Case Study 3

**Assignment-** answers to the questions related to 7Ps

**Questions on Product**

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

**A1:** Starbucks core product is Coffee, Whole beans and grounded coffee.

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

**A2:** Actual products are, Handcrafted Beverages: Fresh-brewed coffee, hot and iced espresso beverages, Frappuccino coffee and non-coffee blended beverages, Starbucks Refreshers, smoothies and Tazo teas.

Merchandise: Coffee- and tea-brewing equipment, Verismo System by Starbucks, mugs and accessories,etc.

And Augmented products are, free Wi-Fi connection, ambience,better seating arrangements, charging points, brand value, etc.

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

**A3:** Various product categories are, Handcrafted Beverages: Fresh-brewed coffee, hot and iced espresso beverages, Frappuccino coffee and non-coffee blended beverages, Starbucks Refreshers, smoothies and Tazo teas.

Merchandise: Coffee- and tea-brewing equipment, Verismo System by Starbucks, mugs and accessories,etc.

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

**A4:** Starbucks localization strategy is a mix of local products with innovative store designs, so they can fully adapt to the culture of the location. Same way they adapted in Indian market by following ways:

* Design of stores- Starbucks made the design of the stores very Indian. The main motive behind it was to make Indians comfortable and have a community feeling inside the outlets.
* Introduction of Indian Flavour- As Indians have habit of eating along with Tea/Coffee. So, Starbucks has introduced Indian dishes like Konkani Twist or a Reshmi Kebab Roll in their menu along with other tried and tested muffins and sandwiches. Also, Indians prefer tea more than coffee. Hence, Starbucks have introduced Tata’s branded tea called Teavana and Himalayan water beverages to add to the products.

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

**A5:** Starbucks introduced healthy products in its range by reducing average added sugar in indulgent beverages, offering lighter options including Refresha and Yogurt Frappuccino range, reducing salt and offering fruit as well as displaying nutritional information on menu boards and online.

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

**A6:** They have increased coffee quality by engineering design.  Clover Vertica reimagines the brewed coffee experience for customers through a patented process that combines innovative vacuum-press technology with precise control over the temperature of the water and length of brew. This technology ensures that every cup of coffee is brewed to the specific roast and blend specification for the best flavor from each bean, resulting in highly defined flavors.

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

**A7:** Nestle has partnered with Starbucks to bring ready to drink coffee beverages. In India they have partnered with TATA group and launched latter's single-origin coffee in the US and Himalayan mineral water in Singapore. They have also launched specialty tea brand Teavana in India.

**Questions on Price**

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

**A1:** The most expensive coffee that Starbucks CP sells is Espresso Caramel Praline Latte, short cup is 285INR- and Venti cup is 365INR.

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

**A2:** The least expensive coffee that Starbucks CP sells is Espresso, and Espresso Macchiato, solo cup is 165INR and Dopplo is 180INR.

**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:** Starbucks uses a **premium pricing strategy**. In the marketing mix context, this pricing strategy takes advantage of the behavioral tendency of people to purchase more expensive products on the basis of the perceived correlation between high price and high value. The company’s coffee products are more expensive than most competing products, such as McDonald’s Premium Roast. Through this pricing strategy, Starbucks maintains its high-end specialty image. Still, the company strives to develop and actually provide high quality products and satisfactory customer experience in its coffeehouses.

**Questions on Place**

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

**A1:** As of January 2022, Starbucks operates 252 outlets in 28 cities of India.

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

**A2:** Number of Starbucks store in India is 270 stores (April 2022)

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

**A3:** Delhi and Delhi NCR (Noida and Gurgaon) have a total of 25 outlets. Bangalore has 16, Chennai has 5, Hyderabad has 7 and 3 outlets in Kolkata. And in total 28 cities of India tend to have Starbucks store.

Starbucks adapts to the local culture but keeps its basic global business model. High entrepreneurial skills, such as knowledge in real estate, help the company to set up new unique outlets, impacting the customer experience. Through its customer experience and ambiance, Starbucks offers a comfortable place in which to spend time.

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

**A4:** Starbucks is looking to the next phase of its digital and in-store strategy that it’s calling “new retail.”

It is upgrading its digital and store experiences through refreshed store designs, tech investments and a revamped loyalty program based on a tiered model. An important piece of that is store design. Starbucks is developing a way to personalize formats based on customer behavior specific to a store location. They are also experimenting with a flexible design model that caters to habits that vary depending on time of day.

