

STARBUCKS

COFFEE & SNACKS






**Pike Place Street,
Seattle 1971**

*Inspire and nourish the human spirit -
one person, one cup of coffee, one
district at the same time.*



Starbucks nowadays



- 
1. General information
 2. Point of life cycle ADIZES
 3. Principles of quality management
 4. Competitive advantages

SEMINAR 1

Strategic peak

Middle line

Support staff

Technostructure

CEO
President
 Board of Directors

Financial department
 Technical department
 Personnel Training Department

Legal department
 Logistics Department
 Department of Public Relations

4 vice-president of the main divisions:

- geographical
- functional
- by products
- on teams

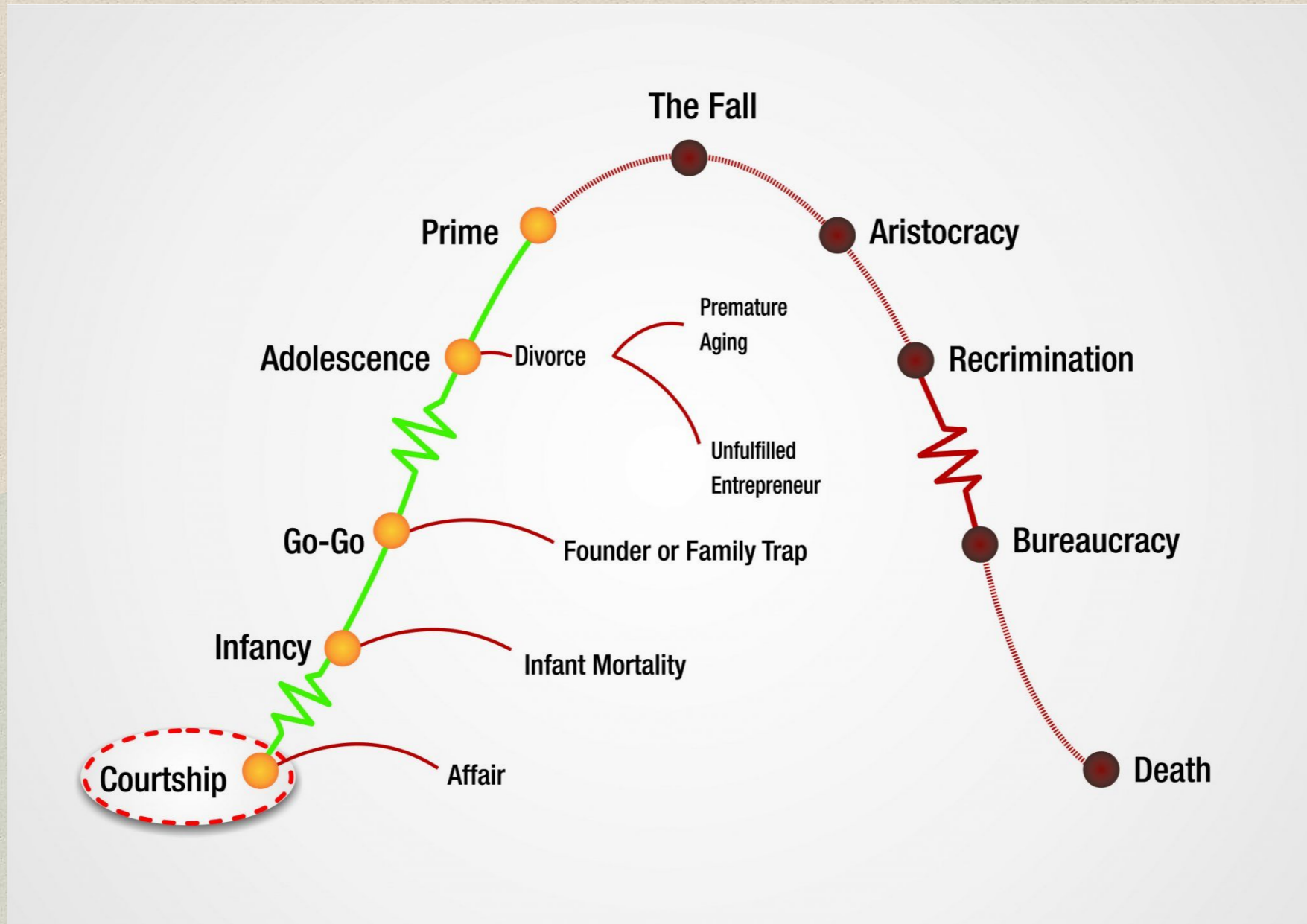


Operational core



Largest Specialist Coffee Shop Brands in 2012

Brand	2012 value sales (US\$ million)	% y-o-y growth	SCS % share
Starbucks	15,925	8.5	38.4
Costa Coffee	1,441	10.0	3.5
McCafé	1,323	13.1	3.2
Doutor Coffee Shop	1,077	2.0	2.6
Tully's	463	15.0	1.1
Barnes & Noble	386	-3.5	0.9
Gloria Jean's	354	-9.7	0.9
Caffe Nero	341	9.4	0.8
Caribou Coffee	281	4.4	0.7
Café Bene	265	15.0	0.6



Point of life cycle ADIZES

Life-cycle of the company

- Courtship
- Infancy
- Go-go
- Adolescence
- Prime
- Stability
- Aristocracy
- Recrimination
- Bureaucracy
- Death



Aristocracy

Not making waves becomes a way of life. Outward signs of respectability--dress, office decor, and titles--take on enormous importance. Companies acquire businesses rather than incubate start-ups. Their culture emphasizes how things are done over what's being done and why people are doing it. Company leaders rely on the past to carry them into the future.

Analitical instruments

SWOT-analysis

- **Strong Market Position and Global Brand Recognition**
- **Products of the Highest Quality**
- **Location and Aesthetic appeal of its Stores**
- **Human resource management**
- **Goodwill among consumers due to Social Responsibility Initiatives**
- **Diverse Product Mix**
- **Use of Technology and Mobile Outlets**
- **Customer base loyalty**

- **Expensive Products**
- **Self-Cannibalization through overcrowding**
- **Overdependence in the United States market**
- **Negative large corporation image**
- **American/European coffee culture clash with that of other countries**

- **Expansion into Emerging Markets**
