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## Customer Knowledge Management via Social Media: The case of Starbucks

Alton Y.K. Chua and Snehasish Banerjee

### Abstract

The purpose of this paper is to analyze the extent to which the use of social media can support customer knowledge management (CKM) in organizations relying on a traditional bricks-and-mortar business model. The paper uses a combination of qualitative case study and netnography on Starbucks, an international coffee house chain. Data retrieved from varied sources such as newspapers, newswires, magazines, scholarly publications, books, and social media services were textually analyzed. Three major findings could be culled from the paper. First, Starbucks deploys a wide range of social media tools for CKM that serve as effective branding and marketing instruments for the organization. Second, Starbucks redefines the roles of its customers through the use of social media by transforming them from passive recipients of beverages to active contributors of innovation. Third, Starbucks uses effective strategies to alleviate customers' reluctance for voluntary knowledge sharing, thereby promoting engagement in social media. The scope of the paper is limited by the window of the data collection period. Hence, the findings should be interpreted in the light of this constraint. The lessons gleaned from the case study suggest that social media is not a tool exclusive to online businesses. It can be a potential game-changer in supporting CKM efforts even for traditional businesses. This paper represents one of the earliest works that analyzes the use of social media for CKM in an organization that relies on a traditional bricks-and-mortar business model.

### 1 Introduction

Organizations have long recognized knowledge management (KM) as an important business strategy (Hull et al., 2000). In order to manage customers' increasing sophistication and changing preferences, the static knowledge-warehouse based approach of KM is undergoing a paradigm shift towards a dynamic customer-centric approach. Organizations recognize the need to develop cordial relationships with customers and serve them in their preferred ways. This calls for effective management of customer knowledge (Davenport et al., 2001). In fact, organizations capable of continuously creating new customer knowledge and effectively managing customer knowledge assets are the ones with competitive advantage over their rivals (Zhang, 2011). Hence, an emerging area of interest within KM research and practice involves customer knowledge management (CKM) (Kuhlen, 2003; Rowley, 2002). It refers to KM strategies pertaining to the management of organizational knowledge obtained through interactions between organizations and their customers (Zanjani et al., 2008).

Against the backdrop of recent trends in web technologies, making profitable use of social media is at the top of the agenda for many organizations (Levy, 2009). Social media refers to online services that support social interactions among users through highly accessible and scalable web-based publishing techniques (Dutta, 2010). As the society becomes cognizant of the prowess of social media, organizations which

do not utilize services such as Twitter and Facebook are seen to be at a distinct strategic disadvantage (Kuhlen, 2003). Given that social media has the potential to support multi-way communication between organizations and their customers at relatively lower costs and higher levels of efficiency vis-à-vis traditional communication channels (Gallaughar and Ransbotham, 2010), it is no wonder customer-facing organizations such as Dell and American Express have been prompt in jumping on the social media bandwagon.

Despite such potential benefits, using social media for CKM is a challenge for organizations (Kaplan and Haenlein, 2010). For one, CKM involves bringing the customer perspective into the knowledge management equation even though customers are largely reluctant to engage in voluntary knowledge sharing (Desouza et al., 2008). Moreover, social media allows customers to publish content without any peer-review process. They may share incorrect or biased knowledge about an organization, which can adversely affect perceptions of other customers (Zanjani et al., 2008). Hence, it is not trivial for organizations to effectively harness useful customer knowledge and propagate positive opinions about themselves among customers.

Scholarly attention has delved into the use of social media in online business and e-commerce websites such as Amazon.com and eBay.com (eg. Chua, 2011; Levy, 2009). However, the extent to which the use of social media can support CKM in organizations relying on traditional brick-and-mortar business model has not been adequately explored hitherto. For this reason, the paper uses a combination of qualitative case study and netnography to analyze the use of social media for CKM in Starbucks, an international coffee house chain.

