



Memorandum

TO: Starbucks Social Media Division
FROM: Mark Scout, lead consumer outreach technician
DATE: November 8, 2024
SUBJECT: New social media strategy

This memo outlines a new social media strategy targeting social media and how it can help the Starbucks Corporation's transition back to the European café model.

Starbucks' Transition Away From the Third Place

Starbucks opened its first store in 1984 as a typical Seattle coffee shop. Soon, it became apparent that customers were staying within the store even after finishing their drinks as a way to work and socialize. In 1987, the expanding company made a deliberate shift to the European café model in which coffee shops are more hubs of social activity for the community than just stores. Areas like this are known as third places: places for socialization that aren't the first place (home), or the second place (work). This has propelled the brand as the leading coffee shop in the United States of America and internationally. However, since 2000, Starbucks America has been straying further away from this core idea of a social hub, catering more towards deliveries, pick-ups, and drive-thru customers. While this has transformed the company into the international powerhouse it is today, we have neglected a domestic market now taken up by smaller competitors.

Plans for Returning to Form

As per the internal memo sent out last week by the board of directors, now that uncertainties regarding the pandemic have cleared, the Starbucks Corporation can fully realize plans to target a new demographic of socialization-starved Generation Z and Millennial urbanites. To briefly summarize, suburban expansion plans will continue as normal, but new urban developments will no longer feature drive-thru windows and will instead focus on in-person customer service and other aforementioned aspects of "third places." These plans for reimagining Starbucks as the premier third place haven't been fully fleshed out yet—the company is waiting for Q1 2025 when the early consumer testing will have concluded. Additionally, such plans must be announced to the public, something that Social Media Division leadership hasn't decided upon how. This memo serves as a recommendation to leadership on how best to tackle public awareness of this change in consumer targeting as well as advice on how to improve customer service under the new model of operation.

An Analysis of Similar Solutions

As part of my research towards my solution, I have encountered a strategy write-up by Dell Technologies on their transition to a new social media outreach model. The details of this report helped influence my decisions regarding how the Starbucks Corporation should act in accordance with the new business direction.

Context for Dell Technologies

Dell Technologies is a company many are familiar with, especially considering our long history of working together. They are the premier American computer company, forming a significant portion of the global personal computer manufacturing industry. By the mid-2000s, however, many were beginning to see stagnation in the company. Notably, there was very little communication between the company and its customers at large. Much of the public discussions surrounding Dell were one-sided and negative, complaining about products, customer service, and other slights. A transformation of Dell's online presence had to happen. Among other things, the two most important changes to occur were an embracing of employee social media presence and the creation of the website "Tech Page One".

Employee Social Media Training

Dell formed a Social Media and Community team to propose a radical idea for social outreach: a decentralized social media presence. Instead of one or several large social media accounts commanding all flow of information between company and customer, thousands of smaller accounts would interface with the customer base, potentially one for every Dell employee. All employees received social media training and were instructed to use social media pages for promotion, customer outreach, and general information dispersal. The idea is that interactions with customers would seem more genuine if there was an identifiable face behind Dell. At the height of this program, about 10% of Dell's workforce had undergone training and were actively using social media to the company's benefit.

Customer Funneling with Tech Page One

Another important addition to Dell's repertoire of public outreach happened in the late 2000s with Tech Page One. This website appeared as a standard news outlet and forum for tech enthusiasts, updating members with information about the industry. Unbeknownst to much of its user base, this website was run by Dell, and roughly a tenth of the content featured on the website was related to Dell Technologies. Customers would come to Tech Page One for information and leave with a greater appreciation for the company, referrals for products, or otherwise more knowledge of what Dell was doing. It was a genuinely useful product that happened to feature Dell promotions. This was at a crucial turning point for the company's public image, beginning a rise from neutral to negative perceptions to positive ones.

Dell Technologies's Results

It cannot be overstated how much these changes transformed Dell. As a result of the employee social media training, Dell customers could pull on a vast base of knowledgeable employees equipped to handle their inquiries, requests, and complaints. In 2012, customer support calls dropped by almost 20%; customers were using these new online resources instead. Additionally, the new policy allowing social media usage in the workplace increased employee productivity by 15% and decreased the company's turnover rate. Employees were able to turn away from the stresses of work and towards customer outreach, which still meant profit for Dell. Tech Page One was also very successful. Sales leads from social media led to between two and five times more Dell customers than traditional approaches, much of which came from the content featured on Tech Page One.

Recommendations for the Starbucks Corporation

I believe we should apply a similar dramatic change in our approach to social media. This report urges the Social Media Division to consider allowing employee social media engagement and the creation of a social news and community page for coffee drinkers. Starbucks baristas would be given the voluntary opportunity to create social media pages representing the Starbucks brand, following training for such a role. These pages would retain the personal images and comments of the employee, but intend to target coffee drinkers and café goers who may not be otherwise familiar with the company's transition back to the third place. People selected for this role would come from both existing employees and new hires at trial urban locations. Additionally, Starbucks may also opt to hire social media influencers with an affinity for coffee for "promotions": posts promoting or advertising Starbucks products, deals, locations, etc. This route would require less preparation of training materials, but wouldn't grow an array of knowledgeable brand representatives as the Dell program did. The creation of a social news and community page for coffee drinkers would be similar to the Tech Page One website Dell created. It would mix general information from the coffee industry with information specific to Starbucks, such as new deals or product announcements. If we create a website that is useful to customers regardless of its Starbucks promotion, any content featuring the Starbucks brand will create positive correlations in the minds of coffee drinkers. It would also be helpful to have a centralized place for customer comments, gauge public interest in certain products or services, and ensure the company is up-to-date with industry trends. If these changes are implemented, I am sure Starbucks's relationship with its customers would improve, and awareness of our company's strategic venture into the neglected urbanite market would increase.

Thank you for considering my report to the Social Media Division. Please feel free to contact me with further questions regarding the information presented here or to forward this memorandum among the company to gauge interest in such a project.