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TMC110

8 November 2020

Mini Starbucks Case

1. Is Starbucks a ‘Red Ocean’ company, a ‘Blue Ocean’ company, or a hybrid of the two? Explain your answer in at least a page, and cite your sources.

I think Starbucks is a ‘Blue Ocean’ company, they have rebranded their image with bringing back the “culture” and sense of comfort. Howard Shultz has made it a priority to make Starbucks feel welcoming to everyone. Aside from just being a coffee shop, he wanted to make it a place for people to feel comfortable going to relax. Then they started offering college education to anyone working at least 20 hours a week. “‘We’re not trying to save the world,’ Arizona State’s president, Michael Crow, told me. ‘We’re trying to show that the world can be saved.’” (Ripley, 2015). Howard Schultz and Michael Crow are trying to give people a chance to become more than a barista and they were determined to show people it is possible to get an education. Howard Schultz always tried to take Starbucks to uncharted territory, including when he introduced the Starbucks app along with all kind of deals. Even though for a few months there were problems here and there with the app, before long 30% of sales were from Starbucks cards (Carr, 2013) which continues to rise.

2. Is Starbucks a ‘Conscious Capitalism’ company?

I think Starbucks is a ‘Conscious Capitalism’ company, their whole brand is defined as a ‘fifth’ place, a place where there is “warmth and belonging, where everyone is welcome” (Mission

Statement, 2020). The company strives towards keeping the customers and employees happy.

Even having to shut down every location for a mandatory training on discrimination, this ensured people were able to see the companies priorities, and also allowed the employees a day to reflect and really open up and learn about bias in the workplace.

3. Why did Starbucks create the ‘Starbucks College Achievement Plan?’ How does it help the company make money and remain competitive? How does it help them stay a market leader? What are their competitors doing in response?

Howard Shultz and Michael Crow wanted a way to be able to help the middle class get an education. “Simply put, many Americans fail to finish college, because many colleges are not designed to be finished” (Ripley, 2015). If someone is working enough to keep up with their bills, odds are they do not have the extra time or money for college, and if someone took the time for college they wouldn’t have the money to pay for the classes or books. But this program gave people a chance to get their degree and not have a debt afterwards. In doing this Howard Schultz was given a discount from Michael Crow and this allows the company to pay for 100% of the tuition for employees working at least 20 hours (Ripley, 2015). This is a big advantage in the competitive field. This incentive not only offers coverage for tuition but also a pay rate always above minimum wage, and as long as the Starbucks partner is working 20 hours they will receive health, dental, and vision benefits.

4. Consider the innovations that Starbucks has brought to coffee drinking. What impresses you the most? Where do you think they have room for improvement? Explain your answer in at least a page, and cite your sources.

I think Starbucks has made great strides in the coffee community. First when they came out with blonde espresso, a new lighter, more caffeinated, espresso shot. Then when they came out with cold brew on tap it changed the game, but then they came out with Nitro and everyone wanted to be a part of it. Now Nitro Cold Brew can be found in most coffee brands or at most coffee retailers. Starbucks continues to come out with new creative drinks to keep consumers interested. I think there is room for improvement in this area of the business. Many of the new drinks that come out have become more “trendy” and less tasty. Many being blended drinks that don’t even contain coffee. I think Starbucks could take another look back at their previous items that were big sellers and maybe even bring back old favorites instead of making new items that are based more on look.

Bonus Questions–

- 1. Visit a Starbucks location and look it over carefully. Observe the associates at work, and ask them questions if you wish. Based on your experience, why do you think the company is doing well and growing? Did you have just a ‘basic’ experience, or was it more than that? What three things do you like most about what you see? What do you think needs improvement?**

I think the employees are inviting and genuinely enjoying their time at work. Whenever I had questions they were more than happy to answer and suggest options. The service is fast and everyone looks like they are in their roles for the business to run smoothly. I had more than just a ‘basic’ experience, with being greeted by numerous baristas and chatted with upon waiting for my drink. Even with Covid, everyone is happy to help serve with all the safety precautions in

place. I like seeing everyone enjoying their time at work, I like seeing the store in a uniform manner with all the shelf space as occupied as they can be. I liked seeing everyone in their role and the efficiency of the customers being helped as well as the cleanliness being maintained. Given the fact that things have been changed a lot due to the pandemic there is not much that I saw that I think needs improvement. Any store that allows people inside has a one way in and out system that makes things pretty straight forward and efficient.

2. Visit a grocery store. What kind of presence does Starbucks have on the store shelves? Elsewhere? Why has the company made it possible to buy their products and drink their coffee outside of a 'regular' Starbucks location?

Describe your experience in at least two paragraphs and provide details on when and where you went.

I think Starbucks has a big presence in stores. Almost any store that sells chilled beverages will have some sort of bottled Frappuccino® or other. Starbucks already has locations all around the world, it's not surprising to sell their product in a more grocery store friendly manner. These products are also available at actual Starbucks store locations, but if someone is just stopping to get gas or on their way out of the grocery store, they can now enjoy a Starbucks beverage as well without having to travel all the way to a Starbucks location.

However some of their other products such as their Teavana® teas or coffee beans that aren't their main few can only be bought on store shelves now. Starbucks decided to focus more on their core coffees (Veranda, Pike, Sumatra, etc.) and now the grocery store is the only place to go for some classic favorites like the Breakfast Blend or House Blend. This allows Starbucks to continue offering all of their great coffees but also allows for them to push certain products in their main stores.

References:

- Carr, A., 2013. *Risky Innovation: Will Starbucks' S Leap Of Faith Pay Off?*. [online] Fast Company. Available at: <<https://www.fastcompany.com/3009040/risky-innovation-will-starbucks-leap-of-faith-pay-off>> [Accessed 7 November 2020].
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