DIGITAL PROMOTION USAGE IN CULTIVATING BRAND ENGAGEMENT AMONG MILLENNIALS USERS AT STARBUCKS INDONESIA

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ABSTRACT

In reaching the millennials to have a consumer engagement with the Starbucks brand, the giant coffee has globally reaching out to millions of its consumers by way of digital platforms such as Instagram, Twitter, Facebook and YouTube. This method has also been implemented by Starbucks Indonesia as they realize they must utilize new media to complement their traditional way of marketing in creating positive perception among the young generation. Digital promotion by using applications such as LINE, Instagram and Twitter has helped generating interest among the millennials users in cultivating brand engagement prior to purchase. The data was collected using qualitative method of conducting a focus group discussion and a quantitative method of survey among the millennials in Jakarta between the age of 16 – 36 years old. Narrative analysis was used to analyze the findings of both the focus group discussion and the survey by applying literature review of consumer-brand engagement (Vivek, Beatty, & Morgan, 2011) and bandwagon (Neil, 2016). The data found that although Starbucks Indonesia has been engaging with its millennials consumers by way of digital promotion, it is solely a transactional engagement. They only used the digital advertisement solely to obtain promotional advantages. The study provides several recommendations that could be applied by Starbucks Indonesia to cultivate a long-lasting brand engagement with the millennials by way of digital promotion.

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INTRODUCTION

According to World Bank, Indonesia’s middle class counts for more than 52 million people whose household consumption accounts for 43 percent out of total consumption (Boediono, 2017). This data supported by Alvara Research indicated that in 2015 more than 33% of Indonesia’s population was young population aged between 15 – 34 years, whereas in the capital city of Jakarta the number rose to 40% (Ali & Purwandi, 2016). This young population is also known as the Generation Y or Gen Y as there are at least 30 other names for this generation (U.S. Chamber of Commerce Foundation, 2012). The moniker Millennials was given by Neil Howe and William Strauss to attribute this new generation on their 2000 book, *Millennials Rising: The Next Great Generation*. Millennials are becoming the force to be reckoned with for 21st century’s greatest social, economic, culture and political movement (Metrokin, 2015) as they are reaching childbearing age in 2020 and becoming the backbone of Indonesia’s economy (BPS, 2013). Millennials also dubbed as Digital Native because they are the first generation that were born and raised in a time where the world immersed in digital technology and the world wide web, and thus they have become the most researched generation compare to their predecessors (U.S. Chamber of Commerce Foundation, 2012).

Millennials have their own unique traits that differentiate them from the previous generations. In his book, “The Trophy Kids Grow Up”, Ron Alsop described how the millennials are hardworking and focus on achievement though not necessarily excel in leadership and autonomous problem solving; however, they expect to be rewarded for mere accomplishments such as being a participant (Alsop, 2008). On the positive note, millennials are reckoned as the most educated generation, the most civic-oriented and conscious due to their strong sense of community both local and global and the most entrepreneurially-minded generation (Lucky Attitude, n.d.). As the first generation that constantly connected to the world these digital natives
positively believe that technology allows people to be more productive, makes life easier rather than harder, closer rather than apart (Lucky Attitude, n.d.). According to Sue Halliday and Alexandra Astafyeva, millennials possess the following motives that would drive them to visit a place:

- **Social Interaction**, which include a sense of belonging and a desire to be recognized and social inclusion;
- **Entertainment and Experience**, relates to self-awareness and self-actualization;
- **Self-Development**, a drive to better oneself in the area of knowledge and personal interest; and the last one is,
- **Prestige**, a motive that befall personal status and acknowledgment that aims to encourage social connection with good reputation (Halliday & Astafyeva, 2014).

These motives correspond to how they construct perception and attitude toward prominent brands as well as consuming food and beverages among others. Millennials do not eat, drink, or showcasing brands in silence; They consume with noise and treat them visually because they perceive it as entertainment and self-expression (Solomon, 2014). Millennials considered themselves as partners with brands they like, and they believed their opinions count. Building relationships and connected extensively with social networks are traits Millennial perceived as importance to further determine the brands they and their friends purchase (Fromm & Garton, 2013).