The remainder of the paper is structured as follows. The next section presents the literature which revolves around the two pivotal themes, namely, CKM and social media. A theoretical framework that integrates CKM strategies and social media services is also proposed. Section 3 elaborates the data collection and analysis procedures. The case study is presented and explained in Section 4. Following that, Section 5 discusses the three major findings culled from the paper. Finally, the paper concludes with implications for managers and scholars.

## **2 Literature Review**

### *2.1 Customer Knowledge Management*

The thrust of CKM is to capture, organize, share, transfer and control knowledge related to customers for organizational benefits. It helps organizations address specific needs of their customers, and make them more effective in enhancing customer satisfaction (Plessis, 2007; Rowley, 2002). CKM allows acquiring new customers and retaining the current ones, which in turn, enables organizations to compete more effectively (Horovitz, 2000a). Being pivotal for improvements in customer value, it significantly influences organizational performance (Zanjani et al., 2008).

For the purpose of this paper, three CKM strategies that organizations use to manage customer knowledge are considered. These are (1) management of knowledge for customers, (2) management of knowledge from customers, and (3) management of knowledge about customers. First, management of knowledge for customers refers to CKM strategies that organizations use to manage knowledge flow from organizations to customers. It is essential for organizations to select an effective medium to communicate with customers about their products, services, markets, offers, and discounts (Taylor and Baker, 1994). Continuous knowledge flow directed from organizations to customers is a prerequisite to assist customers in their decision making. Besides supporting customers in their buying cycle, it also helps them in the use of products and services (Horovitz, 2000b). This enables customers better understand the organizations, their offers, as well as their products and services (Davenport and Klahr, 1998; Garcia-Murillo and Annabi, 2002).

Second, management of knowledge from customers refers to CKM strategies that organizations use to manage knowledge flow from customers to organizations. Knowledge acquired from customers help organizations enhance the quality of their products and services, as well as to develop new products and services (Garcia-Murillo and Annabi, 2002; Salomann et al., 2005; Zanjani et al., 2008). Such knowledge must be incorporated for innovation, idea generation and evaluation (Thomke and von Hippel, 2002; Tidd et al., 2005). Knowledge from customers is essential for organizations to realize the concept of “design with customers” (Sigala, 2012). It also acts as a powerful crisis management tool for organizations (Bulearca and Bulearca, 2010).

Third, management of knowledge about customers refers to CKM strategies that organizations use to manage knowledge flow among customers. Besides customers’ preferences and past transactions, knowledge about customers encompass analyzing customers’ present needs, future desires, changing tastes and trends (Davenport et al., 2001; Gebert et al., 2003). It involves exploring customers’ perceptions on products and services in order to identify their preferences and concerns. This enables organizations gain a sense of the sentiment on the ground so that their customers could be served in their preferred ways (Salomann et al., 2005).

## *2.2 Social Media*

Social media refers to a collection of online services that supports social interactions among users and allows them to co-create, find, share and evaluate the online information repository. It is “*a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content*” (Kaplan and Haenlein, 2010, p. 61). Social media has transformed users from passive content readers into content publishers, thereby making their role more significant.

For the purpose of this paper, four emerging social media services that organizations often use to communicate with their customers are considered. These are (1) microblogging services, (2) social networking services, (3) location-aware mobile services, and (4) corporate discussion forum services. First, microblogging services

(MBS) are social media services that allow users to publish, share and discuss in the form of short status updates, messages or commentaries, called microposts (Gao et al., 2012). These services limit the length of microposts and permit users to organize themselves in a follower-followee network without any stringent reciprocation constraint (Kwak et al., 2010). MBS like Twitter and FriendFeed are gradually becoming buzzwords in the age of social media.

Second, social networking services (SNS) are social media services that enable users construct and present their profiles within a bounded system, and articulate lists of other users with whom they share connections (Ellison et al., 2007). Through these services, users can establish and maintain connections with others of similar interests (Gunawardena et al., 2009). Some actions that users perform through SNS include posting comments, receiving comments from others, joining groups and fan pages, creating events, using customized applications and playing games. SNS like Facebook and MySpace have become a mainstream communication channel for users in recent years.

