

# [Introduction to starbucks in china marketing essay](https://assignbuster.com/introduction-to-starbucks-in-china-marketing-essay/)

We have selected Starbucks, which is a great company entered in Chinese market, as our analysis object. And we have analysis it into five parts. Firstly, it is about the history of Starbucks. Secondly, it is about the reason for Starbucks coming to China. Thirdly, it is about the form of Starbucks coming to China. Then, the fourth one is about the organization structure taken by Starbucks in coming to China. Finally, we summarized the past four parts, and give our opinions and findings. Because the paper is a team work and we are closely linked, Cherry is the leader of our team and each of our five team members is the responsible person of each part. Certainly, to get better information and be able to write a better paper, all of us were working together and helping each other all the time. The details are as followed.

To begin with, section I is written by Young as a result of that Young is a boy; it is difficult for boys and girls to discuss all the time, especially in the evening. This section is about the history of Starbucks. And the history is mainly about the relationships between Starbucks and China—-international expansion into China. Also the other three sections need more discussion. As a result, Young is responsible for this section.

Then, section II is the reason for coming to China. It said about where the Starbucks expand and the differences in governments, business practices and customs, and personal differences within the company in deciding that China was a good market for them. This section appears that coming to China is a part of a bigger globalization strategy for Starbucks. And Julia is responsible for this section. Because Julia and Lillian are good friends and section III is closely to section II, section III is responsible by Lillian so that they could discuss more often and do better. Section III mainly talked about the expansion form. We found that Starbucks have chosen three main entry vehicles and we have found their reasons. From this section, we can find that China is the biggest market of Starbucks. And Starbucks’s globalization strategy is according to the situation of China.

Moreover, section IV majors in the organization structure taken by Starbucks coffee Company in coming to China. To establish the company as the most recognized and respected brand in the world, Starbucks Coffee Company grew from a small, regional business into the undisputed leader in the specialty coffee industry by buying only the best quality coffee and providing an unequaled store experience. The company’s coffee buyers had built long-standing relationships with farmers and believed it paid the highest prices in the industry for top quality beans. So although the price of Starbuck coffee is too high, customers are willing to pay for it. And its centralized authority makes the business effective and efficient. All in all, this section needed more carefulness and analysis. So our leader selected Alisa to take charge of this section, and other members will help her look for some useful information.

Finally, our conclusion contains every member’s opinions and conclusions although it was written by Cherry. Everyone of our team was taking efforts to do a good job. Each member obeyed the leader Cherry’s arrangement and was always helping others. In a word, our corporation was happy.

Sectionâ… : History of the company

In my mind, Starbucks has provided people with the best coffee enjoyment. According to statistics, Starbucks already has more than 5, 500 coffee shops in more than 60 countries and regions. In 1971, Starbucks opens in Seattle, this is the just beginning. In 1982, Howard Schultz joins Starbucks. He studied the Italian cafe business experience, to bring a new change for Starbucks. 1990s, he decided to let a Starbucks foreign expansion, first of all the United States, followed by Canada and the Americas. Soon, he came to Asia. The late 1990s, he was in China have their own coffee shops, and more and more. Starbucks becomes an international and well-known company.

(History of Starbucks, Starbucks, October25, 2012

http://starbuckscoffee. ru/en-US/\_About+Starbucks/History+of+Starbucks. htm)

When we carefully study the internationalization of Starbucks, we found that the 1990s, with the advent of globalization, Starbucks can be found better production base, the broader market. Howard Schultz decided to open more coffee shops out of American. The company for the first time to the international in 1987, Starbucks Coffee International opened the first Starbucks in Vancouver, Canada, and then to expand into the whole of Canada, and went on to open a branch in some countries in Latin America and the Caribbean. Finally, it is to the world. When Starbucks enters new markets around the world, it will continue to build its brand through providing the Starbucks experience. When Starbucks success in various markets will undoubtedly help to Starbucks to become a great and lasting company brand and the world’s most recognized and respected, and is inspired by the spirit of a people and culture.

