

Several factors contributing to starbucks success marketing essay



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The first and foremost important factor was their reach; they had approximately 140 stores around the world that helped them get to many unique customers. These stores were located in high traffic, high visibility settings such as retail centers and university campuses.

Secondly the variety of products that was offered by them played a vital role in their success. Not only they kept their customers preferences and needs in consideration but also they designed the product mixes according to the size and location of their stores.

Next is the customer service. Personnel were trained to treat the customers in best possible way. Greeting customers properly, remembering their name and engaging them in conversation are some examples. This leads to customer satisfaction and customer loyalty.

Other factors include the high quality coffee provided by them. Also in 1992 Schultz made the company public which helped in opening more stores. Also they did not have to spend on advertising and marketing was done through point of sale materials and local stores marketing. Their 3 min service also helped in their success. Lastly the experiential branding strategy helped in their success.

Starbucks developed its brand image through its concept of “live coffee” mantra which reflected to keep the natural coffee culture alive and a by creating an experience that weaved into their daily lives.

Value Proposition

Experiential branding strategy was the most influential part of value proposition. It had three components:

First the coffee itself, it claimed to provide the highest quality coffee in the world

Second component was service or customer intimacy that meant to create an uplifting experience every time a customer walked in.

Thirdly to create an ambience that created a sense of community and a need for people to come together.

Q2. Why have Starbucks customer satisfaction scores declined? Has the company's service declined or it is simply measuring the satisfaction the wrong way?

Starbucks team discovered that their customer satisfaction scores were declining and this was very important because satisfaction had a direct link with loyalty. The main problem was that Starbucks was measuring customer satisfaction parameters which did not fall into the customer satisfaction score measurement. There was a gap between Starbucks scores on key attributes and customer satisfaction. This reflects that Starbucks is measuring those attributes that contribute to product quality more than service quality. This was evident from the market research which showed that people who were of the view that Starbucks mainly focused in making money or opening new stores were increasing. Also there was no strategic marketing group and their customer base had also increased.

Also delay in service, little product differentiation and less customization resulted in lower satisfaction.

Q3 How has Starbucks changed since its early days?

ANS. Starbucks has changed because of several reasons. Some of them are:

Starbucks owns one third of America's coffee bars that are more than its next five competitors combined.

Number of its coffee shops had increased

It has been known for specialty coffee

Its customer base has also widely increased

It has innovated in its products and services

Its employees are very satisfied from the company and the turnover rate is lowest among all competitors

4Q Describe the ideal Starbucks customer from a profitability standpoint?

What would it take to ensure that this customer is highly satisfied? How valuable to Starbucks is a highly satisfied customer?

ANS. For Starbucks an ideal customer is who is satisfied because he/she will spend more time there and will consume more. Also he/she will come again for further consumption and refer others to try Starbucks. This will result in customer loyalty and profitability.

They should focus more on service quality to satisfy customers. Also they should bring service time down to three minutes in all stores. Environment and ambience are also very imperative. Interaction with the customers is also very important. Lastly they should focus on building long term relations with their customers. The satisfied customer is of much value to Starbucks.

Q5 Should Starbucks make the 40 million investments in labor in the stores? What's the goal of this investment? Is it possible for a mega brand to deliver customer intimacy?

ANS. With the help of the facts derived from the case study we reach the conclusion that Starbucks should not invest 40 m in labor because this will increase its cost to an extent that it will generate very few profits. It should focus on its service quality and improve it to satisfy their customers. First of all they should reduce customers waiting time. Secondly they can give free coffee to their loyal customers after a specified number of visits. This will help in increasing customer intimacy. Also they can give sample coffee to choose among the variety of coffee given. This will help in getting new customers and making existing customers more loyal.

As it is mentioned in the case automated machines were installed in some stores, so installing such machines in every store will help in gaining customer satisfaction.

The data which is available to them through cards is not being used yet. They can use it to bring in new strategies to satisfy customers. Also the data should be translated into measurable metrics and can impact both profitability and customer satisfaction.

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Product mix should be designed according to the demographics of the customers visiting that store. Environment of the store also plays a vital role. So it should be environmental friendly. Also it should differentiate its brand from others.

Another important factor in satisfying the customers is friendly staff. There should be proper measures to evaluate staff and educate them this will help customers feel that they are valued.