

Develop a Marketing Plan Strategy

Name

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Executive Summary:

Coffee is considered to be highly consumable beverage within the United States. Coffee is liked by all age groups in United States. People prefer to drink high quality coffee. Therefore, United States imports Coffee and coffee beans from different countries including Brazil and Colombia. Some of the people drink coffee to remain alert because it contains caffeine while other people drink it as a habit. Starbucks was founded in 1971. It now operates in approximately 23,768 locations throughout the world. Starbucks distinguished itself from other competitors due to its tastes. Starbucks has focused on producing quality coffee drinkers. The main strength of company is its innovative processes. The major weakness of company is its increased prices as compared to its competitors. The company should continue to focus on innovative products without compromising the quality of products.

The Challenge:

Starbucks uses the espresso machines for safety and efficiency reasons. The goal of Starbucks is to remain competitive with quality products by being committed and improving the ethical standards throughout the supply chain. It aims to serve communities and engage young people by decreasing the footprints of environment within the store operations. Starbucks aims to have revenues of \$18 billion in the year 2017 while it aims to have the revenues of \$30 billion by the financial year 2019. Starbucks needs to market its products efficiently and effectively in order to reach the financial objectives (Civi, 2013).

Situational Analysis:

Company Analysis:

Currently, the company possesses more than 1 million customers throughout the world in more than 50 countries. Starbucks focuses on different products including coffee, food, beverages, and other merchandise. Dunkin' Donuts Nestle and McDonalds are considered to be the three major competitors of Starbucks. The net revenues of Starbucks decreased by 7% by the year 2009 but it has now gone in to profit. Starbucks was built upon the experience of its customers. The marketing goals of Starbucks are linked to its global presence. The company aims to provide budget friendly items along with the best environment to rejoice. The company targets to work collaboratively with the emerging markets and licensed stores. The company has allocated the budget of \$ 12 billion for marketing of company's products (Martin 2014).

The company has trained its employees to deal customers with laugh even if they are extremely engaged with other customers. The company starts its marketing with the promise of perfectly made beverage. The major success of company is considered to be its employees who have taken the company to heights of success.

Customer Analysis:

Customer Loyalty can be considered as the degree to which brands exceeds or meets the expectation of its customers. The company deals with approximately 220 customers per hour. The customers of Starbucks are loyal. The company provides customers with the taste they expect. The major focus of the company is to provide quality beverages. Therefore, the customers are loyal with the company. Most of the customers of company do not bother for the costs rather they prefer the tastes being offered by the company.

The coffee houses of donuts have seen a phenomenal amount of growth in its sales. However, the problems started to occur in the year 2008. The prices of coffee are more than \$4.00 per cup. However, the people are unwilling to pay more than \$4.00 a cup which leads Dunkin' Donuts and McDonalds to have an advantage (Liu, 2015). Therefore, Starbucks adopted the strategy to open up new 300 stores in order to give rise to the competition.

Competitive Analysis:

Starbucks is considered to be most successful coffee chains during the past few years. The company has focused on aggressive expansion strategy during the past decade in order to push out the competition. The company has also focused on creating the defense network throughout the United States. Moreover, it is still focusing on opening the new stores throughout the world. The company is leading the retail coffee market by selling coffee at a premium price in order to maximize its profits. Starbucks has worked to create a place for consumers in order to stop between home and work that provide customers with the relaxed atmosphere. Dunkin Donuts had peacefully coincided with Starbucks for decades. Later in 2006, it announced war against Starbucks. Since then both the companies are in head to head competition. McDonalds is also considered to be the strong competitor of Starbucks. It has acquired the business of about \$ 26 billion during the year 2015. McDonalds is traditionally known to be the fast food chain but it has given a tough competition to Starbucks in beverages items especially coffee.

Collaborators:

There are a lot of subsidiaries which are in aggregate as single subsidiary that would not constitute for a significant subsidiary under the SEC rules. These subsidiaries are included in different countries of the world. Starbucks entered in to joint ventures with many companies as

well. It had joint ventures in Japan with 398.5 % shares. Similarly, it had joint venture with Tata Starbucks with 50% shares. Similarly, the joint venture with PepsiCo was also done in order to bring Starbucks drinks in Latin America. Starbucks has provided numerous opportunities in distribution, manufacturing and many other departments. Company believes that every one of us has the opportunity to work collaboratively with the green coffee beans, tea, and juices.

