of our daily routines and lives by keeping our spirits and caffeine levels high during the lockdowns caused by the Corona Virus pandemic. Since all my suggestions are based on personal experiences, the target audience for the interventions is young adults who are high on the green scale. I hope you find these proposals action worthy.

1. Keeping the Conversation Alive: From Cups to Keep-Cups

Starbucks has time and again iterated its commitment to the environment through its climate change strategy that's being implemented since 2004. It focuses on renewable energy, energy conservation, collaboration and advocacy. One of the most critical problems being faced by coffee shops is paper cups in which they serve to-go coffees.

Starbucks is already making conscious efforts to find ways of providing recyclable paper cups for drinks and levies a 25p charge for the cups in order to encourage people to bring in their reusable cups. You have a wide range of tumblers available in your merchandise section with the classic Starbucks logos. While the designs of these cups help in strengthening Starbucks brand identity and encourages more sustainable lifestyles, I believe that they can serve a wider purpose simply by modifying the designs a little.



Figure 1. A basic Starbucks Keep-Cup design



Figure 2. A modified Keep-Cup design by the author

Shown here is an example of a modified keep-cup with an illustration of a polar bear, which makes a curious consumer question why of all things does it belong there. Starbucks can feed into this curiosity to their advantage by attaching a small note alongside their merchandise talking about the steps they have taken to contribute to the

movement to prevent climate change. Similarly, the organization can design cups illustrating the other social causes they actively support, for example, plants to highlight their commitment to the environment, or kids in uniforms to show that they give back to the community they thrive in. When the customers choose which design to buy, they will be encouraged to think about the issues they are affected by or want to contribute to. This keep cup will help the customers signal that they are Starbucks customers who support sustainability and initiate conversations around the issues or causes they are passionate about. Beyond signaling, this would also create a stronger sense of community among Starbucks customers as they will have more in common with each other than enjoying the same coffee. This could increase the sales of the keep-cups, which could play a more key role in the company's economic growth.

The customers could link their keep-cups to the Starbucks app through a small code printed on the cup. This way, every time they use their Starbucks card to buy a coffee, they will get points. In addition to getting a 25p discount on every coffee, they can get every 10th coffee free. This would encourage them to be regular customers at Starbucks and motivate them to use their Starbucks cards.

2. Starbucks Lifestyle: Staying Relevant during the Pandemic

Starbucks owes most of its success to its branding, often portraying itself as an integral part of a modern city lifestyle. It has time and again emphasized its focus on connecting with its customers and creating an environment of meaningful conversations. The Corona Virus Pandemic has got most of the world on lockdown, making it critical to

keep the customers engaged. While most of Starbucks sales happen through the cafes, it also offers a range of off-the-shelf instant coffees in grocery stores and provides coffee machines in office spaces. This is a great opportunity for brands like Starbucks to create some impact by staying relevant in their customers' lives. There are several ways to do this.



Figure 3. A post made by Starbucks on their Instagram account. This message needs to be reiterated through the company's actions and initiatives.

- Social Media Challenges

Starbucks can jump on the social media challenges bandwagon to keep the customers engaged and increase sales of at home products. A lot of social media trends such as making the Dalgona Coffee have gone viral globally.

Starbucks can have its weekly challenges on Instagram where it could share some interesting coffee ideas for its customers to try. Simple thing like pantry ingredients to add to the coffee such as honey, cinnamon or condensed milk can make for very exciting engagement posts and push the sales of shelf products. This initiative would positively contribute to your customers self-care routines.

- #LatteGratitude

While we are all stuck inside our homes, the front liners are risking their lives every day to keep us safe. If there is anything we all are feeling right now, it is gratitude and helplessness as we don't know how we can do our bit. Starbucks can start a campaign called #LatteGratitude to allow for its customers to pay for a front liner's coffee through the Starbucks app as Starbucks is already delivering coffee to healthcare workers. This would be in line with one of Starbucks core values, giving back to the society they are a part of.

These suggestions are economically feasible and have been discussed with some fellow Starbucks customer who also wish to be a bigger part of Starbucks sustainability efforts. Please feel free to get in touch if you wish to discuss these further. Looking forward to hearing from you!

Yours sincerely,

Starbucks Customer

Theoretical Justification

This section will further elaborate on the suggestions I have made in the memorandum by justifying them using social psychological theories. I will start by highlighting the opportunity I have identified to mutually benefit Starbucks and the society it caters.

