

Starbucks going global fast

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



Cataraacts is known worldwide as one of the largest and most successful coffee shops. The green circle and mermaid symbol, that has become so well known, it can be seen in nearly every US city, and the company has ambitious plans to expand rapidly off-shore. Howard Schultz started the company in 1987 when he bought out his bosses and began expanding. Cataraacts expansion, so far, seems to be rather successful as they have opened over 16, 000 coffee shops in 44 countries and have no plans of slowing down.

Although the company has experienced exponential growth and unprecedented success It is not without its problems. For one, there is an increasing level of dissatisfaction with employees which seems to stem from Cataraacts aggressive expansion. With so many employees and stores nation and worldwide employees are becoming increasingly jaded and out of sync with the original mission statement of Cataraacts, which was to focus on superior customer service, and service with a smile. Workers are also complaining about being over worked and under compensated. Still bigger problems present themselves.

The baby boomers, Cataraacts bread and butter consumer, are slowly disappearing, giving way to the more thrifty, down-to- earth generation X, who have become increasingly weary of powerful and rich corporations and whose focus seems to have shifted from the mainstream to the local in most consumer categories. Generation Seer's are feeling out of place in expensive coffee shops and seem to prefer cheaper alternatives, or prefer to simply make their own coffee. Generation Seer's are also wearier because of some

shady practices that Starbucks engages in, such as predatory real estate, which leads to

Starbucks's already heightened alert for corporations. Starbucks also does a lot of things right. They cater new products to new markets, such as a green tea Production that was first developed for and introduced in Japan. It has since been a hit and released in the USA. They seem to grasp the fundamental concept that not all markets are the same and understand that existing products might need to be tweaked for them to succeed abroad. They have a sound business model, which lends them ownership to all stores, meaning that stores are not franchised and the corporate hand can interfere with each store as they see fit.

The company is expanding rapidly, but the US market is quickly becoming saturated. To fuel continued expansion and maintain a 20% annual growth the company must go overseas, and this presents problems all on their own, because as we know every culture's tastes and values differ, which is a pivotal lesson of international marketing. I think that Starbucks's business model is sound. As we know the goal of any business is to maximize shareholder investment and return on assets. Starbucks has recorded insane sales figures and have grown from 17 coffee shops in Seattle 15 years ago to over 16,000 outlets in 44 countries.

Sales have climbed an average of 20 percent annually since the company went public, hitting 673 million last year. They are clearly doing something right, but in my opinion the success will be short lived. Society is shifting gears and the world is changing directions from a world of tangibles to a

world of services, from a world of waste to a world of saving. While Cataracts makes a quality product there are also many viable, cheaper, even better substitutes that you can make yourself, and I think that you will see the decline of sales will coincide with a decline in the population of boomers.