

Starbucks coffee in malaysia essay sample

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



In this assignment, the organization that has been chosen is Starbucks Coffee in Malaysia. Starbucks face some challenges of modifying their existent strategies to gain and sustain their competitive advantage in a rapidly changing environment. As a store manager, below are some tools using in Starbucks which its internal and external environmental analysis been evaluated thru:

- * PESTLE analysis

- * Value Chain analysis

- * SWOT analysis

In order to compete with other competitors, have proposed several marketing strategies to the Managing Director, in which Starbucks may aim its sales at the young crowd, focusing more on the quality of its products and services to improve its profitability and achieve its long-term business vision and mission.

Through the analysis tools stated above, am required to evaluate three strategic options which are available in Starbucks, and then select one of the options evaluated that gives the best fit strategic option which can help Starbucks to strengthen its position and sustain its growth either locally or globally.

CASE IN POINT: STRARBUCKS

Starbucks is recognized as the most successful coffee chain in the past few years and has operated its business from a coffee bean seller to one of the

world's most familiar coffee houses. Throughout the years, Starbucks has expanded its business in both locally and globally. Starbucks has grown into an organization famous for its coffee houses, where customers can purchase food and beverages as well as packaged whole bean and coffee drinks. The instant coffee market in Malaysia is an attractive marketplace to go into the growing coffee culture locally, and Starbucks has a chance to launch a new instant coffee product that is uniquely placed against its competitors. This assignment is about the strategic options that Starbucks adopted to strengthen its position among competitors. In order to achieve Starbucks mission to be a global company, the

development strategy that Starbucks implemented to adapt with variety market and local need are: joint ventures, licenses and company owned operation (Starbucks Corporation, 2005).

The aim of this assignment is to analyze the competition within the instant coffee market and select a best fit strategy to successfully launch and sustain the growth of Starbucks.

COMPANY BACKGROUND

Starbucks Coffee in Malaysia is jointly owned by Berjaya Corporation and Starbucks Coffee International and granted the licenses to expand and run Starbucks retail outlets in Malaysia. Starbucks has enjoyed a healthy growth within Malaysia's coffee market since its first outlet opened in 17 December 1998 at KL Plaza, Kuala Lumpur. To date, there are 119 stores all over

Malaysia (Starbucks Malaysia Website 2010). In Berjaya Corporation's 2009 Annual Report, it was stated that there was a 14% increase in revenue from previous year due to the continued growing acceptance of the brand and products as well as new outlet openings. (<http://www.scribd.com/doc/25183636/Starbucks-Instant-Coffee-In-Malaysia-Marketing-Plan>)

NATURE OF BUSINESS

Starbucks is one of the important buyer and grinder of high-quality coffee beans. When Starbucks began its business, it only sells whole-bean coffee and others coffee products such as espresso and cappuccino in its outlets. Because of the quality of the products that they offer, Starbucks prides itself by offering limited coffee products that customers cannot come across in other coffee houses.

TYPES OF PRODUCTS AND SERVICES

Starbucks buys and bakes high-quality whole bean coffees and sells them, with fresh-brewed coffees, cold blended beverages, Italian-style espresso beverages, various quality teas, pastries, sandwiches, ice-creams, mostly through its outlets. A variety of ready-to-drink beverages are produced, and Starbucks licenses its trademark through outside channels such as licensed stores, which known as specialty operations. In addition, heated-breakfast sandwiches and lunch packages are offered through its outlets.

Furthermore, a free-high-speed access of internet via Wireless Internet Access (Wi-Fi) provided at every Starbucks outlets. Customers can bring along their laptops for internet-surfing, gathering with friends, and also doing

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their business while enjoying their favorite Starbucks coffee in a designed air-conditional and friendly environment. Berjaya Corporation also runs its first drive-thru in Setia Alam, Shah Alam. With this drive-thru service, customers would not have to hardly look for parking in the hassle parking place.

TARGET MARKET

When first Starbucks started, they targeted at college students, with a little higher than normal income levels, affording to consume a cup of coffee and spending time with friends at Starbucks outlets. With rapid growth and expansion, Starbucks' target market expanded to consist of any person at any age. The corporation also targeted at children's market by offering them juices and cocoa drinks, savvy and avid coffee drinkers, creamy blended drinks for those who don't really like coffee, and also customers who enjoy ' Starbucks experience'.

MARKET COMPETITION

Small local coffee houses were around the market before the coffee market places were taken over by Starbucks. These small coffee houses have their own regular customers who will not give their business to anyone else. They offer particular products and services or serving to the local markets needs. However Starbucks has a much better buying power than local smaller coffee houses giving them a competitive advantage.

Another competitor is Coffee Bean & Tea Leaf. Coffee Bean is well-known for its wide selection of coffees and teas, as well as its reputation for innovation.

Chai Lattes were first popularized and ice-blended coffee drinks invented. Coffee Bean had found a niches in Starbucks free-markets such as Israel, a place where Starbucks was unable to overtake because its' drinks are certified as kosher drinks.

SWOT ANALYSIS

Starbucks is one of the leading buyers and grinders of quality coffee beans. By using SWOT analysis, a tool for testing qualities i. e. Strengths, Weaknesses, Opportunities, and Threats, give an insight on what Starbucks is good at, and in what areas could use assistance.

STRENGTHS:

Starbucks is a worldwide coffee brand built upon a reputation for its products and services. It has strong brand equity over its competitors because of the quality of the products that they offered and popular experiences rendered. Besides, Starbucks pays much attention on customer satisfaction. By decreasing customers' waiting time and increasing their choices, Starbucks wishes to raise its loyalty among existing customers and attracts new customers

WEAKNESSES:

Starbucks depends on a major competitive advantage i. e. the trade of coffee. If coffee turns out to be a trend, they must diversify their business where other competitors have invested in. Reliance on beverages innovation is another weakness. Starbucks' stocks are in long-term risk when a

slowdown in market growth and this will cause a lower valuation. Starbucks' performance would be adversely affected by diminishing return from beverages innovation.

OPPORTUNITIES:

Starbucks faces several opportunities. One is the market-expansion in different market niche such as lodging its products to the youth, or sells to other companies which expand its market at lower cost than opening new outlets. Starbucks has also expanded its beverages into a Starbucks branded coffee liqueur drinks, such as liqueurs flavored with coffee. An overlap among consumers of liqueurs and consumers loyal to Starbucks brand gives the company a strong return.

THREATS:

The supply and prices of coffee are highly unstable. The factors such as weather and economic conditions may expose the quality standard of coffee and affect Starbucks' business. Worldwide coffee market is very competitive. Competitors of Starbucks consist of specialty coffee houses, restaurants, McDonalds and etc. Starbucks must be aware of competition among all levels and maintain its operational performance as it wishes to maintain its status as world's leading specialty coffee retailer.