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data analytics

**case study 3**

**starbucks**

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**Questions on Product**

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

**A1:** Starbucks is an American multinational world’s largest coffee house chain headquatered at Seattle. The core product of Starbucks is The Starbucks lifestyle, sophisticated, trendy, with community environment. coffee with WIFI/meeting rooms, customized experience, exotic, rewards are the products of Starbucks.

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

**A2:** The actual products are physical goods like premium coffees and teas, sandwiches, desserts, CDs, packaged coffees and teas, coffee making equipment, collectibles, Ice cream etc along with Starbucks brand with comfortable store layout.

The augmented products are free WIFI prepaid Starbucks card, Starbucks Duetto visa (credit card and reward), in-store music download.

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

**A3:** Starbucks beverages were divided in to 11 categories. Brewed coffees, Frappuccino blended coffee, Frappuccino blend juice, Drink extras, Tazo tea, classic favourites, vivanno nourishing blends, Frappuccino light blended coffee, Frappuccino blend creme, expresso iced, expresso hot, Brewed coffees. The products offered are hot and cold drinks, whole-bean coffee, micro-ground instant coffee, expresso, full and loose-leaf teas, juices, Frappuccino, beverages, pastries, and snacks. Some products are seasonal or specific to the locality.

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

**A4:** -----------A joint venture with TATA coffee Ltd Asia’s largest coffee grower. Expresso sourced from India will be the hallmark product of Starbucks. Coffee beans and Tea are brought from Indian farmers in order to develop local agro economy. Indians tend to take more cream in coffee. Mixing of skim milk is not an option as dieting is not common to all moreover think as being cheated of money. India Spice Majesty Blend, was specifically developed for the Indian market and is only available in India. India Spice Majesty Blend is a blend of full leaf Assam black tea infused with whole cinnamon, cardamom, cloves, pepper, star anise and ginger

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

**A5:** ------------Starbucks adapt to organically grown coffee as more consumers tend to relay on organic products. Brings Green coffee extract innovation to customers on global scale that deliver thirst quenching refreshments from real fruit juice, delicious, low calorie refreshments with boost of natural energy from caffeine made with green extract from 100% Arabica beans which is available in Raspberry, Pomegranate, Strawberry, Lemonade and Orange Melon which is in ready to drink form.

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

**A6:** --------------- Most south Indians like spices like black glove and ginger. Non south are generally non coffee drinkers but experience various flavours. Bringing WIFI invites youth generation as they are socially gathering provides a place to sit, chat at affordable rates.

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

**A7:** --------------Starbucks entered in to partnership with **Apple** to collaborate on selling music in ambient environment, with **Arizona university** by providing scholarship to Starbuck employees, with **Pepsi-co** to market and distribute Starbuck products, with **Uber eats** to deliver beverages at customer doorstep, with **TATA coffee** on India as Starbucks “A TATA Alliance” to operate outlets in India.

**Questions on Price**

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

**A1:** ---------The most expensive coffee in Starbucks is $148.99 Super Venti Flat White

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

#### A2: ------------ Short Caffe Americano and Hot Reusable Cup at Rupees 410

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

1. Economy pricing strategy
2. Penetration pricing strategy
3. Skimming pricing strategy
4. Premium pricing strategy
5. **A3:** ---------------Starbucks uses **Premium pricing strategy**. This strategy makes people to purchase more expensive products on the basis of the perceived correlation between high price and high value. Through this pricing strategy, Starbucks maintains its brand image. Thus it strives to develop and 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:** -----------There are 24 cities that have atleast one Starbucks store in India

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

**A2:** -----------There are 221 Starbucks store in India

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

**A3:** --------------------- Metro Politian cities like Delhi, Hyderabad, kolkata, Chennai ,Mumbai, Bangalore, etc that have high visibility.

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

**A4:** -----------------Store Design, free Wi-Fi, good ambience , great interior design with lightening, huge place, great location, music environment.

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

**A5:** --------------- Starbucks offers home delivery from outlets through a partnership with**Swiggy**, with **Pepsi-co** to market and distribute Starbuck products, with **Uber eats** to deliver beverages at customer doorstep, with **TATA coffee** on India as Starbucks “A TATA Alliance” to operate outlets in India.

