Starbucks ivey case

Business

MKT 600-011 [Weekly Critique Notes] Case Title: A Crack in the Mug: CanStarbucksmend it? 1.

What is the central issue in this case? Starbucks share price [who] declined double the rate of the rise in 2006, shedding more than 60% of its highest value to that date [what] in 2007 [when] because of [why] * Short-term borrowing debts * The company using its cash flow and liquid investments in the core business and for other new business opportunities * Starbucks concurrently repurchased shares of common stock

The Starbuck coffee shop has become one of an expending company in Canada. However, current marketing strategy cannot corporate the situation efficiently, the share price was decline sharply, the customer not as satisfied at the products quality as usual. In order to manage the licensing issues caused by the expansion circumstance, Howard Schultz, the CEO of the company is going to amend their marketing strategy especially in Operations. 2. What are the alternatives and chosen alternatives?

Alternative 1: Starbuck' announces recognition that aggressive growth caused Starbucks to lose sight of its core competencies resulting in poor equity performance and moving forward, the company's strategic mission will be altered to reflect what will make the company bounce back: refocusing on customer experience in the stores, new products and store design elements, new training and tools for the company's store partners to help them give customers a superior experience.

Alternative 2: Maintain the status quo: Starbucks focus of store growth and licensing strategy, predominately in growing economies like China while losing emphasis on refocusing on customer experience in the stores, new products and store design elements, new training and tools for the company's store partners to help them give customers a superior experience. Alternative 1: The market has already responded to Starbucks' mass-market dominance and bridling of customer focus.

Products and service quality and licensing issues, which are brought by fast expansion, should be taking concern by partners. In order to solve this problem and reduce financial risk at the same time, Starbucks is encouraged to slow down the company franchises growth rate, thus controlling customer service quality first. Starbucks is also encouraged to qualify the licensed retail stores and share operating experience between these stores, thus ensuring customer service quality is meeting organizational standard.

Starbucks is also encouraged to continuing their plan to provide a variety of complement products to be sold at retail stores. 3. What are the lessons learnt/key findings? Just as important it is to invest in the corporate image, in order to achieve differentiation from competition, Starbucks had to promote their brand value " live coffee" and taking in consideration the customer perspective. The service quality model is vital to a service firm so customer service must always be the focus of the firm, no matter the size or global focus.

Word-of-mouth marketing is the reason why Starbucks only spent 10% of their budget with an incredible ROI.

4. Questions/Comments intended to share during class discussion. * Do you agree with streamlining the coffee shop's store design global wide and

moving away from the individually tailored neighborhood feel? * Does a company’s strategic mission effect the way * Can the success of Starbucks’ partnership with soft drink manufacturers, for example, or other brand extensions be exploited in the company’s expansion plan into other markets?