

Stretegic analysis of starbucks marketing essay

[Business](#), [Marketing](#)



Starbucks is a world brand. Starbucks story began in 1971. Back then they were a roaster and retailer of whole bean and ground coffee, tea and spices with single store in Seattle's Pike Place Market. Today, Starbucks are privileged to welcome millions of customers through our doors every day, in more than 16000 locations in over 50 countries. Starbucks products are coffee, handcrafted beverages, merchandise, fresh food, consumer products and brand portfolio. Starbucks believed in serving the best coffee possible. It's Starbucks goal for all of Starbucks coffee to be grown under the highest standards of high quality, using ethical trading and responsible growing practices. Starbucks coffee buyers personally travel to coffee farms in Latin America, Africa and Asia. Starbucks went public on June 26, 1992 at a price of \$17 per share and closed trading that first day at \$21. 50 per share.

The Main Reasons for the Company to enter into the Mongolian market

After the democratic revolution in 1990, the number of Mongolian people going abroad increased drastically. Many of them had transferred their citizenship status to many foreign countries. For instance, people who lived in USA lived an American life, coffee in the morning burger for lunch and etc. When they bring along cultural influence with them to their home country, Mongolia. It spread so quick that many people wanted to drink original high-class coffee. a. Mission of the Starbuck - To inspire and nurture the human spirit - one person, one cup and one neighborhood at a time. b. Vision of the Starbuck- To establishes Starbucks as the most recognized and respected brand in the Mongolia.

2. Description of the company from perspective of its business

a. Organizational structure

This is the organizational structure of the Starbucks. They use diversified structure. This structure is very popular on fast food restaurants.

b. Pro's and Con's for Organizational structure

Pro's

-Employees are motivated with more incentive to perform-Lower employee turnover rates-Positive reinforcement, which leads to higher feelings of job satisfaction-Higher staffing levels benefit other employees-Better customer service-Improved customer focus could lead to higher sales

Con's

-Pay and benefit structure dictated by corporate HQ-Cost of benefits would be additional benefits lower site profitability-New reward system requires additional management-Staffing is a cost that will decrease profitability-Upper-level management perception of low employee productivity-Employees may get in each other's way

c. Brand portfolio

Starbucks have many type of coffee brands. Those coffee brands are:-Tazo tea-Ethos water-Seattle's Best Coffee-Torrefazione Italia Coffee Starbucks has eight types of drinks. Bottled drinks Brewed coffee Chocolate Beverages Espresso Beverages Frappuccino Blended Beverages Kid's Drinks & Others Tazo Teas Vivanno Smoothies All this type of drinks has different pleasure. You can drink this many type of drinks. You can drink them any

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seasons. That drinks are very comfortable to drink in any seasons.-Bottled drinks: You can take them with you wherever you go.-Brewed coffee: Artfully fresh all day long, every day-Chocolate Beverages: Luxurious hot chocolate for the sophisticated palate-Espresso Beverages: Lattes, cappuccinos macchiatos, mochas and much more-Frappuccino Blended Beverages: The icy-cold original-Kid's Drinks & Others: Some fun, flavorful alternatives for anyone to enjoy-Tazo Teas: Made from the world's most delicious teas and botanicals-Vivanno Smoothies: Nourishing blends made with real fruit and other good stuff

d. Market dominate

Starbucks globally dominate in coffee markets. Starbucks Corporation is an international coffee and coffee house chain based in Seattle, Washington, USA. Starbucks is largest coffeehouse company in the world. Every people are going to Starbucks to drink coffee or other things. Starbucks is very successful in coffee market. It's very convenient to drink coffee in Starbucks. Coffee is served quick and not everyone has the time to make their own coffee. There are a lot of Starbucks stores selling coffee daily. The more stores they have the more they sell. And their variety of coffee flavors that appeals to all sorts of people with different tastes. Starbucks it's a common destination people go to meet friends, work and just relax. Not to mention, the vibe is very chill and Starbucks offers amazing drinks and snacks.

e. Financial Statements

This is result of the Starbucks last 5 years financial statements. Income Statements <http://investing.businessweek>.