**Questions on Promotion**

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

**A1:** ------------ The primary means of promotion for Starbucks are advertising, sales promotion, social media, TV ads etc

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

**A2:** --- Starbucks use their primary means of promotion through 4 strategy

1. Word-of-mouth marketing

2. Advertising

3. Sales promotion

4. Public relations

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

**A3:** ------------------------------- The ‘Third Place’ means Starbuck’s efforts to create a neighbourhood where people want to come and hang out and relax having coffee from where outside home one can connect and build community.

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

**A4:** ----------------------------- Starbucks adds another dimension as “Digital”. By digital not only about reaching out to a "digitally-savvy audience but also about creating a place that is "digitally-equipped" with a mobile and online delivery system. It is called fourth place by Starbucks

**Questions on People**

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

**A1:** -------------------- The primary target customer group is between 25 and 40 years of age with high incomes. Primary target customers are young both male and female from the ages of 16-38

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

**A2:** ------------------------------- The connection between the target customer segments for Starbucks is coffee with affordable price at nearby location as their motto is one person, one cup, one neighbourhood.

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

**A3:** -----------------------------Partners

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

**A4:** --------------------------------------------------------

They use the **70/20/10** approach. That means that 70 percent of 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. New employees get their initial training from their store manager, as well as dedicated trainers supported by instructor led training and social learning with video. Also give unique training like business philosophy, customer service skills, work skills, management training programs and leadership skills

**Questions on Physical Evidence**

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

**A1:** **-------------------**Starbucks store features conducive environment for students for doing homework and collaborating on projects. Furniture and setups are representative of the way that users would interact with space. It has couch like chairs for students to meet and hangout, high tables for meeting and coffee chats. Starbucks maintains their consistent feel and environment through their music. It uses environment friendly bulbs and uses online platforms for its marketing strategy.

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

**A2:** ------------------ Starbucks logo was the image of a “twin-tailed mermaid”, or siren. Greek mythology has it that sirens lured sailors to a shipwreck off the coast of an island in the South Pacific, also sometimes referred to as Starbuck Islands.

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

**A3:** ------------------------------------yes. Starbucks logo first appeared **in 1971**. The initial logo of 1971 had a two-tailed mermaid or siren. Text Starbucks at top, coffee tea spices at bottom with two dots on each side of tea.

**1987**, new addition green colour. Only two words “Starbucks’’ and “Coffee’’. A new addition of two white dots on each side of the circle. These dots were two five-pointed stars in white.

Third version of the Starbucks logo design evolved into close-up view of the mermaid. The navel disappeared from the design, and only the fishtail was visible. The logo featured a green and white colour palette with the company name mentioned in the wordmark inside the circle with two stars on either side.

**1992**, the designers enlarged the image of sirens to the extent that the face occupied the most circle space. Now, viewers could see only the siren’s face, hair and a side hint of the two mermaid tails.

The Starbucks logo in **2011** and made it a brighter and simplified

The siren became all white, and her hair and the two mermaid tails were in the green Starbucks background.

The logo looked simple after the words “Starbucks’’ and “Coffee’’ got rid of the two stars.

One of the significant changes they made was to reposition her face. It radicalized the design to a larger extent till now.

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

**A4:** ---------------------------yes Starbucks app can be considered as a part of physical evidence in the 7 Ps framework that is

1. Product-offers number of food and drinks
2. Price-uses premium marketing strategy
3. Promotion-advertising in social media like facebook, twitter etc
4. Place- operates in 80 countries and has over 32,646 stores
5. People-has diverse partners in various countries
6. Process-has customer support process.
7. Physical environment-has store layouts that welcome customers with conducive environment

**Questions on Process**

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

**A1:** ------ The process improvement philosophy that Starbucks adopted **was lean Six Sigma implementation**.

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

**A2:** ---------------------------------The key metrics to measure in store productivity are

1) Revenue Growth

2)Global comparable store sales growth

3)US comparable store sales

4)Active reward members

5)New Store opening

6)comparable store sales guidance.

7)Average order filling duration (Starbucks cafe productivity)

8)Weight of coffee beans processed per time (roasting plant productivity)

9)Equipment repair duration (maintenance productivity)