

International marketing case study starbucks going fast

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When entering a global market, it can be expected to overcome both controllable and uncontrollable elements. The Starbucks organization is no exception to overcome these elements when entering the global market. According to text (2011) controllable elements are attributes such as firms characteristics, type of product, pricing of product, the amount of research conducted, promotions and the channels of distribution. Uncontrollable elements effecting Starbucks are competitive structures, domestic and international, varying levels of technology and cultural differences.

Starbucks encountered revised incomes with the economic downturns of recent and it quickly realized that its gourmet product was among the first to be cut out of tightening budgets. The political, economic and cultural issues in foreign countries can be sudden and therefore, uncontrollable elements that should be taken into consideration and monitored carefully when entering into a foreign market. In addition, increasing competition is another uncontrollable element also present in foreign markets.

This competition from rival shops pulls from potential profits and increases the risk for Starbucks business development in the foreign market, like Japan. Starbucks also encountered political and economic regulations when attempting to expand to France. In France, there are strict regulations and generous labor benefits (Cateora et. al. , 2011). These uncontrollable elements make it difficult to enter the France market. However, Starbucks cannot control economic downturns, but it can choose which country's economies they wish to do business in.

Starbucks also faces risks as it enters the global market. The most obvious risk is its limitation of products. As a specialty product, Starbucks has a very limited product selection and this also limits business growth. The biggest risk associated with this is customer boredom. In an effort to increase growth and broaden product selection, Starbucks increased its food and non-coffee items and now accounts for 16 percent of sales (Cateora et. al. , 2011). While this increase is substantial, it still left a saturated domestic market.

With domestic saturation, Starbucks desires going abroad to continue growth. With this expansion, they should focus not only on their core products but also in finding ways to improve the quality of their product and services based on the environment in which they are entering. For example, in Japan, Starbucks has a region specific canned product offered in convenience stores (Cateora et. al. , 2011). This product and location in the United States would be unimaginable, but in the Japan market, it is necessary.

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As Starbucks plans to continue its expansion into global markets, cultural sensitivity will be critical. While Starbucks is a definite business success story of the ages, it still has its uncertainties. As a whole, it has an intense focus on growth and continued growth. Despite disgruntled employee's disputes, its business model calls for lots employees with low-end wages (Cateora et. al. , 2011). It is becoming a less special place for its employees, which was once one of its most prestigious and boasted qualities.

Its expansion has outgrown its previously unheard-of employee perks and benefits. Staff complains that the pay does not come close to matching the

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workload it requires. Employee satisfaction is critical to not only the Starbucks product but its service and atmospherically environment. Overseas the Starbucks image is still very new and young, and to most, very cool (Cateora et. al. , 2011)! There is a big window of opportunity for Starbucks to improve upon this issue in global markets because the perception overseas is still very untainted.

Attracting the next generation of customers is vital to Starbucks success. As Starbucks continues to expand without dealing with this discontent, the more apt to customers feeling disconnected to the original mission of a high quality product and atmosphere. The current business model calls for lots of low-wage workers which only adds to this increasing feeling of disconnect and discontent. The biggest obstacles for Starbucks to improve business in Japan are the cultural differences and growing competition.

Competition has grown so fierce that competitors have a deceptively similar logo and product material. Starbucks needs to focus on separating themselves from the competitors. Of most recent, they have successfully done so which boarder menus and customized products to culturespecific pallets (Cateora et. al. , 2011). Simple changes like smaller portion sizes and more bitter desserts have helped Starbucks to increase profitability in this foreign market.