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

**A5:** In India they have partnership with TATA group. In China, they have partnership with Sequoia Capital. Aeroplan has partnered in Canada . Ubereats has partnership in Japan.

In the North region, Starbucks has partnered with Beijing Mei Da Coffee. In the South, it has partnered with Maxim Caterers based in Hongkong. In the East, Starbucks has partnered with Uni-President a Taiwan-based company.

**Questions on Promotion**

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

**A1:** Starbucks uses a Multi-Channel Promotional Strategy.

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

**A2:** Starbucks predominantly uses its website, social media channels and in-store displays to promote the brand and the products. It also uses sales promotions, events, direct marketing, print media, and PR in an integrated manner to multiply the impact of its promotions.

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

**A3:** “Third Place” has often been described in physical terms — a place between home and work — the essence of the Third Place has always been the feeling of connection and belonging it provides.

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

**A4**: The fourth place in the context of marketing strategy of Starbucks means, By digital, the implication here is not only about reaching out to a "digitally-savvy audience", but also about creating a place that is "digitally-equipped" with a robust mobile and online delivery system.

**Questions on People**

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

**A1:** The target audience of Starbucks is middle to upper-class men and women. It's the percentage of the general public who can afford their higher priced cups of coffee on a regular or daily basis.

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

**A2:** Starbucks segmentation, targeting and positioning comprise marketing decisions directed at identifying appropriate group of people among the general public as future customers for the business and targeting this segment via positioning products and services that resonates well with their needs and wants.  In simple terms, segmentation, targeting and positioning refers to deciding whom to sell to, and positioning products and services accordingly.

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

**A3:** Starbucks employees are called ‘Baristas’.

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

#### A4: On-demand instructor-led training that’s the same every time: A video platform enables trainers to record one training class and then share it securely for any employee to view on-demand in an interactive multi-media player that gives them the same in-class experience. Not only does this require less of an investment in travel and central training facilities, but it also ensures that every employee at every store is trained consistently.

**Enable social learning between stores:** With [mobile apps](https://www.panopto.com/features/video-cms/mobile-video/) designed for simple on-the-go recording, a video platform can enable employees at any location to share useful tips with every other store location. Whether it’s a simple cleaning hack or simply celebrating an interaction that made a customer’s day, managers, supervisors, and baristas can all film a short video with their smartphone and upload it to a [searchable central video library](https://www.panopto.com/features/video-cms/) for anyone to find — just like they would on social media.

**Questions on Physical Evidence**

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

**A1:** Starbucks stores are meticulously designed to make customers stay longer, buy more, and return for another visit. From the lighting to the ordering counters, everything in the store has a specific purpose.

1. **Starbucks often advertises new products on its doors-** In most cases, Starbucks stores place ads at eye level on the outside glass. In this case, the door handle is also subtly inscribed with advertising.
2. **Starbucks places its ordering counter toward the middle or back of the store to ensure that customers walk past the store's seating area.** This allows customers to scope out open seats, encouraging them to stay and enjoy their drinks in the store.
3. **Starbucks uses lighting to guide customers through the store-** The lighting also functions to bring Starbucks' merchandise to customers' attention, encouraging an impulse buy.
4. **Starbucks has a thin strip of counter between the customers and its coffee machines, which makes the ordering process feel more inviting-**  It's a part of Starbucks plan to maintain your connection to the people that work here
5. **Starbucks places advertising between the ordering counter and the counter where you pick up your coffee and pastries.** This is meant to encourage customers to think about what they might purchase when they return for another visit.

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

**A2:** That mythological creature that resembles a mermaid in the center of the Starbucks logo is actually a Siren.

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

**A3:** Yes Starbucks logo has evolved over time.

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

**A4:** Yes it can be considered because there stores give offers and points to collect free beverages if redeemed. This all is done on their app. Advertisement and payment is also done through app.

**Questions on Process**

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

**A1:** The process of improvement philosophy that Starbucks adopted to improve its productivity are:

* They created ‘Third Place’
* Mobile app transaction
* Lean manufacturing or lean production

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

**A2:** Some of the key metrics that Starbucks uses to measure in-store productivity are:

* Average order filling duration (Starbucks café productivity)
* Weight of coffee beans processed per time (roasting plant productivity)
* Equipment repair duration (maintenance productivity)
* Two inventory management systems are utilized:The P system is used for coffee bean orders and other items, like bottled water. The EOQ system is used for materials like coffee cups, milk, coffee cakes, and espresso. The P system orders supplies every seven days