PEST Analysis:

PEST analysis is basically a method and effective tool that helps in evaluating the external forces that influence the organization. In PEST analysis, we will discuss the political, legal, economic, environmental, social and technological issues and aspects that affect the organizational issues and affairs. The stability of the political governments are important in regulating the taxes, laws, policies on economy, views of government on culture, terrorism and religion, and trading agreement. The main political factor involved is the sourcing of the raw material. The company wants to encourage the fair trade by following the sourcing strategies. Another important political factor that Starbucks needs to care of is the laws, rules and regulations of the countries from where it purchases the raw material. The regulatory presence within the home market in United States is also another important factor. Multinational companies monitor the political stability within countries as well.

The economic recession is also the prime external economic factor for Starbucks to carry out its business in different countries. This factor has dented the profitability and stability of Starbucks to a great extent. Due to economic factor, the buyers have shifted towards the cheaper products. The consumers do not quit coffee or tea. Therefore, Starbucks should seek for an opportunity. The company has to deal with the operational costs and rising labor. Falling

profitability and inflationary environment is causing the stress for the company. Local currency exchange rates in different countries are also affecting the success of company. Higher taxation level may also affect the organizational success in different countries.

There are also some social factors that contribute in the success of Starbucks. Starbucks can offer the products at cheaper prices but for this purpose, it will have to compromise on the quality of products being offered. This is considered to be the main socio-cultural challenge for Starbucks. The company will have to expand its consumer base in order to include buyers from middle and lower income tiers. The company is feared about environmental and social costs of brands. Starbucks has to remain aware of the trend. The spending by the older consumers will decrease. The family patterns are also changing in Europe and USA. The consumer preferences are different. The change in work patterns is also affecting the organizational profitability (Greenspan, 2015).

Starbucks is considered to be in good position to enjoy the benefits from the emerging mobile wave throughout the world. Technological Starbucks has partnered with Apple in order to bring up the application based discounts that help in riding the mobile wave. The company has also introduced WiFi capabilities to its outlets. Internet is a necessary service for most of the consumers. Consumers can now surf and use the internet while having coffee at Starbucks. The company is also introducing the feature of mobile payment for products of the company.

Most of the Starbucks business practices are also concerned with international advocacy and activists. The consumers have also expressed their issues. Therefore, the company should take in to account the trust of the consumers. Starbucks should remain aware of the disasters within countries that produce the coffee beans.

Starbucks also need to consider the legal constraints in many countries. It needs to ensure that it does not violate the legal regulations in different markets from where it purchases the raw material. The company should also stay alert about the consumption and production of Caffeine related procedures and policies. The health department regulates these procedures and policies.

SWOT Analysis:

Strengths:

Starbucks is an internationally known company that has strong and valuable brands. Starbucks has acquired effective and efficient supply chain procedures which has helped the company in boosting its sales. One of the most important strength of Starbucks is its high quality products. Starbucks has employed highly experienced employees that have helped in acquiring the competitive advantage in terms of quality. Strength of Starbucks is that it is highly accessible because it is available in almost every corner. The company has developed strong relationships with its suppliers. This relationship helps in developing low risk of delivery failure.

Weaknesses:

Starbucks is heavily dependent upon the relationships with its suppliers. There are also some health effects after using the products of Starbucks. Some of the cases have also been reported in this regard. National disasters may also affect the company's supply chain process. Starbucks is largely dependent upon US operating segments and has acquired 75% of the total operating segment. Global and regional health pandemic may also affect the growth of company.

Opportunity:

The company has the opportunities in new growth platforms and product innovation. The company still has the potential to expand globally. Another opportunity that Starbucks can avail is to expand its business in Chinese market because the Chinese market is considered to be the largest upcoming market after Brazilian and North American market. Global expansion plan of Starbucks is another opportunity for the company in order to increase the profitability of the company.

Threats:

In spite of strengths, there are also some of the threats for Starbucks. The prices and supply of coffee is subject to significant volatility. Moreover, there are large numbers of competitors in beverages and specialty coffee that can lead towards the low profitability. Economic conditions within United States and certain international markets may decrease the customer spending.

Market Segmentation:

Market segmentation is a process of dividing the market in to different types of buyers, groups having different characteristics, behaviors, needs that require separate products within the marketing programs. Geographically Starbucks has expanded all over the world. Metro cities and Tier 1 cities are covered by Starbucks. Starbucks based its marketing on socio economic segmentation within the consumer market due to the concentration on social class of the people working in offices and wish to have a cup of coffee with excellent facilities along with atmosphere.

The markets are also segmented geographically and demographically by selecting the store locations. The markets are divided by age, income, gender, family life cycle and ethnic background. The geographic segmentation includes markets by region of the country, market density, market size and climate. The company can reach to this segment by expanding the number of stores. The company should choose what position it should adopt within those segments.

