



Tribal Knowledge

Lessons Learned from Working Inside Starbucks

by John Moore
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Take-Aways

- Starbucks' marketing has relied on "high-touch" customer relations – it emphasizes personal contact.
- Starbucks has accomplished more by selling the "benefit of the benefit" – the experience or emotion associated with its products – than by advertising.
- Like Starbucks, try to capitalize on your company's knowledge and methods, even though much of this information will not be recorded.
- Get your employees to protect and promote your company's reputation. It is a major step toward having them promote your brand.
- Offer free samples to make customers feel like insiders and to encourage loyalty.
- You can earn more revenue in three ways: Cultivate new customers, get more from existing customers or raise prices.
- The wrong kind of marketing can harm your reputation and your brand.
- Always deliver more than you promise; it's great brand development.
- Feel your company's vibe. You will recognize problems before they become serious.
- Aim your in-store marketing at your employees as well as at your customers.

Rating (10 is best)

Overall	Applicability	Innovation	Style
7	7	5	7

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Relevance

What You Will Learn

In this Abstract, you will learn: 1) How Starbucks gets more business from person-to-person marketing than from advertising; 2) Why your reputation is a great proxy for your brand, and how to teach your employees to protect and promote it; 3) Why community involvement has practical business benefits; and 4) Why all your employees should see themselves as reporting to the customer.

Recommendation

John Moore compiles the lessons he learned in his marketing career, including eight years with Starbucks, into this little book. Each of its 47 very brief, breezy chapters provides a single, useful concept. Maybe all that caffeine triggered Moore's laser-like focus and brevity. The central idea is that your marketing works best when it is people-based and authentic. Your employees will pitch in with promotional efforts, too, if they see you and the company as genuine. If you show them that the company meets its commitments in everything it does, that will give them confidence that the company will fulfill its promises to them. Your customers will absorb that assurance and solidity from your employees, and everyone will benefit. This isn't rocket science; some of the points seem a bit puffed up to make a book of more than 200 small pages. However, *getAbstract* finds the book's core lessons worthwhile – like a latte, this small cupful is short and light, with a shot of energy.

Abstract

“Managing a brand is a lifetime of work. Brands are fragile...The success of Starbucks, or any company or brand, is not an entitlement. It has to be earned every day.” [– Howard Schultz, Starbucks chairman]

“Companies that tell their story in a meaningful and genuine manner become endearing and enduring, while companies that make up stories are fleeting and in seemingly desperate need of attention.”

What Do Your Company's Tribes Know?

Your business knows a lot more than is written in its policy manuals, product guides or marketing plans. This “tribal knowledge” resides in the advice and know-how that employees communicate to each other about your company and brand. Much of it is never codified, yet it lingers in your corporate culture. The story that lingers at Starbucks is how Howard Schultz developed a dream that has changed the way people gather and the way they drink coffee.

Get Everyone to Tell Your Story

Schultz founded Starbucks with six stores and a passionate vision of changing the world by “improving people's lives in small but meaningful ways” and creating “appreciation for a better-tasting cup of coffee.” The company's ideals built a solid basis for the brand, which then helped the company expand. The coffee house now opens about five new stores per day and provides full-force marketing efforts for every opening. Like Starbucks, don't leave your marketing solely to the marketing team. Make sure all your employees know they are a vital part of your promotional efforts. The reputation, public image and brand names of successful companies outweigh the quality of their products or services. Companies like Starbucks provide their customers with amazing experiences. Your company can do the same. To involve your customers, focus on telling a story – but first you have to know what it is, and what it should be.

Get Them Interested

Getting your employees to believe in your company's reputation and products is a great way to get them to care about your brand. Branding may seem like an abstract concept

“For Starbucks, action, not advertising, is the most effective way to drive sales and build a brand.”

“Being nice and being clean is the least complicated, yet most effective customer loyalty program a retailer can implement.”

“Starbucks continues to place stores with an eye toward marketing itself. It positions its stores to trigger impulse purchases from customers.”

“Fulfilling promises matters. However, finding ways to overdeliver when fulfilling promises matters more, much more.”

for a barista to promote, but it isn't. Getting your employees to protect and develop your reputation gives them a sense of belonging and a concrete goal.

