

Target market analysis for coffee shops

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



Market Segmentation for Coffee Shops

This process involves subdivision of the market depending on the behavior and characteristics of the buyers (Mullins & Walker, 2008). Initially, Starbucks was using socio-economic segmentation in the industry because of the concentration of the people as most of them were professionals and wanted to consume quality coffee in good facilities and environment (Bussing-Burks, 2009). Currently, Starbucks uses geographic and demographic segmentation by selecting the strategic location where there is a high population of coffee lovers and educated people.

Target Market

Starbucks has been very careful about its target market because for the last decade the consumption of coffee has been decreasing (Starbucks, 2016). Its target market comprises of consumers with specific attributes as well as needs that the company desires. The selection of the target market depends on environmental, social, economic and political factors. Most of the times, the company targets high to middle income office employees who want to buy premium coffee (Mullins & Walker, 2008). There are three main strategies used in identifying the target market, these are the concentrated, differentiated and undifferentiated strategies. In concentrated marketing, the company focuses towards a single market to create as well as maintain an exclusive strategy for every market segment (Mullins & Walker, 2008). In differentiated marketing, the company uses mass market approach by designing separate marketing tools depending on the market segment (Mullins & Walker, 2008). In regards to undifferentiated marketing strategy, the marketing mix takes the whole market as a single market segment.

When Starbucks was launched, it utilized undifferentiated marketing with an intention establishing a brand that could satisfy the entire population . However, the aggressiveness of the market made them change to differentiated marketing that they currently apply (Bussing-Burks, 2009).

Market Positioning

After a company decides the market segment, the next step involves deciding the position that it intends to occupy in the market (Mullins & Walker, 2008). Market positioning involves arranging the products in a desirable way and in a strategic position in comparison to its competitors (Mullins & Walker, 2008). Starbucks has always established a unique position in for its products in the market. In addition, it has positioned its products as reputed brand in the market(Bussing-Burks, 2009). This brings significant differences in comparison to products offered by its competitors and takes the greatest advantage in the market. The strategy of positioning depends on the customers in order to offer high quality services, which are beyond the expectations of the consumers.

Channel Distribution

Channels of distribution connect the services and products of the company to its consumers. In regards to the producer-consumer channels, the company is able to sustain important personnel relationship with its consumers (Mullins & Walker, 2008). Starbucks maintains good relationship with its consumers by opening stores in strategic locations. The company has significantly invested in training of its employees in order to provide high quality services and products its stores.

Starbucks Promotion Strategy

The company utilizes numerous means of communication such as TV advertisements, print media, Starbucks' website and the social media. In addition, it has a website for its consumers in order to facilitate interaction by offering suggestions, ideas as well as improvements relating to its products. Advertising through social media, print media and televisions promotes its services and products in the market. Social networks such as Twitter, Facebook, blogs and its website assist in the management of the consumer relationship. For instance, the website of the company which is [www. community. starbucks. com](http://www.community.starbucks.com) is used to get suggestions and feedback relating to its services and products.

Moreover, Starbucks incorporates sponsors and communities in sports to build good customer relationship (Starbucks, 2016). For example, Starbucks' collaboration with ESPN has been effective in establishing good customer relationship (Bussing-Burks, 2009). In its advertisements, the company lets the consumers believe that it is only company offering high quality coffee in the market. Starbucks also uses personal selling in case there is a decline in sales. In 2008, when the sales were on the decline because of its focus on expansion, it trained employees to participate in personal selling where they explained the consumers about quality and prices of its products in reference to what the competitors like Donuts and McDonalds were offering. This was effective since the sales increased by 2% in the following year (Bussing-Burks, 2009).

Conclusion

The success of Starbucks results from its ability to address the negative effects in the competitive industry through offering high quality products at a premium price and effective marketing strategies. There is no compromise regarding the quality of services and products offered by the company as well as effective marketing tools to establish good customer relationship. The company has been able to maintain market leadership by monitoring and updating its marketing strategies to outdo the competitors in the market. The strategies discussed above have been critical in making important business decisions to increase its sales and revenues.

Recommendations

In future, Starbucks should be cautious about the strategies of expansion in order to avoid ruining its brand reputation as it happened in 2008. The company should establish new promotion strategies such as student's membership cards to capture more consumers in its segments. Given the competitiveness of the industry, the company should not only focus on the American market but should look for new markets in Asia and Africa to increase its sales and revenues. In relation to the marketing budget, the management of Starbucks should increase marketing budget by approximately 20% to fulfill the requirements of the marketing department so that they can hold more promotional events and seminars to increase the sales revenue. Even if the marketing strategies used by the company have been successful in achieving its goals, integration of the above strategies can further increase its sales in the coffee market.

References

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