

1. Introduction to E-Commerce

- **How has e-commerce transformed Starbucks' business model? What are the key advantages of its digital expansion? (Include at least one academic citation + proof).**

Starbucks has undergone a significant digital transformation, integrating technology to improve customer experience and operational efficiency. One key initiative is the “Digital Flywheel” strategy introduced in 2017, which focuses on four key pillars: loyalty programs, personalization, payments, and ordering. The goal of this strategy is to seamlessly merge physical and digital customer interactions, creating a cohesive and engaging ecosystem. Key Benefits of Starbucks’ Digital Expansion

- **Increased Customer Engagement:** Starbucks launched its mobile app in 2011, transforming customer engagement by allowing pre-ordering and payment in advance. The app has become a successful U.S. mobile payment program, with 26 million transactions in its first year. It also offers a personalized loyalty program, rewarding customers with free drinks, discounts, and exclusive offers. The app collects customer data, allowing Starbucks to refine its offerings and maintain customer engagement, making it an integral part of daily life.
- **Operational Efficiency:** Starbucks has significantly improved its operational efficiency by utilizing artificial intelligence and data analytics. This technology accurately predicts customer demand, ensuring stores are adequately stocked and meeting customer expectations. AI also optimizes inventory management, reducing waste and ensuring popular items are always available. This data-driven approach also allows Starbucks to make smarter decisions about staffing, inventory, and store layouts, enhancing store performance and customer experience by minimizing delays and ensuring high service quality.
- **Diversified Revenue Sources:** Starbucks' digital expansion has expanded its in-store business and diversified revenue streams. It sells beverages and food in stores, generates income through licensing agreements, and offers packaged products like coffee beans and ready-to-drink beverages. The company's digital services, including online orders and mobile payments, provide greater financial stability and a resilient business model, allowing it to weather economic fluctuations and market changes. This expansion has made Starbucks more accessible to consumers.

Starbucks digital transformation through the Digital Flywheel strategy has had a significant impact on increasing customer engagement, operational efficiency, and diversifying revenue sources. By integrating technologies such as mobile applications, artificial intelligence, and data analytics, Starbucks has succeeded in creating an ecosystem that blends physical and digital experiences seamlessly. This not only strengthens customer loyalty through personalized services, but also

drives efficiency in operational management and expands market access through various digital revenue channels. This digital innovation makes Starbucks one of the adaptive and competitive global retail companies in the era of digital transformation.

From Barista to Bytes: How Starbucks Brewed a Digital Revolution

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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<https://www.from.digital/insights/how-starbucks-made-ordering-coffee-digital-innovation/>

- **What risks does Starbucks face due to its heavy reliance on digital and mobile ordering platforms? (Support with an academic citation).**

Starbucks, like many companies embracing digital transformation, has seen significant benefits from leveraging digital and mobile ordering platforms. However, its heavy reliance on these platforms brings certain risks that could affect operations, customer satisfaction, and overall profitability. The key risks Starbucks faces due to its reliance on these digital platforms are technical failures, cybersecurity threats, dependence on third-party platforms, and the need to stay aligned with changing consumer preferences.

- **Technical Failures and System Outages:** Starbucks' mobile app is crucial for its ordering process, but technical issues like app crashes, server downtimes, or

payment processing errors can disrupt transactions, leading to lost sales, delayed orders, and customer frustration. Frequent or prolonged technical failures can erode consumer trust, decrease customer loyalty, and negatively impact the brand, especially during peak hours, resulting in immediate revenue loss.

- **Cybersecurity Threats and Data Breaches:** Starbucks a major coffee chain is facing a growing threat from cyberattacks due to its vast collection of customer data. The company's data breach could lead to legal repercussions, regulatory fines, and a damaged reputation. To protect customer data and comply with privacy regulations, Starbucks must invest in robust cybersecurity measures, as a breach could significantly damage customer trust.
- **Dependence on Third-Party Platforms:** Starbucks partnerships with third-party delivery services like UberEats and Postmates offer both benefits and challenges. While these platforms expand Starbucks' reach and provide convenience, they may incur high commission fees, potentially impacting profit margins. Additionally, the quality of service provided by these platforms can be inconsistent, with Starbucks typically responsible for issues like delivery times, incorrect orders, or poor customer service. This can negatively impact the brand's reputation, especially when customers have poor experiences.
- **Changing Consumer Preferences:** Starbucks must adapt to evolving customer expectations by continuously improving its app and digital offerings to stay competitive. By offering better user interfaces, quicker order processing, and personalized services, Starbucks can retain customers and retain market share. Failure to do so risks losing customers to competitors who offer more engaging and modern digital experiences. Staying ahead of these changes is crucial for customer loyalty.

CYBERSECURITY AND DATA BREACH HARMS: THEORY AND REALITY

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This Article challenges the view among some privacy scholars that private law should routinely recognize dignitary, emotional distress, or potential future harms in commercial data breach cases. Such harms might be cognizable in specific and relatively rare circumstances, but they are not empirically or doctrinally viable in the mine run of cases. A realistic account of how commercial cybercrime works and how cybercriminals make money demonstrates that a reasonable person should not become excessively anxious upon receipt of a data breach notification. At this point in the history of cyberspace, commercial cybercrime is a systemic problem more than an individual one. Systemic solutions focused on strengthening data security provisions in comprehensive privacy laws, enhancing payment card security, updating fraud prevention measures related to credit reporting, and reforming aspects of the credit reporting and U.S. Social Security numbering systems should play a more important role than private litigation. A focus on anxiety-based harms in data breach cases, in contrast, would yield few cybersecurity benefits while distorting longstanding tort doctrines and transferring rents to class action lawyers.

<https://digitalcommons.law.umaryland.edu/cgi/viewcontent.cgi?article=3969&context=mlr&>

2. E-Commerce Infrastructure

- **What type of technological infrastructure should Starbucks invest in to enhance its digital performance and prevent technical issues? (Provide a journal citation + proof).**

Starbucks faces many challenges in managing and delivering a delightful customer experience. Therefore, to support reliable digital performance, it is critical to acquire cloud infrastructure, content delivery networks (CDNs), robust integration systems, analytics tools, and solid cybersecurity. In this discussion, we will explain how Starbucks can leverage these technologies to improve operational efficiency, optimize customer experience, and ensure smooth, seamless operations.