The people you want as customers are always looking for variety, but many new products come and go unnoticed. A product doesn't have to be new to get noticed, but it must have some facet that has changed enough to merit public attention. New products can attract new customers and expand the purchasing opportunities you can offer to existing customers. For Starbucks, specialty coffee became a signature innovation. As the company developed its brand, it gave customers many free samples. Customers sampled Starbucks' reputation along with its java. Then they brought their friends.

One Lowest-Price Provider per Market

Providing consumers with the lowest prices works for Wal-Mart, but would you want to try to underprice them? Pursuing low prices undermines your ability to give consumers an exceptional experience. Give customers the product and the setting they want, and they will pay for the experience you provide. You have only three ways to increase revenue and build profits: 1) Attract new customers (the source of 25% of Starbucks' revenue); 2) Draw more business from repeat customers; and 3) Raise prices. If you have built your customer experience properly, a small price increase may depress sales only briefly. Sales that rebound quickly after a price increase are a sign of your brand's good health.

Marketing Effects

Starbucks classifies its marketing activities as positive or negative. An activity is positive if it meets three of these criteria: It “respects the intelligence” of its customers; the company can deliver the commitments made by the marketing campaign; employees will support those claims; and customers will find the marketing activities “clever, original, genuine and authentic.” If the marketing activity, such as bulk couponing, is not considered positive according to these criteria, the company uses it only selectively and cautiously.

Like Starbucks, keep your company's values front and center, no matter how big you become or how fast you grow. Each store, every employee and each individual product conveys your reputation and your brand to your customers. Treat all of these factors as precious resources. Consider your location as advertising in itself, rather than seeing it only as a real-estate decision. Where you put your store matters.

Authentic Marketing

Starbucks markets itself by communicating the “benefit of the benefit,” which is the experience or emotion associated with a product. The company's leadership wants customers to understand how its products' benefits help them and their friends. The company has six criteria for every marketing message:

1. “Be genuine and authentic.”
2. “Evoke feelings, never prescribe feelings.”
3. “Always say who you are, never who you are not.”
4. “Stay connected to front-line employees.”
5. “Deliver on all promises made.”
6. “Respect people's intelligence.”

Advertising works, but it hasn't been the engine behind Starbucks' growth. Its management believes that if the company does special things, people will talk about it as different and distinctive. Starbucks' marketing enhances the way customers experience its stores and its products. Actions speak louder than words.

“Once a company puts its needs – faster growth, increased market share, bigger profits – ahead of its customers, it loses its soul. And it can happen in subtle ways, without anyone even noticing.”

“Many retailers grab onto any high-tech advancement they think will speed efficiency... seemingly oblivious to the depersonalizing effect it may be having on its customers.”

“To drive sales... follow the ‘sample example’... Show the pride you have in your product, share it and be generous.”

“If Starbucks were to lower prices, gone would be the perfect espresso. Gone would be the enthusiastic and energetic barista behind the counter. The music, soft lighting, stylish décor and plush seating? All gone.”

Focused Marketing

Starbucks’ leaders reject 99.5% of proposed new programs. Even with its stated policy of constraining menu growth by removing items, Starbucks now has more than 55,000 ways to personalize your beverage. Its marketers have learned that being selective helps build impact. Trying every idea that comes along will dilute and distort your message. However, you can’t predict when your product will slip into maturity, so you must have new products ready before that happens. Launch your new creative efforts before your product peaks, or risk losing your edge.

Be the Buzz

If you give your customers remarkable experiences, they are likely to tell their friends. This word-of-mouth approval is a more powerful message than the usual ad campaign. Starbucks coffee showed up in the movie *You’ve Got Mail* and it has had on-screen moments in many TV shows, often because the producers want to piggyback on the brand’s buzz. You can’t create positive buzz just by meeting customer needs. To earn that kind of loyalty, you have to give them something extra, and tap into their dreams and aspirations.

Finding ways to say “Yes!” to your customers can give you a very powerful tool. When you satisfy your customers, you simultaneously learn from them. Limiting their experiences only limits your success. Always overdeliver on your promises. For example, Starbucks opens 10 minutes before its posted hours of operation because its management does not want eager customers to feel impatient or disappointed. At the other end of the day, managers don’t chase customers out of the store at closing time, either.

