

Starbucks 17837

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Starbucks Coffee Co.

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Starbucks Coffee Co. changed the concept consumers had about drinking coffee. With more than 1000 outlets across the USA (1997 numbers) and the intention of doubling that over the next 3 years and considering international expansion, the company has transformed a simple beverage into a lifestyle accessory with as much elegance as the latest fashion. The Seattle based chain's success over the past 25 years has a lot to do with the quality of the product, which has attracted a loyal and growing following among consumers.

The retail strategy has been to put a coffee shop on every corner and to make fresh-brewed coffee by selling only the highest-quality products and charging a premium price. However, the product mix has changed significantly over the years, with beans accounting for about 15% of the chain's sales. Meanwhile, Starbucks is expanding its offerings, with a line of ice cream for supermarkets and a joint venture with Pepsi Cola to market Frappuccino.

At the same time, the company continues to develop sales in alternative outlets, including foodservice and non-traditional retail sites as United Airlines, Holland America cruise line, Seattle Kingdome, an Alliance with Barnes & Noble bookstores, among others.

As mentioned above, to keep the growing pace, the company is considering expanding to international markets, especially Japan and APAC countries.

That's the main objective of this analysis: The strategy to enter into International Markets

GENERAL ANALYSIS - The US coffee market is being considered saturated, with bigger chains facing threatening competition among themselves and also from smaller coffee bars. Also the increase of coffee costs led to lower margins, intensifying competition in what has become a crowded market. Recognizing this, Starbucks has turned its attention to foreign markets for continued growth, especially the Asia-Pacific Region. It was also taken into consideration the potential of the Emerging markets, mainly Japan, as per their consumer income increasing and economy growing and another point is that the people in this country are open for western lifestyle, besides of differences in their culture.

INDUSTRY ANALYSIS - The gourmet coffee industry has exploded, with a grow rate of 30% per year for the past 3 years, as coffee bars, shops and houses have turned coffee into a trend. According to figures, there were 463 coffee outlets in the country in 1991, but by the middle of 1996, there were 5, 425, which means an increase of 1, 000%.

Bibliography

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