- **Scalable Cloud-Based Infrastructure**

Cloud computing offers businesses like Starbucks flexibility in data processing and storage, allowing them to adjust server capacity based on fluctuating demands, especially during high-traffic periods. By using leading cloud service providers like AWS, Microsoft Azure, or Google Cloud, Starbucks can avoid costly hardware maintenance and reduce downtime risks. A scalable cloud infrastructure ensures that Starbucks' digital services remain available and responsive, even during high demand periods. By distributing data and applications globally, Starbucks can deliver low-latency experiences to customers worldwide, improving service accessibility and reliability.

- **Reliable Content Delivery Network (CDN)**

A Content Delivery Network (CDN) is a network of servers strategically placed in different locations to store content like images, videos, and static files. Starbucks uses a CDN to reduce page load times and improve user experience, especially for customers from distant locations. CDN minimizes latency by serving content from the closest server, ensuring faster browsing. It also enhances global content availability, reducing server congestion during traffic spikes, ensuring smooth access even during peak times. Faster content loads lead to more satisfied customers, improving retention and engagement.

- **Integration of POS Systems with Digital Channels**

Starbucks is integrating its Point of Sale (POS) systems with digital platforms to streamline inventory management and provide a seamless shopping experience. This integration connects in-store POS systems with mobile apps, websites, and e-commerce platforms, ensuring consistent and efficient order processing. This improves transaction accuracy and synchronizes inventory across all platforms, allowing customers to make purchases in-store, through the app, or online. Automated transactions reduce human error and operational costs, making it a more efficient and convenient shopping experience.

- **Advanced Data Analytics and Monitoring Tools**

Starbucks uses advanced data analytics and real-time monitoring tools to identify technical and operational issues early, improving business performance. By analyzing customer behavior, Starbucks gains insights into preferences, purchasing habits, and demand trends. Monitoring tools help detect service disruptions and system failures, minimizing customer impact.

This allows Starbucks to optimize marketing campaigns, personalize offers, and improve service delivery, ensuring a smoother experience for customers.

- **Cybersecurity Infrastructure**

Cybersecurity is crucial in e-commerce, especially for protecting customer data like credit card information and home addresses. Starbucks should implement advanced security protocols like end-to-end encryption, multi-factor authentication, and real-time threat monitoring. Investing in firewalls and intrusion detection systems will protect their platform from potential cyberattacks and data breaches. This will safeguard customers' personal and financial data, maintain trust, and increase customer confidence and loyalty, thereby enhancing Starbucks' reputation as a reliable digital service provider.

These strategic investments in scalable cloud infrastructure, CDNs, integrated POS systems, real-time analytics, and robust cybersecurity measures are vital for Starbucks to enhance its digital performance, minimize technical issues, and provide a seamless and secure experience for its customers. By prioritizing these technologies, Starbucks can not only streamline its operations but also stay ahead of competitors in an increasingly digital marketplace.

OPTIMIZING CLOUD COMPUTING PERFORMANCE: HOW CDNS REVOLUTIONIZE GLOBAL CONTENT DELIVERY

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https://www.researchgate.net/profile/Pr-Ve-2/publication/381653105_OPTIMIZING_CLOUD_COMPUTING_PERFORMANCE_HOW_CDNS_REVOLUTIONIZE_GLOBAL_CONTENT_DELIVERY_Optimizing_Cloud_Computing_Performance_How_CDNS_Revolutionize_Global_Content_Delivery/links/6678e6ab1846ca33b84b03ad/OPTIMIZING-CLOUD-COMPUTING-PERFORMANCE-HOW-CDNS-REVOLUTIONIZE-GLOBAL-CONTENT-DELIVERY-Optimizing-Cloud-Computing-Performance-How-CDNS-Revolutionize-Global-Content-Delivery.pdf

- **How can cloud computing and AI-driven technologies improve Starbucks' digital infrastructure and overall efficiency? (Support with a scholarly source).**

Cloud computing and AI-driven technologies can significantly enhance Starbucks' digital infrastructure and operational efficiency in several ways. By adopting these technologies, Starbucks can improve customer experience, optimize operations, and increase overall productivity. Below is an expanded explanation of each point:

- **Cloud Computing for Scalability and Flexibility**

Starbucks is leveraging cloud computing to scale its infrastructure according to demand, allowing dynamic resource allocation during peak periods like holiday seasons or promotional events. This scalability ensures a smooth customer experience and reduces operational costs by eliminating the need for costly on-premise hardware. Cloud computing also allows Starbucks to expand its digital infrastructure without significant upfront investment in physical hardware. This shift also improves customer data management, mobile ordering, and inventory management across global operations. The ability to scale up or down without manual intervention enhances efficiency and agility, enabling Starbucks to respond quickly to market changes.

- **AI for Personalization and Customer Engagement**

Starbucks is leveraging AI to enhance customer engagement by providing personalized experiences based on customer behavior, preferences, and past interactions. AI-driven recommendation systems can suggest beverages, food items, and seasonal promotions based on individual preferences. These systems analyze data from the Starbucks app, website, and in-store transactions, ensuring relevance and timely recommendations. This personalized marketing boosts customer loyalty and sales by catering to individual preferences. Additionally, AI can optimize the customer journey by providing tailored promotions, notifications, or discounts, enhancing customer satisfaction, repeat business, and brand advocacy.

- **Cloud-based AI for Predictive Analytics**

Starbucks is leveraging cloud-based AI to improve operational efficiency by utilizing predictive analytics. This technology allows the company to anticipate customer demand, make informed decisions, and optimize staffing levels. By analyzing historical transaction data, Starbucks can forecast peak periods, predict customer preferences, and optimize inventory management. This proactive approach reduces inefficiencies, ensures well-stocked stores, and minimizes overstocking or understocking, leading to cost savings and improved customer satisfaction. Cloud platforms enable Starbucks to quickly process large datasets and adjust strategies in real-time.

- **AI Chatbots and Virtual Assistants**

Starbucks is implementing AI-powered chatbots and virtual assistants to enhance customer service by providing 24/7 support on its digital platforms. These AI solutions can handle various customer queries, such as ordering, loyalty management, and resolving issues. This not only improves customer

satisfaction but also reduces operational costs by freeing up staff to handle more complex tasks. Additionally, AI chatbots can integrate with Starbucks' loyalty programs, personalizing conversations and offering tailored rewards based on customer preferences and purchase history. This enhances the overall customer experience, driving repeat purchases and long-term brand loyalty.