You Still Live Somewhere

Starbucks is a global company, but its executives emphasize supporting local charities and encourage employees to participate in their communities. This neighborhood focus helps Starbucks neutralize the “pushback” that many global businesses are experiencing. The company has found that employees’ community activities correlate to their job satisfaction and performance. Local outreach also enhances Starbucks’ reputation.

One of Starbucks’ most effective employee slogans is, “Be nice, be clean.” When customers enter a store, they want to feel invited, welcome and safe. Starbucks has emphasized this “high-touch” customer experience.

Hear Your Customers

Customers want to feel like insiders, so Starbucks uses free samples to make them feel special. While using samples merely to sell can push customers away, offering free tastes that show your pride in your product is fun and educational, and will help build customer loyalty. Help your customers become devoted fans of your brand. Give them great stories to tell their friends. Enrich their lives rather than just focusing on emptying their wallets. By trying to be everywhere its customers want it to be, Starbucks has gone from being quaint and quirky to being ever-present. Its consistency is crucial.

Starbucks’ leaders once thought that 10,000 stores was the chain’s natural limit. Then, they decided the company should encompass a total lifestyle, as a home away from home, and should continue to grow, offering new locations and products. Today, even though some of those products did not endure, the company continues to open new coffee shops. That demonstrates the staying power of being rooted in your identity no matter how much you grow. To keep your business attuned to its customers, talk to them. Walk around and feel the vibe of your store. Get in sync with it during good times, so that

“Passion can’t be manufactured and it will not survive if it is artificial. It must be organic.”

“Profit happens when a business connects, discovers, and responds to its customers.”

“We’re not in the coffee business serving people. We’re in the people business serving coffee.”
[– Howard Behar, former Starbucks executive]

you know immediately when the situation declines. Fix any problem before it becomes critical. Everything matters. Learn from your customers’ complaints and compliments.

Something to Believe In

Your employees want to believe in your company, so help them by creating a thriving work environment. Hire good staff, and give your employees great co-workers and a pleasant work environment. Then, they will be more likely to provide a good experience for your customers. They are the face of the company. Create a mission statement and live by it. Hypocrisy in the workplace culture is destructive. Lead your employees by serving them. Teach them how to make and support decisions rather than working against them. Make sure they understand how your success benefits them.

It’s Not Bricks: It’s People

No one has more impact on the success or failure of a store than its manager. Pay attention to how you lead your staff. If you focus on process and projects instead of people, your staff quickly will become unfocused. The employees will be unhappy and this will flow to customers. Starbucks’ employees are as intrinsic to its customers’ experience as its coffee, armchairs and newspapers. If they falter, they could damage its reputation. Maintain a positive atmosphere. Make your stores personalized.

Your employees should be passionately committed to your vision. New employees are a fact of life. Help new hires connect with veteran employees. Listen to new staffers, teach them and involve them. Don’t get sidetracked by resumes. Instead, talk to potential employees as people who are going to be important to your business. If you don’t see passion, pass. When you are blessed with success, don’t become complacent. Never stop innovating. Never allow yourself to become conceited. If you don’t earn your success, you will lose it.

It’s the Customer

Contribute something during every store visit and every meeting. Ensure that everyone in your organization participates. Don’t allow anyone to coast. Since you encourage passion, don’t be surprised if people get heated about how they think things should be done. Don’t let the heat turn personal. When you meet with your employees, start and end your meetings on time and ensure that every session is well organized and well led. Discussions should lead to clear objectives and step-by-step plans. Create a flat organizational chart showing that each employee reports to the customer. Lead by example. Show your front-line staff how you serve customers to demonstrate how you want them to do it. Place every banner and marketing display where employees can see it as well as customers. Involve your employees and encourage them to share the company’s marketing with customers to reinforce your message.

Profit is the lifeblood of a business, but it is not the sole purpose of your work. Make your activities profitable by powerfully doing the right things for your customers, employees and vendors, while managing your financial tallies. Don’t let numbers get in the way of people. Numbers are not passionate, caring or loyal, but people are.

About the Author

John Moore operates a marketing firm and speaks frequently at companies, conferences and colleges. He was actively involved in marketing at Starbucks and at a major natural foods grocery chain.