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f. Share price

g. Stock exchange

Starbucks stock exchange listed at Nasdaq. The name is SBUX.

h. Brief history

The first Starbucks was opened in Seattle, Washington, USA, on March 30, 1971 by three partners. English teacher Jerry Baldwin, history teacher Zev Siegl, and writer Gordon Bowker. Now currently Starbucks is present in more than 55 countries. In North, South and Central America, Caribbean, Oceania, Europe, Africa and Asia.

This is time line of the Starbucks:

-The first store was opened of STURBUCKS in St Seattle's Pike Place Market in 1971.-Howard Schultz joins Starbucks as a director in 1981.-When Howard traveled to Italy in 1983, that time Espresso was so popular in Italy and he saw a lot of coffee bars there, he saw the potentiality to grow a coffee culture there in Milan.-The founders of Starbucks was so much convinced by Howard to establish the total concept of coffeehouse in downtown Seattle, and the first Starbucks® Caffè Latte was served there in 1984.-in 1987 the first stores were opened by Starbucks in Chicago and Vancouver, B. C.-Full- and part-time employees were offered health and safety insurance by Starbucks in 1988.-In 1991 they became the first private company which is situated in U. S. to offer a stock option program that includes part-time employees.-in 1992 they started initial public offering (IPO), with common stock and started trading on the Nasdaq National Market under the trading symbol " SBUX."-Frappuccino® blended beverages was first introduced in 1995.-Started selling bottled Frappuccino® coffee drink with a joint venture of Pepsi -Cola in 1996. That year first store was also opened in Japan.-In 1997 The Starbucks Foundation was established to help the local communities.-Had a conservation in 1999 to Internationally promote the environmental method of growing coffee.-Introduced the Starbucks Card and also introduced the coffee growing guidelines in 2001. 2002 -Starbucks enters into licensing agreements with national Fair Trade organizations to sell Fair Trade Certified™ coffee in the countries where Starbucks does business. 2004 -Opens first Starbucks Farmer Support Center in San Jose, Costa Rica. Introduces Starbucks Coffee Master Program to provide

Starbucks partners with an opportunity to learn more about the world of coffee, and share their passion with customers and partners. 2008 - Announces a renewed focus on customer experience and innovation. Acquires Coffee Equipment Company and its revolutionary Clover® Brewing System. 2009-Launches innovative VIA™ Ready Brew coffee. Opens Farmer Support Center in Kigali, Rwanda. Becomes the world's largest buyer of Fair Trade Certified.

3. Analysis the management of the company.

Key employees of the Starbucks are top managers, sellers, CEO and other workers. CEO is most important employee. Because CEO decide the whole works. If CEO do the work wrong company will may fail. That's why CEO is most important worker. Also managers are important. Managers are communicating with employees. Managers say to employees what's wrong, what's correct. Managers motivate employees. Good managers say employees do the work own way. It's very easy to employees do work. Starbucks have one big problem. Big problem is communication problem. Customers didn't like some sellers and managers communication. Because they not respect the customers. There have some cases they not respect the customers. They lost many customers because of that. Key employees are very important for the company life and growth. In Starbucks case Howard Schultz is very important for the Starbucks. Main management is communication. Customer like good communication service. Starbucks must teach their employee's communication lessons.

4. Analysis the broad environment of the Mongolian market in regards to the business of the company.

Socio-cultural issues-Starbucks must analyze culture to enter the Mongolian market. There's not much difference in the culture. Asian culture is almost similar. Starbucks already has their chain restaurants in China and Russia, which are two countries that surround Mongolia. Russian culture is very similar to Mongolian culture. Political/Legal issues-There will not be any political and legal issue to enter Mongolian market. They must follow the Mongolian government policy. That policy is there must be a Mongolian person that is a shareholder of the Starbucks coffee shop. Economic issues- Many Mongolian people have standard life. It's mean they can't buy high price things. Starbucks may sell their products cheaper price. Technological issues-Mongolia does not have every technological thing to grow the coffee beans. Starbucks may be able to bring the whole technological thing. Maybe Mongolia has some technology to produce coffees and other drinks. Climatic issues- Mongolian climate is very hot and very cold. So Starbucks may be able to produce the coffee beans in summer. But in winter they must start to import coffee beans from other countries.