Defining the Opportunity:

The growing coffee drinking culture in the UK population is now contributing £17.7 billion to the country's economy (Caki, 2019). Two of the biggest names and competitors in the caffeine industry in UK are Starbucks and Costa. Costa has managed to remain the leading coffee brewing company because of its excellent branding and positioning for over a century (Rodenberg, 2018). Starbucks is more ethical than Costa and can become the industry leader by better positioning itself by involving its customers in its journey. It could attract more ethical consumers by branding itself as a green company (Kang, J.-W., & Namkung, Y., 2018). It has the advantage of having a Fair-Trade Certificate and a strong online presence over Costa (Starbucks Website) and can emphasize this through better communication strategies that persuade customers to make the sustainable choice of buying from them (Kang et al., 2018). This would strengthen the Starbucks brand and increase their profits. Understanding the Starbucks customers better will explain why sustainable and ethical choices may attract them.

Who are the Starbucks Customers?

A review of Starbucks and Costa customer profiles found that Starbucks customers are young adults to middle aged people who prefer healthier, ethical and trendy foods and beverages while Costa customers tend to be upper middle-class people with a stronger focus on the coffee than the atmosphere (Rodenberg, 2018). This illustrates that the coffee culture is more of a

lifestyle for our customers than just a beverage. This level of engagement increases the chances of self-extension and thus a need for the brand to be in congruence with their beliefs. While the “self” has always been difficult to define philosophically, it is known to include not just the embodiment of thoughts but also material things in the extended sense (Goldner, 1982). The extended-self theory iterates that one sees themselves in their possessions, and this reflection can vary with age (Belk, 1988). This theory becomes important to understand consumerism as the product being bought becomes a cue for others to form impressions of the customer and thus a way for the customers to signal through their choices (Belk, 1988).

Our target audience, namely young adults and middle-aged people use objects for self-concepts such as empowerment, growth and status (Sayre, 1994). Since Starbucks customers we are discussing are high on the green scale, they would want to signal their beliefs and values through making ethical coffee choices. Ethical consumption can be defined as “consumption activities that are consistent with conscience, values, and morals” and can be aimed at any stage of consumerism (Reczek & Irwin, 2015, p. 507). Our keep-cups promote decisions in favor of an ethical brand, a green product, lesser waste generation and proper waste disposal, which are all behaviors found in ethical consumers (Reczek & Irwin, 2015). Hence, I suggested that the current Starbucks customers would be willing to actively participate in the organization’s sustainable initiatives and these actions will also attract other ethical consumers. A display of one’s self-extension with an organization involves ownership (Muniz and O’Guinn 2001; Schouten and McAlexander 1995), thus encouraging the sales of the modified Keep-Cups I have recommended.

1. Keeping the Conversation Alive: From Cups to Keep-Cups:

A Keep-Cup is a one-time investment of 12 GBP (Starbucks UK website), which will be recovered by the customers in less than a month if we assume that they will buy a coffee from Starbucks every day. This is because they will not only save 25p per coffee but also get every 10th coffee for free. This scheme would attract Starbucks customers as past studies have found that green consumption values are strongly related to using financial and physical resources wisely (Sheth, Sethia, & Srinivas, 2011). In addition to recovering their investment, the customers will also be saving money for the months they'll be using these durable keep-cups for.

While any keep-cup would make for a more sustainable choice, I would like to delve into why the customers would want to buy the Starbucks keep-cups particularly by exploring it through the lens of product design. Literature defines product design as properties of an object in terms of its form and function together (Luchs & Swan, 2011). The aesthetic of a product plays a key role in forming first impressions and can predict long-term satisfaction among customer (Bloch, 2011). Norman (2005) explored product success to find that the emotional aspect of a product can play a critical role in defining a product's success, thus, I will now analyze the modified Starbucks keep-cup through an emotional design perspective. The keep-cup can be looked at through three different dimensions- visceral, which encompasses how people react to it; behavioural, to explore how people interact with it; and reactive, to understand how customers relate with it (Norman 2004, 2005; Norman, Ortony, & Russell, 2003).

The design is easy to judge in its aesthetics and can be identified as a Starbucks coffee cup as it retains the branding, and shape of a basic keep-cup. Since the physical appearance and feel of the product illustrates usability and functionality, it is sound at the

behavioural level of emotional design as well (Norman, 2005). The addition of the polar-bear illustration in the sample cup is the key component of our product as it contributes to the reflective level of emotional design by enhancing the way the customers can extend their self-identities through attaching an ethical value with the product (Norman, 2005). A simple illustration transforms the cup into a green product, making it attractive to customers who want to communicate their reputation as green users, and supporters of whichever cause is being helped through the keep-cup (Griskevicius, Tybur, & Van den Bergh, 2010). Buying this cup would help the customer signal that they are prosocial, rather than proself as they are investing money for the social good and choosing to not use disposable cups even if it causes them personal discomfort (Griskevicius et al., 2010). This reinforces the meaning of the keep-cup into an indicator of status in society for Starbucks customers, encouraging them to buy it.

