

# Starbucks czech republic essay sample

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Starbucks Coffee Company was founded in 1971, opening its first store in Seattle's Pike Place Market. Starbucks, named after the first mate in Herman Melville's Moby Dick, is the world's leading retailer, roaster and brand of specialty coffee with millions of customer visits per week at stores in North America, Europe, Middle East, Latin America and the Pacific Rim. Starbucks offers a large selection of coffees from around the world. Its coffee buyers personally travel to the coffee growing regions of Latin America, Africa/Arabia and Asia/Pacific to select the highest-quality Arabica beans. Starbucks offers not only coffee but also teas, Ethos™ water, pastries and in some markets, a selection of sandwiches and salads. Starbucks merchandise includes exclusive espresso machines and coffee brewers, unique confections and other coffee- and tea-related items.

“ We realize our people are the cornerstone of our success, and we know that their ideas, commitment and connection to our customers are truly the essential elements in the Starbucks Experience” says Schultz. Starbucks Entertainment chooses the best music, movies and books in order to ensure the best Starbucks experience. Starbucks is not a franchise; it is either a store driven directly by the company or cooperation with other firm which is licensed to run Starbucks in a specific area. Through licensing other firms Starbucks is run in campuses, hotels, supermarkets and navy bases throughout the world. Each store partner participates in an extensive training program that facilitates strong coffee knowledge, product expertise and a commitment to customer service (About Us). Marketing Strategy

Starbucks is the leading retailer, roaster and brand of specialty coffee in the world. Starbucks is an excellent example of a company that has successfully

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implemented a differentiation focus strategy adapted to providing a high quality, focused product for the customers. One of the main reasons Starbucks is so successful is because they focus on quality and experience rather than the price. Starbucks have the same basic marketing strategy all over the world, but to a certain level it is adapted to the local needs and culture. Another key marketing strategy Starbucks chose was promoting its product through environmentally friendly campaigns. Starbucks makes clear in the mission statement that sociological forces are important through the improvement of environmental issues present in today's society. Starbucks also plans to reduce energy usage, by doing store audits to become as efficient as possible. These sociological efforts are being taught to employees globally to help make a positive contribution to the environment (Community Service). As Starbucks is a leader in the coffee industry, it does not promote the company as aggressively as other competitors. For instance, we can hardly see Starbucks advertising its products in the television, internet or radio.

Also, it does not have any ads in magazines or newspapers. Instead of typical advertising methods, it concentrates on company's image and reputation. It focuses on the attention to detail, customer experience, ethical decision-making and employee training. Consequently, Starbucks is promoted by customer's themselves-so called word-of-mouth marketing. At the beginning, Starbucks targeted young college students. After this initial target market Starbucks has since realized that they could target specific neighborhoods and social classes. With different customers you are able to find people who are willing to pay for luxury goods. With that in mind,

through Starbucks aggressive expansion techniques they have begun targeting almost every demographic. Generally, Starbucks target market is nine-to-five workers, in urbane centers and surrounding suburbs, but in general any age, and any person too. Starbucks is also aware of the fact that in order to have the best service it must have satisfied employees and it regularly takes high place in „ The 100 Best Companies To Work For“ (About Starbucks). Starbucks Internationally

When Starbucks was number one Coffee Company in the United States, there was an important decision to be done, what to do next? Starbucks decided to go internationally. In the year 1996 Starbucks created joint venture with SAZABY Inc. in order to explore in Japan. One of the most successful international markets for Starbucks is Great Britain where in the year 1998 acquisition of „ Seattle ´s Best Coffee“ was made and transferred about 60 stores into Starbucks (About Starbucks). International Marketing Strategy

Starbucks Internationally has the same marketing strategy which then adapts to the local needs. For example, the Coffee house in Squirrel Hill in the United States is located in an orthodox Jewish community; therefore Starbucks created kosher products and adjusted all other product to suit local community, even changed to music played inside the coffee house. The main international concept is the ‘ Starbucks Experience‘. It includes the best quality coffee, excellent customer service but also the creation of the interpersonal relationships. One of its keys to success is probably the respect for the local culture and traditions; but even though there are some cases

where Starbucks did adapt marketing well enough. For example in France Starbucks created too complicated and too ‘ American’ menu, too high prices and unsatisfactory service causing loses (About Starbucks). Distribution

Starbucks claims to be “ Hiding place between work and home”. We can find most stores in the city of origin – Seattle. It often happens that their stores are just on the other side of the same street. The area of the store differs, but is mainly around 1500 m<sup>2</sup>. The location of new store is chosen based on frequency of people. The new store is usually located in a place where already different coffee houses are established and try to overcome concurrence. The company never opens one shop at a time in different cities. It opens only when it is ready to quickly expand over the whole region and be number one. But as a consequence it can happen that the stores located too close to each other cannibalize themselves (About Starbucks).