Though Starbucks has reached the 35th world’s most valuable brand and the third most admired company (Starbucks News, 2017) as of May 2017 and thus unmistakably presents the global prominence of this brand since its inception in 1971, they understood they are facing with a digital age consumers whom need to be treated differently. Understanding this phenomenon and with the ubiquitous growth of local coffee shops that could potentially distracts their consumers’ interest, the giant coffee retailer Starbucks uses various digital media platforms to reach these Digital Natives, whom counts for 40% of the sales (Johnson, 2016). Globally, Starbucks acclaimed to have a high level of consumer-brand engagement with their social media accounts, such as 32k YouTube subscribers, more than 2.98 million Instagram
fans, 6.56 million Twitter followers, and a staggering 37.32 million Facebook likes (Huff, 2014).

In Indonesia, their social media accounts for 552k Instagram fans, one million Facebook likes, 3.7 million Twitter followers, 7.5 million friends, and more than a thousand YouTube subscribers. The former vice president of Global Digital Marketing of Starbucks, Alexandra Wheeler, disclosed that to successfully have a consumer and brand engagement, brand must conduct in a holistic and integrated view of the consumer and not merely focused on the product itself (Media Marketing, 2017); Starbucks does not want to be seen as a company that only sells coffee but one that is environmentally caring and at the same time humble enough to connect and learn from its consumers, thus the invention of MyStarbucksIdea.com (Wee, 2010). MyStarbucksIdea.com started in March 2008 as a platform where the coffee retailer wanted to connect directly with its consumer. This crowdsourcing platform allows consumers to propose ideas via the company website regarding anything that linked to the brand (Braineet, 2017), whether products innovation, store convenience, or service upgrades. More than 150,000 ideas submitted via MyStarbucksIdea.com and two million votes have been cast by the consumers in deciding the best idea to be implemented (Braineet, 2017). MyStarbucksIdea.com imposed valuable ideas from the community that contributes to the innovating brand (Hanjun & Yongmoo, 2016), which it could not otherwise gather should this platform cease to exist. As Wheeler famously stated, “It’s not about marketing but relationships” – with “it” signifies social media (Wee, 2010).

Starbucks Indonesia who opened its first store in Jakarta in 2002 currently has more than 317 stores all across Indonesia (Statista, 2017) utilized Facebook, Instagram, LINE, and Twitter as its digital promotional platforms to create brand engagement as well as its own Starbucks Indonesia mobile apps. Facebook, Instagram, and Twitter are used mainly for providing information on the upcoming new products and beverages, store openings, and seasonal advertisement, while LINE is used for promotional purposes where discounts could be applied. The Starbucks Indonesia mobile apps could be used as a payment gateway for those consumers who owns a Starbucks card and to redeem points,
as well as a message board to place new information, however it is used primarily as a payment option to collect points.

As a global brand, Starbucks Indonesia exhibits consumer engagement on a regular basis, mostly during special holidays such as Christmas and Ramadhan, where they encourage their consumers to donate to underprivileged children across Indonesia, which they collaborated with local non-governmental organizations. Another consumer engagement was conducting ‘book drive’ to distribute to low-income schools or reading parks. Starbucks Indonesia also collaborated with local museums to motivate higher attendance by providing free entrance fees to selected museums across Java and Bali island. Nonetheless, since the events are only happened on special occasions, there was not much engagement after the event ended. Though they communicated these via their social media accounts, there was not much conversation that could generate a deeper engagement with the community around them.

In regard to the growth of digital promotion and consumer engagement in social media being utilized by Starbucks globally as well as the growing number of its stores in Indonesia, especially in the city of Jakarta, this study aimed to:

- Analyze the perception of the millennials generation toward Starbucks Indonesia.
- Analyze the usage of digital promotion of Starbucks Indonesia in relation to consumer and brand engagement prior to purchase.
- Analyze the effectiveness of digital promotion of Starbucks Indonesia in relation to consumer and brand engagement

**LITERATURE REVIEW**

**Consumer-Brand Engagement**

A burgeoning concept that spawned from the domain of relationship marketing, consumer-brand engagement, (Vivek, Beatty, & Morgan, 2011) emphasized the important relations and participation between consumer and brand of their choice (Gambetti & Guendalina, 2012).
Many researchers found this concept vital in creating branding strategies and nurturing consumer engagement (Hollebeek, 2011a) through ‘interaction, shared values, experiential contents and rewards’ (Schultz, 2007). This consumer and brand engagement could be established when brand successfully implements meaning in the minds of the consumers that involves strong brand personality, brand attitude, brand association, and brand image (Chang & Chieng, 2006) that formed by consumer experience (Franzen, 1999). When Schmitt et al. proposed a holistic brand experience (Schmitt, 1999; Pine & Gilmore, 1999) this supports the same approach Wheeler explained during the creation of MyStarbucksIdea.com in 2008. The notion that a brand as prominent as Starbucks would still need to engage with its millennial consumers is essential to be researched upon since the new generation has different characteristics in showing likeability to a brand. Though as a global brand Starbucks has nurtured an interactive engagement with its consumers, Starbucks Indonesia has yet to showcase itself worthy of positive and effective consumer – brand engagement interaction.

