

Starbucks Corporate Strategy and Global Coffee Market

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Abstract

Starbucks Coffee Corporation is an international coffee brand that has gained popularity and loyalty for the brand among customers around the world. It has enjoyed the status of premier retailer of coffee products internationally, operating in 50 global markets with more than 15,000 retail stores. However, the brand could not compete in the market in Australia, where its rival brands, Gloria Jeans and McCafe, held the winning position. The present paper will try to dig out the ways adopting which Starbucks Coffee Australia can attain a competitive edge to cross through the competition in the market to benchmark position. The major objective of this study is to assess what marketing techniques can better help Starbucks in the Australian market.

Introduction

The present project proposal design aims to evaluate and understand the requirements of Coffee marketing techniques of Starbucks Corporation in Australia. The methodology developed for the research proposal will serve the purpose of helping Starbucks to understand the needs of the customers in the Australian market and improve the existing marketing techniques.

Problem Statement

The existing research on the Australian coffee market demonstrates one of the greatest potential growth opportunities for retail companies providing coffee beverages. The market research projects that it is expected from the coffee market to grow at the rate of 9.2 percent in the coming five years that currently is around seven percent. Though the Starbucks brand is highly recognized in global markets for its quality of service and taste, however, the brand had to face severe failures in catering to the Australian consumers' needs and wants.

Market research is an important and crucial element of strategic planning of a company that enables it to get its product range with the specific needs of consumers and devise the pricing, promotional and other techniques of the marketing strategy in a specific target market.

Starbucks failed to understand the needs and wants of Australian customers as compared to its market competitors, Gloria Jeans and McCafe. Starbucks needs to understand the changing purchase

behavior of Australian consumers. Growth in disposable incomes has been seen in the consumer's purchase behavior research that resultantly changes the market behaviors quickly, and more urbanized kind of lifestyles are affecting the purchase behavior of customers. The Australian market has a relevant growth pattern for coffee companies because of its consumers' demographics in comparison with other economies. The failure of Starbucks's marketing in Australia suggests that it could not understand the consumers' different tastes, the purchasing power of Australian customers, and the service requirements to reach service stores. Starbucks needs to revise its marketing strategies in Australia, for which a greater body of market and consumer demographics research is needed. Specialized marketing techniques to compete in the highly competitive market are highly advisable for Starbucks.

Purpose Of The Research

The purpose of the present research study is to meet the following objectives;

- Identifying and evaluating the shortcomings of Starbucks's marketing techniques that it developed for Australian consumers.
- To enhance the existing research on marketing techniques, the importance of consumers' demographics in the development of products and socio-cultural problems faced by food and beverages companies in global markets such as Australia.
- To compare and contrast the marketing techniques of Starbucks and its competitors, Gloria Jeans and McCafe in Australia.
- To demonstrate how lack of market research caused the failure of Starbucks products in the Australian market.
- To illustrate how actively market research strategies have backed the successful marketing tools and techniques in the coffee beverages industry around the world in the past decade.
- To suggest and recommend advisable changes for the improvement in Starbucks's marketing strategies for the Australian market of foods and beverages.
- To evaluate how socio-cultural differences tend to affect the success and failure of marketing strategies of international companies.
- To assess how standards are service provision are perceived and evaluated by consumers.

Rationale For The Study

To understand the consumers' demographics and to attain specific knowledge about their expectations from the products and services, market research plays a vital role for retail companies. Market research includes a methodical collection of applicable and relevant data, enabling the marketing managers to utilize such information for the formulation of the most suitable and effective marketing tools and techniques, such as product development criteria, pricing and promotions. Market research will eventually reveal the consumers' needs and behaviors, lessening the dangers of

troublesome choices. It is vital for companies to attain a competitive edge by investigating the consumer market to stay connected to the shoppers; with the changing trends of the time, clients' wants and needs change, too. Investigative studies on consumers' demographics and purchase behavior enable advertisers and marketing directors to have profound background knowledge for devising strategies to attain customer loyalty and popularity of the products and services. Statistical surveying is utilized to dig out the facts and figures of the target market, cost items and administrations, and distribution to acquire a wide comprehension of the company's position in the market and image as an organization. Current Starbucks research is accumulated for translating "the best target market, level of marketing techniques, the inclinations and ways of life of their business dispositions, conclusions, sectors"; such information is crucial for the company's marketing success and failure. To build a positive image and relationship with the consumers for its products in Australia, Starbucks needs accumulated data with respect to "responses to the physical value, price consciousness, money value" for the pricing strategy of the coffee products.

Research Design

Market research studies require systematic accumulation of current and relevant information that enables the researcher to provide comprehensive knowledge to the information users. Research methods for such studies vary from pilot test studies to focus groups to representative sample surveys on broader levels. Some of the market research studies, however, need library research using secondary data. Every research problem is somehow different and unique from others, making the researcher careful in selecting the most appropriate methods of research against the respective problem and objectives of the investigation.

