

# [The problem of starbucks in marketing terms](https://assignbuster.com/the-problem-of-starbucks-in-marketing-terms/)

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November 30, 2006 Starbucks Case Study As Starbucks aspire for global dominance in the specialty coffee industry, it is faced with numerous challenges. Being one of the most successful business organizations in the current business arena, Starbucks is faced with the problem of determining innovative ways to offer more customer value to its clients. As the company opts to " be innovative and take risks," it puts itself in a position where it needs to constantly examine the efficiency of its marketing mix. In marketing terms, the problem of Starbucks can be simply stated as: How can Starbucks modify it's the products that it offers (product), enhance the ambiance of its outlets (place), improve its promotional strategies (promotion), and tailor a more complementary pricing system (price). Starbucks is faced with the dilemma of how to further enhance the " Starbucks experience."
In order to recommend the course of action that the Starbucks needs to take, this paper will analyze the strategic position of the business organization through a SWOT analysis. It should be noted that this type of strategic management tool unveils the company's main strengths and weaknesses as well as identify the opportunities and threats present in the market environment (Thomson, Strickland and Gamble 2005).
The main strength of Starbucks lies in its scope, brand, and size. With its commitment to provide quality products and exceptional experience to its customers, the company has grown to become the largest player in the specialty coffee industry and has gained the recognition of being one of the finest brand. Starbucks also prides itself of having a strong management team imbued with the entrepreneurial spirit to take advantage of the possible opportunities in the market. With the fund from its IPO, Starbucks has gained the much needed financial muscle to support its plans. However, Starbucks suffers from being over-reliant on its US market in its generation of sales. The company has also launched new products which were not positively received by the market. It can also be recalled that the company has sometimes failed in its quest to conquer foreign markets.
Industry analysts describe that the global arena is fast evolving into a hypercompetitive market. The specialty coffee industry, being still in the growth stage presents a lot of untapped opportunities including new product introduction and technological innovation to enhance customer value. The global market is also unsaturated giving lots of opportunities for expansion for Starbucks and other players. On the downside, there has been an increasing competition in the industry due to the proliferation of other participants attracted by the prospects of high profit.
Based on the analysis, it is recommended that Starbucks should look into offering new products and serving new markets. The company's success in venturing to new product areas has been heavily documented. However, Starbucks should also minimize the risk of launching products which are not warmly received by the market through the use of an intensive and extensive marketing research to unveil the preferences of the customers. As the American market is also becoming saturated with some players, it is necessary that Starbuck s also look into introduction of its products in other economies. China is a good target because of its size and rapid development.

Works Cited
Strickland, Art, et al. Crafting and Executing Strategy. New Jersey: McGraw-Hill, 2005.