**Perception**

The cognitive process of how consumers select, interpret, and response to the surrounding environment is what Buelens, Sinding and Waldstrom called as perception (2011). To earn a positive perception is essential for a brand to possess as this correlate on how millennials consumers perceive Starbucks as a brand of their preference. As the first technology savvy generation, millennials are the cohort of social media loyalist and enthusiasts who align with the digital platform ubiquitously at any time of the day. They use social media for every important decision and according to the reports from Boston Consulting Group, the majority of millennials like to share brand preferences in their social group to receive a sign of approval (Solomon, 2014). Due to their high engagement with social media, nurturing a positive brand identity is crucial to create a positive perception amongst the millennial (Charrier, 2016).

A strong brand identity is acquired when a consistent integrated vision and a strategy are established and managed (Tuominen, 1999), which perpetuates to a positive brand personality. Researchers believed that consumers’ feeling about themselves are often reflected and associated with particular brands who embedded similar personalities like their
own (Tuominen, 1999). This perspective is enhanced by postulating human characteristics to a brand to make it more appealing to consumers, for example: friendliness, environmentally caring, responsible – which are formed from consumers’ direct and indirect contact with the brand (Aaker, J., 1997; Berry, 2000; Keller, 1993; Plummer, 1985) which enables a consumer to express oneself through the use of a brand. Furthermore, a strong brand personality acts as a key differentiator between similar brands in the same category and at the same time be useful as a common denominator in market the brand cross cultures (Aaker J.,1997; Keegan, Moriarty, & Duncan, 1995).

Congruent to brand personality is brand attitude which defined as consumers’ evaluation on a given brand from both positive nor negative standpoints (Farquhar, 1990; Franzen, 1999). Brand attitude is formed based on consumers’ emotional experience during their visit to a physical store, in which they encountered the brand attributes through store characteristics, store ambience, and usage experience on a personal level (Yoo, Park, & MacÍnnis, 1998). Brand image is a perception of consumers of a brand that is revealed by a series of associations that consumers affiliate to the brand name in memory (Belén del Río, Vázquez, & Iglesias, 2001); therefore brand associations are other affiliations linked to the brand image and contain meaning in the mind of the consumers (Belén del Río, Vázquez, & Iglesias, 2001). The perception of Starbucks Indonesia as a preferred coffee brand should be identified. This will further analyzed whether or not they possess a high level of brand personality among their millennial consumers.

**Bandwagon Effect**

The term Bandwagon could be interpreted as a form of a group thinking on social psychology that conducted a belief that spread among people as fads and trends do (Ali M. , 2012). It is the cognitive and psychology activity when people conduct an action following other individuals whose conduct the same action (Neil, 2016). In Starbucks case, the phrase “let’s go get a coffee” among millennials are almost always synonymous with visiting the giant retailer (Fromm & Swartz, 2014) as they seemed fit to purchase the product and stayed there to do their work with their friends. Bandwagon effect tend to be popular among the millennials generation, due to its tendency in following trend (Bastari, 2014). According to research done by Deloitte, 47% of
millennial are influenced by trend that’s happening on social media (Roesler, 2015). With that in mind, this study seeks to understand of the establishment of bandwagon effect among Starbucks Indonesia’s millennial consumers in their habits of purchasing the brand continuously.

RESEARCH METHODOLOGY

The data was gathered through quantitative and qualitative methods of online survey and focus group discussion, respectively. Focus group discussion was implemented in order to gain deeper understanding about the respondents’ opinions and thought process regarding their perception and consumer engagement with the brand, while online survey was conducted to generate insights on their knowledge and usage of Starbucks Indonesia’s social media digital platform for promotional purposes. The respondents were male and female, age between of 16 – 36 years old, resided in greater Jakarta area, had visited Starbucks Indonesia with a minimum of five times in the past three months, purchased Starbucks products, and had the knowledge of Starbucks Indonesia’s digital platform.