Customer engagement, data-driven decision-making, and operational efficiency may all be greatly enhanced by Starbucks by incorporating cloud computing and AI-driven technology into its digital infrastructure. Starbucks can now offer individualized experiences, improve scalability, and allocate resources more efficiently thanks to these technologies, all of which are essential for maintaining competitiveness in the ever evolving, customer-focused digital market.

Organizational digital transformation: from evolution to future trends

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Digital Transformation in the Era of Big Data and Cloud Computing

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3. Building E-Commerce Applications/Presence (20%)

- **What essential features should Starbucks include in its mobile app to improve customer engagement and loyalty? (Reference an academic or official source + proof).**

Starbucks is aiming to enhance customer engagement and loyalty by optimizing its mobile app features. Despite building a strong digital ecosystem through its app, online ordering, and AI-based loyalty programs, the company faces challenges like

technical glitches, cybersecurity threats, competition, and increasing customer expectations for personalized digital experiences. To overcome these obstacles, Starbucks should implement innovative strategies that enhance user experience and strengthen customer loyalty. Essential features for the Starbucks mobile app include online ordering, third-party delivery services, and AI-based loyalty programs.

- **Improved App Performance and Reliability**

Technical issues such as glitches and slow response times can frustrate customers and reduce engagement. To address this challenge, Starbucks should invest in optimizing app performance, focusing on faster loading times, more reliable operations, and regular updates to fix bugs. Leveraging cloud infrastructure and edge computing can help handle high traffic, reduce latency, and enhance the app's overall stability.

- **Advanced AI-Driven Personalization**

Consumers want more individualized experiences, which might be difficult to deliver on a large scale. Starbucks may solve this by improving its AI-powered recommendation system to tailor the experience according to location, past purchases, and user behavior. The software might recommend seasonal discounts, meal pairings, and personalized drinks, for instance. Starbucks may improve customer engagement and satisfaction by incorporating a machine learning model that dynamically modifies recommendations based on real-time data.

- **Enhanced Loyalty Program and Rewards System**

Starbucks loyalty program is a great feature, it may be improved even more to increase retention and engagement. Customers might gain more incentives, including early access to new product launches, birthday prizes, or unique discounts, based on their degree of participation if tiered rewards were introduced. Furthermore, adding gamification components like badges and challenges will encourage users to interact more regularly, making the experience more pleasurable and rewarding.

- **Increased Security and Data Privacy**

Data breaches pose a significant risk to customer privacy and financial security. Starbucks should enhance its cybersecurity protocols by adopting end-to-end encryption for transactions, two-factor authentication (2FA), and continuous monitoring for potential threats. Additionally, transparent communication about security features can help build trust with customers, reassuring them that their information is protected.

- **Subscription Model for Regular Orders**

By using a subscription model, Starbucks may further encourage frequent visits while creating steady revenue sources. With this strategy, clients could pay a monthly fee for frequent drinks or special discounts on particular products, boosting their lifetime value and guaranteeing more steady income. In order to increase consumer happiness and loyalty, the subscription model could also incorporate advantages like free delivery for members or access to special merchandise.

Starbucks can overcome its present issues and increase customer engagement and enduring loyalty by implementing five crucial features, which include AI-driven personalization, improved security, a strong loyalty program, AR integration, and more.

Reports from the business and academia back up these digital tactics, showing how well they work to improve customer satisfaction and operational effectiveness.

The Role of Mobile Applications in Building Customer Loyalty: A Qualitative Study

Müşteri Sadakati Oluşturmada Mobil Uygulamaların Rolü: Nitel Bir Araştırma

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Abstract

In an increasingly competitive environment, brands need to retain existing customers and attract potential customers. Brands that employ various promotional activities to develop brand loyalty use different strategies. Especially with the developments in technology and the increase in social media use, mobile applications have become tools for these promotional activities. From this point of view, this study aims to examine the importance of mobile applications in creating customer loyalty. For this purpose, the Starbucks brand, one of the leading coffee chains in the world, was selected. A qualitative research method, semi-structured interviews, was conducted with 20 participants. While selecting the participants, customers who fit the definition of "loyal customer" in the literature were chosen. The question form consisted of two parts. In the first part, information about the participants' demographic characteristics was collected, and in the second part, questions related to the purpose of this research were asked. The findings of the research were examined under the following themes namely: *loyalty drivers of the customers, usage of mobile applications and customer loyalty, and impact of the mobile application on customer loyalty*. Loyalty drivers of the customers were examined under three main themes as *service-related choices, location of the stores, quality and taste*. Besides, under the "Service-related choices" theme, *internal environment and store atmosphere, and self-service* sub-themes were discussed. As a result, it was revealed that service related choices, quality-taste, and location of the stores are the drivers that effect customer loyalty. The mobile applications were not used frequently by

<https://dergipark.org.tr/en/pub/turcom/article/858501>

- **How does Starbucks' use of AI and machine learning contribute to enhancing its e-commerce presence? (Include a scholarly reference).**

Starbucks has enhanced its e-commerce presence by carefully integrating AI and machine intelligence, especially through its mobile app, personalized recommendations, and operational efficiencies. Deep Brew, an AI-powered system that helps optimize inventory management, automate staffing schedules, and offer clients targeted marketing, is one of its main AI-driven initiatives.

- **Personalized Customer Experience**
Starbucks is using AI to provide a more personalized and engaging customer experience. AI systems can recommend beverages or food items based on a customer's past purchases, individual tastes, and contextual elements such as weather, location, and time of day. For example, on a hot day, a customer may be recommended a cold beverage, whereas in the morning before work, AI may suggest a high-caffeine meal. This customisation boosts client happiness because they feel better cared for and receive an experience that is matched to their tastes. Additionally, this data-driven strategy encourages repeat

purchases by providing recommendations that are more relevant to their preferences.

