

Starbucks

Business



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Starbucks Why is Starbucks so successful? Starbucks is a coffee company that was started in 1971 in the United States. Today, the company has opened up coffee outlets all over the world. The overall Starbucks sales increased to \$13.3B in 2012 for a number of reasons. Between 2004 and 2011, the company had expanded its business globally and opened more than nine thousand new coffee outlets. In addition, such an increase in revenue was also contributed by the company's introduction of novel and innovative products. The increase in profitability is driven by a number of factors. One of the factors is that Starbucks strives to give high quality services to its customers. The company gets a lot of clients on the basis of its conducive environment. In other words, seats are always available in all coffee shops and there is free Wi-Fi. Other factors that have made this company successful include attention to minutiae, it has a wide range of products, and it opens up its outlets in areas with high population. There was increased revenue in 2012 by eight percent and taxation level was lowered in 2011. This led to increased revenue hence the \$1.1B dividends to shareholders (Schultz, 2012). Advantages and disadvantages of Starbucks global international expansion Through expanding its businesses to other countries such as China, India, as well as other parts of the world, Starbucks has been able to achieve access to better and superior markets. Another advantage of expanding to places like China and India is easier access to cheap labor and raw materials. In addition, going global has enabled Starbucks build up and widen innovative capabilities. On the other hand, going global has had its own disadvantages. Some of these include extra expenditures in business operations as a result of operating in new surroundings. In some regions such as Europe, Starbucks has been struggling due to the country's wide

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ranging financial problems. Starbucks was opening up new outlets at a very fast rate in 2008 and the supply chain had to keep up with the rapid expansion (Schultz, 2012). Since coffee must be gotten from all over the world, this hinders expansion as it may take time to distribute the coffee in all outlets. Howard Schultz had left Starbucks in the year 2000 and went back as the CEO in 2008. The main reason for his return was the fact that Starbucks was struggling hence his discontentment. He advocates for striking a balance between profitability and corporate social conscience. He attributes this to the fact that reliable and morally upright companies ultimately perform well as compared to companies whose main aim is to create an instantaneous revenue. Schultz is credited for initiating "Create Jobs for USA". He initiated this initiative due to the inability of the government to create jobs for millions of jobless Americans. He believes that if Starbucks customers joined hands and donated their loose change after buying coffee, then this can generate an incentive that can lead to creation of jobs (Schultz, 2012). Why Starbucks is consistently ranked "One of the Best Corporations to Work for" According to Schultz (2012), Starbucks coffee outlets are designed in such a way that clients are able to settle down, unwind, and mingle. Structures for effective communication have been established and implemented. The company's organizational culture is also appealing to both employees and customers. This is what makes the work environment so satisfying. Starbucks has made careers more appealing through provision of benefits especially health benefits to its employees, and avoiding prejudice and biasness when hiring. Starbucks employees are regarded as partners based on the fact that each and every employee is rewarded with the company's shares according to years or hours they have

worked for the company. This implies that employees own a certain percentage of the company hence they are motivated to make their company better. My own experience at Starbucks One of the things I like best at Starbucks is the customer service. All employees are friendly to the customers. Base on my experience, what I liked the least is their main services revolve around coffee. Personally, I envy a restaurant with a wide variety of products. I do have an emotional connection with Starbucks products because they always present or offer products that I yearn and have a craving for. The social science that drives my loyalty to the Starbucks brand is how it brings people together and strives to bring a change in the peoples lives. Reference Schultz, H. (2012). Pour your Heart Into It: How Starbucks Built a Company One Cup at a Time. New York, USA: Hyperion Publishers.