

# Starbucks case study assignment

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



**ASSIGN  
BUSTER**

MARKETING MANAGEMENT MID TERM EXAM STARBUCKS CASE STUDY PROF.

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MARKETING MANAGEMENT | 10/21/2010 2 EXECUTIVE SUMMARY In the past

few decades, Starbucks Corporation has been the most successful coffee

chain through its rapid expansion strategies of pushing out much of its

competitors. Starbucks has been able to successfully create a meeting place

where customers would socialize, read, enjoy music, spend time in leisure

(between home and work) or browse the internet while enjoying premium

coffee in a relaxing atmosphere. Founded in 1971 by three businessmen who

were passionate about coffee and tea, Starbucks was created to produce

premium coffee.

During the first few years the company sold fresh roasted gourmet coffee beans and accessories for brewing coffee and roasting. This later transcended to the incorporation of coffee bars in the retail stores and further opening of multiple coffee shops. Through this paper, I will analyze Starbucks' personas in the United States, their expectations, and why they visit Starbucks. I will further analyze the competitive advantage and future prospects of Starbucks. MARKETING MANAGEMENT | 10/21/2010 Describe in detail three personas visiting Starbucks in the US. Why do they go to Starbucks? What are their expectations? 30 points) In general, Starbucks targets high income earners since it offers premium coffee in a luxurious setting and hence premium prices. These high income earners are a group of young college/university educated customers that tend towards higher luxury consumption levels. Another group is the truck drivers who will patronize Starbucks due to the ease of accessibility on the highways. Last but not least we shall expound on social groups like housewives who will tend to patronize Starbucks to meet colleagues and enjoy a chat while experiencing the pleasure of comfort and premium coffee.

Young college/university educated group They can be referred to as young urban professionals, who have just landed their first jobs and are eager to rise through the ranks in their careers. They have disposable income since they have minimal commitments. They usually work late or party too late that their wake up call in the morning is a stop at the nearest coffee shop for a dose of coffee. They will have business meeting with prospective client in areas where they can be comfortable with minimal hassle of booking

meeting places. They are always doing research on work and some on further studies.

All the above scenarios are accommodated at Starbucks since they offer coffee to go, comfortable meeting places, internet hot spots and are at near every corner of major business streets in the United States. Truck drivers  
MARKETING MANAGEMENT | 10/21/2010 These are customers who are always on the move. They need coffee to keep them awake as well as have a refreshing stop over to relax and tend to the exhaustion of being on the road. Technology has reached them and hence they also can get better connection of the internet at the stops so as to communicate with loved ones or report on their progress.

They need to get coffee with ease and hence the location of Starbucks on nearly all major highway stops is an added advantage to capture this target market. 3 4 Housewives They can also be referred to as stay-at-home mums, who will drop their children to school in the morning and have some time to enjoy the morning newspaper, read books, meet with friends and enjoy premium coffee at Starbucks. They need a place that is away from home but comfortable enough for them to catch up with friends. They will attend book signings and will want a place they can surf the internet for free, listen to music in a relaxed place after an hour's shopping.

Starbucks comes ideal for them since it is located in nearly all major shopping malls, offers ample space to stroll in with your shopping bags and enjoy premium coffee while connecting to the net and witnessing book signings that you might be interested in. MARKETING MANAGEMENT | 10/21/2010 2)

Represent the personas, as well as the direct and indirect competitors on a positioning map. What could make personas switch to competitors? (50 points) Starbucks positioning map MARKETING MANAGEMENT | 10/21/2010 + Relaxed and comfortable environment – – Product quality + 5 6 What could make personas switch to competitors?

Due to the current economic recession, the major issue that may cause Starbucks personas to switch to competitors is the price. Starbucks is lucky to have core competencies that refers to areas of special technical and production expertise in the production of premium coffee (Kotler and Keller, 2009). This competitive advantage will not be long lived if Starbucks succumbs to the pressure of Global Exchange to buy Fair trade coffee. This will lead to personas switching to competitors like Peets, Caribou and McDonalds coffee which are relatively low priced despite the unique atmosphere Starbucks provides.

