Services Marketing Mix of Starbucks Coffee in Bangkok, Thailand

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Abstract

The purposes of this study were to identify the importance of services marketing mix influencing the Starbucks consumers in Bangkok, Thailand, to examine the relationship between personal factors and consumer behaviors and to examine the relationship between services marketing mix and consumers behaviors.

A questionnaire survey was used. The sample was 400 Starbucks coffee consumers. It was found that the respondents were female and male of 63.90 percent and 36.10 percent respectively. The majority respondents were in age group 21-30 years old, the majority occupation were office workers with level of monthly income more than 30,000 baht. The majority of respondents went to Starbucks coffee 1-2 times a week. The average expenditure of each purchase was 101-200 baht with the beverage size of Grande (16 oz.).The majority favorite beverage was Iced Cappuccino. The reason for buying Starbucks beverages was the flavor of coffee.

The results indicated that the most importance of services marketing mix was product, process, people, place, physical environment, promotion and price, respectively. Both personal factors and components of services marketing mix affected consumer behaviors. The results showed that gender affected three consumer behaviors; the frequency of visit at Starbucks shop, cup sizes and favorite beverage. Career affected all five consumer behaviors. Age affected the frequency of visit the Starbucks shop and favorite beverage. While education and income level affected two consumer behaviors; the frequency of visit the Starbucks coffee shop and expenditure of each purchase.

Keywords: Starbucks, services marketing mix, Bangkok

1. Introduction

In Thailand Starbucks coffee was launched since July 1998. In present, Starbucks coffee operates 309 retail locations throughout Thailand. (www.starbucks.co.th). Starbucks coffee shops have been spread rapidly in Bangkok, Thailand. Starbucks coffee shops in Bangkok are 64.72 percent of all retail Starbucks shops in Thailand. Starbucks Card is a stored value card that offers the consumers greater convenience when they purchase at any Starbucks store in Thailand. Starbucks consumers can use it to purchase anything from their favorite beverage to whole bean coffee or the tumblers. The cardholders can earn Stars towards a complimentary beverage. In 2016, more than half of Starbucks consumers in Thailand had Starbucks Card. Starbucks employed well-integrated marketing mix (product, price, place, and promotion) for establishing themselves as the most recognized and respected brand in the world and within their target market (Bhaskar, 2009).

The marketing mix is a set of controllable marketing tools that business uses to produce the response it wants from its target groups. It consists of everything business can do to influence the demand for the services that it offers. Tangible products have traditionally use a 4Ps model. The services marketing mix is proposed for measuring of quality purpose as the nature of services is intangible (Yelkur, 2000). Booms and Bitner (1980) added 3Ps (people, physical environment and process to the original 4Ps to apply the marketing mix concept to services (Goi, 2009). The services sector uses a 7Ps approach in order to satisfy the needs of their consumers: product, price, place, promotion, people, physical environment and process (Ivy, 2008). The research objectives of the current study were to identify the services marketing mix influencing the Starbucks consumers in Bangkok, Thailand, to examine the relationship between personal factors and consumer behaviors and to examine the relationship between services marketing mix and consumers behaviors. The results indicated that product affected two consumer behaviors; favorite beverage and the flavor of beverage. Price and process affected only the frequency of visit Starbucks shop. Place affected two consumer behaviors; frequency of visit and expenditure of each purchase while people and physical of environment did not affect the consumer behaviors.

2. Methodology

The study was done in Bangkok, Thailand. The sample were 400 Starbucks coffee consumers. The current study used a questionnaire survey as a primary data source. Data analysis applied both quantitative and qualitative methods. In all 1,000 questionnaires were distributed either through the Starbucks shop managers or directly to the Starbucks coffee consumers: a response rate was 40 percent, which was considered satisfactory for a self completion questionnaire where response rates of 15 percent are acceptable (Malthotra & Birks, 2006). The questionnaire was divided into three parts. The first part probed for personal data of Starbucks coffee consumers. The second part inquired about the behavior of Starbucks coffee consumers. The final part was used to determine marketing mix factors that influenced the behavior of Starbucks coffee consumers. The questionnaire was tested for reliability and internal consistency. Its internal consistency was estimated using Cronbach's Alpha. Coefficients over 0.7 are considered acceptable, with coefficients greater than 0.8 considered good (Malthotra & Birks, 2006). In this study had a Cronbach's Alpha of 0.927, indicating a highly reliable instrument.

Questionnaire responses used a five-point Likert scale to measure satisfaction towards all the main elements of the services marketing mix (product, price, place, promotion, people, physical environment and process). Then, a weighted average index (WAI) was applied to the result. The WAI was computed using following equation:

$$\text{WAI} = \frac{\sum s_i f_i}{N}$$

where, $0 \leq \text{WAI} \leq 1$, s_i denotes the scale value at i^{th} priority ranging from very poor, poor, moderate, high to very high and f_i denotes frequency of ith priority and N is equal to the total number of observations, i.e., $\sum f_i$. WAI was used transform from a nominal scale (very poor to very high) into numeric score. The scores were classified into five levels such that 0–0.20 = very poor, 0.21-0.40 = poor, 0.41–0.60 = moderate, 0.61–0.80 = high, and 0.81–1 = very high (Md Abdul, 1993).

The chi-square was used for testing the relationship between personal factors and consumer behaviors and to examine the relationship between services marketing mix and consumer behaviors with the following hypothesis respectively.

