

Candidate Number: 2309755

Year: 2022

Course Code: MN5612

Course Tutor: Anabel Gutierrez

Assignment No. 2

Degree Title: MSc Digital Marketing

Question No. and Title:

Declaration of Academic Integrity This is to remind students that submitting this work acknowledges that the assignment is entirely their own work and has not been submitted previously for another course or programme at RHUL or any other institution.

**A PESTLE analysis of multinational brand Starbucks' digital marketing techniques  
surrounding sustainability**

Candidate Number: 2309755

Introduction to Digital Marketing (MN5612)

Word Count: 2997

## 1.0 Introduction

Starbucks opened its first store in 1971 in Seattle and now has over 32,000 stores worldwide. It has become one of the most recognised brands in the world (Starbucks, 2022). Not only do they promise to serve the best coffee, but their company motto is 'To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time' (Starbucks, 2022). The company is now considered an oligopoly and is one of the biggest companies to dominate the food and beverage industry amongst other competitors such as Costa and Pret A Manger. The brand aims to target a demographic consisting of an age group between 18 and 40 years of age, upper middle class and high-income earners, who are most likely to have a college education.

Due to changes in the environment happening on a global scale, consumers are shifting their buying behaviours towards brands which can offer more sustainable and eco-friendly products that are also economical to purchase. Furthermore, digital marketing methods are expanding and diversifying due to the rise in innovative technology. Therefore, businesses are required to be agile and refrain from traditional marketing techniques in order to succeed against their competitors.

Whilst Starbucks may be one of the world's most successful coffee brands, some of their digital marketing techniques may be improved upon. One of these techniques is sustainability. More specifically, how Starbucks communicates its promise on social media platforms and improves its brand image. Starbucks should invest more in marketing sustainability in order to retain market share. The brand has several campaigns to help tackle the issue of sustainability but in order to achieve business growth, posts and videos need to be targeted at the correct demographic and use the correct digital marketing platforms. Therefore, this essay will critically analyse and evaluate the benefits and challenges of marketing sustainability in the modern world. This will be done by conducting a PESTLE analysis; examining the political,

economic, sociological, technological, legal, and environmental aspects of the recommendation and analysing the challenges and benefits involved. The recommendation that Starbucks should increase marketing on sustainability. Additionally, the risks involved with collecting consumer data such as data leakages, loss of brand loyalty and discrimination will be highlighted.

## **2.0 PESTLE Analysis**

A PESTLE analysis investigates the key external factors that may influence a business and is made up of six different categories (Chaffey and Smith, 2022, p. 93). A PESTLE analysis is extremely relevant to evaluating digital marketing opportunities as it provides an insight into the future risks, business direction and goals a business needs in order to perform effectively. In order to conduct a thorough analysis, all six aspects will be researched to evaluate whether Starbucks should implement the recommendations regarding sustainability.

### **- Political**

The first aspect to analyse is the political factors that may influence Starbucks to promote their sustainability. One such factor is international law regarding sustainability and how this impacts what Starbucks chooses to feature on their digital marketing platforms and how they collect data. Furthermore, sourcing raw materials can be subject to varied regulations and laws depending on the country in question. These will have to be followed to maintain a modern stance towards environmental and ethical issues. Sustainability is becoming more vital for businesses today and consumer preferences have changed - paying more attention to the environmental and ethical working practices. In order to make use of this growth of consumer sentiment Starbucks could create a new campaign focused on their efforts to tackle sustainability and post this on various social media platforms to increase consumer awareness and therefore engagement. One example they could mention is how Starbucks are tackling the

challenge of different levels of fairtrade practices. For example, in lower income countries farmers and growers have ‘little infrastructural support, social security systems or other safety nets available if they cannot get a fair price for their products’ (Fairtrade Foundation, 2022). Starbucks operates in 80 countries worldwide and political systems and laws may vary dramatically. Starbucks is currently making a strong effort to adhere to diverse Fairtrade laws, so could capitalise of the market potential in the actions it is already doing.

