Studies on the Design Marketing Strategies in the Experiential Economy through the Case Study of ‘the Starbucks Company’

Yung Joo Jang and Eui Chul Jung

Samsungkwan #520, 262 Seongsanno, Seodaemungu, Seoul 120-749, Korea
Yjang03@daum.net, jech@yonsei.ac.kr

Abstract. The purpose of the paper is to study the strategies of the experience marketing needed in the experiential economy by analyzing the Starbucks Company. In order to support the purpose of the research, the marketing mix of the Starbucks Company was developed based on previous models of the traditional marketing strategies combined with researches about the experience marketing theories. As the result, the success of Starbucks came from the different strategies that create experiences for the customers.

Keywords: Experiential Marketing, Experiential Economy, the Starbucks Company, Experience Marketing Strategies, Coffee shop Marketing.

1 Introduction

As the economic conditions change, the consumer attitudes and behaviors are quickly changing. The world is facing with different marketing strategies as customers have become independent and critical. Recently, we see I-phone, I-pad, or Mac computers anywhere around us. Kt economy report described that the success of Apple Company is the creation of the unique user experience. Apple provides the valuable experience to the customers through simplicity, consistency, ‘Vu Ja De’, differentiation, and authenticity. The design philosophy of Apple emphasizes the simplicity and minimalism of the product, and they use the same user interface, platform, and data sync to provide the consistent contents with any Apple products. ‘Vu Ja De,’ the opposite meaning for ‘De Ja Vu’ is another concept of Apple. They reinvented the mp3 player, smart phone, and tablet PC into the I-pad which gives customers the familiarity of the product. As the result customers rebuy the apple products because they got good experiences from the products building trust with the brand.

Similar to the Apple Company, many companies are trying to create special events or moments for their customers. Today many customers, marketers, and scholars have become aware of the importance of experience, and they believe that the focus of the economy has been transferred to experience. This phenomenon is called the emergence of ‘Experience Economy.’ The term was first described in an article “The Experience Economy,” published in 1998 by B. Joseph Pine II and James H. Gilmore. The experience economy is the next generation following the agriculture economy.
the industrial economy, and the most recent service economy. As the economy changes, the competition of the market became intense and the marketers needed to find different ways to attract and make a relationship with their customers. As the result, marketers realized that it is important to enhance the consumer’s personal and emotional association with a brand, creating a strong brand relationship.

In connection with this issue, this research aims to study the marketing strategies of the Starbucks Company because they do not simply sell coffee but focusing on providing unique and valuable experiences to customers. What will be the experience marketing strategies in the new business environment?

2 Literature Review

2.1 Experience

According to the dictionary, ‘Experience’ is a knowledge or practical wisdom gained from what one has observed, encountered, or undergone. Experience is the comprehensive concept that includes experience itself, the process of the experience, and also the result from the experience learning. In the ‘Journal of Marketing Management,’ Bernd H. Schmitt described that “Experience is a personal events as the reaction from the stimulation of any kinds. Those experiences conclude all of our sense, feelings, knowledge, and physical forms in our life. Experience is the comprehensive psychological reaction of the human including both sides of reason and sensitivity.”

2.2 The Experiential Marketing

In 1999, Bernd H. Schmitt first suggested the idea of ‘Experiential Marketing’ in the Journal of Marketing Management. However, the idea was first issued with many problems. In 1998, B. Joseph Pine and James H. Gilmore published a thesis, ‘Welcome to the Experience Economy’ in the Harvard Business Review. They said that traditional product centric marketing is changing into the customer experiential centric marketing.

During the agriculture and industrial economy, the products were commodities and goods, which were tangible and standardized products. Marketers had focused on the feature and benefits of the products. As economy grew and technology developed the service economy emerged, providing the customized services to the customers. Now, the experiential economy came and marketers are trying to create the expressive, positive, and personal experience to customers. They started to combine different marketing strategies, which is called ‘the integrated marketing approach,’ and the final goal of the experience marketing is to create the relationship with the customers. The definition of the Experiential Marketing “a fusion of non-traditional modern marketing practices integrated to enhance a consumer’s personal and emotional association with a brand.” The Table 1 summarizes the changes of the characteristic of the market in the changing economy.