2. Starbucks Lifestyle: Staying Relevant during the Pandemic

The second suggestion I made is strongly grounded in the psychology of brand communities. While I have iterated that my proposal, if implemented, will strengthen the Starbucks brand community, I haven't really described what this community means and stands for. The coming up of internet and specifically social media has led to the formation of certain consumer groups that feel a level of belongingness with certain brands and thus are loyal to them (Algesheimer et al., 2005; McAlexander et al., 2003; Rosenbaum et al., 2005). While there are various perspectives in the brand community research, my suggestion is grounded in the approach where the Starbucks customers are seen as a group of people who are bound by their common belief in Starbucks values and

relate with its products and services. Staying engaged with its customers in difficult times such as the COVID-19 pandemic will increase the sense of belongingness the customers have with the brand and push the sales of Starbucks' off-shelf products.

An integral part of brand communities is a level of ownership, inciting a need for higher level of participation on part of the enthusiastic consumers (O'Guinn and Muniz, 2005). Starbucks can leverage this enthusiasm to simultaneously further its social and financial goals through social media challenges. As consumers increasingly view brands as cultural property (Holt, 2004), it would be effective for Starbucks to employ a marketing strategy called "Brand Hijack." This would let its customers evolve the brand through actively engaging in its marketing processes (Wathieu et al., 2002). While there are various ways for a brand hijack to happen, I have suggested the route of a co-created hijack where the customers can co-create with the brand and allow for a wider adoption of its values and ideologies (O'Guinn & Muniz, 2005). As customers stay at home and attempt social media challenges using Starbucks off-shelf products, they will influence others in their circle to do the same and will, thus, become an active part of Starbucks' marketing endeavors. Participating in these social media challenges will keep the consumers engaged during difficult times and thus keep their spirits and caffeine levels high.

The second suggestion to help during the pandemic involves a more specific social media campaign focused on giving back to the society. It has a threefold objective of helping the customers deal with their helplessness and express their gratitude, reach out to the health workers and let them know that the Starbucks community is there for them in times, and lastly, keep the Starbucks sales going even during the lockdown. The

#LatteGratitude campaign also builds from the brand community literature, and reinforces emotional arousal when customers associate strongly with brands (Martin Reimann, Raquel Castaño, Judith Zaichkowsky & Antoine Bechara, 2012). This emotional arousal can help customers translate their personal gratitude into their self-extension reflected in Starbucks and contribute to this campaign.

Limitations and Implementation

While my recommendations are grounded in social psychological theories, there are some anticipated limitations that might not lead us to the expected results. My first recommendation of introducing new designs of keep-cups will only financially benefit Starbucks if their customers buy the product. However, there are various reasons why the customers could end up not buying these keep-cups. A study by the UN shows that even though 40% of the consumer report that they are willing to buy green products, only 4% of them end up doing it (United Nations Environment Program 2005, p. 15). The reason behind this belief and behavior discrepancy could stem out of psychological barriers and conflicting selves. While values can influence a consumer's behavior, they may not necessarily make them act as more than one values could be directing an action. Behavior, or in our case buying a keep-cup, will be the result of a trade-off between competing values, which will be different for all consumers (Verplanken & Holland, 2002). However, since our product allows for the customers to signal their commitment to the environment, they are likely to prioritize their sustainable lifestyle and make the purchase (Baca-Motes et al., 2013).

Applying the Social Adaptation theory to understand the interaction of Starbucks consumers and their environments will help us determine their behaviors and thus the success of

our recommendations (Kahle, 1984). According to this theory, our consumers are more likely to act on their ethical values if they are provided with new information. Thus, the keep-cups come with short notes with facts about the social issue Starbucks is tackling and how it's contributing. Additionally, the #LatteGratitude campaign can involve infographics about how our health workers are helping and how their contribution will make a difference (Gurel-Atay, Kahle, & Minton, 2017; Kahle & ValetteFlorence, 2012). It will be critical to ensure that all the information being introduced is affecting our customers and relevant to them personally in order to affect their behavior (Schäfer, Jaeger-Erben, & Bamberg, 2012). By encouraging the customers to share their attempts at the social media challenges and providing them the chance to display how much they have contributed to the #LatteGratitude campaign with their networks, Starbucks will create a platform for strengthening commitment via signaling.

In conclusion, my recommendations target a defined customer segment of Starbucks, and aim to help the brand dominate the UK coffee industry by better positioning its already existing social endeavors. While they stem out of personal experiences, these initiatives are deeply grounded in social psychological theories, as has been illustrated above. I would encourage Starbucks to conduct some market research before introducing the keep-cup to get better insights into what the customers want, as this step might require some financial investment on part of the company. The second recommendation, however, should be considered at the earliest to create impact in times of need.

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