Third, location-aware mobile services (LMS) are social media services that allow users to check in online at real world locations and receive context-sensitive information based on their locations (Dhar and Varshney, 2011). Third generation communication technologies has led to the rapid development of mobile internet, which in turn has triggered the popularity of LMS. Their ability to provide personalized location-based context-sensitive information has earned them the nickname “killer application of mobile business” (Junglas and Watson, 2008). Foursquare and Google Latitude are few well-known LMS.

Fourth, corporate discussion forum services (CDS) of organizations are social media services that provide dedicated avenues for customers to discuss organization-specific issues (Lopez-Nicolas and Molina-Castillo, 2008). CDS allow for participation of a large and diverse set of users to discuss collaboratively about products and services of the specific organization (Maswera et al., 2006). Besides, they serve as an outlet for electronic word-of-mouth associated with the organization and promote customer-to-customer know-how exchange (Hennig-Thurau et al., 2004). Dell IdeaStorm, launched by Dell, is a prominent example of CDS.

### *2.3 CKM and Social Media*

CKM literature emphasizes the importance of social media in bringing the human side into the knowledge management equation (Levy, 2009). Social media services have distinct technical features that unleash passion among users to engage in knowledge sharing (Paroutis & Saleh, 2009). The openness and participation properties of social media entwine users and content, rendering it suitable for the dynamic, customer-centric CKM strategies (Lai and Turban, 2008). The extent to which the four identified social media services facilitate the three CKM strategies culminates into a social media supported CKM framework as shown in Table 1.

Table 1: Social media supported CKM framework

	<b>Management of knowledge for customers</b>	<b>Management of knowledge from customers</b>	<b>Management of knowledge about customers</b>
<b>Micro-blogging services</b>	Serve as an avenue for organizations to supply knowledge for customers about their products, markets, offers and also provide customer service (Gao et al., 2012).	Allow organizations to draw knowledge from customers by actively seeking out customer-driven innovation in their design and production (Sigala, 2012).	Keep organizations knowledgeable about their customers and better manage the potential areas of concerns among them (Flanagin and Bator, 2011).
<b>Social networking services</b>	Help organizations provide knowledge for customers by keeping them abreast of changes in their products and services (Padula, 2008).	Enable organizations gain knowledge from customers by comprehending how they react to changes (Magnier-Watanabe et al., 2010).	Facilitate accumulation of a body of shared knowledge about customers, which in turn help promote customer loyalty (Chua, 2011).
<b>Location-aware mobile services</b>	Permit organizations to provide knowledge for customers about offers and discounts available at a particular branch, encouraging them to check-in at that location (Dooley et al., 2012).	Allow the checked in customers to leave tips and comments, which can be a useful source of knowledge from customers (Currie, 2011).	Connect geographically separated customers and help organizations acquire knowledge about the variations in customers' preferences based on different locations (Bhalla, 2011).
<b>Corporate discussion-forum services</b>	Allow organizations to provide knowledge for customers by publishing content related to their existing products and services, as well as ideas that are currently under experimentation (Wagner and Majchrzak, 2007).	Encourage customers to express their needs, doubts, purchase intentions, and to contribute novel ideas, which are valuable knowledge that can be acquired from customers. (Maswera et al., 2006).	Promote exchange of customer-to-customer know-how, which may be monitored to unearth knowledge about customers in the form of opinions, preferences and electronic word-of-mouth (Hennig-Thurau et al., 2004).

First, MBS enable organizations to reach out to customers via microposts. This serves as an avenue for organizations to supply knowledge for customers about their products, markets, offers and also provide customer service (Gao et al., 2012). MBS also supports the concept of “design with customers”. Organizations can draw out knowledge from customers by actively seeking out customer-driven innovation in their design and production (Sigala, 2012). Moreover, monitoring microposts to analyze the sentiment of what is being discussed in the blogosphere keeps organizations knowledgeable about their customers (Castellanos et al., 2011). This helps organizations better manage the potential areas of concerns among the masses (Flanagin and Bator, 2011).

