

# Marketing analysis and strategy recommendation assignment

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Customers can enjoy their Struck in select supermarkets, hotels and military bases throughout foddering venues around the world. During fiscal 2006, specialty revenues accounted for 15% of total net revenues. Struck Annual Report 2006) Struck also recently has strategically sold coffee and tea products through other channels such as supermarkets, or non-traditional retail channels such as United Airlines, Marriott International, Holland-American Cruise Line, and Department Stores. MARKET ANALYSIS To achieving growth and making profits, Struck started to go international since 1996.

International connections can build a strong foreign presence which helps to increase brand recognition and also increase the domestic business. The more stores Struck has around the world, the more loyalty and familiarity can be built among TTS existing and potential customers. The following are the macro environmental variables which are likely to impact Struck when going international:- GEOGRAPHICAL FACTORS Struck has carefully analyzed various strategies for the placement of its stores. They have developed cost-saving options for these stores to meet the need to adapt to each geographic region.

They also need to consider the tastes and preferences of each area. For example, customers in New Orleans prefer their bagels toasted and those in Atlanta require more seating for a “ social” coffee break. DEMOGRAPHICAL FACTORS Struck begin in US, which is the sector we are examining for demographics. As of July 2005, the population of the U. S. Was estimated at 295, 734, 134 (CIA World Fastback). Population facts are important to Struck

because they can give Struck valuable statistics, such as US population base per Struck store.

People ages 15-64 make up the largest percentage of the population (67%), and therefore will have greater control of the market than any other sector (CIA World Factbook). This implies that the most important target market for Struck are people within this age group. The two largest ethnic groups in the U. S. are white 81.7%, black 12.9% and Asian 4.2%. (CIA World Factbook) The ethnic background is important to a company because it influences tastes, trends, perceptions, values and beliefs of an individual. **ECONOMICAL FACTORS** Estimated GDP in 2004 was \$11.75 trillion.

GDP real growth rate was 4.4% (CIA World Factbook). The growth rate of GDP suggests that the economy is growing, and therefore there is opportunity for Struck to expand business. A very large per capita purchasing power parity of \$40,100 suggests that Americans have the opportunity to buy specialty coffee drinks from an expensive, quality-intensive organization such as Struck (CIA World Factbook). 3.4

**TECHNOLOGICAL FACTORS** Strategic issues that will challenge Struck in the future are related to their tight control and lack of flexibility, organizational structure, and diversification.

First, Struck is vertically integrated as they buy and roast the beans, ship them to the stores, produce, and sell the coffee. They may face difficulties or have to raise the price of their coffee if the cost of raw beans increases, or there is a decrease in available labor. The second issue is that they are centralized around controlling all steps of the production process, entering into

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Joint ventures which may lead to quality control issues in locations. Another issue is the ability for growth.

Struck will continue to grow in their core business, but the more they spread into international and joint ventures they will face increased quality control problems.

### 3.5 POLITICAL AND LEGAL FACTORS

The Los Angeles city council was considering an ordinance that would require licensing of coffeehouses open past midnight. This demonstrates how government exertion can prove unprofitable for the business. Furthermore, anti-trust laws might prevent Struck from future expansions, since the company is not owned locally as with other franchisers.

Other human-rights activists or organizations can potentially voice their concerns about the business's process, such as how the leaflets concerning under-paid Guatemalan eventually forces Struck to establish several codes for treatments of its foreign subcontractors.

### SOCIAL CULTURAL FACTORS

Nationalism and cultural differences may result in recurrent problems on resource availability, product quality consistency and costs, which effect adversely to foreign operations.

For instance, due to its population and potential of growth, China represents a great opportunity of market. In the past, coffee was considered as a Western bourgeois commodity in China and people are used to have tea instead. Coffee doesn't go well with Chinese food and culture as well. Until recently, the market research shows the country's coffee drinking has doubled in the past four years. (wry. Marketplace. Com/news) Nevertheless,

it still only amounts to about one cup per person per annum and the brand typically is instant Ensnare.

Struck strives to create a unique culture with a passionate interest in changing a impel commodity into an addictive gourmet delicacy and meet individual market wants and needs without compromising Starboard's brand image and culture of the company. STRATEGY RECOMMENDATIONS

Starboard's competence in the style of stores and creative coffee drinks has propelled it to the front among coffee retailers. Struck is not Just stands for a cup of fresh and nice coffee. Struck is about the passion for the soul of people, quality product, excellent customer service and the experience and understanding of the culture of coffee.

In the following paragraphs, we are going to analysis the ups (I. E. Product, Price, Place and Promotion) of Struck, followed by appropriate marketing strategic recommendations. PRODUCT Premium Product Strategy Struck has been committed to sourcing the highest quality coffees around the world. It only purchases coffees that have been grown and processed by suppliers who meet strict environmental, social, economic, and quality standards. Struck is well-known for its exceptionally high quality coffees, care in selection, and expertise in roast (wry. Struck. Com).

Broad Product Differentiation Depending upon competence and innovation, Struck establishes its long lasting ND profitable competitive advantages by broadly differentiating its coffee and coffee related products. Brand Image Struck combines its merchandising strategy with its marketing programs to create and reinforce a distinctive brand image for its coffees. The company's

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brand image strategy is reflected in its product mix, producing, and sales and educational materials. What Struck stands for is a good cup of fresh coffee and the recognized brand worldwide.