(Starbucks Coffee International, Starbucks, October25, 2012

http://news. starbucks. com/about+starbucks/starbucks+coffee+international/)

Starbucks internationalization process, China has become the important part. As we all know, in 1978, mainland China under the leadership of Deng Xiaoping, the mainland to achieve the reform and opening up. Because the reform and opening up of mainland, it can enter China. This is the just beginning. China achieved the fast development in twenty years, which is the main reason for the Starbucks’s expansion. So the first coffee shop opened in mainland was located in Beijing in 1999. Later, along with the huge consumer demand in the Chinese market, and gradually expand the scale of Starbucks in China. Meanwhile, as early as a year ago, Starbucks has started in China Taiwan business.

(Greater China, Starbucks, October25, 2012 http://news. starbucks. com/about+starbucks/starbucks+coffee+international/greater+china/)

By the 21st century, Starbucks has achieved rapid development in China. In addition to open many stores in major cities in China, Starbucks has also opened in Changzhou, Nanjing, Dalian, Hangzhou, Dongguan, Ningbo, Suzhou, Qingdao, Shenyang, Shenzhen, Suzhou, Wuxi, Wuhan and other coastal cities. It then inland expansion: Chengdu, Tianjin, Chongqing Xi’an, Zhuhai, Changsha and others. With the development of the China’s market, Shanghai has decided to build a building in the local Starbucks Greater China Support Center in 2005. So experts pointed out, in 2014, China will become Starbucks’s second biggest market, outside of the United States. This means there will be more than 1, 500 Starbucks coffee shop at the same time operating in China.

(Greater China, Starbucks, October25, 2012

http://news. starbucks. com/about+starbucks/starbucks+coffee+international/greater+china/)

Sectionâ…¡: Why Starbucks Came to China

Starbucks coffee company is an American global coffee company. Starbucks is the largest coffee company in the world, which has 19, 972 stores in 60 countries. It expands around the world and becoming a global company.

The need for global strategy is outlined according to that companies are subject to global forces and consumer demands. As a result, firms are facing a challenge that the company must modify their existent strategies in order to gain and sustain their competitive advantage in the rapidly changing environment. A considerable global strategy can help a firm to gain a competitive advantage. China has a large population and can provide Starbucks with a wide market. This situation is good for Starbucks’ globalization strategy.

(Starbucks, Starbucks, October27, 2012, http://www. starbucks. com/)

Starbucks to expand in all over the world can be seen everywhere. In 1971, the first a Starbucks opened in Seattle. The company is evaluated, the chief officer of the Pequod, Starbucks.

From 1971-1976, Starbucks was opened in Western Avenue and it then was relocated to Pike Place.

In 1988, they sold one of their shops to Howard Schultz. Howard Schultz repackage some own early strive to live up to the Starbucks coffee outlets, and began to expand rapidly. Starbucks opened its first shop in Vancouver, British Columbia, and Chicago, Illinois in the same year. At the same time Starbucks had grown to 165 outlets.

Outside North America first starbucks opened in Tokyo, in 1996. Starbucks in 1998 into the UK market 60 export, headquartered in Britain’s Seattle coffee company cost $8. 3 billion takeover. In September 2002, Starbucks Latin America opened its first store, September 2002.

In 1999, starbucks try in the San Francisco bay area through which is called Circadia chain of restaurant. These restaurants were “ ousted” as Starbucks establishments and converted to Starbucks cafes soon.

In April 2003, starbucks bought Seattle the best coffee and starbucks management place more than 6400, or of the total number of decision. On September 14, 2006 announced that will sell the company have retail outlets Diedrich starbucks coffee. The sale includes company belongs to the state of Oregon chain coffee. Diedrich starbucks coffee and coffee position switch to starbucks, from sales, although Portland airport coffee position has been ruled out.

In August 2003, Starbucks was opened in South America in Lima, Peru and it is the first store in Lima.

In July 2007 in Beijing the imperial palace in the closed position starbucks. The coffee shop is a continuous source of debate, since 2000 since the opening, against demonstrators in this position, the presence of American chain “ for Chinese culture trample.” In 2007, the company opened its first store in Russia, after 10 years is a registered trademark for the first time.

In 2008, starbucks continue to expand, settled in Argentina, Belgium, Brazil, Bulgaria, the Czech Republic and Portugal.

(Starbucks, Starbucks, October27, 2012, http://www. starbucks. com/coffeehouse)

China is a developing country and it has a large population. In December 2001, China became a member of the World Trade Organization.