Second, SNS support interconnectedness between organizations and customers, thereby initiating constructive conversation and dialogue. They act as avenues through which organizations provide knowledge for customers and keep them abreast of changes in their products and services (Padula, 2008). The interconnectedness also allows organizations to gain knowledge from customers by comprehending how they react to such changes (Magnier-Watanabe et al., 2010). Moreover, SNS facilitate the accumulation of a body of shared knowledge about customers over time. This can help organizations better understand their customers’ preferences and proliferate customer loyalty (Chua, 2011).

Third, LMS facilitate geo-tagging, an emerging form of folksonomy, and help organizations manage location-specific customer knowledge. Organizations may use LMS to provide knowledge for customers about offers and discounts available at a particular branch, thereby encouraging them to check in at that location (Dooley et al., 2012). Customers who check in can also choose to leave comments, which can be a useful source of knowledge from customers (Currie, 2011). Since these services connect geographically segregated customers, organizations can acquire knowledge about the variations in customers’ preferences based on different locations (Bhalla, 2011).

Fourth, CDS allow organizations provide knowledge for customers by publishing content related to their existing products and services, as well as ideas that are currently under experimentation (Wagner and Majchrzak, 2007). CDS also encourage customers to express their needs, doubts, purchase intentions, and to contribute novel ideas (Maswera et al., 2006). These are valuable knowledge acquired by organizations from their customers. Moreover, CDS promote exchange of customer-to-customer know-how, which may be monitored to unearth knowledge about customers in the form of opinions, preferences and electronic word-of-mouth (Hennig-Thurau et al., 2004).

### **3 Methodology**

This paper uses a combination of qualitative case study and netnography to analyze the extent to which the use of social media supports CKM in Starbucks. Qualitative case studies allow for rich and naturalistic data to be obtained (Stake, 1995). Being commonly used to investigate emerging themes that lack strong theory (Yin, 2003),

they are known to provide descriptions and generate theories in previously under-investigated areas (Eisenhardt, 1989).

Netnography, on the other hand, is the online evolution of ethnography. Defined as the “*written account of on-line cyberculture, informed by the methods of cultural anthropology*” (Kozinets, 1997, p. 3), it is a qualitative research technique that draws data from computer-mediated communication channels. Netnography provides means for accessing, gathering and interpreting computer mediated textual discourse between anonymous or pseudonymous participants on a public forum (Lugosi et al., 2012). Unlike methods such as interviews or focus groups, netnography is used to represent a context not confounded by researchers’ presence (Sigala, 2012).

Starbucks was chosen as the case for analysis on the basis of two reasons. First, it is known for its use of social media and its interest towards CKM (Sigala, 2012). Relying on traditional brick-and-mortar business model, Starbucks provides an interesting context that sees the confluence of social media and CKM. Second, it was possible to harvest copious materials on Starbucks’ use of social media for CKM from a variety of sources. These materials could be analyzed to create a nuanced portrait of the organization.

The data collection procedure lasted for a period of 11 months from October 2011 to August 2012. It was a two-step process - the first lasting for three months, and the second for the subsequent eight months. First, words such as “Starbucks”, “coffee chain” and “cappuccino” were used to search for data on Starbucks from varied sources such as newspapers, newswires, and magazines through Factiva and LexisNexis. Scholarly publications were trawled from subscription-based databases such as Ebscohost, Emerald Management and ProQuest. Relevant books and publicly available contents on the web were also retrieved. Use of such multiple sources helps generate data rich in detail and rigour, providing better scope for triangulation (Miles & Huberman, 1994). The returned data were analyzed using TextSTAT, a text analysis tool used to generate word frequency lists and concordances (Chua, 2007; Khalifa et al., 2007), to identify the social media services commonly used by Starbucks. Based on the results, the four social media services were identified as Twitter (MBS), Facebook (SNS), Foursquare (LMS) and MyStarbucksIdea (CDS).

