

August 21, 2024

STRATEGY PLAN: POSITIONING STARBUCKS FOR SUCCESS



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Starbucks is facing increased global competition, and growth is slowing. The former CEO of Chipotle is being brought in to make changes.

STARBUCKS

- ▼ US Sales
- ▼ US Customer Visits
- ▼ Global Same-Store Sales
- ▼ China Same-Store Sales

COMPETITION

- ▲ Additional Cheaper Menu Items
- ▲ Stores
- ▲ Overall Revenue

Growth Strategy:

Customized Marketing Campaign

Matching Consumer Spending Expectations - Product Price Variety

Public Franchise Model

Cost Optimization

Understanding the Customer: What drives new customers in the door and keeps them coming back.

Introduction of a Marketing Campaign + Slogan.



"Im Lovin' It" (McDonalds)
"Back to the start" (Chipotle)
"America runs on Dunkin" (Dunkin Donuts)



Meanwhile customer experience is not being emphasized enough.

Starbucks must introduce **new drinks**. 70% of Starbucks customers customize drinks.

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Reviewed July 31, 2024

The staff is polite. But their coffee is not worth what they are asking. Coffee is always bitter. Or taste old. This has been going on for years now. But Starbucks just doesn't care enough to improve their products.

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Reviewed Oct. 21, 2017

Starbucks stores are freezing!! Especially on days where the temperature is between 60-80 degrees. I've complained on at least 3 occasions, but their temperature controls for AC are in Seattle. Unbelievable. Furthermore, coffee is bitter (most of my friends agree) and the app is full of glitches. Another example of how corporate offices can be out of touch with customers.

Competitors are lowering prices, so creative menu changes will have to be made to win back customers, in addition to expanding.

- ✓ Introduce Lower Prices
- ✓ Introduce the Franchise-Based Model to Match Expansion



A large latte at Dunkin' is priced at **\$2.49**, while a similar venti latte at Starbucks costs **\$4.15**.

Dunkin' franchises show strong performance, with average annual sales around **\$1.29 million**.



Average price for a drink at McCafe ranges from **\$1 - \$1.75**

Average annual sales for a McDonald's restaurant are higher: **\$2.7M** compared to most Starbucks licensed stores



Selective Screening process:
0.15% selection rate

Low Barrier to Entry:
\$10,000 Franchise fee

Leveraging Strengths and Addressing Weakness



"To establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow."



Employee Satisfaction

- 78% employees are happy!
- Features in the top 20% employers globally.



Brand Recognition

- #1 in 2023 World's Most Admired Companies in the Food Services industry.



Global Presence

- Largest coffeehouse company in the world with 38,027 stores!



Acquisitions

- Starbucks has ~4 Bn dollars cash reserves in their bank accounts, that's more cash than many banks!



Financial Operations Excellence

- DIO is at 27 while the food industry average is just at 6!
- DPO is at 20 while the food industry average is at 30.



Stores Performance

- Dependency on a large number of company-operated stores.
- Low revenue contribution by Licensed stores.

The Path Forward: Reclaiming Growth

STARBUCKS

- ✓ Domestic/ International Marketing Campaign
 - ✓ New Slogan
 - ✓ Focus on Customer Needs
 - ✓ Introduction of a Franchise Model
 - ✓ Acquisition Approach in Foreign Markets
 - ✓ Pricing Against Competition
 - ✓ Overhead Reduced
 - ✓ Expense Rationalization
- ▲ US Sales
 - ▲ US Customer Visits
 - ▲ Global Same-Store Sales
 - ▲ Total number of Stores
 - ▲ Stock Performance
 - ▲ Customer Satisfaction
 - ▲ Costs Reduced

If you want to be eligible to present your findings, one member of your team will need to submit your slides through email

- Complete analysis and slides and email to MEMPCTCC@gmail.com by 1:15pm Wednesday!
- Email subject: Team 1.1 MEMPCTCC Submission
 - To: MEMPCTCC@gmail.com
 - CC: all team members
- File name: Team 1.1 Starbucks Recommendation