- **Optimized Mobile App & Loyalty Program**
The Starbucks app has emerged as a vital instrument in the company's digital strategy, with AI playing a significant part in improving its performance. The technology uses machine learning to forecast user behavior based on historical purchasing habits, and then offers targeted promotions or discounts. Customers who buy a specific type of beverage on a regular basis, for example, will receive exclusive deals on comparable items, promoting brand loyalty. Furthermore, the points collection mechanism in Starbucks Rewards is enhanced by an algorithm that identifies the optimal moment to deliver rewards to keep customers engaged with the app. This allows Starbucks to boost user engagement and ensure that customers continue to spend through their digital platform.
- **Operational Efficiency**
In addition to boosting the consumer experience, AI enables Starbucks to manage its operations more efficiently. One of its uses is supply chain management, where AI is used to forecast demand and maintain optimal stock levels at each store location. AI also helps Starbucks arrange employee work schedules based on consumer visit patterns, allowing them to better deploy labor. In logistics, AI is used to improve delivery routes, reducing delays and operational costs. With these increased efficiency, Starbucks can overcome the hurdles provided by the high prices of third-party delivery providers, ensuring that their items reach customers faster and in better condition.
- **Predictive Analytics for Demand Forecasting**
Starbucks uses machine learning to estimate demand more precisely. AI can help estimate ingredient demands by evaluating historical data and market trends, allowing shops to avoid stock outs or waste surplus inventory. For example, if data trends indicate that pumpkin spice beverage sales are fast increasing in the fall, the AI system can direct merchants to purchase more ingredients before demand jumps. This method not only improves operational efficiency, but it also boosts consumer pleasure by reducing the likelihood of running out of their favorite products. Furthermore, this predictive method enables Starbucks to alter its marketing strategy depending on anticipated consumer trends, allowing them to remain competitive in an ever-changing sector.

Starbucks maintains a competitive edge in the increasingly competitive e-commerce market by applying AI and machine learning across its business to optimize the customer experience while increasing operational efficiency.

Elevating logistics performance: harnessing the power of artificial intelligence in e-commerce

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Abstract

Purpose – Artificial intelligence (AI) usage improves e-commerce logistics efficiency. However, many actors can play significant roles, such as supply chain consistency (SCC), last-mile logistics (LML) performance and collaboration and coordination among logistics firms. This study aims to assess how SCC and LML performance mediate and collaboration and coordination moderate the relationship between AI usage and logistics efficiency.

Design/methodology/approach – A structured questionnaire was used to collect the data. A total of 245 valid responses were received from Indian e-commerce businesses. The data were then analysed using AMOS v25 and structural equation modelling using SPSS for regression, PROCESS macro for mediation and moderated mediation analysis.

Findings – The findings show that AI usage independently impacts logistics efficiency, with SCC and last-mile delivery performance as mediating variables. Collaboration and coordination among logistic firms are also critical moderators in enhancing AI's efficacy in logistic operations. The study findings suggest the integration of AI into logistic operations and provide implications to managers on the urgency of fostering a collaborative and synchronised environment to utilise the full potential of AI in e-commerce businesses.

Originality/value – This study not only contributes to the field of logistics theory by presenting empirical data on the various ramifications of AI but also offers practical guidance for logistics firms, particularly those operating in developing economies, on how to strategically employ AI to enhance operational efficiency and attain a competitive advantage in the era of e-commerce logistics in the digital age.

Keywords Artificial intelligence in logistics, E-commerce efficiency, Supply chain consistency, Last-mile logistics, Logistics coordination and collaboration, Indian logistics sector

Paper type Research paper

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4. Security and Payment Systems

- **Given the risks of cybersecurity breaches, what strategies should Starbucks implement to enhance customer data protection and payment security? (Support with a peer-reviewed journal citation).**

Starbucks has effectively positioned itself as a digital-first coffee company, with tens of millions of active members in its loyalty program and its mobile app handling over 40% of U.S. transactions. There are substantial cybersecurity risks and obligations associated with this digital success, though. The corporation has seen a number of security breaches over the years, including the well-known hack in 2015 that resulted in the depletion of user accounts and the more recent ransomware assault in 2024 that caused payroll systems to malfunction through a third-party partner. In order to safeguard consumer information and payment systems, Starbucks must put strong cybersecurity protections in place, as these instances demonstrate. Comprehensive cybersecurity strategies for Starbucks

- **Tokenization for Mobile Payment Security**
Starbucks can replace sensitive payment data with unique tokens that cannot be returned to their original form. This tokenization must be implemented in the Starbucks Rewards payment system as well as integration with digital wallets such as Apple Pay and Google Pay. In the event of a data breach, the

information stored in the form of tokens cannot be used by hackers because the tokens have no value outside the specified payment ecosystem. Thus, transaction security is increased and customer trust in Starbucks' digital payment system is strengthened.

- **AI-Based Fraud Detection System**

Starbucks can leverage machine learning technology to identify suspicious transaction patterns, such as sudden large purchases or multiple login attempts in a short period of time. The system can analyze anomalies in real-time and take preventive action before fraud occurs. With an AI-based fraud detection system, Starbucks can prevent unauthorized transactions more quickly and accurately. In addition, this system also helps reduce fraudulent chargebacks and increases customer protection.

- **Regular Security Audits and Penetration Testing**

Performing regular security audits is essential to identify gaps in Starbucks' payment systems. Penetration testing can also be performed to simulate cyberattacks and measure the system's resilience to the latest threats. With this approach, Starbucks can proactively address weaknesses in the system before they are exploited by malicious actors. This also ensures that the payment system is up to date with the latest security technologies.

- **Multi-Factor Authentication (MFA) for Account Access**

MFA can be required to sign in to a Starbucks Rewards account. Authentication methods used can include SMS codes, biometrics, or authentication apps. Additionally, behavior-based authentication can be implemented to verify a user's identity based on usage patterns. Implementing MFA will significantly reduce the risk of credential stuffing and phishing attacks. With an additional step in the sign-in process, malicious parties who illegally obtain account credentials will still be unable to access a customer's account without an additional authentication factor.

- **Regulatory Compliance and Security Standards**

Starbucks must ensure that its payment systems comply with industry standards such as PCI-DSS (Payment Card Industry Data Security Standard). In addition, data protection regulations such as GDPR must also be considered for customers in the European region. Compliance with these regulations will help Starbucks avoid legal sanctions and increase customer trust. In addition, this compliance ensures that Starbucks implements best practices in customer data protection.