Alternative Marketing Strategies:

Businesses can learn from the strategies implemented by other companies. Starbucks has adopted different marketing strategies that have helped in achieving the organizational success. Different types of strategies were considered before reaching to a recommended strategy for Starbucks. These strategies are shortly discussed below

Starbucks has mainly focused on providing the quality products to its customers. The coffee provided by Starbucks is slightly expensive than other competitors is somehow notorious for the satisfaction of its consumers due to its delicious, rich taste and aroma. Starbucks has focused on providing the third place between home and work for its customers. This strategy has been considered to be very important because it has focused on creating the third place. This strategy provides unique and relaxing atmosphere for people. The customers are strongly attracted with this idea. Therefore, the company needs to provide refined atmosphere with more comfort and delicious products.

Customer satisfaction has also been considered to be an important issue for Starbucks. Starbucks should focus on providing the satisfaction for its customers from entrance to last drop of the coffee. This attribute is considered to be the must have because the customers should feel

uniqueness of enjoyment during their coffee experience. Therefore, this strategy should be to have customer satisfaction.

Starbucks should create a community around its collection of brands. The customers of the company should be encouraged to participate on the company's website in order to create a community. Customers should share their experiences through this community. The company should also join this community and participate properly in order to resolve the issues, complaints or suggestions through this community medium.

Another strategy should be innovation in its products. The company should consider and discover innovative products and services for its customers. Company should think innovatively and creatively towards the ideas that add value towards their products and services. Different flavors of coffee should also be added in company's range of products. More food on their menu should also be added so that customers have diverse kind of items available.

Selected Marketing Strategy:

Considering the SWOT analysis of Starbucks, there are some recommendations for the company as well. The strengths of the company indicate that company possesses the skills to overcome the weaknesses. Company can use its strengths in order to exploit opportunities in order to expand the distribution network. Starbucks has the opportunity to use its innovation process and brand image in order to launch and develop the different product lines. Therefore, the company can introduce new product lines for its infrastructure and network.

Similarly, the company is facing the threat of the aggressive competition along with the threat of imitation of its products which are considered to be the major challenges that affect the players in industry. The company needs to develop an appropriate course of action in order to

address the threats. These threats can be addressed with the stronger portfolio along with the continuous innovation strategy in order to ensure competitive advantage.

Innovation is an essential part for corporate success. It is also one of the most difficult ingredients to measure. Starbucks should pursue investment in innovation and technology. This strategy of the company will help in increasing its position of the company and to reduce the heated competition. The company needs to find out the more diverse employees from different industries which include fashion, education, interior designing, luxury wine and waste management. The people will be able to provide out of the box suggestions and ideas which include how people use the luxury lifestyles, new trends and social responsibility. The company should use other strategy which includes events of environment and community sharing, corporate social responsibility, sports sponsor and education.

Product:

The products being offered by company are mainly the strengths of company. Starbucks continuously focuses on innovating new products in order to capture more market. This component of the marketing mix mainly focuses on the business offers. Some of the business products of Starbucks are Coffee, Pastries, smoothies, Frappuccino, Merchandise, tea etc. These products are the result of years of business. However, still innovation process needs to be continued. The company needs to attract and retain new customers. The marketing team of the company should evaluate the performance of each product. If the product is in the category in which the company wants it to be then it is ok otherwise the company should seek out the ways to increase the market share.

Price:

Currently, the pricing being used at Starbucks is Premium pricing strategy. The premium pricing strategy takes the advantage of the behavioral tendencies of individuals in order to purchase the expensive products that lie between correlation of high value and high prices. The coffee products of company are considered to be more expensive than products of competing companies which include McDonalds and Dunkin' Donuts. Due to this pricing strategy, the company maintains high specialty in brand image. The pricing strategy of the company should be maintained in order to maintain its premium brand image.

Place:

The company offers its most of the products in several Starbucks Café's. The customers are able to access company's products at different stores. The stores are situated at different locations. It is also recommended to the company to continue to elevate the designs as the core competencies in order to overcome the reliance on the rare minerals. Starbucks should expand its business in most of the developing countries.

Promotion:

Starbuck mostly promotes its products through advertisement. Starbucks should also adopt different methods of promotion which include public relations, community development and sales promotion. Print media and internet should also be used for advertisement and promotion of the company products.

Short Term and Long Term Projections:

The recommended strategy can help the company in achieving the competitive advantage. The company is expected to grow exponentially with the implementation of this strategy. As the short term advantage, the company will have improved products and services. However, the company sales will be increased with the implementation of this strategy which is considered to be a long term advantage.

Conclusion:

The mission of Starbucks is to nurture and inspire human spirit. It has devoted its energies to have one cup for every person along with one neighborhood at a time. The company has acquired greater success during the last few decades. The company's main weakness is its increased prices as compared to its competitors. The company should continuously focus on introducing innovative products. The pricing should be comparative to the competing companies without compromising on the quality.

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