

THE EFFECTIVENESS OF GREEN MARKETING FOR STARBUCKS BASED ON PERSPECTIVES OF CONSUMERS, SHAREHOLDERS AND IMPACT ON CSR

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Abstract

The concept of 'Greening' is intrinsically linked to offsetting and abatement of greenhouse gas (ghg) emissions, resulting largely from fossil-fuel based and energy-intensive industrial operations and various anthropogenic actions. 'Kyoto Protocol' pioneered the concept of mandatory reduction and compliance of ghg reduction norms applicable for major polluting nations in the world by 2012 and beyond. This prompted the corporate world to go in for introduction and commercialization of 'clean' and 'green technologies' to mass produce and market wide-ranging green products. This had in turn led to the concept of 'Green marketing'.

Green marketing strategies is a relatively new marketing approach wherein the emphasis is made on using sustainable practices and delivering a final product that meets environmental standards. It has also become synonymous with Corporate Social Responsibility as more companies are engaged in uplifting the lives of the community they operate in. This dissertation evaluates green marketing strategies applied by Starbucks and examines its efficiency in improving the company's brand equity and performance. It analyses the company's business viability and longevity and determines the impact made with the application of green marketing tactics. This action research study analyses consumer and stakeholder perspectives to identify how the company has benefitted with the use of green marketing practices.

1. Introduction

1.1. Background to the Research

Green marketing also known as environment alorecological marketing is gaining a strong hold in today's business environment. The concept is based on reducing an organization's detriment a limp act to the environment by adopting sustainable practices in their marketing activities. It is a radical approach as it aims to use limited resources in order to achieve sales targets and consumer satisfaction. Many organizations have adopted environment friendly practices as part of their corporate social responsibility. The increasing consumer consciousness on sustainable practices has also fuelled the change of organizations to adopt green marketing strategies. In this way, the importance of going green has become part of doing business in the new millennium. Organizations today cannot operate without establishing a commitment to the environment as it is a means to increase brand equity and customer patronage.

One of the companies that has pioneered Green Marketing strategies is Starbucks. They have become well known for their commitment to the environment as they have leveraged on sustainable practices as a means to gain market share. The unique case of Starbucks is the seamless integration of green marketing strategies in their operational framework. The company's image is built on their commitment to proper waste disposal and material reductions use. They utilize this campaign framework in teaching their customers on the proper ways on how to reuse, reduce and recycle. Significantly, this has had an impact to the company's growth and consumer perception. The author will analyse the effectiveness of Starbucks' green marketing strategies and whether this resulted in a marked improvement in the company's finances. It will assess the efficiency of these strategies in contributing to the company's business viability and longevity.

1.2. Relevance of the Study

The subject matter of this research is relevant to business management studies as it evaluates a new marketing strategy. It is focused on the application of green marketing strategies in a corporate setting. It evaluates its effectiveness including the use of corporate social responsibility as a means to increase sales and market share. More importantly, this topic examines consumer and stakeholder perception to green marketing that would provide key insight on its ability to attract consumers and increase brand equity. Green marketing remains to be an innovative approach and scarcely studied subject area. The analysis of green marketing strategies and the evaluation of company performance and impact on CSR are relevant to academic management study.

1.3. Research Purpose and Objectives

The researcher's objective is to be able to examine and evaluate the implementation of green marketing strategies in Starbucks. This topic will contribute to academic literature on marketing strategies. Furthermore, it will add a practical implementation of marketing theories and strategies in a business environment. More importantly, there search will evaluate the

The objectives of this dissertation are the following:

1. To critically review the body of literature related to corporate social responsibility and green marketing.
2. To critically analyse the implementation and effectiveness of green marketing strategies implemented by Starbucks.
3. To examine published financial information and compare results to Starbucks' green marketing strategies implemented during the same period.
4. To evaluate Starbucks' existing green marketing strategies in terms of effectiveness and make possible recommendations for improvements.

