

Good situation analysis starbucks research paper example

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



- Analysis of the internal environment

Review of Current Marketing Objectives, Strategy, and Performance

Starbucks' marketing strategies, as described in the analyzed case study, align to the company's business objectives of growing nationally (United States) and internationally by providing excellent quality. In this sense, the company develops a complex supply chain, working only with Arabica coffee suppliers, it invests in its employees' development and training, while creating a unique roasting and blending product. The end product is the main focus of Starbucks and all its marketing efforts are concentrated upon providing the best quality coffee for its customers.

Review of Current and Anticipated Organizational Resources

The company only works with suppliers that can guarantee that every bean of coffee is according to the strict qualitative guidelines of Starbucks.

Starbucks' suppliers represent a significant resource, which the company seeks to permanently enrich and improve. A very important resource for Starbucks are its employees, whom the company seeks to constantly train for answering the refined and experienced tastes of its consumers.

Experience is also a resource that the company benefits of, managing to deliver an American original atmosphere. The resources that the company needs to enrich, in case of experiencing changes in better, are its stores, for increasing the Starbucks experience and to better meet customers' needs. In case the changes would be in worse, the company would need to optimize its

human resources, by reducing the positions, while making the remaining employees more effective.

Review of Current and Anticipated Cultural and Structural Issues

Starbucks organizational development implies cultural and structural issues, along with its plans of international expansion. The marketing activities will need to be shaped on the future changes, and during the expansion process, the marketing activities might face challenges for adjusting to various markets, to new cultures met in the targeted countries. These challenges might include organizational politics and management struggles, wherein the marketing of Starbucks will aim to convince the new managers in the targeted countries of its strategies to create long-term customer commitment. The company emphasizes a long-term planning for its expansion, which implies increased training and motivation of employees and specific approach on international marketing strategies: standardization versus adaptation of its operations.

- Analysis of customer environment

Who are Our Current and Potential Customers?

According to the analyzed case study, Starbucks' current customers are people with an above-average income, aged 30-59 from United States and Japan, Tokyo (two Starbucks coffee shops were opened there when the case study was developed). Mostly, the purchase of in-house coffee is performed by women in the case of the married couples. Starbucks products are purchased from its stores and coffee houses but are also ordered and

received by mail (Kachra, 1997). The main influencers of the purchase are the ones who actually perform the purchase – the consumers. The potential customers are the ones attracted by the top competitors, who differ from Starbucks' users through having more easy access to other premium coffee shops than to Starbucks.

What do Customers Do with Starbucks Products?

Customers are serving Starbucks coffee with a derived product such as cookie, deserts or even with the main course or dinner, but the main derived product that Starbucks consumers are after is the Starbucks atmosphere (Kachra, 1997). Starbucks is more than premium specialty coffee, it is the experience of being with friends, business partners, being oneself between work and home, relaxing in an authentic American atmosphere.

Where and When Do Customers Select Starbucks Products?

Coffee is the second best sold commodity after oil (Kachra, 1997) and this implies that Starbucks products are purchased year-long, during all moments of the day. Starbucks is a meeting point for business or friendly gathering, hence its products are consumed throughout the day. People are purchasing Starbucks products from its stores, from its partners or they are ordering them.

Why and How Do Customers Select Our Products?

With the prevalence of the speech for a healthy lifestyle, consumers oriented towards the specialty coffee, as a luxury good that they could accommodate, replacing the average coffee, the beer or other alcoholic drinks or the soft

drinks with premium, specialty coffee. Starbucks offers top quality specialty coffee, because it dedicates consistent care to its production, which is highly appreciated by customers. Customers select Starbucks for its quality, taste, and for the related experience that it provides – an American original experience, which generates long-term relationships with the company. By envisioning the future consumer trends in terms of coffee consumption, Starbucks will maintain and enhance the relationship with its customers.

Why Do Potential Customers Not Purchase Our Products?

The price might be one reason for which non-customers do not purchase Starbucks products, as they are positioned on the luxury coffee market. The location of other stores in their proximity could be another reason for which noncustomers chose competitive brands. For turning noncustomers into customers, Starbucks should address its distribution (placement) and its pricing strategy, developing a price segmentation and creating more stores.

- Analysis of the external environment

The external environment requires for a SLEPT analysis, in addition to analyzing the competitive forces.

Social

The social trends regarding coffee consumption have change across time and continue to change, driven by various forces. Starbucks has anticipated various consumer trends that brought the company the leading position in the coffee market.

Legal

The company's marketing operations need to be aligned with the regulations of the global trade, while pursuing the international marketing opportunities and this aspect might require Starbucks to adjust its operations to specific market, instead of standardizing the Starbucks American authentic experience.

Economic

Situated on the luxury market, Starbucks has the financial potential of competing with the strongest premium coffee brands. Its figure sales offer Starbucks the leading position and make the company prepared for seizing new opportunities on the international markets. The company must adapt to various economic conditions, should it aim for international expansion. Otherwise, in United States it is leading the premium specialty coffee market.

Political

In terms of political issues, Starbucks needs to comply with the governmental regulations that govern the operations of public and private companies in various states. While the company imports Arabica beans from various countries, Starbucks must comply with the regulations regarding exports and imports.

Technological

For competing in an emerging technological environment, Starbucks needs to adjust its operations to the technological advancements and innovations.

In the conditions described in the case study, Starbucks needs to increase its e-commerce presence and to enhance the online advertising for promoting its offers to customers while online.

Competitive Forces

The external environment includes the competitors. Diedrich's Coffee, Green Mountain, Coffee People, A. L. van Houtte, Barnie's Coffee & Tea Company, Caribou, Second Cup, etc., were Starbucks' main competitors at the time the case study was developed. Premium coffee brands impose challenges for Starbucks, as they compete for the same market share. However, the competitive environment is supplemented by the suppliers, consumers, new entries and substitute products. The barriers of entry are low in the coffee industry and this condition allowed many companies to adhere to this market, yet not many imposed serious challenges to Starbucks. The suppliers can generate difficulties, but in Starbucks case this was not an issue because the company deals with numerous and professional suppliers. The consumers and their bargaining power have worked hand in hand with the company's marketing strategy, as both sides influenced each other across time. Substitute products is not only represented by competitive coffee brands (premium or not premium) but also by other beverages (soft drinks, alcohol drinks, tea, etc.), influencing the company to diversify its product mix.

References

Kachra, A. (1997) Starbucks. Ivey Management Services.