

# Current situation starbucks essay sample

[Business](#), [Marketing](#)



“ To inspire and nurture the human spirit— one person, one cup, and one neighborhood at a time”“ The primary mission of Starbucks is to establish itself as the leading supplier of the finest coffee in the world along with keeping its principle and promises. This success would not have been possible without a set of principles and goals that the company aimed to achieve. Main six principles of Starbucks are : 1- Providing a great work environment and build an atmosphere of respect and dignity. 2- Embracing diversity as an important component in the way we do business. 3- Apply the highest standards of excellence to the purchasing. 4- Roasting and fresh delivery of our coffee. 5- Develop enthusiastically satisfied customers all of the time. 6- Contribute positively to our communities and our environment, and recognize that profitability is essential to our future success.

Employees are guided based on these principles for all employees from managers to workers in order to achieve the company's goals, while maintaining a certain type of standard. Employees get guidelines as well as a focus from the mission statement to make strategic decisions. Mission statement supports customers alongwith employees taking the concern that customers should be satisfied all of the time. Vision statement sets the goals for the company and the mission statement alligns wih the vision statement to achieve these goals. According to the mission statement the company will work hard in the purchasing, roasting and fresh delivery of its coffee and highest standards of excellence will be applied to achieve this. This statement supports the idea that Starbucks uses the best available resources to give it a recognized and respected name. 2- Objectives & Strategies: Objectives of Starbucks are as: Their Coffee

It has always been, and will always be, about quality. They are passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of people who grow them. They care deeply about all of this; their work is never done. Their Partners

They are called partners, because it's not just a job, it's their passion.

Together, they embrace diversity to create a place where each of them and can be themselves. Respect and dignity is awarded to everybody. And hold each other to that standard. Their Customers

When they are fully engaged, STARBUCKS connect with, laugh with, and uplift the lives of customers— even if just for a few moments. Sure, it starts with the promise of a perfectly made beverage, but their work goes far beyond that. It's really about human connection. Their Stores

When their customers feel this sense of belonging, their stores become a haven, a break from the worries outside, a place where one can meet with friends. It's about enjoyment at the speed of life—sometimes slow and savored, sometimes faster. Always full of humanity. Their Neighborhood

Every store is part of a community, and they take the responsibility to be good neighbors seriously. They want to be invited in wherever we do business. They can be a force for positive action— bringing together our partners, customers, and the community to contribute every day. They see that their responsibility—and potential for good—is even larger. The world is looking to Starbucks to set the new standard, yet again. Their Shareholders

From all what mentioned above that Starbucks is aiming to success through quality of product, diversify in business and place, to satisfy customers and shareholders, through pleasant and nice existence nearly to everyone. 3. 1

### Michael Porter's five forces

Michael Porter defines five forces impacting a firm's competitiveness—threat of substitutes, threat of new entrants in the industry, bargaining power of suppliers, bargaining power of customers, and the intensity of competition within the industry. A firm's strategic decisions to respond to these five forces are a source of risk also. The company is facing a real threat of substitution from many other companies that producing the same product that is satisfying the same need. This is in its domestic market and even in the international market specially Europe and Middle East. Also

Starbucks is facing a real problem of rival competition due to its uncompetitive price all over the world and even in its domestic market. Also the taste of Coffee had been judged by customers as an artificial taste especially in Japan. Suppliers bargaining power is really represent a threat for Starbucks. That they decided to deal with a 51% women or minority owned suppliers. Also they are not dealing with suppliers who don't follow the same environmental ethics that are for Starbucks. This may lead them to lose a good opportunity or deal with a supplier that they will not deal with him. Also dealing with small suppliers instead of dealing with limited number of big power full suppliers is not giving them real good deals for facilities and prices. Read more:

## Objectives and Issues

According to Starbucks' annual report 2011 their objective is "to maintain Starbucks standing as one of the most recognized and respected brands in the world." They plan to achieve the respect and to be recognized through the use of ethical sourcing and environment stewardship. If the company uses ethical sourcing the consumer would be more appealed to purchase from Starbucks because they know that it is reliable and the people are fairly paid for the coffee beans. This also applies to the company being environmentally aware because it is a very important issue that impacts the world and once again is another factor that allows the consumer to appeal to the products from Starbucks more. Their tactic is to promote and advertise their use of ethically sourced products to their customers and environmentally print on their products (cups, tissues, cup sleeves, bag) that they are environmentally friendly this serving as a constant reminder that they are environmentally aware.

Starbucks' retail objective is "to be the leading retailer and brand of coffee in each of our target markets by selling the finest quality coffee and related products, and by providing each customer a unique Starbucks Experience." Their strategy is to "expand [the] global retail business to increase [the] market share in a disciplined manner, by selectively opening additional stores in new and existing markets, as well as increasing sales in existing stores, to support [the] long-term strategic objective" as well as having "superior customer service as well as clean and well-maintained company-operated stores that reflect the personalities of the communities in which they operate, thereby building a high degree of customer loyalty." Their

tactics would be to create new and innovating products to create a loyal customer supporting the strategy. Analysis of the current situation

Threats and opportunities

Opportunities (external situations independent of the firm—not strategic options) Opportunity 1: Emerging international markets.