2. Literature Review

2.1. Corporate Social Responsibility

Capitalism has allowed businesses today to become powerful institutions due to their billions dollar earnings. Multinational corporations have more revenues compared to developing countries enabling the private sector to control most of the world's wealth. As such, businesses have garnered political and social power with an unmatched ability to influence world decisions. Today, businesses benchmark their success based on their maximization of profits and resources. This is seen as the most objective criterion to determine organizational effectiveness.

2.2. Reasons for Adopting Green Marketing

There are many reasons why companies adopt Green Marketing. Using the neoclassical economist point of view, adopting such program would help the interests of the shareholders. Another point of view, the institutional theory on the other hand focuses on ensuring that they meet their own policies.

Starbucks Company Profile

Starbucks has remained the undisputed leader in the coffee house industry. The company first opened in Seattle and has since expanded to more than seventeen thousand coffee houses in the world. There are more than eleven thousand retail outlets in the United States. Starbucks now operates in global scale being present in more than forty countries even expanding in Europe and other emerging markets. Starbucks was originally founded in Seattle, Washington in 1971 by Zev Siegl, Gordon Bowker and Jerry Baldwin. They specialized in selling high quality coffee made from Arabica beans. They have since initiated product expansion selling a diverse array of coffee beans, salads and sandwiches. The company has also capitalized on their brand name selling their own line of merchandises such as coffee mugs and tumblers. Moreover, Starbucks' has also expanded to sell their own line music, books and films with the establishment of their entertainment division and Hear Music. Other product expansions also included their entrance into the beverage industry with a line of pre-made coffee drinks and ice cream being sold in supermarkets.

Starbucks Green Marketing Strategies

The company's green marketing strategies began as early as 2004 with the use of recyclable cups, napkins and paper bags in coffee retail outlets. Starbucks' corporate social responsibility policy was already established but was not primarily used as a marketing strategy. This only increased in consumer consciousness in 2008 when the company launch edits interactive website. It included are porton their environmental saving and sustainable efforts, which increased the interest amongst consumers. The company's corporate social responsibility policy centers on three main areas namely energy conservation, renewable energy, advocacy and collaboration.

3. Methodology

3.1. General Research Problem and Style Chosen

The use of surveys and interviews supports the achievement of research goals. Furthermore, it aids in the comparative analysis of green marketing strategies enabling there search to conclude on its efficiency based consumer and stakeholder perspective.

I had adopted to utilize this design because of the intention to gather first hand data from the marketing managers of Starbucks in order to establish direct conclusions for the research. As this study is an action research, it will utilize both quantitative and quantitative methods in achieving the study's goal, which is to determine the effectiveness of green marketing strategies of Starbucks.

3.2. Hypothesis

As the results of the literature review indicate the hypothesis of this research states that green marketing strategies were implemented to improve the company's brand equity. It was also done in line with Starbucks' corporate social responsibility goals. As such, consumer and stakeholder perspective has been favorable increasing the company's business viability and longevity.

Since the different demographics will be presented, Analysis of Variance will be employed to determine if there is a significant difference among the different demographics as to consumer preference.

In analyzing the data, the following order shall be used: Qualitative Content Analysis.

Quantitative Content Analysis Hypothesis Testing (Inferential Statistics) Reliability and Validity.

The term “triangulation” is also closely associated with quality conversations of qualitative research. More specifically, the aim of triangulation is to elaborate on the quality and credibility of the data collected. It is defined as “the combination of methodologies in the study of the same phenomenon”. According to Patton, There are four kinds of triangulation that will contribute to validation of qualitative analysis:

1. Triangulation techniques
2. Sources triangulation
3. Triangulation of interviewers
4. Triangulation of the different kind of perspective.