FINDINGS AND DISCUSSION

The data was collected from 63 respondents through online survey and another ten respondents through focus group discussion. 69.8% of the survey respondents were female, followed with 30.2% male; 46% were of the age between 17 – 22 years old, 34.9% were between 23 – 28 years old, and the remaining 19% were between the age of 29 – 36 years old. The focus group discussion respondents indicated the following monthly spending: 40% of the respondents spent between Rp. 4,000,001 – Rp. 5,000,000 of disposable income, while 30% of the respondents spent between Rp. 500,000 – Rp. 1,000,000, 20% of the respondents spent between Rp. 3,000,001 – Rp. 4,000,000 and the remaining 10% had monthly spending above Rp. 5,000,000. This indicated the majority of these respondents were individuals in the socio-economic A (which consists the educated, affluent and
influential) part of the population of Jakarta (Nielsen, 2014). Based on the survey, the largest portion of the respondents (55%) visited Starbucks Indonesia at least five times in the last three months, followed with 30.2% with 6 – 15 times of visitation; 7.9% visited the coffee retailer more than 20 times in three months and the remaining 6.3% visited between 16 – 20 times. On following Starbucks social media, 55.6% of the respondents followed the brand’s social media account where the rest 44.4% did not. Figure 1 below displayed the result of respondents who follow Starbucks Indonesia social media accounts, which showed the largest portion (76.2%) following Starbucks Indonesia LINE account.

![Figure 1](image)

**Figure 1.** Respondents who are following Starbucks Indonesia social media account

However, though the majority of the respondents were following Starbucks Indonesia social media account, 63.5% of the respondents stated they did not engage with the coffee retailer while only the remaining 36.5% did engage. The term “engage” in this question implied the following activities: post or like pictures, tagging Starbucks Indonesia when posting a picture, and using hashtags when consuming the product. The next question required the respondents to explain their engagement with the brand’s social media, and as shown on Figure 2, the respondents were as follow: 25.4% stated they engaged by posting the brand’s product on their own social media account or on Instagram story, and ‘tag a friend’ on Starbucks’ post. 31.7% of the respondents engaged with the brand by ‘Like’ a picture or shared promotional posts on their social media feeds. 33.3% stated they shared promotional posts on their own account or on Instagram story, and interestingly 1.6% clearly mentioned LINE as a way to engage with Starbucks Indonesia.
The remaining of the respondents claimed they did not engage with the brand’s social media. Out of 63 respondents, the most common reason for engaging with the coffee retailer was solely to ‘know about the discount or promotion, for drink and merchandise.’ The respondents did not engage for other reasons such as learning about the brand’s activities, promoting the brand or engaging in the environmental programs Starbucks are known for.

Another finding found during the survey was 74.6% of the respondents were aware with Starbucks Indonesia promotion via digital platform, and only 25.4% did not. Out of various digital platforms Starbucks Indonesia used for promotional purposes, LINE achieved the highest promotional usage among the respondents (77.8%), followed by Instagram (30.2%) and Facebook (4.8%). The respondents clearly utilized the promotional offers offered by Starbucks Indonesia as shown with the highest percentage of 76.2%, while the remaining 23.8% did not use the promotional offers.

![Figure 2. Various reasons respondents engage with Starbucks Indonesia social media account](image)

Even though the respondents thought the price of Starbucks’ product was costlier compared to some other coffee shops, they would still have preferred to go to Starbucks due to the added value the store offered, such as the close proximity from the consumer’s location, the feeling of acceptance, the ambience of familiarity in the store, as well as the service the store provided, such as free Wi-Fi, as one respondent stated, “...(Starbucks) is everywhere and the place is convenience, so sometimes if I have to meet my relatives, it will be my first choice...” Another respondent claimed that due to the high price they wanted to
utilize the facilities provided by the store, “... besides of paying the coffee, I also pay for the facilities that Starbucks offer.”

Moreover, most of the respondents implemented bandwagon effect when they were inquired on the reason they chose Starbucks compared to other available coffee shops. This could be seen from the following responds of the focus group discussion: one respondent stated the reason she chose Starbucks was because many of her friends chose the brand outlet as a point of preference: “It’s part of our lifestyle as millennials, since most of my friends would go there and most of the time when we hang out after class, we’d go to Starbucks.”

Another respondent chose Starbucks due to its ability in following trends such as creating new variants of beverages: “Starbucks is up to date, it always follows the ‘happening’ trend, for example the unicorn beverage, and Starbucks always has new variant of flavors that makes the consumers do not get bored with the existing beverage.”