Starbucks not having an elaborate menu poses a threat to personas like the young professionals and truck drivers who would not only want to have coffee and pastries but a simple meal to go by. This may cause such personas to switch to competitors since they would want to be in an all inclusive place due to their busy schedules. Another issue that may pose a threat to personas switching to competitors is the lack of variety coffee flavors offered by Starbucks. Peets coffee for instance offers a variety of different flavors to choose from and this may cause Starbucks to lose out on customers who want diversity.

MARKETING MANAGEMENT | 10/21/2010 3) From a strategic perspective, why did Starbucks go to China? What are the differences between US and Chinese Starbucks personas? How did the firm adapt its offering? (30 points)

Why did Starbucks go to China? Strategically, Starbucks needs to decentralize and venture into markets out of the United States where it has three quarters of its cafes. This stronghold cannot be sustained for a long time because its concept of offering premium coffee in a relaxing environment has been successfully copied by other companies such as Caribou coffee.

For Starbucks to continue its sustainability, the need to explore other markets was paramount. China being one of the fastest growing economies, disposable income will be readily available for them to be able to indulge on luxury goods. This is the very product that Starbucks offers and hence will enable them to penetrate the Chinese market easily. What are the differences between US and Chinese Starbucks personas? United States and Chinese Starbucks personas have very little differences in what they want in a product. The table below will illustrate the differences that they have.

United State personas	Higher living standards	Have a diversity of cultures that will support change easily
Chinese personas	Moderate living standards	Have strong oriental cultures that are difficult to change
	They consist of young professionals, internet junkies/gamers and students	They consist of young professionals, housewives and truck drivers

This clearly shows that United States and Chinese Personas have more similarities than differences which attributes to the success that Starbucks is experiencing in China. China having a huge

population of approximately 1.4 billion people, this will be one of the largest markets that Starbucks can infiltrate outside the United States. This high population is the cause of large corporations wanting a piece of the cake in China (Kotler and Keller, 2009). 7 8 How did the firm adapt its offering? The Chinese have strong cultures that they are ready to uphold at all costs thus making marketers to adapt to what suits the Chinese population. Nike for instance made a commercial that was banned for “insulting national pride” since it featured LeBron James an NBA star fighting a Kung-Fu character (Kotler and Keller, 2009).

This was interpreted as LeBron trying to defeat the Chinese culture. This clearly shows that in order to gain access to the Chinese market, marketers must adapt their offering to suit the target customers. The firm adapted its offering by proper marketing research. Marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company (Kotler and Keller, 2009). This was well executed by Starbucks since it had an experience in Japan where they had to change the recipes to suit the Japanese palate.

This adaptation and the location of Starbucks cafes in most of China's major malls made them blend into the Chinese market well. Further to this, Starbucks has a rich organization culture of relying on its employees to share customer insights with managers and takes product development teams on inspirational field trips to view customer behavior, local cultures and fashion trends (Robbins and Judge, 2009). With a strong culture like this, Starbucks

has been able to adapt to the needs of the chinese people and hence get a piece of the chinese market. MARKETING MANAGEMENT | 10/21/2010

Conclusion Starbucks has appealed to a wide target market where by every product it introduces becomes an instant success in the market. The introduction of Starbucks card, fusion of drinks, deals with mobile companies for internet hot spots and the product mix of selling music CDs has made Starbucks to thrive well in these demanding times. These are some of the attributes that will sustain Starbucks for a foreseeable future. Bibliography:

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www. peets. com www. mcdonalds. com MARKETING MANAGEMENT |

10/21/2010 9 10 CERTIFICATION OF AUTHORSHIP I certify that I am the author of this paper and that any assistance I received in its preparation is fully acknowledged and fully disclosed in this assignment/paper/examination. I have also cited any sources (footnotes or endnotes) from which I used data, ideas, theories, or words, whether quoted directly or paraphrased.

I further acknowledge that this written work has been prepared by myself specifically for this course. Signed and dated, DECLARATION OF ORIGINALITY OF WORK I affirm that the attached work is entirely my own, except where the words or ideas of other writers are specifically acknowledged according to accepted citation conventions. This assignment has not been submitted for any other course at Robert Kennedy College or any other institution. I



have revised, edited and proof-read this paper. Signed and dated  
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