Second, netnography was used to collect data from the four social media services commonly used by Starbucks (Kozinets, 1997; Sigala, 2012). To reduce any biases, 25 randomly selected data samples were drawn on an average from each of the social media services over the period of eight months (January – August, 2012). Specifically, the collected data comprised the following: 200 microposts posted by Starbucks along with their conversations from Twitter ([twitter.com/Starbucks](https://twitter.com/Starbucks)), 200 posts contributed by either Starbucks or customers along with their comments from Facebook ([facebook.com/Starbucks](https://facebook.com/Starbucks)), 200 tips submitted by either Starbucks or customers from Foursquare ([foursquare.com/Starbucks](https://foursquare.com/Starbucks)), and 200 discussion threads initiated by customers from MyStarbucksIdea ([mystarbucksidea.com](https://mystarbucksidea.com)).

After the data were collected, they were textually analyzed through unitizing and categorizing (Chua, 2011; Stathopoulos and Harrison, 2003). The process of unitizing involved identifying, isolating, and copying portions of text that appeared potentially relevant for CKM into a word file. Thereafter, the unitized contents in the word file were categorized into the 12 quadrants based on the three CKM strategies and the four social media services. Only data in English, and those found to be internally consistent were used for further analysis and discussion.

## 4 The case of Starbucks

### 4.1 Background

Starbucks is an international coffee house chain founded at Seattle, Washington in 1971. From its humble beginning, it has now expanded to more than 19,000 stores across 59 countries. However, its journey has not been smooth throughout. Although it was once known to consistently attract around 60 million weekly visitors across the globe without cannibalizing its own sales (Michelli, 2007), its earnings dipped drastically during the April-June quarter of 2008 (York, 2010).

In response to its flagging financial performance, Starbucks started experimenting with social media services in the latter half of 2008. The purpose was to ward off competition from dominant players such as McDonald's and Dunkin's Donuts in the food and beverage industry (Schultz and Gordon, 2011). Convinced that unhappy customers could switch over to rival organizations without disclosing their complaints directly to the management, Starbucks used social media as a means to connect with its customers. The success of this effort was evident when its CDS MyStarbucksIdea was nominated the *Most Embracing* social media application in the 2008 Forrester Groundswell Awards (Bernoff, 2008). As many as 41,000 ideas were contributed by customers within the first two months of its launch (York, 2010).

### 4.2 Use of Twitter

Twitter is one of the popular MBS that promotes sharing of microposts not exceeding 140 characters. These microposts, also known as tweets, are often accompanied by attached photos. Twitter users can organize themselves in a follower-followee network without any reciprocation constraint. Being a follower means that the user will receive all tweets from the followees. Starbucks currently has over two million followers in Twitter.

Starbucks uses tweets, often with a combination of text and photos, to provide knowledge for customers and promote their latest products, campaigns and events. For instance, a tweet posted by Starbucks was used to promote its product "*Pumpkin Spice Latte*". In another tweet, Starbucks revealed "*Did you know you can mix it up? Green tea @frappuccino + java chips + peppermint syrup = minty goodness*". Twitter helps Starbucks acquire relevant knowledge from customers who express their expectations, likes and dislikes about the organization via tweets. Starbucks is also prompt in responding to the knowledge acquired from customers with an average of 10 tweets per day (Noff, 2009). Tweets on their products and services enable

Starbucks to discern key customer concerns that warrant further investigation. Twitter helps Starbucks quickly manage rumours and misconceptions among customers. For instance, a story once spread that Starbucks was donating its profits in Israel to fund the country's army. Through Twitter, Starbucks became aware about its customers' concerns and was able to quickly nip the misconception in the bud (York, 2010).

