**Growth Strategy – Starbucks**

In only three decades, Starbucks has grown at an astonishing pace, from a small Seattle coffee shop to a nearly $12 billion powerhouse with more than 17,000 retail stores in every state and 56 countries. In the United States alone, Starbucks serves more than 50 million espresso dependent customers each week. Starbucks gives customers what it calls a “third place” – away from home and away from work. Growth is the engine that keeps Starbucks perking. However, in recent years, the company’s remarkable success has drawn a full litter of copycats, ranging from direct competitors such as Caribou Coffee to fast-food merchants such as McDonald’s McCafe. Almost every eatery it seems, now serves its own special premium brew. To maintain its incredible growth in an increasingly over caffeinated marketplace, Starbucks must brew up an ambitious, multipronged growth strategy.

First Starbucks’ management might consider whether the company can achieve deeper **market penetration –** marketing more sales to current customers without changing its original products. It might add new stores in current market areas to make it easier for customers to visit. In fact, Starbucks is adding 300 net new stores each year. Improvements in advertising, prices, service, menu selection, or store design might encourage customers to stop by more often, stay longer, or buy more during each visit. For example, Starbucks is remodeling many of its stores to give them more of a neighborhood feel – with earth tones, wood counters, and handwritten menu boards. And it’s adding beer, wine, cheeses, and premium food to its menu in some markets with the goal of boosting business beyond the breakfast rush, which still constitutes the bulk of the company’s revenue.

Second, Starbucks might consider possibilities for **market development –** identifying and developing new markets for its current products. For instance, managers could review new demographic markets. Perhaps new groups – such as seniors – could be encouraged to visit Starbucks coffee shops for the first time or to buy more from them. Managers could also review new geographic markets. Starbucks is now expanding swiftly in non-U.S. markets, especially Asia. The company recently opened its 1,000th store in japan, expects to have 1,500 stores in China by 2015, and plans to more than double its number of stores in South Korea to 700 by 2016.

Third, Starbucks could consider **product development –** offering modified or new products to current markets. For example, Starbucks recently introduced its highly successful Via instant coffee. And it’s introducing a lighter-roast coffee called Blonde, developed to meet the tastes of the 40 percent of U.S. coffee drinkers who prefer lighter, milder roasts. Starbucks is also forging ahead into new product categories. For instance, it recently entered the $8 billion energy drink market with Starbucks Refreshers, a beverage that combines fruit juices and green coffee extract.