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## Questions on Product

**Q1:** What is the core product of Starbucks?

**A1:** Coffee beans and beverages are core product of Starbucks.

**Q2:** What are the actual and augmented products of Starbucks?

**A2:** Actual products – Brand name, features, quality level, design and packaging

Augmented products – After Sales Service, Delivery & Credit, Installation and Warranty

**Q3:** What are the various product categories offered by Starbucks?

**A3:** The different categories are

Coffee,  
Tea,  
Baked Goods,  
Frappuccino,  
Smoothies,  
Starbucks Merchandise (Mugs, Instant coffee etc),  
Other food items and beverages.

**Q4:** How has Starbucks adapted its product offering to suit the Indian market?

**A4:** Starbucks made an arrangement with Tata Global Beverages to purchase and roast premium coffee beans at a new facility in southern India. Tata's expertise in local tastes and market conditions helped Starbucks learn more about doing business in India.

Tata customized Starbucks' menu by adding pastries and icecream, helped modify the store layout to include locally sourced furniture and interior decorations, helped solve logistical problems that hindered the sale of fresh food, and helped develop an effective human resources strategy.

**More important is Tata's coffee bean farms and roasting facilities were successfully leveraged with Starbucks' proprietary roasting techniques to introduce a new premium, Indian-sourced brand, India Estates Blend.**

**Q5:** How has Starbucks introduced healthy products in its range?

**A5:** There was an expected shift towards healthy eating and diet among the consumers in 2014 and this was a major potential threat to the industry as they become more aware of issues related to weight and obesity. Hence there was a proactive shift among the industry participants, including Starbucks to tailor their menus towards more organic and healthy products mix.

**Q6:** Mention an innovation by Starbucks with regard to an existing product.

**A6:** Starbucks Via Ready Brew coffee represents incremental innovation. Its incremental innovation included 4 new individual flavors: Cinnamon Spice, Vanilla, Mocha, and Caramel.

**Q7:** What are some partnerships that Starbucks has entered, from the point of view of product?

**A7:** The product offerings are a result of several acquisitions, including La Boulange, Evolution Fresh, Teavana, and partnerships, including Danone and Green Mountain Coffee Roasters. The coffee giant has transformed by penetrating the tea, yogurt, and baked goods industries in addition to expanding its coffee products past the storefront.

## Questions on Price

**Q1:** What is the most expensive coffee that Starbucks in CP sells?

**A1:** Super Venti Flat White

**Q2:** What is the least expensive coffee that Starbucks in CP sells?

**A2:** Short hot brewed coffee or Teavana hot tea

**Q3:** Which of the following pricing strategies does Starbucks follow? Justify your answer.

- Economy pricing strategy
- Penetration pricing strategy
- Skimming pricing strategy
- Premium pricing strategy

**A3:** Premium pricing strategy.

Starbucks uses price hikes to separate itself from the pack and reinforce the premium image of their brand and products. In order to compensate for the customers lost to cheaper alternatives like Dunkin Donuts, Starbucks raises prices to maximize profits from these price insensitive customers who now depend on their strong gourmet coffee

## Questions on Place

**Q1:** How many cities in India have at least one Starbucks store?

**A1:** 28

**Q2:** What is the total number of Starbucks stores in India?

**A2:** 252

**Q3:** Which cities in India tend to have a Starbucks store? Why?

**A3:** Metropolitan cities and tourism cities tend to have Starbucks to attract customers. As it is well known that Starbucks' aim is to make their stores the third preferred place for the customer to visit and make the location of the store with aesthetic appeal, their outlets' interiors will be designed to depict the history and scenic beauty of the city. Customers will be offered more than just a coffee.

**Q4:** Mention an innovation by Starbucks with regard to its store strategy.

**A4:** Starbucks is well known for its focus on innovation, and furthermore, the management sees Starbucks as an experience provider, rather than a coffee shop. Through similar store formats, outlets provide comfort and an ambiance leveraging customer pull.

Starbucks continuously surveys its customers to improve their experience. Part of the experience is the customer-friendly design. Tables are round to prevent lone drinkers from feeling alone and awkward. The company actively leverages adaption and can gain profound knowledge in doing so (as we will elaborate later).

In every country, Starbucks adapts to the local culture but keeps its basic global business model. In India, tables consist of solid local teak, hand-carved wooden display screens, Indian paintings, et cetera.

**Q5:** What are some partnerships that Starbucks has entered, from the point of view of the place?

**A5:** Seattle Seahawks



## Questions on Promotion

**Q1:** What is the primary means of promotion for Starbucks?

**A1:** Starbucks predominantly uses its **website, social media channels and in-store displays** to promote the brand and the products.

