

Starbuck's strategy

Business



Schultz's original strategic vision for Starbucks included; Potential of enlarging the Starbucks enterprise outside Seattle and offering people all over America and Canada the Starbucks coffee, 329. To teach other employees customer friendly sales skills.

He also planned to create brochures that would enhance the ability of customers to learn about the magnificent coffees offered at their stores. To diversify products offered like serving freshly brewed coffee, espressos and cappuccino in their stores. This was additional to coffee and beans equipment, and to make a version that suited America but related to the Italian coffee bar culture. He wanted to ensure that a visit to Starbucks be an experience for the customers, a special treat, a venue to meet loved ones and visit, 339. After his visit to Italy, he concluded that establishing the authentic coffee bar culture of Italy in the United States could be their stronghold.

Schultz wanted to ensure that Starbucks became an international firm that had guided principles and values that its employees could be proud of. He also wanted to include the employees in decision making process. He acknowledged the fact that it was necessary to share the fruits of success with those who contributed to that success, 332-333. He also wanted Starbucks to become the most respected coffee brand name and for the company to be respected for its corporate responsibility. He further projected opening 125 stores in the next 5 years and to increasing revenue to \$60 million in 1992. He achieved high above this by opening 161 stores, 334.

He planned to attract a management team well beyond their expansion needs; to build a world class roasting facility and a computer information system with the capacity to keep a record of all the company's sales. This was to increase the company's profitability. Finally, he wanted to open company owned stores. This was to help keep the company in full control of its products quality, character and location of its stores. In 2010, Schultz's main agenda is to strengthen the core, elevate the experience and to invest and grow.

Some of the practices included; slowing the pace of opening new stores locally and opening more internationally. He also planned to close underperforming local stores. He aimed to raise the projected return on capital requirements for the proposed new store locations. He restructured the company's store operations in Australia and came up with other designs for future company stores. He further introduced a program that would allow the company's best practices to be shared across all stores worldwide.

His strategic vision for 2010 is slightly different from the one in the 1980's. This is because; in 2010, he puts measures to correct the previous chief executive's mistakes. This includes closing down some stores while in the 1980's; the biggest vision was to open as many stores as possible, 355. The company's strategic vision changed twice from the initial vision created in 1990 to the revised one created in 2008. The strategic vision in 1990 conveyed a strong sense of organizational purpose to articulate the company's fundamental beliefs and principles. The revised strategic vision in 2008 was made to include the contributions of both employees and management from all the company's stores.

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This entailed sale of high quality coffee, equality of partners, customer satisfaction, social responsibility and shareholder profit maximization, 350. Starbucks's strategy has largely evolved in many spheres of its operation. The marketing strategy changed from basic word of mouth and relying on customer loyalty, to vigorous advertising. This was to help counter competition from other companies like McDonalds in 2008, 345. There were significant product expansions and diversification and entering a new market segments through partnerships, 340.

All these are to increase the company's profitability and customer satisfaction. Starbucks's strategy to expand and enter a new market segments is the approach that is being majorly employed. This is evident from the diversification to offer new products and both domestic and international expansion that is being pursued. The company identifies appropriate retailing sites for its new stores. This is by use of a reliable real estate team and also established excellent relationships with local real estate representatives.

This is in areas where it wants to open multiple store locations, 339-340. The policies, practices and procedures that have been put in place by Howard Schultz and Starbucks's management include proper expansion and diversification strategy both domestically and internationally. This is through company owned and operated stores and also licensed stores, 340. Use of aggressive marketing strategy and advertising by use of Starbucks's consumer products group, 345. They also improved employees' welfare to motivate them at the work place, 346.

Enhanced corporate social responsibility like ethically sourcing all the company's products, community involvement, environmental stewardship and giving coffee farmers loans. Starbucks's values include excellent customer service by paying attention to customer needs. Production of high quality coffee by buying the best beans and roasting them to perfection. There was also proper treatment and recognition of employees' welfare. Finally, corporate social responsibility for the environment and communities where they have outlets and maximizing shareholder's profits, 340. It is clear from the operations of Starbucks that every activity it undertakes is consistent with the company's values.

This ranges from 'say yes to customer' policy to worldwide expansion to maximize on profitability.