However, there may be political benefits, for example, in the UK, The Department for Business, Energy & Industrial Strategy (BEIS) is an initiative which supports the UK economy in areas such as innovative technologies, long term growth and economic stability (Chaffey and Smith, 2022, p.125). It may be useful for Starbucks to improve their employees’ digital skills through government funding towards digital apprenticeships. This is extremely important for Starbucks especially in the UK market to help increase their growth post-COVID and improve their digital marketing techniques. This will help Starbucks to ensure that their social media marketing and SEO optimization is aligned with the quality of their other competitors - Costa and Pret A Manger.

However, there may be challenges involved with SEO optimization and consumer data. For example, if not implemented ethically this may result in ‘black-hat SEO’ where methods are used that are against guidelines in order to rank higher in searches, which can lead to banning from search engines completely (Malaga, 2010). On the other hand, a business as dominant as Starbucks is highly regulated, therefore they are unlikely to attempt these ‘black hat’ techniques and therefore does not pose a significant risk to improving SEO.

- Economic

There are a number of economic factors that also influence the viability of Starbucks adopting a sustainability focused digital marketing campaign. Due to a global post-pandemic recession, consumers will be looking for cheaper alternatives and consumer spending may decrease which will affect digital marketing planning. Therefore, if Starbucks choose to increase sustainability via increasing wages for farmers and switching to more environmentally friendly packaging such as compostable cups made from PLA (polylactic acid plastic) which can be less economic than ordinary plastic coffee cups. Then they may risk losing profitability, even with the increased sales driven from adoption of sustainability. Care must therefore be taken to ensure extra costs are not passed down to the consumers.

One way to circumvent this problem would be for Starbucks to use an interactive digital marketing approach and gift free eco-friendly cups, where customers can test and feel the product, becoming interested and hopefully purchasing in the future. Interactive marketing can be defined as marketing which is event-driven and acts in accordance with consumers' behaviours and preferences, which is also cost effective (Chaffey and Smith, 2022, p.24).

However, one of the challenges with this marketing technique is that in order for businesses to understand consumer wants and needs, which is required to use personalisation, they must collect personal data which is then stored in data lakes or data warehouses. This raises a significant ethical issue of privacy and consumers may feel unwilling or uncomfortable with disclosing their information. However, this may not have a large impact if Starbucks ensures consumers are free to decide what data they are comfortable sharing and have the option to opt-out when they feel it may be necessary.

- Sociological

Sociological factors improve the prospects of adopting a sustainability focused approach. Sociological factors may include digital and social exclusion. This occurs when parts or sectors of society are excluded from accessing or reaching certain information (Chaffey and Smith, 2022, p.120). One example of social exclusion is the fact that certain demographics cannot access the internet or are unable to use the internet. For example, 1.9 million households in the United Kingdom do not have access to internet, therefore resulting in digital exclusion. (Chaffey and Smith, 2022, p.120). This, therefore, suggests that Starbucks should not over rely on digital campaigns and platforms, but instead it is necessary for the company to use a combination of both traditional and digital marketing techniques to eliminate the risk of social and digital exclusion.

Furthermore, the risk of digital minimalism may occur. This can be defined as the decline in internet usage due to negative impacts such as loss of time and addictive behaviour (Chaffey and Smith, 2022, p.120). Therefore, it is vital that Starbucks makes an effort to improve the consumer experience online but more importantly in store. One solution that Starbucks is testing is a customer order status board where customers will be able to see the status of their order in store without the need to ask a barista (Di Palma, 2022).

However, this may not have a considerable effect on profitability as this digital exclusion is location - dependant and a majority of consumers in today's era have access to the internet of things (IoT) such as smartphones, smart watches, and smart TVs. These consumers will be able to access and view digital marketing strategies such as campaigns. (Dwivedi et al., 2021). Starbucks should not focus on using in-store marketing because it is limited and should instead focus on app-based marketing because it can affect a larger market segment more efficiently.

- Technological

Technological factors which may influence the Starbucks recommendation to focus on sustainability may include the emergence of innovative technologies and ways the business can create content for campaigns using multiple digital devices. The benefits of using technological innovations to aid digital marketing techniques include higher levels of efficiency, deeper sentiment, insight into consumer preferences and more creative methods of reaching an audience (Shah and Shay, 2019 as cited in Shah and Murthi, 2021).

