

# Case study starbucks going global fast

Business



Without stumbling over it almost failed, the company started opening several coffee-shops in the country.

One thing leading to the second problem, the risk of market saturation since Cutbacks was opening many shops in a same place. Their solution has been to open shops abroad so that it will be able to compensate the losses. As such, it is possible to find a Cutbacks shop on three continents and In several countries such as Germany, Austria, Spain, England, etc.

I do not think It was really necessary to open such a great number of Cutbacks In one ingle city, to beat competition they could have simply advertise not only to make the brand known but also to reassure people on the quality of their products. Good quality is one thing that even competition is not sure to reach or beat. Another factor that makes it difficult for Cutbacks is the younger population which started feeling like it is not a place for them because of the high prices of coffee cups and the atmosphere in the shops that they found “ outdated”.

Making a brand something attractive for young people is not so difficult; it will take surveys about the trends, hat is “ in” and what is “ out”, the new ways to speak and so on. Young people are attracted by new concepts and technology. Their initiative to create a high-speed wireless Internet service will probably create more enthusiasm among youth. Cutbacks can also make packages to slut all wallets so that the new generation can afford a cup of coffee. Something Important that threaten Cutbacks’ expansion Is the prices on foreign markets.

Most of their competitors are local companies which sometimes propose the same services at lower cost. It is the case for example in Italy where coffee is way less expensive than in the United-States. Entering the market in such a place reveals risky for a company as Cutbacks. To stand up to the competition, it can use local input instead of importing, it will reduce the costs and make the outcomes cheaper so that the difference will not be enormous. There also are problems within the company, the employees complaining about their salary.

It is said that the reward is not worth all the efforts that they are producing.

A solution could be to establish the payment of overtime and rewards on merit. The last thing is that despite the competition, Cutbacks succeeded in meeting Japanese people's expectation by adapting its products to their preferences in taste and in format. This is something that it must try to develop in every location in order to gain more customers. Answers 1- The uncontrollable elements that Cutbacks encountered in entering the global market: The competition in the US with McDonald's and in Japan; The political regulations in France; The culture with how to attract young people.

The controllable elements that Cutbacks encountered are their pricing and the promotion of their products. 2- The basic risks facing the company are: The saturation of market in the United-States as they are opening several shops in one city as in Seattle for instance.

The difficulty to enter new markets with such some high prices like the Italian market. The lack of enthusiasm of the new generation. People being reserved concerning working at Cutbacks.

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The potential solutions: They should stop trying to counter their rivals by having as much stores as possible ND concentrate on specific places and promotion. Cutbacks should adapt its pricing to those in the local markets and also to their customers buying power in order to gain more people of all ages and social classes.

To be able to reduce the pricing, it should work with local partner to get cheaper input and raw materials. Concerning the youth, they really should develop technology to attract more young people. The company should review its criteria of paying salaries. – According to what I read, I think that Cutbacks thinks that having numerous stores almost everywhere will increase the profitability while it actually means more cost and decrease efficiency of existing stores. Also, it does not spend much on advertisement while it should try new promotion strategy.

By new promotion strategy. Cutbacks is trying to attract more young people but does not adjust pricing. It should understand that the prices proposed do not match the new generation's buying power. Finally, the salary that it pays to its employee is insufficient regarding to the work that they are doing daily.

Employees are unsatisfied and it has percussions on their work and the quality of the service.

4- To increase the profitability in Japan, Cutbacks must innovate because all that it did was to adapt to Japanese preferences (can of coffee, taste of coffee, etc. ). This a good initiative that the company should perpetuate by adding other activities proper to Japan. Maybe it will be efficient to develop the order on internet that is working on the United-States. Another thing is <https://assignbuster.com/case-study-starbucks-going-global-fast/>

that, as in the rest of the world, it should advertise because it is the best way to attract new customers.