5. Analysis the task environment of the company in Mongolian market related to the business of the company

Competitors- In Mongolia has many coffee shops like a Starbucks. But they not so popular like a Starbucks. That coffee shops are: Ti-Amo, Coffee House and other many small coffee houses. Ti-Amo has 4 good locations in town. They sell coffees, soft drink and some cakes. But they have one big disadvantage. That disadvantage is every coffee house can smoke in there.

That's main problem for non-smoking peoples. Suppliers- Starbucks buy the coffee bean from countryside peoples. Some it mean they helping countryside. Starbucks use everyday lot of coffee beans. Distributors- Customer-Now many Mongolian people drinking coffee. They drink coffee every time. But in Mongolia doesn't have high quality coffee shops. If Starbucks open in Ulaanbaatar, many people will like that. Most of the business peoples are drinking coffees. Because they have lot work to do and coffee give them energy. Also students are drinking coffee. Financial intermediaries-Unions-Activities-Government-Local communities-Media-You can see everywhere Starbucks logo. On Internet, television and other things. You can listen about the Starbucks on radio. Starbucks think media is very important. Media one of the thing we can communicate with costumers.

6. SWOT analysis based on the surveillance of the task and broad environment.

Strengths- Starbucks is world brand. Starbucks is largest coffee shop in world. Starbucks present more 55 countries. Starbucks sell high quality coffees, cakes, sandwiches and other things. Every Starbucks has a free WIFI. You can seat their whole day. It's your choice. Starbucks can find best location in the town. Weaknesses- There has some disadvantages. Many Mongolian not drink coffee. They prefer tea. Also Starbucks may lose the costumer for theirs high price. Many Mongolian have standard life. They can't buy one-cup coffee for high price. Opportunities- Starbucks may have very good location. Good location may in Central Tower. Further locations are likely to be found near the Shangri-La hotel construction site, by the State Department Store as well as near Sukhbaatar Square and Maybe even

Zaisan. Threats-Starbucks will become Mongolian daily products. It may be able to become Mongolian best coffee shop.

7. Based on the SWOT analysis inferences a strategy for the company to operate in a Mongolian market

Starbucks is world brand. Starbucks must find a good location in Ulaanbaatar. I think first Starbucks may open only one coffee shop. Then see what will happen. If many people like Starbucks and have many customers. Then Starbucks will open other coffee shops around the town. I think Starbucks must buy the Khan Buuz location. Khan Buuz has a very good location. Starbucks price must be low. Many Mongolian has standard life. Also Starbucks must learn about Mongolian culture. Mongolian culture is not same like other countries. Starbucks may give the customer free pure water. Also coffee shops must very comfortable for the business peoples. They can eat lunch their and do the work their. Starbucks must have free high speed Internet. Last thing is Starbucks service must very quickly.

8. the tools we will use to measure the effectiveness of our newborn strategy

Gross profit margin= $(\text{Sales}-\text{COGS})/\text{Sales}*100$. It's efficiency of operations and product pricing
Net profit margin= $\text{Net profit after tax}/\text{Sales}*100$. It's efficiency after all expenses are considered
Return on assets (ROA)= $\text{Net profit after tax}/\text{Total assets}*100$. It's productivity of assets
Return on equity (ROE)= $\text{Net profit after tax}/\text{Stockholders equity}*100$. It's earnings power of equity

Conclusion

From those facts Starbucks may open in Mongolia. Starbucks will never fail on Mongolian market. If Starbucks go with good strategy Starbucks become largest and high quality coffee shop in the Mongolia. Starbucks enter to the Mongolian market they should follow the Mongolian policy. Mongolian must be shareholder of the company. That's not that big problem. Mongolia does not have many coffee shops like Starbucks. Ti-Amo is the Mongolian best coffee shops. Starbucks may buy very good places in town. I think there are many facts Starbucks to enter Mongolian market.