#### *4.3 Use of Facebook*

Facebook is one of the popular SNS that allows users construct, present and maintain their profiles. At the same time, it permits organizations create their dedicated Facebook pages. Users can like pages of organizations to receive regular updates from them. Facebook allows organizations connect with interested customers through wall posts, polling, discussions and events. Starbucks' Facebook page currently has over 31 million likes.

Through Facebook, Starbucks provides a wide array of knowledge for customers about its products, locations and organizational cultures to keep its customers abreast of changes. It uses posts such as "...drive-thru now accepting mobile payments" and "A free 12oz drink...Ends today!-US and Canada only" to keep customers abreast of changes. Starbucks promoted its "Frappuccino Happy Hour" through Facebook and was reported to sell one Frappuccino every 15 seconds on an average (Warren, 2011). It also draws knowledge from customers through poll questions such as "Which iced beverage would you choose - Iced Coffee with Milk or...?" and "... - hot or iced?". It uses Facebook to directly ask customers about their personal opinions, preferences and feedbacks (West, 2012). Monitoring comments such as "I Would drink This Delightful drink every single day" in response to its posts also help Starbucks acquire knowledge about customers. This in turn allows it to comprehend customers' behaviours, preferences, expectations, levels of satisfaction, and ways they react to new products and changes (The Nikkei Weekly, 2010).

#### *4.4 Use of Foursquare*

Foursquare is one of the popular LMS that enables users locate the nearest places of interest and check in online at real world locations. Based on the number of check in at a location, users earn reputation in the form of badges and mayorships. Once checked in, they can also choose to leave comments, called tips. Starbucks is reported to be one of the most searched brands on Foursquare (Warren, 2011), and is currently supported by over 800,000 users.

Starbucks uses Foursquare to provide knowledge for customers on day-to-day events such as offers and new product launches specific to a location. For example, Starbucks posted "If you need to study late, this is the store..." specifically for customers in Sheridan, Wyoming. It also posted to offer free drinks and discounts to customers based on mayorships. Starbucks has also created special badges and statuses on its Foursquare platform to encourage visits from customers (Warren, 2011). Customers who check in often leave tips, which can be a valuable source of knowledge from customers. For example, a customer who checked in at a particular

Starbucks store in Singapore left a tip “*Love the new layout, lots of high chairs...Fav starbucks outlet in Singapore*”. Such tips again enhance Starbucks’ understanding of their customers with respect to specific locations. However, no specific evidence on Starbucks’ use of Foursquare to manage knowledge about customers was found from the analyzed data.

#### 4.5 Use of MyStarbucksIdea

MyStarbucksIdea, a CDS dedicated for Starbucks, acts as an avenue for customers to ask questions, offer novel ideas and vent out their frustrations on the organization. It was launched in 2008, and 41,000 ideas were contributed by customers within the first two months (York, 2010). It encourages participation by nurturing a point system to reward customers who are frequent contributors of novel ideas (Sigala, 2012).

Starbucks provide knowledge for customers through MyStarbucksIdea by informing them about the ideas that are “*under review*”, “*reviewed*”, “*coming soon*” and “*launched*”. This fosters loyalty among customers, who get the impression that Starbucks really care about their submitted ideas. Knowledge from customers is mainly harvested through the ideas that customers contribute, thereby promoting the concept of “*design with customers*” (Sigala, 2012). Some contributed ideas that have been adopted by Starbucks include the introduction of “*Starbucks Card eGifts*” system and “*Mocha Coconut and Coconut Crème Frappuccino blended beverages*”. It draws knowledge about customers by publicly revealing all submitted ideas, and asking other customers to evaluate them. Starbucks implements submitted ideas based on their popularity, as revealed from customers’ comments and votes. For instance, the idea “*wondering if an Orange Mocha would be a possibility*” attracted comments such as “*Sounds good to me*” and “*Not sure I’d love it but might try it*”. Customers are thus treated as both creators and evaluators of ideas. The ways Starbucks use social media for CKM are summarized in Table 2.