While another respondent chose the establishment due to its intangible benefits of convenience and comfortability that resulted as a place of reference to do assignment and work: “The place is convenience and comfortable, to do your assignment, work or just to hang out.”

The above responds resonated closely with what Fromm and Swartz stated, that the phrase “let’s go get a coffee” among millennials are synonymous with visiting Starbucks Indonesia (2014).

The giant coffee retailer was perceived as a global high-end brand which protrude millennials’ lifestyle of social inclusion due to its strategic location at various malls in Jakarta where they could see and be seen by their peers. The service provided by Starbucks Indonesia baristas, according to the finding of this study, was in fact another trait that was highly observed by these respondents. They stated that the baristas were friendly, remembered their names and repeat orders, would showed nice gesture by writing pleasant remarks on their cup, and prepared good beverages. All of these aspects were seen as an important motivation for the millennials in choosing a place to hang out with their peers where they feel acknowledged and appreciated.
CONCLUSION AND RECOMMENDATION

From the survey and focus group decision findings, it could be generated that millennials actually preferred going to Starbucks Indonesia, though the main reason they visit the coffee retailer not for the quality of the beverages but simply they are striving for the ambience, the hype and sense of comfort and familiarity the retailer provided. Thus, it clearly explained Halliday and Astafveya (2014) analysis, in which in order for millennials to have a desire to visit a place of preference it must incur a sense of social interaction of being seen by others, and one where they could experience self-actualization of being appreciated, as well as the gaining of personal interest and befall personal status and acknowledgment.

Nonetheless, this study extends the understanding of low consumer-brand engagement among millennials with Starbucks Indonesia; as it was understood a high consumer-brand engagement could be established when the brand successfully implements meaning in the minds of the consumers that formed by consumer experience (Gambetti & Guendalina, 2012). However, based on the finding of this study, though with frequent visit, acquired knowledge about the brand’s digital promotion through various social media apps, as well as extraordinary service given by the baristas, these millennials do not necessarily oblige to have high brand engagement with the coffee retailer. The majority of the respondents admitted that they use the social media apps solely for knowing ‘about the discount or promotion’ being offered at the Starbucks Indonesia outlets and not to find out any news pertaining to the brand either locally or globally. That said, the relationship occurred between the brand with the consumer only remains at a transactional based.

Having a high brand perception among the millennials positioned Starbucks Indonesia as a preferred place to spend their leisure time in between school and home. This positive perception is essential in gaining brand trust (Farquhar, 1990; Franzen, 1999), and as millennials like to share brand preference among their social group, having this positive perception enhances their sign of approval. Nonetheless,
although Starbucks Indonesia possessed a positive brand personality in nurturing relationships with the consumers through its digital media platforms, it was not strong enough to receive an active reciprocation from the consumers.

Based on the findings of this study, the following insights on how Starbucks Indonesia could enhance its consumer engagement with their Millennials consumers are presented.

Starbucks as a global brand is no doubt already possessed a strong brand image and thus goes with Starbucks Indonesia. With an unprecedented strong brand position in their country of origin helped Starbucks Indonesia to obtain the same strong brand position when they launched their first store in Jakarta. However, Starbucks Indonesia needs to create a meaningful experience to achieve a higher brand engagement with its millennial consumers such as adopting and adapting MyStarbucksIdea.com for the Indonesian market using the existing Starbucks Indonesia’s social media accounts. This platform enables consumers to engage more with the brand by proposing ideas regarding anything that linked to the brand such as products innovation or service upgrades. As stated earlier, millennials are a cohort of young people that is civic-oriented and have a high conscious on community and environment alike. By allowing their voice to be heard via platform such as MyStarbucksIdea.com will create a stronger brand perception and engagement toward Starbucks Indonesia.

The second insight would be to maximize the Starbucks Indonesia mobile apps and integrate all of their digital platforms instead of just utilizing LINE for promotional discounts. Thus, the Starbucks Indonesia mobile apps could be linked to other social media platforms such as Facebook, Instagram, and LINE for promotional offer rather than just act as a payment gateway. Thus, consumers who own a Starbucks card could obtain an all-access advantages by communicating their ideas through the message board, which could be automatically linked with the retailer’s social media account; this will create an on-going conversation between Starbucks Indonesia and their consumers rather than just a payment gateway. Integrating all of the digital communication of Starbucks Indonesia will enhance convenience and consistent connection toward the brand, as Tuominen (1999) stated that a strong brand identity will be acquired when there is
a consistency between vision and a strategy that is well established and well managed.

REFERENCES