China is a socialist country and is different form European countries. Starbucks created a new strategy to deal with China’s situation.

(Starbucks, Starbucks, October27, 2012, http://www. starbucks. com/)

China is not a homogenization of the market. There are many types of Chinese. China’s northern and eastern there are a lot of differences. Domestic consumer spending ability is not equal, in coastal cities. In order to solve this complex Chinese market, starbucks cooperation, as part of its expansion plans, three areas of the partners.

In the north, enter the Beijing American big starbucks coffee company is a joint venture company. In the east, Starbucks partner with the unification of Taiwan starbucks. In the south and the beauty of Hong Kong heart starbucks work. In order to help the starbucks get China local consumer tastes and preferences of the thorough understanding, each partner brings different advantages and the local professional knowledge.

China’s market is not easy to break. It needs a long-term commitment. One of the most important strategies is to invest in staff. I left a deep impression, China barista cheerful greeting, when I at starbucks, starbucks different from imitator. In the recruitment and training staff, starbucks has done good work. This is a win-win strategy, because employees bring “ starbucks experience” for customers with heart. They are the best marketing, for the company’s ambassador.

Long-term commitment also means that patience. This need time to education market, to win customer loyalty. The company invested in long-term plan, to be sure, get rich return.

If Starbucks can succeed in Chinese market, there is no reason for any other company that cannot succeed in China.

(Five Things Starbucks Did to Get China Right, Forbes, October27, 2012

http://www. forbes. com/sites/helenwang/2012/08/10/five-things-starbucks-did-to-get-china-right/)

If there is a company in China failure, this will be the starbucks. China has thousands of year’s history of drinking tea and strong cultural atmosphere and the related. No one can know, the Chinese people will never drink coffee rather than tea.

When Starbucks entered China in 1999, many people doubt that whether Starbucks can be succeed in China. According to the fact that the Chinese traditionally favor of tea, it seems impossible, Starbucks into the Chinese market.

However, Starbucks and not let this distrustful happening. A careful market research report pointed out that, with the emergence of the Chinese middle class, starbucks introduced western coffee experience, in which local people can meet their friends, they are drinking their favorite drink, and there is a chance. Now, you can find almost every in the coastal cities of China’s main street a Starbucks. Even my 90-year old grandfather tells me how he drank coffee after meals instead of tea. Starbucks has changed the view of Chinese for coffee. Starbucks comes in our daily life.

Once the Starbucks decided to enter China, it creates intelligent market entry strategies. It does not use advertising and promotional activities, can be regarded as China’s threat to their drinking tea culture. On the contrary, it in the situation to choose high visibility and high flow position, in order to predict the brand image.

The next Starbucks did use of the Chinese consumers to drink tea culture should be introduced to use popular ingredients, such as green tea drink. The advantage of this strategy Starbucks, effectively change the potential obstacles. Chinese consumers immediately developed a Starbucks coffee taste, it is different important Starbucks success in China.

Starbucks is one of the main marketing strategies for customers to provide a special experience. Fashionable interior, comfortable recliners, the cheerful music, is not only a furniture, can help the Starbucks different competition, but also has a strong attraction, the young generation of fantasy western coffee culture, and that this is the symbol of modern way of life. A lot of people go to Starbucks drink a cup of frappuccino, but also for the “ Starbucks experience”, let them feel comfortable and convenient.

Starbucks understand its global brand value, and has taken action, in order to maintain the integrity of the brand. Their best barista, mature market, the new market and training new staff, is one of the best practice Starbucks. These barista as brand ambassador, to help build the Starbucks’ culture in new position, and make sure that in each local shops, services to meet their global standard.

Starbucks beverages are designed for Chinese consumers’ highly localized menu.

(Five Things Starbucks Did to Get China Right, Forbes, October27, 2012

http://www. forbes. com/sites/helenwang/2012/08/10/five-things-starbucks-did-to-get-china-right/)

Sectionâ…¢: The Form Starbucks Came Into China

Starbucks choose the way of joint ventures to come into China. Starbucks respect each region’s cultural. So they select local partners, to expand into the huge eastern, central and western regions in China, will be divided into four markets: Taiwan, Shanghai, Beijing and southern China. In 1998, enter the Chinese mainland market. The first Starbucks store in mainland China opened in Beijing Mei Da Coffee Co., Ltd. through the licensing agreement in January 1999.

