## Starbucks: A Story of Growth



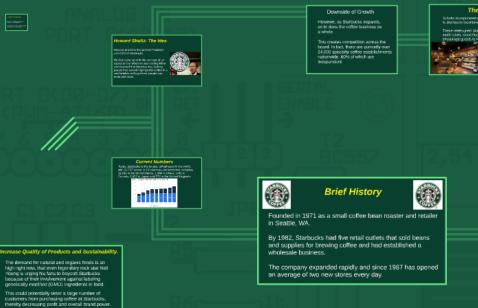








Status Quo: Current Business Model Keep expanding retail locations and broadening line of products for new



Go Back to basics











# The Case Solutions.com

## Starbucks: A Story of Growth





One product they introduced was a new line of instant coffee that could be purchased at

This product was so successful, that after one year it was already the number five instant coffee brand in the US.

However, this product was limited to customers



This created competition across the board. In fact, there are currently over 24,000 specialty coffee establishments nationwide. 60% of which are

These specialty coffee shops typically have more qualified Baristas and as a result, customers are more willing to wait longer for their spe





## Big Chain Competition



Another big competitor was fast food

By 2009, McDonald's had already started an aggressive advertising campaign to entice people to purchase their product.

In fact, one survey estimated that 60 percent of Starbucks customers would trade down to Mcdonald's if it was faster and cheaper.

In 2008, Starbucks went through a financial



As a result, Starbucks closed nearly 1,000 stores, reduced operating costs, retrained

Shortly after this time, Starbucks also introduced new products outside of its retail

## crease Quality of Produ

newhope

With the growing rise of obesity and heart disease, consumers are demanding more certified organic and natural feeds.

in fact, the natural and organic market is the fastest growing segment in the food inclustry

Consumers are also demanding environmentally friendly materials. This means

## Downside of Growth

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## **Brief History**



Founded in 1971 as a small coffee bean roaster and retailer

By 1982. Starbucks had five retail outlets that sold beans and supplies for brewing coffee and had established a wholesale business.

The company expanded rapidly and since 1987 has opened an average of two new stores every day.

## Target Market



Starbucks selected their locations very carefully and only targeted areas with large numbers of wealthy and highly educated

Drinking a Starbucks coffee was therefore seen as cool, sophisticated, and only something rich people could afford. This added to their overall brand power and

1. Keep Current Business Model

Cater to Business Sector by offering diffusiness oriented services.

3. Go back to basics, Roast and sell the L

## crease Quality of Products and Sustainability

The demand for natural and organic foods is so high right now, that even legendary rock star Neil Young is urging his fans to boycott Starbucks because of their involvement against labeling genetically modified (GMO) ingredients in food.







Go Back to basics





May cause logistical issues between the company and coffee farmers.

Licensing certifying/individual locations could





This will give individual locations a local feel and an opportunity to cater their local demographic more effectively.

They will also be able to better train baristas









They need to improve the quality of their products by removing GMO's and artificial ingredients.



This will not only attract more health cons customers, but will also make current



## **Brief History**



Founded in 1971 as a small coffee bean roaster and retailer in Seattle, WA.

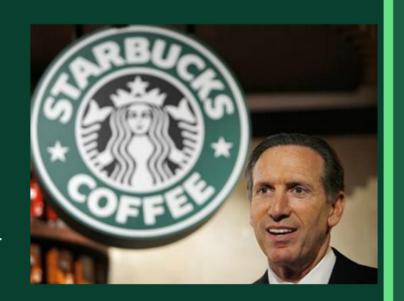
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## Howard Shultz: The Idea

Howard Shultz is the current President and CEO of Starbucks.

He first came up with the concept of an espresso bar when he was visiting Milan and realized that America was lacking places that served high quality coffee in a comfortable setting where people can meet and relax.



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