Opportunity 2: Technological advancements.

How are these opportunities related to serving customers' needs? These opportunities are related to serving customer needs because Starbucks will be able to satisfy the desire for their coffee -along with the experience- in other countries. Emerging international markets allow Starbucks to expand while our country is experiencing and economic recession. Furthermore, technological advancements allow Starbucks to increase quality and decrease waiting time. Technology is continuously improving, making things quicker, faster and better. It most certainly will make its way towards the coffee business. What is the time horizon of each opportunity?

Starbucks has already begun flourishing in these emerging international markets, beginning in China. Specifically, they have opened 420 stores and consider it a great opportunity because of the large number of people in this area. Furthermore, the company has considered buying high-end brewing machines that will allow baristas to act more easily with customers, providing an even better experience.

Marketing strategy

Action program

Budgets

Controls

Starbucks Marketing Plan

Current Situation

“ Starbucks is the premier roaster, marketer and retailer of specialty coffee in the world, operating in more than 50 countries,” (Starbucks Corporation). Starbucks currently holds approximately 33% of the U. S. coffee market share (O’Farrell), with net revenues in 2011 of \$11. 7 billion (Starbucks Corporation). In addition to the U. S. market share, Starbucks ended 2011 with over 17, 000 stores in 55 countries globally, with another 800 planned for 2012 (Starbucks Corporation). Starbucks has also focused on expanding its portfolio of products, all to expand market share. Competitor and Issues

Analysis

Starbucks continues to face growing competition in the coffee market, both in the U. S. and globally. Competitors such as McDonald’s have recently introduced “ gourmet,” coffee shop style offerings to their product mix. Some competitors have effectively targeted customers looking for “ lower-priced” and “ on -the-go” options, made available by drive thru services. One element favoring Starbucks over competitors is its ability to be “ flexible when it comes to its store size and layout” (Misonzhnik). This allows Starbucks to alter each individual store based on location, and to expand in to alternate territories such as grocery stores, rest stops, and so on.

Marketing Objectives

Moving forward, Starbucks is going to attempt to tell the company's story through various marketing campaigns through various outlets including advertising, in store campaigns, social media, etc. Marketing Strategy (4 P's)

**Product:** While coffee remains the core product and focus of Starbucks, the introduction of various new products has expanded the Starbucks product portfolio. For example, the acquisition of Tazo Tea has allowed Starbucks to provide new offerings such as tea-only stores (Blossing). Also, as part of the marketing campaign, Starbucks is making a push for its store employees to provide customer with exceptional customer service. For example, part of the campaign is highlighting Starbucks willingness to remake a drink for a customer if it is not satisfactory. This will ensure that Starbucks is always putting the best product forward.

**Pricing:** Starbucks has always offered a range of products that vary in price. With the economy slowing starting to gain momentum, Starbucks' main objective must be to keep prices on par with competitors. In addition, a market opportunity presented itself during the recession – at home coffee drinkers. In order to capitalize on this market segment, Starbucks must price there at home coffee selections closely to competitors such as Dunkin' Donuts, while also balancing economic factors such as distribution costs, fair-market costs, and more. **Promotion:** Starbucks will continue to adopt new promotional outlets in order to reach consumers. An active participation on Web 2.0 platforms, television advertisements, and email marketing will all be utilized to promote products and initiatives. Initiating contests for customers to participate in will be a main focus.



These can range from coffee bag design contests, to social media contests integrating platforms such as Instagram and Twitter. One more promotional opportunity that will be utilized is participation in “ Daily Deal” sites such as Groupon and LivingSocial, in order to associate the Starbucks brand with affordable deals. Placement: The traditional methods of distribution will continue to operate the placement of Starbucks products to its’ consumers. One area which shall be investigated further is how to better penetrate alternate retail outlets such as grocery stores, in order to attract the market of at home coffee drinkers. Also, other potential sites for warehouses shall be scouted and considered in order to anticipate for potential growth. Action Programs

-Initiate television ad campaign for new product launches -Initiate coffee bag design contest

-Organize free in store tastings for new products -Develop “ Daily Deal” site offering that will require email list registration Budget

In order to compete with the large marketing budgets of competitors, Starbucks will increase its marketing budget from \$94. 4 million (Morrison) to \$150 million. If this increase yields significant results, then more funding could be proposed in future years. Measurements

To measure the success of various campaigns, Starbucks will engage in metrics analysis tools to monitor lead generation, customer engagement, and sales curated. For online campaigns, Starbucks will implement the use of highly rated, industry-standard metrics monitoring software as well as a Customer Relationship Management database to effectively manage all

Starbucks customers and leads. To track the ROI of in-store and offline marketing efforts, Starbucks will monitor and analyze sales results during specific campaign time frames. For example, during the free in store tasting days, Starbucks will monitor and analyze store traffic and sales trends, including referencing criteria such as geography in results.