One factor to help Starbucks reduce environmental impact would include reducing the environmental footprint of web services and implementing more use of artificial intelligence (AI) and virtual reality (VR). This could be done with increased search engine optimisation (SEO). This is defined as a technique which raises a brand's name organically in the search listings when a consumer is searching for a product or a service (Chaffey and Smith, 2023, p.36). In comparison to search engine marketing (SEM) which is achieved using paid search. Starbucks have developed a new *Partner Waste and Recycling App* which provides all the information that partners may need to recycle materials including specific store information and a sorting guide (Starbucks, 2022). Starbucks hopes that this innovative technology will help to reduce their carbon footprint and therefore increase sustainability (Starbucks, 2022). Furthermore, Starbucks have invested in emerging technologies such as offering electric cars to rent in their project with Volvo Cars. By the end of 2022, Starbucks stores will be able to offer electric cars and charging points for customers and whilst cars are charging customers will be able to enjoy a cup of coffee instore (Datz, 2022).

However, the implementations of this may include the potential risks of using consumer data in technology, which may cause risks despite in the interests of becoming more sustainable. For example, it creates more susceptibility to security breaches which may damage the

reputation of a brand. Consumer data will be held on both the *Partner Waste and Recycling App* and the *Starbucks Volvo Project*; therefore, it is important that Starbucks takes measures to secure consumer data such as encryption for sensitive information. On the other hand, the benefits of using emerging technology and digital platforms to increase sustainability can be a successful method to reach a large audience, create a competitive advantage and include social benefits for consumers (Shah and Murthi, 2021).

Furthermore, collecting consumer data in apps and other software platforms raises ethical dilemmas. Businesses may overestimate how comfortable consumers are with sharing their data in return for a product or service. Therefore, if the consumer feels that they are giving too much of their personal data away, this may affect the brand image and decrease loyalty, therefore the *Partner Waste and Recycling App* and the *Starbucks Volvo Project* may not be as appealing and effective as expected (Conroy et al., 2014 as cited in Jacobson, 2020).

#### - Legal

In digital marketing there are many laws regarding the usage of consumer data and how this can be stored safely. Examples of data may include contact information, profile information, behavioural information and platform usage information. In relation to Starbucks' offering of electric cars, consumers will be required to own a ChargePoint account to access the charging points for their cars which will store personal data. Furthermore, the registration of the *Partner Waste and Recycling App* will also contain consumers' data. Therefore, it is necessary that Starbucks follows local markets' laws, and international law, regarding the usage of consumer data. For example, in the UK data privacy is regulated by the Data Protection Act 2018 and the Information Commissioner's Office (ICO) is an authority which seeks to protect personal information for many countries. Companies such as Starbucks must register their information

through a process called ‘notification’, whereby they inform the ICO of all the data that is stored in their system (Chaffey and Smith, 2022, p.111).

However, hackers may attempt to bypass laws and phishing still may occur even if data protection laws are obeyed. In 2022, Starbucks Singapore suffered a data breach where a hacker sold the customer data of 219,000 people (Toulas, 2022). Therefore, there may always be legal challenges when storing consumer data and personal information, so using consumer data in order to increase sustainability may be a challenge, and Starbucks may need to invest further in cyber security in order to mitigate the risks.

- Environmental

Starbucks have a ‘*Greener Stores*’ initiative where they plan to open more energy efficient stores using natural and LED lighting. In addition to this, they plan to generate enough solar and wind energy to power all their stores in the USA and Canada by 2023 (Snider, 2018). This requires investment in greener technologies and provides good publicity. Furthermore, Starbucks could try and integrate their *Greener Stores* project into their marketing strategy by informing consumers about the initiative on their app and perhaps showing the location of the stores made more sustainable than their others. This would allow consumers to choose to visit the greener stores out of preference.

Additionally, Starbucks could set up a campaign using social media marketing to attract a wider customer reach and display their efforts made on sustainability. Social media marketing refers to a strategy that ‘uses social media to achieve organizational goals by creating value for stakeholders’ (Felix et al., 2017, p.174). Currently, there are no social media posts regarding their ‘*Greener Stores*’ initiative. Moreover, there are very few posts linked to sustainability in general and how the brand is aiming to be more eco-friendly. Instagram is the most popular

social media platform for Starbucks with 17.9 million followers, therefore this would gain the most reach and social traffic. The company should therefore promote their sustainability measures more prominently on social media, particularly Instagram. Furthermore, Starbucks could also incorporate its pilot programme into the campaign, the *Borrow a Cup Program*, where customers can pay a small fee of \$1 to rent a reusable cup and in return will receive credit and stars in their Starbucks Rewards account (Starbucks, 2022).