By implementing this strategy, Starbucks can significantly improve the security of customer data and payment transactions. The combination of encryption, tokenization, MFA, AI-driven fraud detection, regular audits, education, and regulatory compliance will form a layered security system that is effective in protecting customers and businesses from evolving cyber threats.

Data Breaches in an Age of Technology: An Evaluation of Article III Standing and Expectations of Privacy

ABSTRACT. This essay will discuss Article III standing in regard to data breaches and expectations of privacy. The topic of standing is introduced in context with precedent court cases *Clapper v. Amnesty International* and *Spokeo, Inc v. Robins*, which highlight the limits of legitimacy of injury. These cases are then compared and contrasted to other decisions in recent circuit splits, showing that there is a lot of gray area on the type of injury sustained in a data breach. This article then looks at the current state of privacy domestically, coming to the conclusion that the U.S. needs a stronger national policy for privacy regulation to protect the consumer. Finally, such legislation is discussed, along with proposed solutions that consider the pros and cons of these discussions.

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<https://escholarship.org/uc/item/23v1c4hc>

- **What are the advantages and disadvantages of Starbucks offering multiple digital payment options? (Provide a reliable citation).**

Starbucks provides various digital payment methods, including its mobile app (Starbucks Rewards), credit/debit cards, Apple Pay, Google Pay, PayPal, and third-party delivery integrations Uber Eats. While this enhances convenience, it also introduces security and operational complexities. Below is an analysis of the advantages and disadvantages.

Advantages of Multiple Payment Options

- **Enhanced Customer Convenience & Satisfaction**
Customers prefer flexibility in payment methods, leading to higher satisfaction and repeat purchases. By offering multiple payment options, Starbucks caters to a wide range of customer preferences, ensuring that transactions are seamless and efficient. This convenience enhances the overall customer experience, making it easier for patrons to complete their purchases without being restricted to a single payment method.
- **Increased Sales & Revenue**
More payment options reduce cart abandonment, especially among younger demographics who favor mobile wallets such as Apple Pay. By eliminating friction in the checkout process, Starbucks can capture more sales opportunities and encourage impulse purchases. The availability of various payment methods also enables customers to make transactions even if they face issues with one specific payment method, further driving

revenue growth.

- **Strengthened Loyalty Program Engagement**

Starbucks' app-based payments integrate seamlessly with its rewards system, encouraging repeat usage. Customers who use the Starbucks Rewards app benefit from automatic reward tracking and exclusive offers, which incentivize them to make purchases through the app. This integration strengthens brand loyalty and increases customer retention, as users are more likely to return for additional purchases to maximize their rewards.

- **Competitive Advantage**

Offering multiple digital payment options allows Starbucks to outperform competitors by providing a seamless and modern payment experience. Competitors that fail to offer diverse payment methods may lose customers who prefer the convenience of digital wallets or app-based transactions. Starbucks' ability to integrate different payment solutions positions it as a forward-thinking brand that prioritizes customer convenience and technological innovation.

Disadvantages of Multiple Payment Options

- **Increased Cybersecurity Risks**

Each additional payment method introduces new vulnerabilities, such as mobile app breaches, phishing scams, and fraud attempts. Managing these risks requires continuous investment in cybersecurity measures, including encryption and fraud detection systems. Without proper security protocols, Starbucks could face data breaches that compromise customer information and damage brand reputation.

- **Higher Operational & Integration Costs**

Maintaining multiple payment gateways increases IT and compliance costs, including regulatory requirements such as PCI DSS for credit cards and PSD2 for digital wallets. Starbucks must allocate resources to ensure seamless payment processing, secure data storage, and integration with various financial service providers. These expenses can add to operational complexity and impact overall profitability.

- **Fragmented Customer Data**

Transactions occurring across different platforms, such as the Starbucks app, Uber Eats, and in-store purchases, may lead to inconsistent customer insights. Without a centralized system to consolidate transaction data, Starbucks may struggle to deliver personalized marketing campaigns and targeted promotions. Fragmented payment data can hinder efforts to enhance customer experience and optimize business strategies.

- **Potential for Payment Failures & Technical Glitches**

If one payment system fails, such as an outage in the Starbucks app or a temporary issue with a third-party provider, customers may abandon their purchases. Dependence on multiple payment solutions increases the risk of

technical failures, which can lead to customer frustration and loss of sales. Ensuring system reliability and providing backup payment options is essential to maintaining customer trust and minimizing disruptions.

While multiple payment options improve convenience, sales, and loyalty, they also introduce security risks, higher costs, and operational challenges. Starbucks must balance flexibility with robust security measures, such as tokenization and fraud detection, to mitigate potential downsides. By strategically managing its payment ecosystem, Starbucks can maximize the benefits of digital payments while maintaining security and operational efficiency.

E-wallet Delivery Technology Architecture Adoption: A Review

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ABSTRACT

E-wallet is a fintech digital tool that enables cashless, quick, and easy transactions, and allows users to review and analyze payment histories. However, the expansion of digital wallet usage has contributed to a surge in overspending where users fail to utilize the generated expenditure data to improve personal financial management. The objective of this study is to compare operational features of existing delivery technologies to ensure the best suited delivery technology is adapted into the proposed adaptive money management embedded e-wallet design. A review was conducted to find relevant articles published between 2017 to 2021. The main inclusion criteria were English articles that discuss the applications of NFC, QR code, Digital (online)-only, and/or SMS. The search resulted in 159 articles but only 12 met all the inclusion criteria. The review highlights the advantages and disadvantages of using the three technologies in financial applications. This review suggests that QR payment is most popular, secure, fast, and cost-effective compared to NFC and SMS. This makes QR technology the best suited delivery technology for the adaptive management embedded e-wallet that incorporates the four blocks of Fintech technologies namely, blockchain, AI, IoT and RPA. Overall, a QR code enabled e-wallet can expedite and automate the process of analyzing transactions, thus providing a solution for secure transactions and better money management.

<https://www.ukm.my/jkukm/wp-content/uploads/2025/3701/14.pdf>

5. E-Commerce Business Models/Strategies

- **Should Starbucks prioritize direct online sales through its app/website over third-party delivery services? Justify your answer with evidence from a reliable academic source. (Include citation proof).**

As digital transactions continue to shape the retail landscape, Starbucks must decide whether to enhance its direct digital sales or maintain its reliance on third-party delivery services. Direct digital sales through its app and website offer a more profitable and controlled approach, ensuring better margins, improved data insights, enhanced brand consistency, and stronger security measures.

