

Starbucks case: starbucks' value chain

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



A value chain is used to identify key areas of a corporation, including their resources and what they may achieve. The value chain is made up of key primary and secondary activities, which differentiate a business from others and creates a competitive advantage. The primary activities include inbound logistics, operations, outbound logistics, marketing/sales, and services. Secondary activities are made up of the firm infrastructure, human resource management, and technology and production development.

Starbucks inbound logistics, which is receiving and distributing raw materials, is that its coffee beans are sourced from Latin America, the Pacific Rim, and East Africa. This gives them a diversity of flavors to offer the customers. They also hold strong relationships with their suppliers and buyers, creating an upper hand for receiving and selling Starbucks coffee. Operations is the actual process of creating the final product, in Starbucks case, this would be the coffee bean itself. Starbucks tried different ways to roast coffee before coming up with the perfect solution.

Outbound logistics is concerned with distributing the final product to consumers. Starbucks has an in depth supply chain operation ensuring the coffee beans are kept fresh when being delivered to retail stores, wholesalers, grocery stores and through mail order. Starbucks uses Encore, a direct mailing system, to deliver coffee to consumers not located near a store. Marketing and sales is a major key in increasing the value of Starbucks, it identifies what the customers want and gets the word out about the brand. The key concern for Starbucks marketing is their brand equity.

In the past it was based on retail equity, creating an enjoyable environment, but now they are looking to focus on the brand bringing joyous moments as

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a whole. Lastly, Starbucks focuses on the service offered, ensuring customer support and satisfaction after the product has been sold. Starbucks offers extensive training and education on coffee to their baristas so they are prepared when on the clock. They look for the best employees who will gain a high knowledge of coffee and work well with customers to offer them the best experience possible.

Starbucks has set guidelines to uphold the best organizational structure for the company and create a welcoming environment in every store. They also gain from their continuous increase in stock and sturdy finances to create a solid infrastructure. Human resource management is the process of recruiting, hiring and training employees for the company. Starbucks considers all employees a partner in the business, and strive off close relationships throughout the entire corporation. They also offer a slightly higher wage than competitors and the opportunity to receive health and life insurance through Starbucks.

These things have helped the company retain talented and hard-working employees. Lastly, technology development is used to support and create valued activities. Starbucks has profited off their consistent taste of specialty coffee. This has been possible because of the computerized coffee roaster they developed. After evaluating Starbucks value chain, it is clear they place high importance on their customer service and human resource management. With their welcoming environment and knowledgeable employees, they have created an atmosphere that keeps customers coming back for Starbucks products.