Table 2: Starbucks' use of social media for CKM

	<b>Management of knowledge for customers</b>	<b>Management of knowledge from customers</b>	<b>Management of knowledge about customers</b>
<b>Twitter (MBS)</b>	Serve as an avenue for Starbucks to provide knowledge for customers and help promote its latest products, campaigns and events.	Allow acquiring relevant knowledge from customers via their tweets, through which they express their expectations, likes and dislikes about Starbucks.	Keep Starbucks knowledgeable about customers' concerns and help quickly manage potential rumours and misconceptions among customers.
<b>Facebook (SNS)</b>	Help Starbucks provide knowledge for customers about its products, locations and organizational cultures to keep them abreast of changes.	Enable Starbucks to gain knowledge from customers through poll questions by directly asking them about their personal opinions, preferences and feedbacks.	Facilitate accumulation of knowledge about customers' behaviours, preferences, expectations, satisfaction levels and their reactions to new products and changes in Starbucks.
<b>Foursquare (LMS)</b>	Permit Starbucks to provide knowledge for customers on day-to-day events specific for a location, such as offers and new product launches.	Allow the checked in customers to leave tips, which serve as Starbucks' knowledge from customers based on specific locations.	No evidence found
<b>MyStarbucks Idea (CDS)</b>	Allow Starbucks to provide knowledge for customers by indicating the status such as " <i>under review</i> ", " <i>reviewed</i> ", " <i>coming soon</i> " and " <i>launched</i> " of their submitted ideas.	Encourage knowledge flow from customers in the form of suggestions and novel ideas for Starbucks to implement, thereby promoting the concept of "design with customers".	Promote customer engagement by treating them as evaluators of submitted ideas, thereby drawing out valuable knowledge about customers via their comments to submitted ideas.

## 5 Discussion

Three major findings could be culled from the paper. First, Starbucks deploys a wide range of social media tools for CKM that serve as effective branding and marketing instruments for the organization. Through social media, it provides knowledge for customers and keeps them updated on its latest products, activities and events. Starbucks draws knowledge from customers to analyze their expectations, behaviors

and preferences. It also acquires knowledge about customers by monitoring what is being discussed among customers to gain a sense of the sentiment on the ground (Castellanos et al., 2011; Salomann et al., 2005). Besides, Starbucks does not treat social media services as isolated applications. The services generally complement one another to mutually reinforce their overall impact (West, 2012). For instance, Starbucks issued a 60 second advertisement prior to the 2008 presidential election in the United States, promising a free cup of brewed coffee to every voter. Posting the commercial in a video sharing website, Starbucks jointly used Facebook and Twitter to stimulate its viewership and amplify its effect. Till the day of the election, the video was viewed 419,000 times. In Facebook, it attracted over 400,000 comments while customers were found tweeting on Starbucks every eight seconds (Miller, 2009). Such an integrated approach of linking various social media services seems to have helped the organization maximize its branding and marketing efforts.

Second, Starbucks redefines the roles of its customers through the use of social media by transforming them from passive recipients of beverages to active contributors of innovation. Starbucks closely follows the principle of “design with customers” (Sigala, 2012) by allowing its customers play the dual role of creators and evaluators of ideas (Thomke and von Hippel, 2002; Tidd et al., 2005). Implementation of ideas contributed by customers at Starbucks’ stores further fosters customer loyalty (Chua, 2011). The introduction of products like the “*Mocha Coconut and Coconut Crème Frappuccino blended beverages*”, culled from MyStarbucksIdea, are courtesy of the knowledge acquired by Starbucks from its customers. Besides, ideas such as “*Have a Starbucks Calendar available on the website to let us know about...promotions as well as when the seasonal flavors are available...*” culled from the CDS, show that the knowledge drawn by Starbucks from its customers are not confined within its products and beverages. Customers appear to possess a significant stake in the creation and evaluation of innovative ideas that encompass the entire breadth of its business. The widespread support for Starbucks can thus be attributed to the manner in which it collaborates closely with its customers.