Keeping in view the needs and demands of the research questions to be answered in an accurate and effective manner, the following research design has been devised for the present research study.

Research Approach

Quantitative Research

The present study will be a quantitative research study. The quantitative approach to research refers to a research technique by which the inferable information is sought by the researcher. That involves the construction of structured questions that are asked from the selected representative sample of the population to be studied. The most important advantage of using a quantitative approach is that the data can be analyzed statistically for a solid analysis of the information collected. In the present study quantitative technique will allow the researcher to gather data with the use of formalized procedures and infer data against the assumed hypothesis. Precise kind of information is obtained to help managers devise the most useful strategies of marketing for Starbucks in Australia.

Research Instrument

The construction of the research instrument for the present study involved the use of three scales of measurement for the questions.

Nominal Scale

An apparent measurement scale enables researchers to dispense the sample into specific classifications and gatherings. An example of this is to divide the respondents according to gender, as in male and female respondents. Such division of respondents makes it easy to allocate the cells with coding 1 and 2, serving the convenient and simple labeling as categories. That is allocating responses to category one and two explicitly without overlapping and any intrinsic value.

The classes are mutually exhaustive, too. That means, according to Theodore (2002), that there will be no additional or third category allowing the allocation of responses normally. As such, there is no third classification into which respondents would typically fall (Theodore, 2002). Consequently, ostensible levels of measurement classify people or individuals into totally unrelated and, all in all, comprehensively separate groupings. The use of a nominal scale in the present study will allow the researcher to divide the data into responses from male and female respondents. The questionnaire contains only one nominal scale question utilized as a part of this review for soliciting the sex of the sample subjects. Predetermined categories of choice in this question are characterizing Gender (1) Female and (2) Male in question.

An ordinal scale is a level of measurement that enables the signing of responses to respective cells based on ranks. The use of ordinal scales in the present study will help quantify the consumers' perceptions, opinions, relative attitudes towards Starbucks coffee products, their purchase choices and preferences. A number of four ordinal measurement questions have been included in the questionnaire.

The interval level of the measurement scale, in which there is an equal distance/interval intrinsic to the value of responses, and there is an absolute zero, does not mean the absence of the object (Tracy, 2006). The interval scale of measurement incorporates the ordinal level and enables the researcher to identify the distinction between the employees. Three questions using the interval scale level of measurement are included in the questionnaire to seek data of variety as much as possible.

Questionnaire

Before collecting the full-fledged data from the representative sample, a pilot test was conducted to guarantee an unmistakable comprehension of the inquiries. Pre-test individuals will focus on specialists' loved ones.

Sampling

The methods of investigation in a research program are vital in the process, and the most important element of a research plan is selecting a representative sample out of the population under study. Sampling is the process that makes the researchers select an appropriate portion of the population to conduct the study generalizable to the whole population (Larson, 2008). When the research problem is identified and it is decided what sort of information will best answer the research questions, the process of sampling comes in front. Furthermore, the examination plan (exploratory, expressive or causal) will be utilized, the scales and estimation will be determined, and the poll configuration will be concluded after the pre-test.

Mainly, sampling is done by one of the two sampling techniques that are characterized into probability test and non-probability technique. Convenience sampling, quota sampling, judgment sampling, and snowball testing are incorporated into the non-probability technique. The non-probability technique of sampling is a system that will be easy and comfortable and heavily relies on investigative judgment. It does not utilize chance choice methodology and is more suited for looking into like an existing client of a certain unprecedented item (Isidro, 2004). Probability sampling incorporates simple random sampling, stratified sampling, systematic sampling, and cluster sampling and is a technique that gives every individual from the population a settled shot of being chosen to be representative. This procedure required a rundown of the test edge of the populace to have the capacity to be totally accessible before each individual from the populace had an equivalent shot of being chosen. The present study has chosen the probability sampling technique.

Data Collection

The Use Of Secondary Data

To analyze the shortcomings of the marketing strategies of Starbucks that failed in Australia, secondary data will be used, such as Starbucks coffee reviews and consumer feedback reports. Secondary data are assembled and recorded by another person before (and for purposes other than) the present task. Secondary data, as a rule, are authentic and, as of now, collected. No entrance is required to subject respondents or members of the sample. Normally there are four main focal points in utilizing secondary data. To begin with, rapidly, it can be acquired, as opposed to gathering essential information that may require a while from starting to finishing. It is reasonably inexpensive, secondly, when contrasted with gathering primary information. In third place, it is conveniently accessible. And fourthly, it improves existing primary data. Since specialist researchers utilize optional data does not imply that they won't gather primary data. Actually, in every case relatively, the analyst's assignment of primary data accumulation is supported by first gathering secondary data. A secondary data inquiry can acclimate the exploration of the industry, including its deals and benefit patterns, real contenders, and the critical issues confronting the industry. And secondary data

hunt can recognize ideas, data, and phrasing that might be helpful in directing the essential research.

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