

Starbucks coffee restaurant essay sample

[Business](#), [Company](#)



INTRODUCTION

Marketing management includes study of such topics as positioning and segmentation. Positioning is how the product or service is to be perceived by the target market as compared to the competition. One of the relevant questions along this line is *what should be the perceived value of my offering compared to the competitors?* Likewise, segmentation can be answered with the question *what is my target market?* The following paragraphs explain why Starbucks has been very successful in the local United States marketing environment as well as setting up its coffee-sipping business units in any country in Europe, Asia and other parts of the world in terms of positioning and segmentation.

BODY

Business

Starbucks Coffee Restaurant is advertised in the tri-media its specialty in the coffee, beverage and generally in the food industry. Starbucks is a master of delivering service to its walk-in clients. The company policy is that it is not just the coffee but everything else that matters in catapulting Starbucks Coffee Restaurant to its current pedestal in the restaurant business (Finucan 2002). Starbucks Coffee Restaurant's management is in supersonic speed as it steers the company way above their competitors in the coffee and restaurant business. The central focus of the company is to focus on the determination, enhancement, creation and delivery of the best net value to their restaurant clients. The company zeroes in on the company's over-all objectives in terms of quality, cost, response and delivery time. This is one of

<https://assignbuster.com/starbucks-coffee-restaurant-essay-sample/>

the major reasons for its coming into existence. The managers of the Starbucks Coffee Restaurant continually exerts tireless efforts to discover, improve, create and deliver high value service to its customers. The end result of this Starbucks Coffee Restaurant marketing environment in terms of customer value results to higher quality products and services where the customers have to pay only a reasonable amount. Surely, Starbucks Coffee Restaurant is engaged specifically in the coffee, beverage and generally in the food industry. (Stahl and Bounds 1991, 4).

Analysis of its marketing environment

Starbucks Coffee Restaurant has an excellent marketing environment. The marketing environment of Starbucks Coffee Restaurant can be summed up in the words of Shaun Pond, vice president of the Western Region for IBT Enterprises in Norcross GA “ Every space needs to be legible or comprehensible. At Starbucks, I know where to line up and find my product options, when to pay, and where to pick up my drink” (Bielski 2006).

Its marketing environment has reached unprecedented heights because most people drink coffee. And this coffee restaurant company caters to the basic principle of marketing which is to fill a need(Hills 1994, 143). Maslow stated in his hierarchy of needs that food, which includes coffee and other restaurant menu items, is one of the three basic needs of a person. The two other basic needs are clothing and shelter(Staub 1999, 179). As proof, many companies offer their prospective clients the ROYALTY treatment by serving them a cup of the prestigious and classy Starbucks products. Evidently,

Starbucks Coffee Restaurant has an excellent marketing environment (Paley 2006, 21).

The marketing environment includes people of divergent groups. The busy executive would often take a half hour's recess from his busy workhorse lifestyle to take a sip of Starbucks Coffee. He gobbles some Starbucks snacks as he simultaneously works his mind out on how to best hurdle the business problems and benchmarks of the day. He can easily unwind in the cozy, serene and romantic atmosphere of the Starbucks Coffee Restaurants. Likewise, the busy housewife would drink a cup of Starbucks coffee with her neighbors, friends and relatives to fill her need to eat at a respectable and 'rich' place. The lovers would eat in a Starbucks Coffee Restaurant as the suitor and his object of affection try to thresh out their likes, dislikes and plans for the future. In short, the Starbucks Coffee Environment offers its clients a romantic escapade where each person will feel at home as they try to seriously know each other. Clearly, the marketing environment includes people of divergent groups (Lodish, Morgan, and Kallianpur 2001, 6).

Starbucks Coffee Restaurant is one of the few companies that currently is on an up-tempo marketing strategy. The company has shied away from the traditional marketing strategy where organization means a distinct product, channel as well as customer groups. For, these old fashioned marketing strategies would be known as boxes and lines that can not generate as much value in our current jet-plane speed business environment. These old fashioned and definitely slow marketing strategies would surely be side-swept by the supersonic speed of the current marketing strategies that

current competitors do have. Current marketing strategy dictates that the business must grab every opportunity to generate profits. Starbucks Coffee Restaurant's current supersonic marketing strategy is to harness the marketing prowess into one dynamic team. This team is composed of business stars coming from other functional marketing areas or non - Starbucks Coffee Restaurant companies where they have weathered each business storm with flying colors as managers of other businesses on their direct course to generating profits. Obviously, Starbucks Coffee Restaurant is one of the few companies that is currently on an up -tempo marketing strategy (Catoni, Larssen, Naylor, and Zocchi 2002).