- **Higher Profit Margins**

Third-party delivery services charge commission fees ranging from 15% to 30%, which significantly reduces Starbucks' overall profit margins. These fees accumulate over time, cutting into revenue that could otherwise be reinvested

into business growth, product innovation, or customer experience enhancements. By prioritizing direct online sales through its app and website, Starbucks can eliminate these additional costs and maintain stronger financial control over its sales.

- **Better Customer Data & Personalization**

Direct sales allow Starbucks to collect first-party customer data, enabling the company to personalize offers and loyalty rewards. With a direct connection to its customers, Starbucks can analyze purchasing behaviors, preferences, and engagement patterns to enhance customer experiences. This data-driven approach not only increases repeat purchases but also strengthens long-term customer relationships by offering tailored promotions and incentives.

- **Stronger Brand Control & Consistency**

Reliance on third-party delivery services often leads to issues such as cold coffee, incorrect orders, and inconsistent branding. Customers receiving subpar delivery experiences through third-party platforms may associate these issues with Starbucks rather than the delivery provider, ultimately affecting brand perception. By handling its own digital sales, Starbucks can ensure better quality control, standardized packaging, and a more seamless brand experience that aligns with customer expectations.

- **Reduced Cybersecurity & Operational Risks**

Each integration with third-party services introduces potential security vulnerabilities, including risks of data breaches, fraud, and operational inefficiencies. By reducing dependence on external platforms, Starbucks can minimize exposure to these risks and maintain stricter control over customer data protection. Direct digital sales allow Starbucks to implement more robust cybersecurity measures, ensuring customer trust and safeguarding sensitive payment and personal information.

While third-party delivery services provide convenience and reach a broader audience, prioritizing direct online sales offers Starbucks greater profitability, stronger brand control, better customer data utilization, and enhanced security. By focusing on its own digital ecosystem, Starbucks can build a more sustainable and customer-centric online experience while reducing its reliance on intermediaries.

Optimizing mobile in-app advertising effectiveness using app publishers-controlled factors

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Abstract

Mobile in-app advertising has become one of the most popular business advertising platforms in recent years. This relatively new advertising strategy's annual spending has increased dramatically in recent years. Despite its practical success, the background theory for mobile in-app advertising is still in its infancy. This type of advertising also sees the emergence of new participants, such as ad networks and app publishers, which leads to the development of new theoretical constructs and more nuanced conceptual relationships on top of popularly accepted frameworks, e.g. Mobile Advertising Effectiveness Framework. This study especially looks at app publishers' roles, which have received the least attention in the advertising literature and are almost non-existent in the previous effectiveness frameworks. The empirical goal of this study was to assess the moderating effects of ad space characteristics on the effectiveness of mobile in-app advertising. To test the research's conceptual model, a 2⁴-factorial online experiment was set up. Accordingly, this study established a common goal for participants and a metric to measure that common effectiveness goal. Ultimately, the model was successfully tested by both Moderated Regression Analysis and Multigroup Moderation Analysis techniques with data from over 15,000 ad impressions and over 800 ad clicks from thousands of mobile users in over 160 countries around the world. The study theoretically found that publishers can significantly moderate the effects controlled by advertisers, and users, which can practically help increase the revenue of advertising through designing and delivering ad spaces on their applications.

Keywords Mobile in-app advertising · Programmatic advertising · Effectiveness framework · Advertising factors · Ad clicks · Ad space · App publisher · Integrated advertising · Moderation

<https://link.springer.com/article/10.1057/s41270-023-00230-w>

- **How can Starbucks optimize its e-commerce strategy to retain customers and compete with other coffee brands? (Include a scholarly reference + proof).**

To strengthen its digital competitiveness, Starbucks can implement five key strategies that leverage advanced technology and data-driven solutions. In an increasingly digital world, businesses must continuously innovate to stay ahead, and Starbucks is no exception. Leveraging cutting-edge technology, data-driven insights, and seamless customer experiences, the company can enhance its digital presence and operational efficiency. By integrating personalization, optimizing service channels, improving delivery systems, strengthening customer engagement, and ensuring security, Starbucks can create a more connected and convenient experience for its customers.

- **AI-Powered Hyper-Personalization**

By implementing machine learning algorithms, Starbucks can analyze customer order history, including purchase time, frequency, and seasonal preferences, to accurately predict customer needs. A feature like "Your Usual" can be suggested with one-tap ordering during regular visit times, creating a more personalized experience and increasing customer engagement.

- **Hybrid Delivery Optimization**

To optimize delivery efficiency, Starbucks can develop dynamic routing algorithms to minimize reliance on third-party services. Furthermore, testing autonomous delivery drones or pods in urban markets, as implemented in the Shanghai Reserve Roastery, can provide an innovative solution to enhance delivery speed and efficiency while reducing operational costs.

by embracing these advanced strategies, Starbucks has the opportunity to significantly enhance its digital competitiveness and customer experience. Implementing AI-powered hyper-personalization and optimizing delivery systems through innovative solutions can not only streamline operations but also build stronger, more personalized connections with customers. As Starbucks continues to adapt to the evolving digital landscape, these strategies will position the company to meet the growing demands of the modern consumer while driving long-term growth and operational excellence.

