

# Starbucks keeps it brewing in china essay sample

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



How I love the smell of a fresh cup of Starbucks coffee to get the day started. As a coffee lover, I often venture to Starbucks to meet my caffeine needs. Starbucks began as a single storefront located in Seattle's Pike Place Market. As of July 2012, the company has 17, 651 stores in 60 different countries around the world, with the mission to "inspire and nurture the human spirit – one cup, one person and one neighborhood at a time" (Starbucks, 2012). Enhancing the value of the company are the additional brands owned by Starbucks. They include Seattle's Best Coffee, Tazo Tea, Evolution Fresh, La Boulange and Torrefazione Italia Coffee (Starbucks, 2013). In 2009 the chain opened its first store in China, and currently operates more than 570 outlets in 48 Chinese cities (Starbucks, 2012). CEO Howard Schultz, plans to implement the global strategy with ambition to further the growth and expansion through relationships with China's billions of citizens. In March 2010, Schultz continued to promote global expansion and pitched to the executive board the idea of embracing the global marketplace and leveraging their brand strength through new and existing projects.

The question remains, will Starbucks be able to thrive in a tea driven China? Demographics of a changing Asian society and creative Starbucks strategies suggest that this is possible. Starbucks is a well-oiled business engine that is striving to make China its second home market (Starbucks, 2012). The changes that have to be made will be in their target demographic and non-westernized approach to gaining consumers. Starbucks executives and marketing team are well aware of the cultural difference, values, and economic means that govern consumer's decision making. Starbucks is confident that they will 4, 000 stores by the end of 2013, including 1, 000 in

Mainland China, 1, 000 in Japan, 500 in Korea and its first store in Vietnam (Starbucks, 2013). Determine and discuss the barriers facing Starbucks as they try to teach people to change their consumption habits from tea and instant coffee. Develop a marketing strategy for taking Starbucks into smaller Chinese cities and communities. What barriers would be faced? Could they be successful?

Many of the barriers that Starbucks are facing can be attributed to financial and cultural dynamics. The United Nations reported China as the largest tea consumption and production company. Total tea consumption in China increased by 8. 2 percent in 2009, and 1. 4 percent in 2010 to reach 1. 06 million tons (English, 2012). With Starbucks being a major coffee retailer, this could be very challenging when integrating business in the Asian regions. Coffee is not as valued as it is in North America, South America, and other countries. In the Asian culture, tea is believed to have medicinal uses, and is a part of the social culture, carried from generation to generation in its tradition. Trying to get people to forgo a generational tradition when family tradition is very much upheld, and family is respected will be the challenge. Those that do consume coffee in China often opt for the more inexpensive types of instant coffees.

The potential 1. 3 billion-population base that Starbucks hopes to gain leverage with is largely rural and inhabited by low-income families (Best/Hawkins/Mothersbaugh, 2010). The rural and low-income families can be found in the smaller Chinese cities and communities. This too adds to the difficulties that Starbucks faces when tapping into the Chinese market.

Making the teas and coffee products available at local markets would be a great way to market the brand, wholesaling at a discounted price to the local farmers, allowing them to make a profit that they normally wouldn't be able to make at normal distribution prices.

Starbucks' brand is associated with wealth and a western civilization. Finding a way to maximize the cost relationship with the quality of coffee would be optimal for Starbucks and the transitioning consumers to less tea consumption and more coffee intake.

Make recommendations about what Starbucks can do to successfully encourage greater coffee consumption. Starbucks may not be able to successfully change as many consumers over to drinking coffee as they may like. Starbucks may actually be in the process of converting their business to meet the demands of tea in China. Starbucks is also the owners of the Tazo brand that markets a variety of tea choices. Starbucks is planning to brand a Tazo store, mimicking that of the Starbucks chains that can be found on every corner in New York City. The signature feature of the 1, 700-square-foot store will be its "blending stations," a showcase for 80 varieties of loose teas, where employees will guide customers through creating their own personalized blends.

The loose teas will be sold by the ounce at prices comparable to specialty grocery stores. "In the Tazo café, customers 'can slow down and learn about tea ... and can immerse themselves in a sensory-rich experience,' Shafer said. 'We're creating a tea playground for customers that are looking for that experience.'" (Thau, 2012) The café's are said to specialize in

handcrafted teas, bagged teas, and iced teas at a tea bar. There will also be a selection of pastries and treats, all well appreciated in the Asian culture (Best/Hawkins/Mothersbaugh, 2010). If Starbucks plans to make China the second largest sector of its Starbucks brand, it may not be the coffee that leads this, but rather the tea. Develop an advertising campaign that not only would encourage greater coffee consumption in general, but also more demand for Starbucks. Specify key themes, copy points, and visuals.

A survey found that in brand choice, the Chinese culture examines health factors, customer relations, self-image, quality and price (Best/Hawkins/Mothersbaugh, 2010). Starbucks and their brands have all of those qualities except the price factor, which can be compromised. A campaign that reflects those qualities would be a dynamic way to tie a westernized business with the Asian culture. Starbucks is currently working with their partners, the affectionate term for their employees, their parents and families in forums themed “ Growing Together”. Since this theme is already in existence, Starbucks could benefit from expanding on that theme. Logos that project this, commercials that project this, sponsorships in the schools and communities that project this, as well as celebrity endorsements with their families that project this.

The idea of family is such a major part of the Chinese culture. The digital market will be beneficial in this campaign as well. With the global marketing power of Facebook, Twitter, and Instagram, the visual creativeness that can be achieved can reach the masses. Since coffee is not valued amongst other things, Starbucks needs to market closer to the heart of the Asian culture.

John Culver, president, Starbucks China and Asia-Pacific, said his region - the company's fastest growing retail store market - will approach 4, 000 stores by the end of 2013, including 1, 000 in Mainland China, 1, 000 in Japan, 500 in Korea and its first store in Vietnam. Culver highlighted China as Starbucks most successful new market entry to date, and announced that China is expected to become Starbucks largest market outside of the U. S. in 2014 and is on plan to have 1, 500 stores in 70 cities in 2015. At the conference, Culver noted the positive results achieved so far this quarter.

Discuss the demographic, cultural, and media factors that make India more attractive for Starbucks than it was 10 years ago.

In October, 2012, Starbuck's opened it's first three stores in Mumbai, India and reaffirmed plans to open the company's first store in Delhi in early 2013. (Starbucks, 2013). CEO Schultz understood that a partnership was needed in the complex Indian market. In the previous years, most Indians would begin their mornings with a cup of chai tea, but the demand for coffee is growing, reports CNN.

Starbucks' partnership with Indian beverage conglomerates Tata Global Beverages would be a partnership of common grounds. Those grounds being strong community relations and social responsibility (Boykoff, 2012). With social media taking the world by storm, Starbucks is using this as a marketing advantage to highlight the ' Starbucks experience'. That experience emphasizing community and a welcoming public space. Starbucks' ability to sell the experience, not just the coffee, is what delivers the competitive edge in the Indian market.

## Resources

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