#### Adaptation of Starbucks to the Czech market

In the beginning of the year 2008, Starbucks was already in 44 countries, it arrived also to the Czech Republic as to be the first Starbucks in the middle Europe. The first shop was opened on 22. January 2008 in the Grömlingovského Palace on Malostranské Square in Prague, where used to be the Malostranská Coffee House. When reconstructing the store, Starbucks tried to maintain the original architecture and structures. Since then eight new Coffee Houses in Prague were opened. Palladium

In February 2008 Starbucks opened two new stores in the shopping mall Palladium – one in the ground floor and the other upstairs. Palladium is a large; well know shopping center located near to Vaclavske Square ensuring

enough people. The store in the ground floor serves as a resting place for ‘ shoppers’ and the other one is more of a ‘ coffee to go’ place. Airport Ruzyne

This shop opened in March 2008 and it is a very strategic location in the public sector of the airport, where not only the once waiting to board on a plane, but also the once waiting for someone arriving can have a cup of coffee. Avion Shopping Park Zlicin

In May another store was established, not in the city center, but rather in the periphery; even though it is a much frequented area near the Ikea and Tesco stores. Also, in the future new developments in form of shopping centers and housings should be built here. Regarding its Environmental program it cooperates with nearby Elementary School, organizing competitions in creative writing and drawing. Old town Square

In one of the oldest house, house number 26, Starbuck was established in August 2008. Again, during reconstruction Starbucks tried to preserve original architecture and features. This store cooperates with the elementary school at Uhelny Trh. Palac Archa

The number seven opening took place close to Florenc, Masaryk Station and Archa Theater which always used to be culture and social place. Ledový palace on Václavské Square

In November the so far last store was opened at a strategic location near number of stores as well as historical monuments. Starbucks OC Chodov and Starbucks Metropole Zlicin

Those are the two most recently established Starbucks coffee stores in Prague. There were developed as the new shopping malls were build. Here we can see a clear demonstration of Starbucks marketing strategy in praxis. Choose a region; expand quickly all over the region in strategic highly frequented locations. All the above described locations are in frequented tourist spots which ensure success. Also tourists tend to go to ‘ already known’ places when they are abroad. Moreover due to its advertising strategy by its own stores, those places are highly and frequently visible (Our Stores). Adaptation of the Marketing Strategy

To the Czech market Starbucks came in cooperation with AmRest. AmRest runs more than 400 restaurants in middle Europe such as KFC, Pizza Hut and Burger King. The benefit of cooperation with AmRest is that it knows the Czech market well with its local needs and opportunities, since it has been operating there for quite a while. Also AmRest and Starbucks have similar values (Pekáriková). In order to support the local culture in the Czech Republic, not only Starbucks tries to preserve the original architecture when renewing the historical buildings for coffeehouses, but also single coffee houses cooperate mainly with elementary schools in order to support literature. The main project is the cooperation with the elementary school on Uhelny Trh where Starbucks remade the library and organize literature competitions. Also Starbucks prepare and provide English lectures in school. For public the authorial readings and introductions of new books are held. Starbucks also tries to help the disadvantaged people and provides for them seminars about coffee ( Pekáriková).

Even though Starbucks have the same international strategy, it is so successful because it adapts to local culture and respects the local needs. Because the Czech customers are used to be quite anonymous and do not feel comfortable telling their name to the barista; it is only up to the customer if he/she decides to tell the name. Another little adaptation to the Czech market is giving customers spoons instead of wooden sticks for stirring the coffee. Also, as already mentioned, Starbucks does not do typical advertising. In Czech it mostly advertises through local newspaper and magazines and also through community programs. To mention the product placement, in the United States movies it is a norm that they take place in Starbucks or that the actor walks around with Starbucks branded coffee cup. The Czech Republic does not have such large movie production, but it is a definitely a strategy to consider. We can conclude that the procedure Starbucks took in the Czech Republic in order to adopt the marketing strategy is not different from how it is applied in other countries.

### Competition in the Czech Republic

Coffee culture has a long tradition in the Czech Republic and therefore there is a wide range of different local coffee houses as well as large international chains. Coffee Heaven

Coffeeheaven is a Central European business based in Warsaw, Poland that has raised its capital in both London (AIM) and Warsaw operates specialty branded coffee/sandwich bars only in Central Europe under the Coffeeheaven brand name. There are Coffeeheaven stores in Poland, the Czech Republic, Slovakia, Latvia, Bulgaria and Hungary. Coffeeheaven was formed in 1999 in Poland. The first store was opened in Gdynia in the



following year. Coffeeheaven came to Czech Republic in the year 2006 and now has 19 locations here. The Czech market is the second most important for Coffeeheaven. It is very similar to Starbucks with its product range, they differ slightly in pricing and some products (COFFEEHEAVEN). Coffee and Co.

They opened in the Czech Republic in the year 2004 and also have 19 stores.

