

Business policy and strategic management



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Business Policy and Strategic Management Starbucks is considered as the largest coffeehouse company in the world. It is considered to sell many different lines of products through its 16, 706 stores situated around the globe. The company offers hot and cold coffees, sandwiches, other beverages, etc. Besides the eatery, the company also sells other products such as mugs, books, gift items, etc. 1 The mission statement of Starbucks gives a hint and idea about the company's strategy, many researchers believe that the mission statement of a company gives an indication about the competitive strategy that the company follows and that the mission statement should be translated into proper competitive strategies so that the company can achieve that mission in the long run. If the mission statement of Starbucks is to be reviewed, it shows that the company follows a differentiation strategy where its basic aim is to produce a brand image within the eyes of its customer through the unique taste of coffee and the exclusivity of all its other products. Differentiation strategy is the opposite of the cost leadership strategy. Differentiation strategy makes the use of a firm's core competencies to develop an innovative strategy so that a company is valued by its customer in a unique manner. 2 Starbucks has done the same by building up an international model that will help the company to scale and grow in a profitable manner, the company's uniqueness and value creation within the eyes of its customer has helped the company to pursue one of its long term strategies by opening up many stores around the globe and in 2010 the company strengthened its roots in China through this differentiation strategy and China is being considered as the 2nd largest market for Starbucks. This value creation has only been possible through innovation and originality within the Starbucks product line, <https://assignbuster.com/business-policy-and-strategic-management/>

the company launched a new product in 2009-10, known as the Starbucks VIA Ready Brew. The company has been able to sell this product in humongous quantity, such that since its launch, it has been able to grab \$180 million revenue. This great revenue generation has been possible because of the innovative manner in which Starbucks distributes its products. Starbucks has been able to introduce 50, 000 distribution units during the year 2010 in order to reach new customers and enhancing their own single cup coffee category. 3 Besides the Innovation in product line, Starbuck has also been able to enhance their distribution network through innovation, the company has been able to pull customers to its retail stores by offering premium contents within the retail stores (such as allowing customers to use Wi-Fi, Information from Wall Street journal, downloadable content from Apple iTunes, etc). The company is further focused on developing its new products to a much higher stage. This would involve the company to improve and build their new product line which includes the Starbucks VIA Ready Brew, Frappuccino beverage and its Tazo tea. 4 References Annual Report, Starbucks, 2010 <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzkzODI8Q2hpbGRJRD0tMXxUeXBIPtM=&t=1> Company Profile, Starbucks Coffee, 2009 <http://www.starbucks.com/assets/company-profile-feb10.pdf> Breaking News, RTT News, Starbucks to Sell Premium Single Serve Coffee through Courtesy, 2011 <http://www.rttnews.com/Content/BreakingNews.aspx?Id=1553395&SimRec=1&Node=Top of Form> Pearce, John A, and Richard B. Robinson. Strategic Management: Formulation, Implementation, and Control. New York: McGraw-Hill/Irwin, 2011. Print. Bottom of Form