Recommendations: It is undeniable that Struck has a competitive advantage when it comes to quality, especially when compared to other generic coffee commodity. However, in terms of convenience, despite arduous efforts to establish Struck at every corner, there are still more supermarkets than there are Struck bars. Realizing the potential for this convenience sector of the coffee market, Struck should actively pursuing substitutes that compete in these areas, for example a pre-packaged drinks or offer tea in its shops as a preemptive measure to fight off any teahouse looking to steal away the coffee drinkers.

Sometime Asia can be mistakenly seen as one culture by outsiders. It can be true somehow, yet to be successful in the region. The countries in Asia are totally different when it comes to culture, value, religion, tastes etc. Many Asians prefer for tea especially in China, a county of devoted tea drinkers who do not take readily to the taste of coffee. Struck should set different strategies and approaches for each market to make Starboard's experience to be part of the culture.

To meet local tastes or preferences, Struck can act local, for example, by introducing alcoholic beverage fro special happy hour set in some countries or region. Traditionally Korea and China are huge alcohol consuming culture as well as coffee. High margin of beer, wine or cocktail may help Structures match local tastes and preferences, most importantly, can boost its revenue.

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PLACE Site Selection Struck stores are normally gathered in high-traffic, high visibility locations. It takes more than just location to be successful.

Attracting customers to Struck happens by providing high quality coffee and creating inviting, comfortable places that are conveniently located. These places should be those that add to the spirit of each community. Store

Expansion Struck expands its stores by entering new markets wherever the opportunity exists to become the leading specialty coffee retailer. By the year 2006, its current location totals 12, 440 worldwide (wry. Struck. Com)

Recommendation From past experiences, customer loyalties cannot be stretched or transferred to a new product or channel in a short time.

Struck should expect a gradually change on its customers' purchasing power and habits. Eventually, the Internet may reconfigure how customers think of mass-market brands. But that shift will take years to unfold and company leaders need to manager the transition with great skills. Therefore, Struck needs to make some change on its current e-commerce strategy. First, it may add more value to its value chain by expending its website function as a communication tool to link its stakeholders such as customers, suppliers, management and employees. Second, consolidate the public relation function.

Struck. Com is not only a window for online business, but also a window for building the company's image and reputation. Third, keep online business on core products but maintain the products diversification as a long-term strategy, and implement it by gradually introducing new products one at a time. Last, to strategic ally with . Com companies to expend its selling

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channels. Struck can setup online chat room to facilitate communication among its stakeholders. It may also create free email accounts to further spread its fame and consolidate customers' loyalty.

In addition, it can gradually add indirect coffee related products into its online sales collection, such as coffee machine. It may also want to introduce some online coffee tour package to provide cheap travel tours or hotel accommodation. In order to increase sales, Struck may also ally with . Com companies to promote its products. For example, to sign a sell contract with yahoo. Com to carry Struck' products. PROMOTION Struck doesn't have much conventional advertising because it found that there is too much competition for consumers' attention in TV, radio and print media.

Struck usually picks one or two charities or events that reach the community it serves. This will inspire people inside and outside the company and reinforce the company's value and image. Struck integrates its corporate culture with its surroundings. At all levels of the Company, Struck partners strive to be good neighbors and active contributors in he communities where they live and work. It's part of the Struck culture. It is the goal of Struck to involve partners as decision-makers, volunteers, and leaders in the initiatives they support.

To be a real global company, Struck can participate in or support local events, helping education in developing countries or community activities so that it can enhance its public relationship with those international markets.

In most Asian markets, once it is perceived as a true partner or caretaker, its growth strategy might work Just as in US market. PRICE Best value offering

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By pricing its coffee competitively with the prevailing high-end coffee prices, Struck represents an attractive combination of price, features, high quality, good service and other attributes customers find attractive.

The fact that Struck prides itself in customer service, providing the “ Struck experience” for the customer, means that the business is mainly customer-oriented, and thus translates to a strong customer’s power. Nonetheless, the greater the importance of the product’s quality or services to the customers, as is the case with coffees, there is little extent to the buyers’ price sensitivity. This indicates that as long as Struck maintains quality products and superb customer-service, individual consumers are unlikely to be able to exert their buying powers.

Therefore, it’s good for Struck to maintain its prevailing high-end coffee prices. CONCLUSION It is no doubt that Struck is one of the most successful company in the world. They used a simply strategy, “ connecting links between treating employees with dignity and respect and producing a good product and services. ” That was the major factors that differentiate Struck from others and bring the successful to Struck. The future of Struck, which is in a fast-growth phase, is apparently to be successful and promising.

However, those keys of success may not be applicable to tomorrow’s environment and in global market. Defending and growing a competitive position requires firmly built strategies based on its unique, valuable and leading capabilities and resources, rather than the products and services themselves, proactively responding to ever changing internal and external environment to keep fending off its competitors. Although currently there are

no formidable competitors or Struck leadership in both international and domestic markets, it should not take it for granted for good.