REVOLUTION OF AI IN HYPER-PERSONALIZATION MARKETING OF FMCG

by

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Abstract: The FMCG business uses artificial intelligence (AI) in hyper-personalization marketing to give consumers experiences that are specifically catered to them. The transformational potential of artificial intelligence (AI) in customizing marketing techniques is examined in this article. It explores the theoretical foundations of customer engagement and investigates the ways AI might be used to create relevant and targeted marketing experiences that can influence the processing path and maximize engagement by personalizing messages according to customer demographics and behaviors. This theory investigates how to engage and encourage consumers using gaming mechanics. By customizing challenges and incentives to each customer's preferences, AI can personalize gamified marketing experiences and increase engagement. Large volumes of consumer data can be analyzed by algorithms to forecast unique preferences and actions. This enables the creation of content that appeals to consumer groupings, product suggestions, and targeted advertising. AI-powered natural language processing (NLP) systems examine social media interactions, consumer reviews, and other types of unstructured data. In the FMCG industry, personalization has evolved from a luxury to a standard expectation. Simple product recommendations have developed into hyper-personalization, driven by AI, which instantly customizes interactions, information, and suggestions. In a crowded marketing environment, brands in India must work to get consumers' attention throughout this holiday season¹¹. As the level of competition rises, brands are being pressured to adopt creative approaches that beyond traditional marketing. Big data analytics and artificial intelligence are driving hyper-personalization, which is at the heart of this trend. 65% of Chief Experience Officers- CXOs are concentrating on personalizing seasonal promotions using AI-driven analytics to improve customer experience and boost engagement and conversion. This article mainly deals with AI in the Hyper-personalization marketing of FMCG and highlights the speedy selling of products and the various aspects of their experiences.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5038511

Optimization of Truck-Drone Hybrid Delivery Considering 3D Flight Trajectories

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https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5109111

6. E-Commerce Marketing and Advertising

- How can Starbucks leverage social media, digital marketing, and personalized promotions to enhance customer engagement? (Provide an academic citation + proof).

To enhance customer engagement and strengthen its digital presence, Starbucks can leverage a variety of innovative strategies, including social media interactions, personalized marketing, influencer partnerships, gamification, and AI-driven conversational tools. By tapping into these digital marketing techniques, Starbucks has the opportunity to build deeper connections with its customers, personalize their experience, and increase brand loyalty. Starbucks can leverage social media, digital marketing, and personalized promotions to enhance customer engagement through the following strategies, supported by academic research:

- **Social Media Engagement & User-Generated Content (UGC)**

Starbucks can leverage social media by encouraging customers to share their experiences using branded hashtags, such as #StarbucksLove, and reposting user-generated content (UGC) to foster a sense of community. Engaging with customers through UGC not only strengthens emotional connections but also enhances brand loyalty and engagement. By creating a platform for customers to showcase their personalized experiences, Starbucks can further establish a deeper bond with its audience, ultimately increasing both visibility and customer loyalty. Seasonal campaigns, like the highly popular Pumpkin Spice Latte, already incorporate this approach effectively, amplifying customer interaction and excitement.

- **Personalized Digital Marketing & AI-Driven Recommendations**

By utilizing AI and big data analytics, Starbucks can deliver highly personalized promotions tailored to individual customers based on their past purchases and preferences. This could include offering discounts on favorite drinks or sending special offers for birthdays or based on customer location. Deepening the level of personalization within the Starbucks mobile app would provide customers with a more customized experience, enhancing engagement and fostering long-term relationships. Personalized marketing has been shown to significantly improve customer retention, and Starbucks can continue to capitalize on this approach to deepen its customer base.

- **Influencer & Micro-Influencer Collaborations**

Partnering with food and beverage influencers on platforms like Instagram and TikTok can significantly extend Starbucks' reach and create buzz around new offerings. Micro-influencers, with their smaller but highly engaged followings, offer a unique opportunity to promote limited-edition drinks and drive organic conversations around the brand. The authenticity that micro-influencers bring to the table can lead to more genuine customer interactions, creating a sense of trust and excitement around Starbucks products. By collaborating with these influencers, Starbucks can tap into niche markets, drawing attention to their creative, seasonal, or promotional offerings.

- **Chatbots & Conversational Marketing**

Implementing AI-driven chatbots on platforms like Instagram Messenger or WhatsApp for order customization and personalized promotions can improve customer responsiveness and engagement. Conversational marketing allows for real-time, interactive communication between Starbucks and its customers, offering a more efficient and personalized service. By providing customers with immediate access to information or promotions, chatbots can streamline

the customer service process, reduce wait times, and enhance the overall customer experience. This technology enables Starbucks to meet customer needs promptly and efficiently, driving satisfaction and repeat business.

by implementing strategies such as social media engagement, personalized marketing, influencer collaborations, and AI-driven conversational tools, Starbucks can significantly enhance customer engagement and foster deeper connections with its audience. These approaches not only improve customer experience through tailored promotions and interactions but also drive brand loyalty and increase customer retention. By integrating innovative digital marketing techniques, Starbucks can strengthen its competitive edge, increase visibility, and ensure a more personalized, interactive, and seamless journey for its customers.

From the consumer side, technology adaptation is supported by the pandemic situation where people must limit visits to physical stores, resulting in an increase in the number of users of digital business platforms and impacting the Indonesian economy. The growth depends on digital business areas such as social media. Media, Website and E-Commerce (Guntara, 2023). Through e-commerce, consumers can gather information about prices, specifications, and various promotions offered by economic actors and companies. Can be a medium, to inform the quality of its products therefore, companies need to increase brand loyalty to retain consumers. Loyalty plays an important role for companies because consumers who are loyal to a brand will make purchasing decisions quickly.

According to (Asy'ari & Sukresna, 2023), customer engagement is a form of customer behavior towards a brand or company other than purchases, resulting from motivation. Companies often develop engagement strategies by combining customer-brand interactions. Customer engagement is very important for brands because customers actively participate in shaping their own experiences through interactions with brands (Wibowo & Laksamana, 2023). (Utami & Saputri, 2020) investigated customer engagement in virtual brand communities and found that customers who interact with a brand demonstrate brand loyalty by recommending the brand to others.

When consumers gather information from e-commerce, or other sources, consumers will interact with information from other consumers (user-generated content / UGC) and UGC can be in the form of other consumer reviews about products. (Wei, 2022) indicated that UGC has a positive impact on brand loyalty. Consumer interaction with companies, through UGC, can build and maintain relationships with customer engagement. Furthermore, (Wei, 2022) showed that the effect of UGC on brand loyalty is mediated by brand trust. Consumers will be loyal to a brand if consumers trust the brand.

Information about a brand obtained through UGC can increase consumer trust in the brand and ultimately increase brand loyalty. Consumers are more likely to trust brands that have positive reviews from other consumers, customer engagement, or offer attractive promotions. This study aims to empirically examine the effect of UGC, on customer engagement and brand loyalty. This research examines UGC because these variables play an important role in the industry.

