

# Starbucks coffee strategic development history



**ASSIGN  
BUSTER**

## **INTRODUCTION**

In 1971, Starbucks opened operations in Seattle's pike place markets, Washington, United States, with three friends-English teacher Jerry Baldwin, history teacher Zev Siegel, and writer Gordon Bowker. These three friends opened one store on the name of Starbucks coffee, with the aim of providing best coffee to the number of restaurants and surrounding bars.

The main mission is " To inspire the human spirit-like one person, one cup, and neighborhood at a time". At present they have above 17, 000 plus stores in more than 50 countries around the world.

## **DEVELOPMENT HISTORY**

In 1972, Starbucks began with three friends. The three friends each of u invested the amount about \$6, 350 in the store, and they would build a client based store in the Seattle area. They saw the opportunities in the coffee market on that time, as they saw another similar store have success in the San Francisco Bay area. They have fine knowledge of coffee beans of educating customers about benefits of dark roasting coffee. After success of the first store, a second Starbucks store was opened in Seattle, in the year of 1972.

In 1982, Howard Schultz, current chairman of Starbucks, was hired rights to manage sales and marketing of Starbucks stores. At this time the Schultz was taking the Starbucks commitments, like to produce high quality beans and to explain the benefits of roasting dark coffee beans to the customers. By this time Starbucks expanded another five stores with small coffee bean toasting facility.

In 1983, Schultz after visiting Milan, Schultz saw the vast quantity of coffee and espresso bars, he realizes that Starbucks should provide espresso, cappuccino, and fresh brewed coffee, selling coffee beans as well as high quality coffee equipment. He met with owners of Starbucks for selling beverages, but they did not agree to sell beverages.

In 1984, Schultz finally convinced their owners to open a sixth “ test” store Seattle area. It was espresso bar and store had success immediately. In April 1986, Schultz left the Starbucks, and he opened the new espresso bar stores, IL Giornale around the Seattle area, with his well known ideas.

In 1987, Giornale and Schultz acquired Starbucks for \$3. 84 million. He changed his company name as Starbucks Corporation, and Schultz was the new CEO of Starbucks Corporation. Schultz strategies to become Starbucks as world famous coffee shop. His goal was to establish 125 new stores in the next five years period. At the end of 1987 they have 17 locations. In 1988 Starbucks introduced mail ordered service. In the end of 1990 they have 84 stores.

In 1991, Schultz makes “ The first privately company to establish employer stock option program that included part timers”. At this time Starbucks entered into big market like California, United States. In 1992, Starbucks Corporation had opened 150 stores between the five years period (1987-1992). They crossed the target of 125 stores, and opened extra another 25 stores. In 1993, Starbucks opened second roasting plant in the Washington, D. C. market, and began their long-term relationship with Barnes & Nobel. Then they started to sell Starbucks coffee products in book shops.

In 1994-1995, between these years Starbucks increased their growth and partnerships, and entered into the 15 more cities in the US. It also formed collaboration with PepsiCo and North American coffee partnerships, to distribute and manufacture coffee products of Starbucks. They succeed in providing coffee drinks and products to the grocery and other stores. In this year Starbucks entered to two major accounts; Sheraton Hotels and United Airlines.

In 1996, Starbucks formed a joint venture with Sazaby Inc., a Japanese Corporation, to bring Starbucks in to Japan. Starbucks first started at Tokyo in Japan. At the same time Starbucks expanded their market to some other locations, such as Singapore by the end of 1996; Taiwan, Thailand; Malaysia, and New Zealand by the end of 1998. In 1996 they have 1, 015 Starbucks locations. Also in 1996 its association with Dreyer's ice cream to produce coffee ice cream products. In 1998, Starbucks purchase Seattle coffee company, located in the United Kingdom, for over \$60US million. The main aim of chairman was to open 500 stores in Europe.

In 1999, Starbucks had done two major events; one is acquiring of Tazo, a tea company. Second one was a long-term contract with Albertson's super markets. Using these contracts, Starbucks opened 100 espresso bars in Albertson's grocery in the US.

In 2000, approximately 1, 865 Starbucks stores were opened in United States and other countries. In addition Starbucks entered into the Hotel industry, and contract with Host Marriott International.

In 2001, this year represents significant growth over 1, 400 new stores. Then the total numbers of Starbucks stores were 4, 709 in throughout world, with the operations in 30 countries such as U. K., Australia, china, Qatar e. t. c. The prepared total income of Starbucks was \$1. 851 billion in 2001. In March of 2002, Starbucks celebrates its first store open function in Spain and announced their plans to open Hundreds of Starbucks new stores in new countries.

In 2003, Starbucks rapidly grown in Europe by opened their 600 new stores. Starbucks established in US by opening the stores in major cities. Starbucks employed over 59, 000people during 2001. The employment growth rate is 24 percentages.