Both initiatives have a large environmental impact and if Starbucks were to utilise social media marketing and analyse consumer behaviour and preferences, then they could capitalise on this. Social media marketing provides 3 main functions; opinion mining, targeted advertising and customer relations (Boerman et al., 2017; Liu et al., 2017; Malthouse and Li, 2017; Sheng et al., 2018 as cited in Jacobson et al., 2020). Opinion mining, also known as sentiment analysis, can be described as a method of extracting people's thoughts, attitudes and opinions towards a specific topic or event. This strategy can be extremely useful for businesses when they release a new campaign as it offers an insight into how successful it may be, and areas where there may need improvement (Vinodhini and Chandrasekaran, 2012 as cited in Jacobson et al., 2020). Furthermore, Starbucks could use targeted advertising to give attention to consumers with specific interests and personalise content matching their wants and needs. In this case, some demographics may be more motivated by sustainability. For example, 80% of younger people take an interest in the environment compared to 54% of the older generation (Natural England, 2021). Therefore, older age groups may be less inclined or interested in such campaigns and using a more targeted approach would avoid expending effort and money informing uninterested customers.

However, the changing social climate towards these environmental issues creates challenges for digital marketing strategies as society may be becoming more sustainability – conscious. This may make them lose interest or trust in a company if they do not comply with their

sustainability promises. Furthermore, the importance of sustainability has created an environment where people are shifting their preferences and now prefer to choose a brand that has invested in eco-friendly practices. This may be due to global events and changes in society surrounding climate change which in turn has led to businesses focusing more on sustainability than ever before. Therefore, it is vital that Starbucks develops strategic agility to respond and act quickly to consumer changes regarding environmental issues and improve performance and goals mirroring their wants and needs (Chaffey and Smith, 2022, p.96). Responding dynamically to the changes in the business environment will allow Starbucks to gain a competitive advantage and reach business goals despite future obstacles.

### **3.0 Conclusion**

In conclusion, the above research has analysed several digital marketing techniques, such as SEO optimization, social media marketing and interactive marketing. The PESTLE analysis has revealed that with each digital marketing strategy there are ethical dilemmas that Starbucks may need to take into consideration whilst improving sustainability marketing. For example, consumers attitudes have changed post-pandemic, consumers are less inclined to provide their personal data, they are spending more time on digital devices, are more invested in the environment and searching for sustainable products. The emergence of innovative technologies such as artificial intelligence (AI) and virtual reality (VR) benefit digital marketing techniques hugely by creating higher levels of efficiency, deeper sentiment, insight into consumers preferences and innovation. Therefore, Starbucks should implement the recommendation of marketing sustainability despite the challenges of security breaches and storage of consumer data.

## References

Chaffey, D. and Ellis-Chadwick, F. (2022) *Digital Marketing*, Harlow: Pearson Education, Limited. Available from: ProQuest eBook Central. (Accessed: 22, October 2022).

Chaffey, D. and Smith, P.R. (2023) *Digital Marketing Excellence: Planning, optimizing and integrating online marketing*. Milton Park, Abingdon, Oxon: Routledge. Available from: ProQuest eBook Central. (Accessed: 02, November 2022).

Datz, R. (2022) *Volvo Cars and Starbucks finalize locations and begin installing Chargepoint Electric Vehicle Chargers at stores between Denver and Seattle*, Volvo Car USA Newsroom. Available at: <https://www.media.volvocars.com/us/en-us/media/pressreleases/303304/volvo-cars-and-starbucks-finalize-locations-and-begin-installing-chargepoint-electric-vehicle-charge> (Accessed: November 3, 2022).