H0: personal factors have no relationship with consumer behaviors

H1: personal factors have relationship with consumer behaviors

and

H0: services marketing mix have no relationship with consumer behaviors

H1: services marketing mix have relationship with consumer behaviors

3. Results

The respondents were female and male of 63.90 percent and 36.10 percent, respectively. The majority respondents were in age group 21-30 years old, the majority occupation were office workers with level of monthly income more than 30,000 baht. The majority of respondents went to Starbucks coffee 1-2 times a week. The average expenditure of each purchase was 101-200 baht with the beverage size of Grande (16 oz.). The majority favorite beverage was Iced Cappuccino. The reason for buying Starbucks beverages was the flavor of coffee.

The services marketing mix (7Ps) used in this study were as followed:

1. product: In this study the product consisted of flavor of beverages, signature product, varieties of beverages and also logo on the cup.

2. price: In this study the price element consisted of the value of money both in term of taste and quantity (cup size).

3. place: Place consisted of consumers go to Starbucks because it is easy, convenience or because of a number of branches Starbucks coffee provided.

4. promotion: The consumers buy because of the redeem voucher (coupon), brochure advertising or they have Starbucks card.

5. people: The staffs are nice and polite or the speed of the services or the serviced-minded of the staffs.

6. physical environment: The consumers go to Starbucks because the place is well decorated or they provide parking lots or they have open air zone for smokers.

7. process: The consumers go to Starbucks shop because of the opening and closing time suite their lifestyles or

the coffee making process is always consistent that make the coffee flavor standardized.

The importance of the services marketing mix were summarized in Table 1. The most importance of services marketing mix influencing the Starbucks consumers was product. The respondents had very highly satisfied on product and process. They had highly satisfied on place, physical environment, promotion and people but moderately satisfied on price.

Table 1. Importance of the Services Marketing Mix

WAI [1]						
Product	Price	Place	Promotion	People	Physical Environment	Process
0.85	0.52	0.79	0.65	0.80	0.66	0.81

The relationship of personal factors and consumer behaviors showed in table 2. The results showed that gender affected three consumer behaviors; cup sizes, expenditure of each purchase and favorite beverage. Age affected the frequency of visit the Starbucks shop and favorite beverage. Age affected the frequency of visit the Starbucks shop and favorite beverage. Education and income level affected two consumer behaviors; the frequency of visit the Starbucks coffee shop and expenditure of each purchase while career affected all five consumer behaviors.

Table 2. The Relationship between Personal Factors and Consumer Behaviors

Consumer Behaviors	Personal Factors[2]				
	Gender	Age	Education	Career	Income Level
frequency of visit	-	***	***	***	***
cup sizes	***	-	-	***	-
expenditure of each purchase	**	-	**	***	***
favorite beverage	***	***	-	***	-
flavor of beverage	-	-	-	**	-

The relationship between services marketing mix and consumer behaviors showed in table 3. The results indicated that product affected all consumer behaviors except expenditure of each purchase. Price affected the frequency of visit Starbucks shop and favorite beverage. Place affected three consumer behaviors; frequency of visit, expenditure of each purchase and favorite beverage. while promotion and process affected only the frequency of visit. Physical of environment did not affect the consumer behaviors.

Table 3. The relationship between services marketing mix and consumer behaviors

Services Marketing Mix	Consumer Behaviors[2]				
	frequency of visit	cup sizes	expenditure of each purchase	favorite beverage	flavor of beverage
Product	*	*	-	**	**
Price	**	-	-	*	-
Place	***	-	**	*	-
Promotion	*	-	-	-	-
People	*	-	*		
Physical of environment	-	-	-	-	-
Process	***	-	-	-	-

[1]Notes: WAI: 0-0.20 = very low; 0.21-0.40 = low; 0.41-0.60 = moderate; 0.61-0.80 = high; 0.81-1 = very high

[2]Notes: *** denotes statistically significance at the 0.01 level

　　　　** denotes statistically significance at the 0.5 level

　　　　*　 denotes statistically significance at the 0.1 level

　　　　-　 denotes not statistically significance

4. Conclusion and Recommendations

The respondents were female and male of 63.90 percent and 36.10 percent, respectively. The majority respondents were in age group 21-30 years old, the majority occupation were office workers with level of monthly income more than 30,000 baht. The majority of respondents went to Starbucks coffee 1-2 times a week. The average expenditure of each purchase was 101-200 baht with the beverage size of Grande (16 oz.). The majority favorite beverage was Iced Cappuccino. The reason for buying Starbucks beverages was the flavor of coffee.

Both personal factors and components of services marketing mix affected consumer behaviors. Personal factors; age, education, career and income level affected frequency of visit. Gender and career affected cup sizes. Gender, education, career and income level affected expenditure of each purchase. Gender, age and career affected favorite beverage. Career affected flavor of beverage. All components of services marketing mix except physical of environment affected some of the consumer behaviors.

According to this study product affected all consumer behaviors except expenditure of each purchase so Starbucks should keep the standard of their product. However Starbucks may attract more consumers by providing more varieties of their product especially the consumers who like to visit at Starbucks but do not drink coffee. This can make the customers have more choices in choosing other beverages especially iced beverages due to the hot weather in Bangkok and from the result favorite beverage was iced cappuccino. According to this study, the services marketing mix, promotion affected only the frequency of visit so Starbucks should promote their Starbucks card and create the voucher for keeping and attracting more loyal customers.

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