(Coffee goes to China: An examination of Starbucks’ Market entry strategy, University of Florida Digital Collection, October 27, 2012 http://news. starbucks. com/about+starbucks/starbucks+coffee+international/greater+china/)

Also there are some other options when Starbucks enter international markets.

(Coffee goes to China: An examination of Starbucks’ Market entry strategy, University of Florida Digital Collection. October 27, 2012

http://www. mi. rei. ase. ro/Site%20MI/Starbucks\_EN. pdf)

Starbucks had another two pronged strategy – licensing and wholly owned subsidiaries. Licensing is an arrangement whereby a company (licenser) grants the rights to intangible property like patents, inventions, formula, process, designs, copyrights, and trademarks to another company (licensee) for a specified period of time. And received a loyalty fee (royalty) from the licensee. In a wholly owned subsidiary, the firm owns 100% of the stock of the subsidiary. Wholly owned subsidiaries can be established in a foreign country in two ways: a firm can set up new operations in the foreign country (Greenfield investments) or it can acquire a firm and promote its products through that firm (Brownfield investments).

(STARBUCKS’ INTERNATIONAL OPERATIONS, Business Internationalization.

October 27, 2012, Online PDF page 3

http://www. mi. rei. ase. ro/Site%20MI/Starbucks\_EN. pdf)

Asia and the Pacific as a whole rendered one of the most important growth opportunities at Starbucks coffee company. China surpassed the United States as the world’s largest recipient of macroscopic orientation direct investment in the world, has attracted $53. 2 billion investments. Starbucks to enter the Chinese market’s wish, expand and China’s goal is to transform the capitalist economy and garnering a lot of in its resources investment. Starbucks choose the way to come into China also because according to the situation of the various countries. Starbucks has done the right in China is in how food brand can be successful despite rising labor and real estate costs, increased competition in the continent’s textbook case study. Starbucks can better integrate into the local atmosphere of life, to strengthen ties with the locals living, making more people buy Starbucks coffee. Starbucks adjust their models to adapt to China’s development, rather than trying to transplant his entire business model in the United States.

(Coffee goes to China: An examination of Starbucks’ Market entry strategy, University of Florida Digital Collection, October 27, 2012

http://ufdc. ufl. edu/UF00091523/00338/3j)

Sectionâ…£: The Organization Structure Taken Starbucks coffee Company in Coming to China

Starbucks is the world’s leading specialty coffee retailer. The company produces a wide range of drinks, and a variety of desserts and pastries. Theoretical understanding of human relations to human needs, and suggested that the bottom-up hierarchy, stressed that the decision of the staff Cooperation Organization. There is not a single structure that can work for every organization. Starbucks has a specific structure and contingencies. Contingency theory is that these two methods are legitimate according to the specific circumstances. When the task is certain and the environment is stability, the most effective structure hierarchy is mechanical, centralized knowledge and management authority in the regulatory role at the same time, behavior and process. Mechanical methods allow effective coordination, but do not encourage innovation. With the increased uncertainty of the task, the environment has become more dynamic, organizations must adopt a more flexible and organic structure, the bulk of power, which is related to the employee’s decision. Organic practices increase the complexity and increase the cost but innovation. The summary of the special contingency factors or specific aspects of the organizational structure needed to adapt with factors “ the emergency research tasks. Starbucks’ main goal is to establish the company as the most recognized and respected brand in the world. Starbucks is a gourmet coffee shop, so they have to increase their name brand, to prove their gourmet status. Effective implementation plan must be implemented in order to maintain its success, Starbucks. I think the best way it organized.

(Exploring the Connection between Environmental Fit and Organizational Performance, Starbucks, October31, 2012

http://www. gakushuu. org/organizations/environmental-fit-organizational-performance)

The Starbucks concept about the basic characteristics of the employees, how to assign the task of operating characteristics modeling affect mental state, results produce different workplace. Job characteristics model is applicable to the business identified skill variety, autonomy, task significance, task identity and feedback, job characteristics, and the outcome of high job performance, job satisfaction, high intrinsic motivation and low absenteeism or turnover. Each job has to determine how to motivate the five characteristics of the job. These characteristics determine the employees how to deal with their work, and lead to the outcome, such as performance and satisfaction and low absenteeism and turnover. Skills require the demands of the employees to use a variety of different skills, abilities or knowledge. The task identity requires workers to perform a complete production process from start to finish all the tasks required by the job. The task is the meaning of the workers feel that his or her work is meaningful extent. Autonomous work is to give employees the freedom and discretion to arrange different tasks, and decide how to fulfill these responsibilities the extent required. Feedback which in fact provide a clear and direct information to perform the job he or she was the extent of how a worker to do a job.