### Costa Coffee

Costa Coffee is a coffee house company that was established in 1971 by brothers Sergio and Bruno Costa from Italy. Costa Coffee has its branches worldwide like in Bahrain, Bulgaria, China, Croatia, Cyprus, Czech Republic, Egypt, Germany, Greece, Hungary, India, Ireland, Kuwait, Lebanon, Jordan, Oman, Poland, Qatar, Pakistan, Montenegro, Romania, Russia, Serbia, Spain, Syria, Saudi Arabia, Turkey and United Arab Emirates. Costa is the only UK coffee chain to control the whole coffee making process from start to finish; no one else is involved. The Costa coffee shops claims to be different from the others. Firstly, due it is the warm and welcoming atmosphere and then the large choice of various coffee drinks. And finally, there are the most passionate and well trained baristas, which makes the unique combination. But the overall concept is very similar to Starbucks (Costa Coffee).

### Café Emporio

Another large international chain which has 13 stores in Prague is Café Emporio. It is mostly known for its interesting design of stores and not so much focused on the coffee. McDonald and KFC

In the Czech Republic coffee market we think fast food chains are also a large competition the Starbucks. They have similar American concept, they

are fast and provide coffee to go for lower prices. Recently created McCafe in Czech is a serious competition. Local Coffee Shops

There are also numerous local coffee stores which can be considered as concurrence to Starbucks. They usually do not have so large coffee range but they might have lower prices. It is also important to mention that Czech population is the only country where most people drink the coffee so called “turek”. It is prepared just as grinded coffee with hot water. It is just what people can get in local coffee shops for low prices. But experts claim that the Czech population is getting used to better coffee and that Starbucks came to the Czech market just in time in order to fulfil those needs.

#### Expansion in the Czech Market

##### Smaller cities

Generally, international coffee chains are cautious to open new stores in smaller towns even if in these areas there are enough cafeterias on sale. The problem is that smaller towns do not have necessary customer base.

Companies save cash in the case of crisis and they prefer secure investments, according Tomas Vancata, manager of Coffee & Co. Czech Republic.

On the other hand, smaller cities such as Brno, Pilsner or Ostrava can be lucrative for Starbucks. Local people are getting use to buy coffee to go, in paper cups. Coffee & Co has already opened several stores in shopping and city centers in smaller cities and has taught them to drink quality coffee and pay adequate sum of money. Thus, Starbucks expansion to those localities would be easier and it has chance to take over customers of its competitor.

Potential Starbucks customers in smaller Czech cities could be students. Starbucks should open cafes nearby university campuses and busy street. Many students and young people have been in the U. S. or Western cities where they have visited one of the Starbucks store. They find it “cool” to meet inside the store with their friends or just to go there with their laptop and browse on the internet. Nevertheless, Starbucks coffee is one of the most expensive so some students could not afford it. We suggest that Starbucks could offer certain student sales for those who have for example Isic Card.

Other potential customers could be business people. They are looking for quality coffee and they are willing to pay for it. Thus, Starbucks should open new stores in office buildings which are not only in Prague but also growing in other cities.

#### Distribution Ideas

##### Drives-in

Drive-through windows would attract drivers who are looking for quick quality coffee and snack. Starbucks could consider partnerships with gas stations and their coffee could be sold even inside the gas stations. In our opinion, there is a gap in the market in terms of quality of refreshment. Generally, gas stations sell cheap coffee in poor quality paper cups so if you take away coffee you usually spill it rather than enjoy it. Also, Starbuck could consider selling ice-coffee in the cans as it does in the U. S. through the North American Coffee Partnership, a joint venture with Pepsi-Cola Company.

The cans with ice coffee could be sold also in vending machines at school or in office buildings. That could be done also in cooperation with Pepsi.

### Partnerships

Czech Rail- inspired by Netherlands where Starbucks is opening shops inside train stations — starting at Amsterdam Central Station. The food service in the Czech train stations is very low quality. Thus, Starbucks would be first who enter the market and take over the small fast foods, which are mostly in terrible conditions.

Czech Airlines- Starbucks customers want the chance to experience great quality coffee whilst travelling. Not only Czech passengers are travelling with Czech Airlines but also a large number of international passengers.

Starbucks coffee is already sold on EasyJet flights and passengers are being content with that news offer.

### Loyalty Program

#### Starbucks Rewards Program

Starbucks offers loyalty program that gives customers (in the U. S. and Canada) free coffee refills as well as free add-ons such as soy milk or flavored syrups. It is available to users of Starbucks who register online on [mystarbucks.com](http://mystarbucks.com). They obtain the plastic card and for every purchase they get a star. They can check the number of stars obtained on the website.

It this way, the loyalty program for American customers is more sophisticated than the Czech program. In the Czech Republic, the program works as follows: a customer gets a paper card and collects stamps. When

having four stamps he or she gets a free drink. This way is simpler but a customer does not have any reason to check Starbucks' website and for example to share opinions and ideas. Also, there is an online store available for American customers. They can purchase coffee, tea, brewing equipment and syrups. In other words, customers can enjoy the Starbucks unique atmosphere at home.

Czech website is much simpler. It provides information about the company, new offers and store locations. We suggest it should be more interactive. It should ask for people opinions and suggestions. Also, the loyalty program needs to be improved. Customers should be able to see online the number of points they have got and also ones with large number of points should have more benefits such as in the U. S.

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