

# Value chain analysis for starbucks in australia



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Value chain analysis of Starbucks Australia The value chain analysis of Starbucks in Australia can also put light on the failure of the chain in the country. The value chain can be described in the diagram as follows:

Source: The Value chain, n. d.

The value chain of the company in Australia can be described as follows:

Inbound logistics: The coffee production in the world takes place in the countries of Brazil, Columbia, Ivory Coast and Indonesia. The store exports the coffee from these countries. In the Starbucks, the quality of the coffee is exemplary and they procure the best quality beans from the various parts of the world. The coffee production in the countries took place both in the smaller firms and in the large areas. As the company was part of the fair trade practices in coffee, the chain was entitled to a long lasting relationship with the farmers. The chain had to purchase a substantial amount of the beans from the small producers and offer them financial help. The practice had helped the Starbucks to maintain quality over the years. However, it increased the dependency on the farmers and the variations in the productions affected the company. This made the price of the coffee in the Starbucks higher and the business was rendered unprofitable. In the case of Australia this was one of the factors for the closure of various shops.

(Starbucks Coffee Company, n. d.)

Operations: In the case of the Starbucks in Australia, the company operated as in the case of the other countries. There were no modifications of the products and no efforts were made to make the products suit the needs of the people in Australia. The ambience of the stores were similar to that of the other parts of the world which did not provide additional value to the

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customers in Australia. The main factor for the success of Starbucks in the other parts was the essence on “ coffee culture”. However, in Australia, the “ coffee culture” was already in place and the company could not provide extra facilities to the people. (Why Starbucks failed in Australia, 13th August, 2008)

Outbound logistics: The Starbucks operates through the chain of stores in the other parts of the world. In the case of Australia, the company opened over 80 stores that were placed in the urbanized areas. The expansion never took off in a big country like that of Australia and the company had presence only in some of the pockets. (Starbucks goes cold in Australia, 29th July, 2008).

Marketing and Sales: Starbucks is a well known brand all over the globe. However, surprisingly, the company has never resorted to the aggressive marketing policies. In the case of Australia, the company never marketed the brand aggressively and there were campaigns like the “ red cups on cars” where starbucks cups were placed on top of cars and taxis. The company depended on the “ word of mouth” publicity because of the quality of the product. However, in the case of Australia, the mentality of the people is different and they did not go to the Starbucks as they had other options galore. The other companies aggressively marketed the products and the “ word of mouth” never happened. (Withycombe, 10th March)

Service: In the field of service, the company had uniformity all over the world. In Australia, the service did not change and the taste of the products was the same as in the case of the other parts of the world. The company failed to understand the customers in the country.

The Starbucks failed as a unit in Australia. Major problems were noted in <https://assignbuster.com/value-chain-analysis-for-starbucks-in-australia/>

every part of the value chain of the company.

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