Di Palma, B. (2022) *Starbucks' 3-pronged effort to create a more inclusive future for the brand*, Yahoo! Finance. Yahoo! Available at: [https://uk.finance.yahoo.com/news/starbucks-takes-steps-toward-more-inclusive-future-here-are-three-ways-how-130048812.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAAC4YXkXULSwF5GP\\_7p9O0Eie9TfZvjvjLKRCz6YvsI2qdj1cqOZVuR0uws1D43zLaYzBHxQ\\_iWG61-6ReSAGpw3Y8PveiF8gQIGzGgsdAEDzFESKgjAhLA9-w-PzepwWS6sIlMIF9DwoyntiR16bia6uomji6fXEzYRCAf-vw9Vo](https://uk.finance.yahoo.com/news/starbucks-takes-steps-toward-more-inclusive-future-here-are-three-ways-how-130048812.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAC4YXkXULSwF5GP_7p9O0Eie9TfZvjvjLKRCz6YvsI2qdj1cqOZVuR0uws1D43zLaYzBHxQ_iWG61-6ReSAGpw3Y8PveiF8gQIGzGgsdAEDzFESKgjAhLA9-w-PzepwWS6sIlMIF9DwoyntiR16bia6uomji6fXEzYRCAf-vw9Vo) (Accessed: November 2, 2022).

Dwivedi, Y.K. et al. (2021) "Setting the future of digital and social media marketing research: Perspectives and research propositions," *International Journal of*

*Information Management*, 59, p. 102168. Available at:

<https://doi.org/10.1016/j.ijinfomgt.2020.102168>.

Felix, R., Rauschnabel, P.A. and Hinsch, C. (2017) “Elements of strategic social media marketing: A holistic framework,” *Journal of Business Research*, 70, pp. 118–126.

Available at: <https://doi.org/10.1016/j.jbusres.2016.05.001>.

*Frequently asked questions about Fairtrade* (2022) Fairtrade Foundation. Available at:

<https://www.fairtrade.org.uk/what-is-fairtrade/faqs/> (Accessed: November 2, 2022).

Jacobson, J., Gruzd, A. and Hernández-García, Á. (2020) “Social Media Marketing: Who is watching the watchers?”, *Journal of Retailing and Consumer Services*, 53, p. 101774.

Available at: <https://doi.org/10.1016/j.jretconser.2019.03.001>.

Malaga, R.A. (2010) “Search Engine Optimization—Black and White Hat Approaches,”

*Advances in Computers*, pp. 1–39. Available at: [https://doi.org/10.1016/s0065-2458\(10\)78001-3](https://doi.org/10.1016/s0065-2458(10)78001-3).

Natural England. (2021) *Over 80% of young people eager to take action to help the environment*, GOV.UK. GOV.UK. Available at:

<https://www.gov.uk/government/news/over-80-of-young-people-eager-to-take-action-to-help-the-environment> (Accessed: November 2, 2022).

Shah, D. and Murthi, B.P.S. (2021) “Marketing in a data-Driven Digital World: Implications for the role and scope of marketing,” *Journal of Business Research*, 125, pp. 772–779.

Available at: <https://doi.org/10.1016/j.jbusres.2020.06.062>.

Starbucks (2022) *Starbucks launches innovative 100% Reusable Cup program inside Seattle HQ*, Starbucks Stories. Available at:

<https://stories.starbucks.com/stories/2022/starbucks-launches-innovative-reusable-cup-program-inside-seattle-hq/> (Accessed: November 2, 2022).

Snider, M. (2018) *Starbucks brews a greener plan for 10,000 environmentally friendly stores, USA Today*. Gannett Satellite Information Network. Available at: <https://eu.usatoday.com/story/money/business/2018/09/13/starbucks-greener-stores-eco-friendly/1291573002/> (Accessed: November 1, 2022).

Starbucks. (2022) About us: *Starbucks Coffee Company, About Us: Starbucks Coffee Company*. Available at: <https://www.starbucks.com/about-us/> (Accessed: October 30, 2022).

Starbucks. (2022) *Starbucks launches innovative 100% Reusable Cup program inside Seattle HQ, Starbucks Stories*. Available at: <https://stories.starbucks.com/stories/2022/starbucks-launches-innovative-reusable-cup-program-inside-seattle-hq/> (Accessed: November 2, 2022).

Toulas, B. (2022) *Hacker sells stolen Starbucks data of 219,000 Singapore customers, BleepingComputer*. BleepingComputer. Available at: <https://www.bleepingcomputer.com/news/security/hacker-sells-stolen-starbucks-data-of-219-000-singapore-customers/> (Accessed: November 2, 2022).