Third, Starbucks uses effective strategies to alleviate customers’ reluctance for voluntary knowledge sharing, thereby promoting engagement in social media (Desouza et al., 2008). Starbucks deploys a number of former and present baristas to offer prompt responses to customers. Such promptness makes customers feel that they are valued, which in turn, serves as motivation to continue their participation (Schultz and Gordon, 2011). At the same time, Starbucks makes conscious efforts to prevent overload of knowledge so that its engagement strategies do not become sources of nuisance to customers (Noff, 2009). Besides, it pays attention to both compliments and complaints alike, which further encourages customers’ engagement. Starbucks treats unhappy customers as opportunities for improvements and strives to turn frowns upside down (Horovitz, 2000a; Michelli, 2007). For instance, in reply to the tweet “*Hey @starbucks...disappointed the marina bay mariott on San Diego has no...*” by an unhappy customer, Starbucks replied after three minutes “*...sorry about that...is only around seasonally. Have you tried the gingerbread latte?*”. These strategies appear to be effective in bridging the virtual world of social media with the physical world of Starbucks stores, thereby fostering continuous participation of customers.

## 6 Conclusion

Increasing sophistication and changing preferences of customers has led to a paradigm shift in KM towards a dynamic customer-centric approach, which has resulted in the rise of CKM. At the same time, the emergence of social media has transformed online users from content readers into content publishers, making their role more significant. Relying on traditional brick-and-mortar business model, Starbucks provides an interesting context that sees the confluence of social media and CKM. Riding on the waves of social media, Starbucks seems to have re-written the rules of CKM. It demonstrates versatility in engaging customers through various social media services such as Twitter (MBS), Facebook (SNS), Foursquare (LMS) and MyStarbucksIdea (CDS) to support different aspects of CKM strategies. In particular, Twitter, Facebook and MyStarbucksIdea are used for management of knowledge for, from and about customers, whereas Foursquare is mainly used for managing knowledge for and from customers.

A limitation inherent in this paper must be acknowledged. The scope of the paper is limited by the window of the data collection period. Thus, it is conceivable that the patterns of Starbucks' use of social media could have been different had a different window of data collection was chosen. Hence, the findings should be interpreted in light of this constraint.

For managers, this paper uses Starbucks as an exemplar to illustrate that social media is not a tool exclusive to online businesses. The lessons gleaned from the case study suggest that social media could be a potential game-changer in supporting CKM efforts even for organizations relying on traditional brick-and-mortar business model. The implications suggest that organizations should use social media to provide impetus to their businesses by imbibing customers in their operations. A myriad of social media services could be used in a mutually reinforcing manner to provide knowledge for customers on new products and to offer ways to make their best use (Garcia-Murillo and Annabi, 2002; Horovitz, 2000b). Knowledge from customers, especially those who are unhappy, could be utilized for improvement by obtaining honest complaints and suggestions for free (Horovitz, 2000a; Michelli, 2007). Knowledge about customers should also be used to gain a sense of the sentiment on the ground, which in turn, could aid organizations in crisis management (Castellanos et al., 2011; Salomann et al., 2005). Sincere efforts should be made to engage customers in voluntary knowledge sharing to realize the concept of "design with customers" (Sigala, 2012). Such strategies could allow organizations bridge the bridge between their actual and perceived performance (Horovitz, 2000a).

For scholars interested to investigate the role of social media in supporting CKM, this paper seeds more ideas for further inquiries. For example, the framework presented in Table 1 can serve as the basis to compare among different traditional businesses, different online businesses, as well as between traditional and online businesses. This can contribute to a more textured perspective leading to verification, validation and refinement of the framework. A second research direction may involve conducting a two-pronged user study involving direct interactions with the Starbucks management and Starbucks customers. This can help obtain richer qualitative data

and offer insights into the way Starbucks translate enormous amounts of customers' contributions in social media into knowledge. These recommendations for future research can build upon the theoretical foundation to generate more CKM ideas that can lead to win-win situations for both organizations and customers.

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