

Case study assignment part i starbucks globalization

[Business](#)



The mission and values distinguish the company from its competitors and contribute significantly to international expansion.

Vision reflects what the firm thinks about itself at a specific time. It can be seen from Appendix that the vision of Starbucks has become more ambitious since they began expanding rapidly throughout the world. Nowadays, Starbucks aim to maintain themselves “standing as one of the most recognized and respected brands in the world” [3].

3. Motivation of Globalization

Around 1995, analysts observed that the US coffee-house market was reaching saturation.

Starbucks' store base was also in a mature stage, leading to a moderate rate of growth in profits compared with its rapid growth in initial stages. As a result, Starbucks turned their attention to foreign market. [4][7] According to Porter's “Eclectic Paradigm” [5], a company should possess ownership-specific advantages, location-specific advantages and internalization advantages when deciding to globalize. In our perspective, O-L-I theory is applicable to explain Starbucks internationalization. Ownership-specific advantages are attained from their mission and values.

First, Starbucks insist to serve high-quality whole bean coffees by establishing direct relationship with bean growers to ensure the finest raw materials, roasting them with great care and significantly if the beans are perfect after roasting. Second, customer loyalty is achieved through the “Starbucks experience” mainly was excellent customer service as well as clean and well-implemented company-operated retail stores. Third, an empowered

employee culture was promoted through employee training, benefits programs and stock ownership plan[3] [4].

As to location-specific advantages, because Cataracts specialize in providing not only coffee but also experience, they have to exploit their ownership-specific advantage in relevant markets rather than just exporting coffee. Initialization has been the option elected by Cataracts to control the quality of products and services provided, distinguishing their core competitive advantage over that of their rivals, and is the key to maintain customer loyalty.

When Cataracts started expansion, they insisted to own and control nearly every store[4].

Up to unwoven though Cataracts has expanded rapidly through strategic partnerships, they still own more than half of their retail stores[3]. 4.

Globalization Process Analysis Cataracts went public in 1992 and Cataracts store numbers increased from only 17 to about perform 1987 to 1996[1].

Although it was a success for them and granted them a solid base, Cataracts had only limited funds globalize. As they decided not to franchise, the success of their first move was vital to them.

As a result, Asia Pacific became their first target because was a big market, authenticated income was continuously increasing, and strong competitors similar to Cataracts style did not exist. Cataracts opened first store out of North America in Japan as an experiment considering Japan was the third largest coffee-consuming country in the world after US and Germany at that

time. [4]From 1996 to 2000, Cataracts opened plenty of stores n more than 10 Asian countries such as China and South Korea and had 3, 501 stores by year 2000[1].

In the next five years, Cataracts mainly focused on the market share of their home country, on the other hand, they continued their expansion in Asia with main focus on Japan and China, and started entering into European market with main focus on the I-J. By 2005, Cataracts owned 10, 241 stores, among which 2, 691 were overseas, including 572 stores in Japan, 552 stores in Canada, 469 stores in I-J and 209 stores in Cataracts kept expanding dramatically in their home country, in existing foreign countries, and in new overseas markets. However, things have changed after the global financial crisis in 2008.