(Job characteristics model, the Cognos book for performance managers, October27, 2012

http://www. businessdictionary. com/definition/job-characteristics-model. html)

I could think of some ways in which a typical job could be enlarged or enriched. What is the tool companies can use to ensure that the motivation of the workforce? Nucor seems to have found two very useful tools to motivate its employees: job design, including empowerment and reward system aligned to reward employees with company performance. In this chapter, we will introduce the organization to the basic tools that can be used to motivate workers. The tools incentive-based principles are the expectancy theory, reinforcement theory and theory-based. Specifically, we cover through job design, goal setting, performance feedback and reward systems motivate staff. Job enlargement means that dilating the tasks performed by employees to append more variety. To perform several different tasks, rather than restricting their activities to a small number of tasks given to employees organizations hope to reduce the tedious and monotonous, as well as more effective use of human resources. Job enlargement may post rotation, similar benefits, because it may also involve teaching employees of multiple tasks. Studies show that when jobs are expanding, staff is able to perform a broader set of tasks. Strengthen the role breadth self-efficacy: the role of job enrichment and other organizational interventions. There is some evidence that the expansion of employment is beneficial because it is actively working with the relevant employee satisfaction and better customer service, and it will increase the opportunity to catch mistakes. Multidisciplinary examination of the costs and benefits of expanding employment opportunities: Job design reflection. At the same time, the expansion of the employment impact may depend on the type of expansion. For example, the nature of the composition of the added task very simple job enlargement satisfied with this work adversely affect employees and lead to fewer errors are caught. Or more tasks, knowledgeable staff in different areas seems to have a more active role. Job enrichment is a job re-designed technology, to enable workers to better control how they perform their tasks. This approach let employees to take on more responsibilities. As a working professional alternative method, the company use job enrichment may encounter, such as reduced turnover, improve productivity and reduce absenteeism positive results. Experimental successes and failures of job enrichment in a government agency case studies. This may be because the authority and responsibility to their employees can be more effective and eliminate unnecessary tasks, to cut corners, and to improve their total performance. Meanwhile, there is evidence of job enrichment may sometimes lead to the dissatisfaction of some employees. Experimental successes and failures of job enrichment in a government agency case studies. The reasons may be given more autonomy and responsibility, employees may expect a higher level of remuneration or other types of compensation, and they will be disappointed if you do not meet this expectation. One thing to remember is job enrichment is not for everyone. Concentrated desire job as moderator concentrated satisfying relationship. Not all employees want control of the way they work, if they do not have the desire, they may become frustrated with the enrichment operations.

(Designing a Motivating Work EFlat World environment, KnowledgePub, October31, 2012

https://new. edu/resources/designing-a-motivating-work-environment–2)

The structure of Starbucks is not unusual. The Starbucks’s executives are supervision headquartered at its birth, the city of Seattle, Washington. In the shops of the country manager oversee regional groups. In these areas, managers report directly to the Starbucks. The chief in each store is the store manager. According to the manager of this store is the foreman the store manager’s absence as a manager on duty collection. The following changes in the Board of Supervisors are employees, called the rest of the coffee. In the news recently, Starbucks has been re-arranged, its organizational structure in order to better adapt to the customer’s satisfaction. Starbucks CEO announced the expansion of its matrix organizational structure last month. They will operate, including the Western Pacific, Northwest / Mountain, Southeast / Plains and Northeast / Atlantic four American split. The main advantage of this organizational structure is to maximize communication channels. Howard Schultz, Starbucks will be able to develop a designated market appeal to make appropriate adjustments products more quickly. The second part of the organizational structure of Starbucks is the U. S. division of the goals and vision of the support functions as co-operation and support of the department as well as the international circuit for each continuation.