Starbucks innovating and ever changing marketing plans includes Starbucks Coffee Restaurant continues to launch new products and services in the market even until today. Many of the company's line and staff continue to be promoted or to manage their branches. Other line and staff employees of the company have been promoted to higher positions as they are transferred to other branches to spread their expertise. Starbucks Coffee Restaurant has a profitably volatile marketing strategy for it believes that the successful work performance of each line and staff employee of the company is vital for their promotion to higher and more complex responsibilities. The company also combines forces with other business organizations in order to fulfill organization -wide goals. For example, Starbucks Coffee Restaurant wanted to embark on the launching a new ice cream product. Unquestionably, Starbucks innovating and ever changing marketing plans includes Starbucks Coffee Restaurant continues to launch new products and services in the market even until today. (Aufreiter, Lawver, and Lun 2000, 53).

However, management decided that Starbucks did not have the expertise on this new market segment. Going through with this new venture alone would only slow its sales growth. Thus, Starbucks Coffee Restaurant combined business forces with Dreyer's Grand Ice Cream on this project. During this business marriage, Starbucks Coffee Restaurant learned all it needed from its partner. Naturally, the new Starbucks -Dreyer ice cream product was offered to the public in half the estimated time. And, the new ice cream effortlessly reached the lonely spot as the number one ice cream brand within only four months. Obviously, this new top selling ice cream has some Starbucks coffee ingredient sprinkled into it. This marketing strategy captures both the coffee -sipping market segment as well as the adult ice cream market segment. Correctly, management decided that Starbucks did not have the expertise on this new market segment. (Aufreiter, Lawver, and Lun 2000, 53). The market segment table shown in the appendix shows that the market share of fifty largest companies in the field of retail is the lowest at only twenty percent. Correctly, management decided that Starbucks did not have the expertise on this new market segment. (Catoni, Larssen, Naylor, and Zocchi 2002).

Marketing strategy

Starbucks Coffee Restaurant uses several marketing strategies to increase sales. First, the company issues stored value cards to its customer to increase profits. These stored value cards have similarities with debit cards. They are described as cards with magnetic strips. Customers buy the Starbucks Coffee Restaurant cards either for their personal consumption or

as gifts to friends, current and prospective clients, relatives and love ones. They are offered with the same principle as the grocery store gift checks. Many large Business establishments are also venturing into this type of marketing strategy. Some of these establishments include Wal-Mart, Home Depot, and Kohls. In addition, many financial institutions use the same marketing strategy of convenience and accessibility like the Starbucks Coffee Restaurant cards (Mcquade, Waitman, Zeisser, and Kierzkowski 1996, 4). These financial institutions include such big names as Mastercard, Visa Card and other shared EFT networks like PULSE. This marketing strategy of giving points for every purchase is very convenient for many users of these cards like the Starbucks Coffee Restaurant clients. One major difference between the Starbucks Coffee Restaurant stored value card and the basic debit cards is that the stored value cards do not require the customers to have a demand deposit account that are being debited for each stored value card transaction. Naturally, Starbucks Coffee Restaurant uses several marketing strategies to increase sales (Danforth 2003, 103).

Majority of the Store Value cards are also used for payroll transactions, promotion of business or products, incentives to employees, current and prospective clients, medical savings, flexible spending, benefit card and many others. One of the main features of the Starbucks Coffee Restaurant cards is that it increases Starbucks profits by generating sales from interchange, reloading and other service fees. The value of this card is that it will entice its current customers as well as the people who have been given the Starbucks Coffee Restaurant stored valued cards to continue coming back for another sip of the famous coffee blends as well as the other

restaurant MENU ITEMS that have also gained popularity both in the local markets and outside the United States. Truly, majority of the Store Value cards are also used for payroll transactions, promotion of business or products, incentives to employees, current and prospective clients, medical savings, flexible spending, benefit card and many others. (Danforth 2003, 103).

Another marketing strategy of Starbucks is to increase it outlets in order to increase sales. Starbucks has set up a Starbucks coffee restaurant in almost every other busy street corner. Repeat customers can buy a stored value card where she can swipe her orders while she is at the far end of the long line of customers buying Starbucks products. This stored value card concept would shorten the time from falling in line to ordering the Starbucks products to paying for the purchases. Evidently, another marketing strategy of Starbucks is to increase it outlets in order to increase sales. (O'Sullivan 2001, 64).