Methods triangulation refers to method of data collection (Lincoln & Guba1985). It is often done by comparing data that was collected utilizing the qualitative method together with the data collected through quantitative methods (e.g. Lincoln & Guba2000). This sometimes is not direct in its analysis. In order to resolve this, it is essential to give emphasis on qualitative data that can be easily combined as one seeks complementary correlation of the same phenomenon. This method will be employed when the statistical data on consumer preference is to be compared with the expected consumer acceptance of the company.

Data sources triangulation is defined as comparing and cross-checking the consistency of information derived at various times and by different methods within qualitative parameters this could mean comparing 1) observations with interview data; (2) people’s public comments vs what they say in private (3) consistency of the response regarding the same issue at different periods of time and (4) identifying the different points of view of people together with presenting different perspectives on the issue. This method will be employed when comparing the financial statements of Starbucks and relating it to the consumer preference that was observed.

The third kind of triangulation is analyst/investigator triangulation that utilizes more than one observer, interviewer or data analyst in the study (Patton1999). The purpose of using multiple investigators or analyst is to minimize the possibility of showing bias in collecting, reporting, coding or analyzing the data and topaveway to internal validity. Having more than one investigator on the team has the potential for keeping the team honest, therefore increasing the credibility of findings. This method will be employed by comparing the statistical analysis of the data collected with the different demographics.

Theory triangulation is a process where by emergent findings are examined in relation to different perspectives. The main point of theory triangulation is to understand how findings are affected by different assumptions and fundamental premises. Thus, one of the key benefits of theoretical triangulation is that it provides a broader, deeper analysis of findings. This method will be used when comparing the theoretical framework of Green Marketing with that of its integration with Starbucks.

3.3. Data Sources

I had utilized survey questionnaires and interviews to collect primary data. The questionnaire structure will make it possible for consumers to provide their perspectives and concepts on the various green marketing strategies of the company. There searcher will compose a questionnaire with close and open-ended questions that would aid in the collection of substantial data. The questionnaire was design to be easy and understandable for respondents. Please see sections Appendix A and B.

It was important to conduct a primary research in order to obtain first hand information. This would benefit the study, as personal interviews of Starbucks’ marketing staff would include the high probability of collecting reliable information. This increases the study’s accuracy and provides insight on the subject.

Secondary research is the most common research method used in any dissertation. This is the use of data collected by other researchers. This will enable the researcher to evaluate on studies made on Starbucks’ green marketing strategies that will be useful in the comparative analysis of this study. It will support hypothesis testing in making conclusions and recommendations for this research.

The data collected and are analyzed as indicated:

1. Respondent results from questionnaire are shown in charts and tables to allow an comprehensible analysis.
2. Sample green marketing programs were used to assess the strategies of Starbucks. Estimated financial information and corporate strategies were also obtained from the interviews. This information supports there search objectives where in data necessary to analyze the efficiency of Starbucks’ green marketing strategies were taken from primary

sources.

3. Published financial highlights were compared to Starbucks' green marketing strategies implemented. This is to evaluate the effectiveness of the various marketing strategies. Information gathered combines both primary and secondary sources to increase this study's validity and accuracy.
4. The study also required the gathering of operational data. This information was collected through the company's financial statements and based on answers from interviews conducted.

4. Discussions

4.1. Interpretations of Results

The interview questionnaire consisted of ten questions with six close-ended questions and five open ended questions. This aided in the further probing of the study that would increase its accuracy and validity. Ten marketing managers of Starbucks were interviewed extensively and mostly all agreed on the high influence of the company's Corporate Social Responsibility in the establishment of green marketing strategies. This directly affected their activities that were mainly promotional in nature. The interviewees noted how the company's website played a strong role in promoting the company's environmental efforts to the public. This was supplemented by outlet marketing schemes that informed the public about their ethical and sustainable practices.

