**MARKETING**

***Professor Boichuk***

**Name:** Fill In

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**Weight:** This section represents 20% of COMM 3020.

**Submission Format:** Email ([boichuk@virginia.edu](mailto:boichuk@virginia.edu)), using “Marketing Final Exam Submission” for the subject line and the following convention to name the file you submit “Block # last name, first name” (e.g., “Block 5 Krause, Tiffany.docx”).

**Special Instructions:**

In no more than 1000 words, address the following question:

*In the years to come, should Starbucks executives continue to, in Mr. Schultz’s* [*words*](https://www.washingtonpost.com/news/post-nation/wp/2016/12/03/starbucks-ceo-says-the-company-isnt-anti-trump-we-all-want-the-president-elect-to-do-well/)*, demonstrate “moral courage to address things that we think are important to the promise of America”?*

The 1000-word limit is not inclusive of tables and figures. As you see fit, you should leverage the case analysis resources on Blackboard, UVA library resources, and content available on the internet as you prepare your recommended action plan.

The case analysis rubric available on Blackboard will be used for grading purposes. Thus, your report will be assessed according to the extent to which it identifies one or two high-level problems, associated with the course of action you decide against, in a concise manner. Your report should put forth sound justification to explain why these problems are urgent and important issues. Top marks will be awarded to reports that highlight the detrimental implications of these problems cogently. The underlying causes of these problems should be infused in your report, and marketing concepts/theories should be applied in deliberate and systematic ways. Ideally, the action plan you recommend will solve the problems you put forth and not create deleterious unintended consequences. You should fully discuss what Starbucks needs to do to succeed as it pursues your recommended course of action, paying particular attention to relevant aspects of the 4Ps. Please adhere to all of the expectations that were set in Communication this semester.

*On my honor, I pledge that I have neither given nor received help on this examination. I worked alone on all aspects of it and the analysis I present is my own.*

**Signature:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Time & Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Use this page as a cover sheet. Do not include any responses on this page.*

**Marketing Case**

*"Coffee - the favorite drink of the civilized world." - Thomas Jefferson*

The [U.S. National Coffee Association](http://www.ncausa.org/About-Coffee/History-of-Coffee) claims that Americans have preferred coffee over tea ever since the Boston Tea Party. Indeed, many even adore coffee nowadays, and specialty retailers, led by Starbucks, have experienced great success augmenting the coffee they sell with [experiential](https://www.fastcompany.com/887990/starbucks-third-place-and-creating-ultimate-customer-experience) and [luxurious](http://www.scmp.com/business/companies/article/2044112/starbucks-double-its-china-stores-five-years-chinese-middle-class) qualities.

More debatable is Starbucks’ decision to follow in [Dove’s](https://www.youtube.com/watch?v=iYhCn0jf46U) footsteps and become a [brand activist](http://www.thedrum.com/opinion/2015/09/08/dawn-brand-activism-your-brand-taking-stand). Howard Schultz, Starbuck’s outgoing CEO, recently [said](https://www.youtube.com/watch?v=LtxhlbzNMCE&feature=youtu.be&t=9m30s) the following of the decision rule that his executive team and he have used to justify the launch of several politically charged initiatives, including [Race Together](https://news.starbucks.com/news/a-letter-from-howard-schultz-to-starbucks-partners-regarding-race-together), [Upstanders](http://www.strategy-business.com/blog/Branding-Evolution?gko=11df7), and the [Green Unity](https://news.starbucks.com/news/starbucks-green-cup) cup:

“When we’re in a room trying to make decisions – there’s two empty seats, one for a customer and one for our people – and the question is, is this decision going to make them proud? And if the answer is yes, we’re on the right side of the debate.”