Discussion of extent to which its strategy fits in with this environment

Starbucks Coffee Restaurant is a socially responsible food company. The company regularly assesses and self criticizes its company policies as they try to comply with all environmental and other business laws of the community. The company has been doing well in terms of implementing ethical policies in running the coffee business. Starbucks looks beyond what the balance sheet, income statement and statement of cash flows has to say. Definitely, the company looks at complying with environmental laws in

terms of disposing the restaurant's wastes. Starbucks Coffee Restaurant is a socially responsible food company. (Riahi-Belkaoui 1999, 2).

The company is serious in its efforts to be a socially responsible establishment. Starbucks Coffee Restaurant has received the prestigious International Human Rights Award for developing a code of conduct framework by the consumer group Council for Economic Priorities of the United States. It has been given foreign workers an equal opportunity to work in its many restaurant branches. Starbucks has been recognized by many sectors as 'good work' company. Also, the Non profit organization Business Enterprise Trust has published a book indicating that Starbucks Coffee Restaurant staff are known for their good behavior towards its restaurant customers. Starbucks believes that employee motivation. Likewise, Starbucks Coffee Restaurant also donates money for the community and environmental efforts the Common Ground Community. Truly, the company is serious in its efforts to be a socially responsible establishment. (Giampetro-Meyer 1998, 8).

Starbucks implements environmental laws. In addition, www.starbucks.com/csrnewsletter/winter06/csrEnvironment.asp states that the company has turned to using recycled materials in the production of its hot coffee / beverage cups. The United States Food and Drug Administration has approved Starbucks Coffee Restaurant's plans to use recycled materials in making its coffee and beverage cups. This will reduce the company's needs for tree fiber in its cup production requirements. This is the proud announcement of Starbucks Coffee Restaurant's Chief Executive Officer Jim

Donald. This cup recycling plan was hatched with its cup producing suppliers. The Starbucks Coffee Restaurant cup suppliers include Mississippi River Corporation, MeadWestvaco and Solo Cup Company. This recycled paper cup plan started recently in 2005. The recycled cups have been used in its United States Starbucks Coffee Restaurant outlets since the year 2006. This is part of Starbucks Coffee Restaurant's commitment to reduce its environmental footprint. Correctly, Starbucks implements environmental laws.

Starbucks Coffee Restaurant is the largest purchaser of fair trade coffee. Many coffee producing groups have bonded together to form one big coffee organization. It is the umbrella organization of the four biggest fair trade organizations. The organizations are FLO, International Federation for Alternative Trade, Network of European World Shops and the European Fair Trade Association. The umbrella group includes coffee producers, the coffee exporters, the coffee importers and the coffee retailers. This coffee organization has improved the take home pay of the coffee organizations around the world. The coffee fair trade organization has advantageously improved the living wage of the coffee growers and other related coffee sectors. The fair trade website emphasizes that " Fair Trade guarantees to poor farmers organized in cooperatives around the world: a living wage." Fair Trade ensures that there is a minimum price for coffee products sold to its customers like Starbucks Coffee Restaurant. In short, this organization acts as the middle man (or woman) between the producers of coffee and the coffee market. Unquestionably, Starbucks Coffee Restaurant is the largest purchaser of fair trade coffee. (Weber 2007).

Starbucks Coffee Restaurant is classified as a replicator. Replicators start out as small but creative owner-supervised business entities where the founders develop into new marketing strategies. One such replicator is McDonalds hamburgers and IKEA. This evolution of marketing strategy from a home grown industry to setting up branches in many countries around the world is known as a replicator organization. And Starbucks Coffee Restaurant aptly fits this description for it has now set up branches in key cities around the world. Originally, retailing was a stay at home or local marketing strategy. However, as our current business environment has catapulted this community based industry into a world-wide economy. Many retailers that include Benetton and IKEA have set up shop in countries outside the United States. This transformation from a small business enterprise necessitates a complete revamp of its new store formats and a fine tuning of one standard manual for the different operations of each branch. Without doubt, Starbucks Coffee Restaurant is classified as a replicator.

The codifying of its operating systems allows the replicator company to grow easier and faster globally. And, a replicator only needs to know the local demand for their products to be convinced that setting up a branch in Germany, Japan, China, Malaysia, France, United Kingdom and Italy, Korea and other countries would variably give almost the same percentage points in terms of sales and net profits(Catoni, Larssen, Naylor, and Zocchi 2002). This growth will result to leaving the competitors far behind to prevent them from copying the successful systems of McDonalds, Kentucky Fried Chicken, Seven Eleven and Starbucks Coffee Restaurant. This is main reason for Starbucks Coffee Restaurants' profitable successes when it set up its

branches in many countries around the world. Clearly, the codifying of its operating systems allows the replicator company to grow easier and faster globally. (Catoni, Larssen, Naylor, and Zocchi 2002).

