

An evaluation of starbucks



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Starbucks core business is to brew the best coffee, handcrafted beverages, food, consumer products and maintaining a great relationship with the customer.

Provide services which are beyond customer expectations such as personalizing customer request according to their preferences.

How does Starbucks provide service differentiation??

Starbucks provide a great work environment and treated each other with respect.

Putting arms around people and showing the different from each other in the way they do their business.

Supply the highest standards of excellence in purchasing, roasting and fresh delivery of their coffee.

Evaluate Starbucks atmosphere/physical surroundings.

Starbucks Atmosphere

Comfortable Atmosphere

Cosy and Intimate

Providing people with their own personal space to use

Peaceful and quiet place away from home or office.

Chatting with friends and family with the long sofa which feels like their own home.

Jazzy and relaxing music

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Physical Surroundings

Sofas, armchairs, coffee tables and chairs, bars and stools, meeting room's tables could be found in most outlets where it could cater big and small groups of people.

Comfortable armchair get people to relax and linger around and escape into a book, magazine or newspaper.

Unique light fixtures

Wireless connection in all Starbucks outlets.

What are the strengths and weaknesses of this atmosphere? What can be done to improve the atmosphere at Starbucks?

Strengths of this Atmosphere

Weaknesses of this atmosphere

Nice place for chit chat session with friends and family. Therefore, they might come in one big group.

People will think of Starbucks when they need their own personal space.

Homely feeling which could not be found in other café.

People will tend to purchase one cup of beverage and spent their day sitting in Starbucks. (Low Turnover)

If the stores gets too crowded it would defeat the Starbucks concept cosy and intimate and end up disappointing customer.

Starbucks could improve their stores by putting more outdoor shelters as currently most of their stores have outdoor sittings but without any shelters during days when it's sunny and rainy.

Having different kind of music with separate concept within the stores would cater to different group of people such as youngster, adult, businessman and etc.

Part B (5 points): Determine what gaps in the 5 Gap Model of Service Quality (Appendix A in your textbook) that Starbucks is currently facing. Next, provide suggestions for improvement for each gap that you believe Starbucks is currently facing.

Currently, Starbucks is facing a Gap 4 Service delivery versus external communications & Gap 5 expected service versus perceived service quality.

Starbucks which started in the year of 1971 have a history of 41 years till date. In total, Starbucks have a total of 17, 651 stores (as of July 2012) where management would play a very big part.

Gap 4 which inclusive of don't overpromising guest, maintaining standards even when the stores is located in deserted area where there's hardly any customer could be seen around.

Such situation would put Starbucks in great threat as they need to maintain their quality of food and drinks even when they are facing crisis. Such situation would cause Starbucks to have more wastage and wasting of manpower which would increase the operational cost as the store require employee to serve and machinery could not be switch off.

Gap 5 which inclusive different expected quality and perceived quality Starbucks with various outlets would require great management team to lead the store so as not to compromise the quality.

Customers who walk into Starbucks know what they are expecting from the company such as quality coffee, beverages and cake. If guest receive less than he expected, the guest is dissatisfied as such reputation of the company would be affected.

Suggestion to Starbucks

Gap 4 improvement suggestions to Starbucks would require them to analyze the location and human crowd before they set up stores. If they have high turnover stores would require topping up of fresh goods as such quality would be well maintain and there won't be high wastages.

Gap 5 would require Starbucks to have great management in their system where employees could follow their standard operation procedure so as not to compromise their quality of service.

After reading the article I am made known that Starbucks conduct training for employees, manager and they are require to clock certain hours of training in order to officially start working for Starbucks.

Starbucks have step up their benefits such as spending \$1000 per employee on training, providing health and dental benefits and a free pound of coffee every week. Such benefits would not be sufficient as employees would rather have more rest day so that they could spend quality time with their family members. I would also suggest to Starbucks to look out for potential

employees who could bring out Starbucks brand well and providing them with opportunities to franchise Starbucks as such Starbucks brand would be well market as they could open up more branches all over the world.

Part C (16 points): Developing Marketing Strategies for Starbucks

Conduct a SWOT analysis of Starbucks. This should include 2 items for each component of the SWOT (2 strengths, 2 weaknesses, 2 opportunities and 2 threats).

SWOT Analysis

2 Strengths

Well established logo, brand, copyrights, trademarks, websites and patents

Starbucks branding have be made well known all over the world and they have protected their product well by giving it copyrights, trademarks and patents.

Customer Base Loyalty (Starbucks Card)

Providing regular customer with Starbucks card would reward them with complimentary or discount drinks whenever they have accumulated a certain amount. Doing so would maintain loyal customer.

2 Weaknesses

Expensive food and beverage pricing

Profit and revenue focus

2 Opportunities

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Great buying power

Rapid growing brand

2 Threats

Competition (Coffeeshop which sells coffee at cheaper price, supermarkets, other companies such as coffee bean, Mc Café, Pacific Coffee and etc)

Rising cost for coffee & dairy product

What strategic initiatives could Starbucks undertake for each element of the Product Expansion Grid (see Slide 12, Chapter 3 notes). Please list 2 initiatives for each element in the grid (2 for product development, 2 for market development, etc).

Product Development

Starbucks could start coming out with set meals so that customer could spend more time enjoying their day in Starbucks. Perhaps they should expand their business making it a western cuisine café and restaurant.

Modify the product cost without compromising the quality so as to make it affordable to various customers instead of the usual price which stopped customer from thinking if they should purchase Starbucks or other competition which cost less.

Market Development

Promote brand with community by being responsible to the environment.

It not only uses plastic cups they uses green technology which saves electricity and cutting down on water usage.

Use the help of social media such as Facebook, iPhone Apps and other source of media which helps them to promote their brand and updating customer with the current promotion. Put people before product by customizing their products according to their specifications.

Diversification

Setting up event and getting themselves involve in community service so as to build up better reputation to public.

Get connected with various hotels and airlines so that they could advertise and provide service to the hotels and air planes on board.

Market Penetration

Creating a Starbucks experience that makes people crave for their coffee. Quality should never be compromise so that customer would not be disappointed.

Building imagine separate from the small coffee chains. Customer would have an idea that they are purchasing premium coffee instead of the usual coffee which could be found easily.