**Q2:** How does Starbucks go about executing its primary means of promotion?

**A2:** Starbucks aims to show that its product is more than just coffee. Their social media pages do not push dull, overly commercial product posts, but instead **creates a narrative for the products**. The brand prioritizes personal experiences of their customers and the shared moments

**Q3:** What is meant by 'Third Place' in the context of the marketing strategy of Starbucks?

**A3:** Stores

**Besides home and work, their aim is to make their Stores third preferred place for the customer.**

Their strategy is to make the Location of the store with aesthetic appeal. They target premium, high-traffic, high-visibility locations near a variety of settings, including downtown and suburban retail centers, office buildings, university campuses, and in select rural and off-highway locations across the world.

They make their Stores visually appealing and to have a 'cool' factor attached to reflect the unique character of the neighborhood. They serve in an environmentally friendly. They provide free wifi, great music, great service, warm atmosphere and provide an environment of community meeting spot, which forms a wider part of the 'Starbucks Experience'.

**Q4:** What is meant by 'Fourth Place' in the context of the marketing strategy of Starbucks?

**A4:** Digitally-savvy audience

## Questions on People

**Q1:** What are the primary target customer segments for Starbucks?

**A1:** Middle to upper-class men and women

**Q2:** What is the connection between the target customer segments for Starbucks and its choice of price and place?

**A2:** Starbucks organizes its market based on 3 variables namely, demographic, psychotropic and geographic. The company then used product differentiation to satisfy the different customer groups.

With regard to geographic segmentation, Starbucks has retail outlets distributed in different locations. Each of these outlets reflects the tastes and preferences of the local customers.

With respect to demographic segmentation, their various outlets have facilities to appeal to all the generations and income groups. The reason for this is they design products that suits to clients of all age groups, incomes and occupations. For instance, the occupation of the customers will determine if the shop will have a meeting area or offer packaged takeaways that patrons can consume in their offices. Customer's income level will inform the pricing strategy of products. Their age will determine the type of in-house entertainment, music, internet facilities that the business will offer. Counter and table services will be available to customers of all age groups.

With regard to psychotropic segmentation, Starbucks will offer products to suit different diverse customer styles and tastes. Customer's music and food tastes will indicate the type of entertainment and products to offer.

Their shops will also use a pricing strategy to differentiate their products. On average, Starbucks sells its beverages at a price that is \$2 higher than the cost of similar products sold by fellow competitors, but offer extra benefits to its customers. In this way, customers will feel that they get value for their money. The shops will also adopt Italian coffee culture. They usually use syrups and other sweeteners to improve taste of their coffee. They brew their espresso coffee the Italian way to provide distinctive and superior quality products.

**Q3:** What are Starbucks employees called?

**A3:** Partners



**Q4:** Mention an innovation by Starbucks with regard to its employee training.

**A4:** It is new hire training program that utilizes the [70/20/10 approach](#). This means that 70 percent of partner training happens through on-the-job experience, 20 percent of training is acquired from feedback and mentorship from coaches, and 10 percent is learned through online e-learning modules.

## Questions on Physical Evidence

**Q1:** How does the Starbucks store layout contribute to its marketing strategy?

**A1:** Starbucks' brand equity is built on selling the finest quality coffee and related products, and by providing each customer a unique "Starbucks Experience", which is derived from supreme customer service, clean and **well-maintained stores** that reflect the culture of the communities in which they operate, thereby building a high degree of customer loyalty with a cult following. Starbucks has stores in some of the most prime and strategic location across the globe. They target premium, high-traffic, high-visibility locations near a variety of settings, including downtown and suburban retail centers, office buildings, university campuses, and in select rural and off-highway locations across the world. **Their stores are visually appealing and have a 'cool' factor attached to it with being designed to reflect the unique character of the neighborhood they serve in and environmentally friendly.** They provide free wifi, great music, great service, warm atmosphere and provide an environment of community meeting spot, which forms a wider part of the 'Starbucks Experience'. The main aim for the firm is to make their stores a 'third place' besides home and work.

**Q2:** What is the Starbucks logo?

**A2:** The Siren

**Q3:** Has the Starbucks logo evolved over time?

**A3:** Yes

**Q4:** Can the Starbucks app be considered part of physical evidence in the 7 Ps framework? Justify your answer.

**A4:** No.

Physical environment is the last area of analysis in the marketing mix of Starbucks. It includes but not limited to its **store designs, logo, coffee cups, and napkins**. Starbucks offers customers an inviting atmosphere. It has adopted a new approach to store designs.

## Questions on Process

**Q1:** What is the process improvement philosophy that Starbucks adopted a decade ago to improve its productivity?

**A1:** [leanSix Sigma](#) mplementation

**Q2:** What are some of the key metrics that Starbucks uses to measure in-store productivity?

**A2:**

[Global comparable-store sales growth. ...](#)

[U.S. comparable-store sales. ...](#)

[Active rewards members. ...](#)

[New store openings. ...](#)

[Comparable-store sales guidance.](#)