CONCLUSION

In summary, surely, Starbucks Coffee Restaurant is engaged specifically in the coffee, beverage and generally in the food industry. Unquestionably, Starbucks innovating and ever changing marketing plans includes Starbucks Coffee Restaurant continues to launch new products and services in the market even until today. Naturally, Starbucks Coffee Restaurant uses several marketing strategies to increase sales. Definitely, the company looks at complying with environmental laws in terms of disposing the restaurant's wastes. Truly, the company is serious in its efforts to be a socially responsible establishment. Correctly, Starbucks implements environmental laws. Unquestionably, Starbucks Coffee Restaurant is the largest purchaser of fair trade coffee. Without doubt, Starbucks Coffee Restaurant is classified as a replicator. CONCLUSIVELY, Starbucks Coffee Restaurant's marketing management strategy is its secret weapon that has propped it up to its rightful place on top of the positioning race the coffee and restaurant segments. Basically, Starbucks is successful because it seriously offers the best in terms or price(very reasonable), place (Every major shopping center has a Starbucks Coffee Restaurant Branch, Product(high quality coffee and food menu) and lastly promotion (advertisement in the tri media, stored value cards).

Works Cited

<https://assignbuster.com/starbucks-coffee-restaurant-essay-sample/>

Aufreiter, Nora A., Teri L. Lawver, and Candace D. Lun. 2000. A New Way to Market. *The McKinsey Quarterly* : 53.

Bielski, Lauren. 2006. Expressing Identity Anywhere: Branch as Brand Design and Marketing Pros Explain How to Make Universal Brand Play in the World of Particulars. *ABA Banking Journal* 98, no. 8: 36+.

Catoni, Luciano, Nora Forisdal Larssen, James Naylor, and Andrea Zocchi. 2002. Travel Tips for Retailers: Three Strategies Can Help Retailers Expand Abroad. the Trick Is to Choose the One That Best Suits Your Particular Ambitions and Your Starting Point. *The McKinsey Quarterly* : 127+.

Danforth, George. 2003. Stored Value Cards and Financial Institutions. *ABA Banking Journal* 95, no. 11: 103.

Finucan, Karen. 2002. What Brand Are You? in an Age of Hype, Cities Have to Scramble to Get Name Recognition. the Big Apple the Big Easy, City of Angels Motor City. *Planning*, August, 10+.

Giampetro-Meyer, Andrea. 1998. Working on the Wiring: Preventing Ethical Failures in Socially Responsible Businesses. *Review of Business* 20, no. 1: 8.

Hills, Gerald E. 1994. *Marketing and Entrepreneurship: Research Ideas and Opportunities*. Westport, CT: Quorum Books.

Lodish, Leonard M., Howard Lee Morgan, and Amy Kallianpur. 2001. *Entrepreneurial Marketing: Lessons from Wharton's Pioneering MBA Course*. New York: Wiley.

Mcquade, Shayne, Robert Waitman, Michael Zeisser, and Alexa Kierzkowski. 1996. Marketing to the Digital Consumer. *The McKinsey Quarterly*, no. 3: 4.

O'Sullivan, Orla. 2001. Forget Profits: Instead, Says CRM Guru, "Look after Customers and Profits Will Look after Themselves". *ABA Banking Journal* 93, no. 10: 64.

Paley, Norton. 2006. *The Manager's Guide to Competitive Marketing Strategies*. 3rd ed. London: Thorogood.

Riahi-Belkaoui, Ahmed. 1999. *Value Added Reporting and Research: State of the Art*. Westport, CT: Quorum Books.

Stahl, Michael J. and Gregory M. Bounds, eds. 1991. *Competing Globally through Customer Value: The Management of Strategic Suprasystems*. New York: Quorum Books.

Staub, Ervin. 1999. The Roots of Evil: Social Conditions, Culture, Personality, and Basic Human Needs. *Personality and Social Psychology Review* 3, no. 3: 179-192.

Weber, Jeremy. 2007. Fair Trade Coffee Enthusiasts Should Confront Reality. *The Cato Journal* 27, no. 1: 109+.

Starbucks Coffee Restaurant coffee / beverage cups using recycled paper.

Retrieved February 24, 2008,

<http://www.starbucks.com/csrnewsletter/winter06/csrEnvironment.asp>

<https://assignbuster.com/starbucks-coffee-restaurant-essay-sample/>