The managers generally agreed that their consumers are aware about their CSR action plan and green marketing strategies. This is supported by the secondary literature collected and with the further response of the managers in stating that they mainly engaged in promotional activities in their green marketing strategies. The interviews revealed how the company's CSR policy was inculcated in to the company's internal communications and employee training. This implies how green marketing strategies were seamlessly integrated into their daily operations. The interviews showed how an increased consciousness within the company led to a change in their decision-making behavior implying how stakeholder's theory impact organizational activities. Primarily, as the company chose to take a stronger position towards environmental responsibility they were responding to internal perspective changes first, and then acted on external perspective changes second.

The increase in the company's overall performance is almost unanimously concurred by managers as they noted how employee consciousness habit changed their outlet operational system. Significantly, this increased their efficiency and performance as their employees also believed in the values espoused by the CSR policy and green marketing strategies.

The interviews also revealed that the company has never allocated a high budget in advertising and marketing schemes. They rarely utilize traditional means of marketing however; they apply the principles of marketing in their online presence and retail outlets. This allows them to create the right marketing mix that suits their customers and maximizes their profit returns. The effectiveness of their marketing campaign is seen in their sales profit and customer feedback. The managers agreed that sales figures are considered more as a benchmark of their success especially since they also operate in achieving business targets.

4.2. Methods of Analysis

Data analysis would include analyzing, tabulating, hypothesis testing and combining qualitative and quantitative data.

The marketing managers explained how their green practices was once first an internal organizational value. It eventually evolved to become important to the community that they operate in wherein they were by then ready to respond to the changes consumers demanded.

This helped answer there search questions about the importance of Corporate Social Responsibility policies in the development of green marketing strategies. It also indicates the strong importance of online tools in the execution of marketing strategies. The managers' responses howed the decision making process within the company that influenced the creation and execution of their green marketing strategies. The survey questionnaire was administered to 100 consumers chose natrandom.

4.3. Evaluation of the Hypothesis

The hypothesis of this dissertation is that green marketing strategies were implemented to improve the company's brand equity. It was also done in line with Starbucks' corporate social responsibility goals. As such, consumer and stakeholder perspective has been favorable increasing the company's business viability and longevity. The result of the interviews and surveys administered was able to show how the company was able to effectively utilize consumer value positioning.

4.4. Research Limitations

It was noticeable that there was a lack of academic literature on the green marketing strategies of Starbucks including the absence of related corporate social responsibility literature. This added to the limitations of the study including the estimation

of marketing budget finances, strategies and programs used by Starbucks. Some of the information was sourced from published materials however; during the primary research conducted actual figures and statements were not revealed due to the company's internal privacy and confidential guidelines. As such, the responses of interviews conducted and surveys cannot ensure long-term dependability. The interviews most especially may have interview bias, as they are current employees of the company wherein they are not at liberty to say any negative perspectives about their green marketing strategies.

4.5. Recommendations

This research recommends that Starbucks must further invest in market research and product development. The research conducted revealed how the company relies heavily on their website for customer feedback wherein the managers interviewed did not reveal any cohesive strategic marketing strategy. In this way, it can be surmised that the company still allocates a low budget in their marketing section that is below their rivals such as McDonald's. The company thus faces future challenges in terms of securing market share and leadership as they only utilize the Internet and online tools as form of executing marketing plans. The company will need to innovate further in this area by increasing their market research means in order to forecast future consumer tastes and preferences.

The study also revealed the issue of price noting how Starbucks products are more costly compared to others. In spite of its high brand equity and preference for customers, the company faces the challenge in being able to compete competitively in terms of price ranging. The research shows how consumers are willing to pay for a premium for Starbucks products but in the long term price will become a critical element in determining consumer choices. This indicates that the company should also focus on the other segments of green marketing as there is an imbalance favoring heavily on green promotion. The company must also develop their targeting, green design, green price and green positioning in order to execute their strategies more efficiently. At the moment, they are currently satisfied with the company's performance but in the long term, the company will need a marketing audit that studies their internal and external business environment.

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