According to [Hoover’s](http://proxy.its.virginia.edu/login?url=http://mergentonline.com/hoovers), Starbucks operates nearly 25,000 stores globally, which Starbucks executives leverage to pursue the company’s mission, “to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.” In Schultz’s [words](https://youtu.be/LtxhlbzNMCE?t=8m34s), “should we…not take advantage of the platform we have?” After all, doing so often adds to “[Starbucks’ cachet with consumers](http://www.forbes.com/sites/georgeanders/2016/12/02/3-fine-reasons-starbucks-is-switching-ceos-and-2-hidden-ones/2/#545030f667b0),” according to George Anders, a Forbes contributor.

But Lucy Kellaway of the Financial Times seems to think not. She recently [wrote](https://www.ft.com/content/19add272-a68d-11e6-8b69-02899e8bd9d1) that Schultz has “no business” telling others how to be.

Consumer backlash has been prominent, too. Amobee Brand Intelligence data suggest that 67% of tweets following last year’s [holiday cup controversy](http://www.wsj.com/articles/consumers-arent-so-cheery-about-starbucks-holiday-cup-controversy-1447099197) expressed negative sentiment. President-elect Donald Trump called for a [boycott](https://www.youtube.com/watch?v=giU4TyVJ7v8), and, this year, operation [#TrumpCup](https://twitter.com/search?q=%23trumpcup&src=typd) went [viral](http://www.bizpacreview.com/2016/11/21/backed-corner-starbucks-issues-statement-operation-trumpcup-415155). Consumer [outrage](http://www.manitoumessenger.com/article/political-starbucks-cup-design-met-with-outrage/) appears to be at an all-time high, and Starbucks’ [American Customer Satisfaction Index](http://www.theacsi.org/index.php?option=com_content&view=article&id=149&catid=&Itemid=214&c=Starbucks) is a mere 75, well below its industry average.

Should Starbucks heed Kellaway’s [advice](https://www.ft.com/content/19add272-a68d-11e6-8b69-02899e8bd9d1) and focus its efforts and messaging on coffee to avoid the [controversy](http://www.watertowndailytimes.com/curr/why-starbucks-cups-always-stir-up-controversy-20161204) it has been stirring up? Starbucks certainly has [a lot](https://news.starbucks.com/news/22-million-coffee-trees-milestone) to share about how it [optimizes collective value](http://www.sciencedirect.com/science/article/pii/S0191308515000088) in ways related to coffee, and environmentalists [argue](http://www.treehugger.com/corporate-responsibility/starbucks-could-do-so-much-better-pretty-holiday-designs-how-about-making-its-cups-truly-recyclable.html) that Starbucks could do more in this respect.

Alternatively, should Starbucks continue–and, perhaps even, double down on–the initiatives that have made it a brand activist? Could better execution help Starbucks leverage this strategy to its advantage so that it can avoid the fate that Ron Johnson and J.C. Penney’s [fair-and-square retailing strategy](http://business.time.com/2012/03/29/maybe-shoppers-dont-want-fair-and-square-prices-after-all/) suffered? If you think Starbucks should use its platform to raise the national discourse and conversation on certain political issues, but not on others, what decision rules should guide the initiatives its executives pursue?

Schultz just [told](https://www.washingtonpost.com/news/post-nation/wp/2016/12/03/starbucks-ceo-says-the-company-isnt-anti-trump-we-all-want-the-president-elect-to-do-well) CNBC, “I don’t think on any level that the brand or what we represent is at odds with the president-elect or his supporters. Ninety million customers a week are going through Starbucks stores, and I assume many of them voted for Donald Trump.” Certainly, consumers with very conservative political outlooks are only six percent under-represented among visitors of [www.starbucks.com](http://www.starbucks.com), suggesting that many Starbucks customers’ views differ significantly from Mr. Schultz’s (comScore).

In the years to come, should Starbucks executives continue to, in Mr. Schultz’s [words](https://www.washingtonpost.com/news/post-nation/wp/2016/12/03/starbucks-ceo-says-the-company-isnt-anti-trump-we-all-want-the-president-elect-to-do-well/), demonstrate “moral courage to address things that we think are important to the promise of America”?