<https://paraplu.sapublisher.com/index.php/paraplu/article/view/75>

The Rise of Influence Marketing in E-Commerce: A Review of Effectiveness and Best Practices

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Abstract

Influencer marketing has emerged as a revolutionary approach in the realm of digital commerce, employing social media influencers to increase brand exposure, cultivate consumer confidence, and stimulate engagement. Through the strategic utilization of influencers' genuine appeal and extensive reach, brands are able to develop tailored and relatable campaigns that connect with specific target audiences. This study examines the importance, obstacles, and prospective developments of influencer marketing, highlighting its crucial function in e-commerce. The major challenges entail unethical behavior, the need to comply with regulatory demands, and issues in the evaluation of long-term return on investment. Future trends, such as the integration of artificial intelligence, augmented reality, and how the dynamics between influencers and consumers keep shifting, bring opportunities for further innovation and growth. Understanding these dynamics helps improve influencer tactics, assure ethical practices, and leverage emerging technologies to achieve effective marketing outcomes. This study covers an overview of best practices, challenges, and major trends that are shaping the future of influencer marketing in today's digital environment

<https://eastpublication.com/index.php/ejas/article/view/38>

- **What role does influencer marketing play in Starbucks' e-commerce marketing strategy? (Support your answer with an official source + proof).**

Influencer marketing plays a pivotal role in Starbucks' e-commerce strategy by driving brand awareness, customer engagement, and sales through authentic, user-generated content (UGC) and social proof. By partnering with influencers of varying levels, from macro-influencers with large followings to micro-influencers with more niche, engaged audiences, Starbucks is able to reach a wide range of potential customers. These influencers help promote new products, seasonal campaigns, and digital initiatives, such as mobile ordering and rewards programs, creating a more personal and relatable connection between the brand and its audience. Through influencer collaborations, Starbucks capitalizes on the power of peer recommendations, which often resonate more deeply with customers than traditional advertising. Key ways Starbucks uses influencer marketing:

- **Product Launches & Seasonal Campaigns**
Starbucks strategically partners with influencers to create buzz around limited-edition drinks and seasonal campaigns, such as the Pumpkin Spice Latte and Oleato. Influencers help build anticipation and excitement for these products by showcasing them in creative and engaging ways, often aligning with current trends and audience interests. This approach generates significant attention and enthusiasm, driving both awareness and sales for new and seasonal offerings. Influencer-driven campaigns also help Starbucks maintain a fresh, trendy image, ensuring its products remain relevant and highly desired during peak seasons.
- **User-Generated Content (UGC) & Authenticity**
Rather than relying solely on high-profile celebrity endorsements, Starbucks focuses on micro-influencers with smaller but highly engaged followings. These influencers often produce more relatable, authentic content that resonates with their audience, increasing customer trust and engagement. By encouraging influencers to create user-generated content (UGC), Starbucks fosters a more personal connection with its customers, ensuring the brand feels approachable and genuine. This authenticity is a key driver of engagement, as followers are more likely to respond positively to content they perceive as sincere and grounded in real customer experiences.
- **Leveraging Social Media Trends**
Starbucks takes full advantage of viral social media challenges and trends, such as the #StarbucksRedCupContest, where influencers and customers post creative content centered around the brand. These campaigns amplify reach and deepen customer engagement by encouraging participation from a wider audience. Influencers play a key role in driving these trends, creating a snowball effect that spreads Starbucks-related content across various platforms. By tapping into these viral moments, Starbucks ensures it stays at the forefront of social media conversations and captures the attention of both new and existing customers.
- **Influencer-Driven App & Loyalty Program Promotion**
Influencers also play an important role in promoting Starbucks' mobile app,

rewards programs, and personalized offers. Through their platforms, influencers highlight the benefits of using the app, including exclusive discounts and tailored promotions, encouraging their followers to download the app and become loyalty program members. These influencer-driven promotions help boost app downloads and foster customer loyalty, contributing significantly to the overall success of Starbucks' digital ecosystem. By leveraging influencers to promote these digital initiatives, Starbucks strengthens its relationship with tech-savvy consumers while enhancing customer retention.

influencer marketing has become a cornerstone of Starbucks' e-commerce strategy, driving brand awareness, customer engagement, and sales through authentic content and peer recommendations. By partnering with both macro and micro-influencers, Starbucks effectively promotes its products, seasonal campaigns, and digital initiatives while creating a more personal and relatable connection with its audience. Through strategies like leveraging user-generated content, tapping into social media trends, and promoting app and loyalty programs, Starbucks not only enhances its brand presence but also fosters stronger customer loyalty and increased sales. Influencer-driven campaigns have proven to be an essential tool in maintaining Starbucks' relevance and appeal in a competitive digital landscape.

Impact of Viral Marketing and Gimmick Marketing on Transformation of Customer Behavior Mediated by Influencer Marketing

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Abstract. *The rapid advancement of digital technology has unlocked new opportunities in marketing, especially through social media platforms like TikTok. This study explores the synergy between viral marketing, gimmick marketing, and influencer marketing in driving the transformation of customer behavior from passive consumers to active participants within the digital marketing ecosystem. A quantitative approach was employed, collecting data from 200 respondents actively involved in digital marketing on TikTok as resellers, dropshippers, affiliates, and co-creators. Using the Partial Least Squares method for analysis, the findings reveal that viral marketing significantly influences the transformation of customer behavior. Similarly, gimmick marketing demonstrates a direct and significant impact on this transformation. Moreover, influencer marketing serves as a mediator, amplifying the effects of both viral and gimmick marketing on transformation of customer behavior. This behavioral shift is evident in the transition of consumers from passive roles to active contributors, taking on positions such as resellers, dropshippers, affiliates, and co-creators. At the same time, sellers are evolving from traditional marketing practices to utilizing e-commerce, social media, and live streaming to reach wider audiences. By actively engaging consumers, sellers foster a collaborative ecosystem where consumers play a pivotal role in expanding the marketing framework. To sustain long-term consumer engagement in this digital marketing ecosystem, it is essential to prioritize the selection of credible and relevant influencers while providing continuous education and support for resellers, dropshippers, and affiliates. This research strengthens the theory of planned behavior and the diffusion of innovations theory, offering fresh insights into designing marketing campaigns based on the 4Ps of digital marketing (Platform, Page, Program, and Posting) to address the needs of the digital era.*

Keywords: *viral marketing, gimmick marketing, influencer marketing, tiktok, transformation of customer behavior.*

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