

Starbucks



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Starbucks Corporation purchases, roasts as well as provides handcrafted coffee beverages. The company provides approximately 30 blends as well as premium Arabica coffees. Starbucks has spanned its network across 50 countries globally since its inception in 1971 (Starbucks business summary). The current goals of the company is to maintain the standing of the company as one of the most recognizes as well as respected brands in the world. For achieving its current goals, the company plans to continue on its expansion path primarily focusing on the countries outside United States in retail as well as license store segments. The aim of Starbucks includes providing fresh, high quality teas and coffee products, as well as creating a unique experience in our store by encouraging a positive, safe environment for all. The global customer base of the company provides the opportunities of global expansion for the company wherein Starbucks can pursue the opportunities with it beyond the traditional store experiences for offering its customers new coffee products. Some of the examples of functional tactics of the company include ongoing expansion in the foreign markets, increase in product categories and growth in the distribution channels of the company which has helped Starbucks leverage its strong brand and build a retail store base. The strength of Starbucks is that over time it has continued being a cash cow, generating high operating cash flows with consistent growth rates (Starbucks Annual Report). Due to the recession of the U. S. economy, customers in US have become price sensitive due to their income range, especially students. Therefore, Starbucks utilize making our product quality better. It makes its products, atmosphere, and employees better than its surrounding competitors so that it can meet the needs and ensure that it draws in multiple and diverse group of customers (Starbucks Annual Report).

The company used differentiation strategy to surge ahead of competition. The pricing strategy of the product is very critical as this will shape up all other verticals of marketing. The company used differential and cost plus pricing strategy for differentiating from its competitors and earning profits. Since the objective is to cater two different markets and makes sure that one market does not overlap the other in this business, it is very important pricing becomes a key criteria. The home cups will definitely be attracting small offices as they are quite cost conservative and won't like to miss an opportunity to miss on lower cost product. Company needs to devise a strategy whereby they can price the cups at different cost. In case of offices the repetitive usage of the cups is very high and hence it is essential for the company to highlight features like low repetitive cost and economy of scale. While in case of homes it is very essential that company highlights that cost of machine is low. Hence it should be a mix of prices that will be the key for the company. The compensation of executives in the company includes a base salary, an annual incentive bonus in terms of cash, a long-term incentive compensation in terms of performance RSU's and stocks options, various discretionary bonuses as well as equity awards in terms of cash, stock options as well as time based restricted stock units and deferred compensation with eligibility in participating to 401 K plan of the company (Starbucks Proxy Statement). References " Starbucks Annual Report." 2010. Starbucks business summary. 2011. 20 Jun 2011 . " Starbucks Proxy Statement." 2011.