(Starbucks & Its Organizational Design, by Erin Schreiner, Demand Media, October30, 2012

http://smallbusiness. chron. com/starbucks-its-organizational-design-12857. html)

If the matrix organization is part of the chain, structure of Starbucks is the divisional structure. Organizational structure composed of separate business units within the joint efforts of the production of specific products for a particular customer. Move to the product, market or geographic partition structure enables administrators to more rapid and flexible set of specific circumstances they face the predicament. However, it quickly when the environment is dynamic and constantly changing, and uncertainty is high, the organization should use the matrix structure or product team structure.

(Starbucks & Its Organizational Design, by Erin Schreiner, Demand Media, October30, 2012

http://smallbusiness. chron. com/starbucks-its-organizational-design-12857. html)

There are many structures in the Chapter ten. For example, functional structure, product team structures and hybrid structures. The product team structures result in greater efficiency or effectiveness. Since the move to a product, market or geographic partition structure allows managers faster, more flexible to respond to a particular situation they face. However, it quickly when the environment is dynamic and constantly changing, and uncertainty is high, the organization should use the matrix structure or product team structure. Typically, functionality the boss and product boss of the team members do not know which boss should be the first to meet the conflicting needs. In addition, the functional product team boss may be in conflict precisely who is responsible for which team and how long. To avoid these problems, the management decided to use the product team structure. The product team structure is different from the matrix structure of two ways. First of all, it does not go with a dual reporting relationship and the two boss manager, functional employees permanently assigned to a cross-functional team empowered to bring to market a new or redesigned products. A product team gets the product out the door. With a manager in charge of the entire process, a small conflict with other projects. The team is still focused on the product display, to remove the obstacles in the path with the staff from the manager. Matrix organization provides economies of scale and promotion opportunities. Organized into a product group, organized a place to share information about their discipline-specific information in the structure of the matrix functions. The opportunity to grow within the staff area also assume more supervisory and management roles, along with the maturity of the business.

(Product Team Structure vs. Matrix Structure, by Carolyn Williams, Demand Media

0ctober30, 2012

http://smallbusiness. chron. com/product-team-structure-vs-matrix-structure-51342. html)

Howard Schultz is Chairman, President, and Starbucks Coffee Company CEO. Troy Al Hempstead is the chief financial officer and chief administrative officer, Starbucks Corporation. As president, the Americas, Cliff Bole is responsible for all of the United States, Canada, and Mexico and Latin America Starbucks operation. John Culver, chairman of the Starbucks coffee in China and the Asia-Pacific region. Michelle Gass is President of Starbucks Europe, Middle East and Africa (EMEA). Jeff Hansberry is the President Starbucks channel development and emerging brands. Arthur · Rubinfeld is Chairman of the development and evolution of the world’s fresh retail chief creative officer. Blair Taylor, in July 2012, the Starbucks is Starbucks Chief Community Officer. Adam Brotman, is Starbucks Coffee Company’s Chief Digital Officer. Curt Garner as chief information officer supervision the Starbucks global technical and engineering services for all the Starbucks enterprise and operating organization. Lucy Lee helmet is the Executive Vice President, General Counsel and Secretary of Starbucks. Kalen Holmes took part in Starbucks in November 2009. He is executive vice president, partner resources. Vivek Sharma take part in Starbucks Coffee Company, he is senior vice president of public affairs. There are a lot of middle managers and line managers.

(Starbucks newsroom: Executive Biographies, Starbucks, October27, 2012

http://news. starbucks. com/executive+biographies/? start\_row= 1)

I think that the concentration of power. Director of Starbucks Corporation (the “ Company”) Audit Committee (the “ Committee”) is responsible for the supervision of the exercise of corporate power and ensure that the company’s business and affairs are managed to meet its stated goals and objectives, also in line with the long-term interests of the shareholders. The Board recognizes its responsibility to hire and provide continuity of personality, skills, and experience requirements, in order to achieve the objectives and responsibilities of the company’s Board nominees possess the appropriate qualifications and reflect a reasonable diversity of background and foreground administration. The fundamental responsibility of the Board of Directors of the Company is the business and affairs of the supervision and management of the company is to promote the best interests of the Company and its shareholders. There are two basic legal obligations in doing so, the members of the Board of the Co