- **Expanding Product mix and offerings**
- **Expansion of retail operations**
- **Technological advances**
- **New distribution channels**
- **Brand extension**

- **Increased Competition**
- **Price Volatility in the Global Coffee Market**
- **Developed Countries Market Saturation**
- **Developed Countries Economy**
- **Changing Consumer tastes and lifestyle choices**

HRM SWOT

- Large-scale training system for each level of employees
- Seasonal attestations, certifications and trainings
- Bonuses in the form of free coffee beans and personal discounts for each employee
- Incentive events that are held for a deeper immersion of operational staff (barista, shift supervisor) in the overall goals and work of the office
- Maintaining a family atmosphere, "second home", support and assistance at every step of implementation in the company
- Convenient work schedule - free and according to the capabilities of the employees themselves

- Fast staff turnover
- A small salary in the initial stages
- Inconsistency (a high probability of being transferred to another Starbucks coffee shop) and, as a result, difficulties in getting used to a new place of work, new staff, possible new responsibilities

- Fast career growth
- Participation in contests and barista championships
- Budget Excess Bonus
- Free freshly brewed coffee during breaks

- Due to the rapid staff turnover, it becomes necessary to constantly train new baristas
- Inexperienced employees can create a minus in earnings
- Immediate introduction of new barista into the coffee shop, as well as training drinks for visitors, can give rise to bad reviews due to incorrect or poorly prepared drinks


Starbucks Financial Performance Analysis:

Recommendations:

- Starbucks has great growth opportunities in Tea and Fresh Juice products mix. They should build up these products along the same line of their core coffee products
- Also as consumer tastes and lifestyle shift towards more snacks and beverages options, Starbucks should expand it's to give more healthy product offerings in its mix
- Starbucks growth strategy in the saturated U.S

Principles of management

- Provide excellent jobs and treat each other with respect and dignity.
- Greet diversity as an integral component of the path we have chosen in business.
- Apply the highest standards when purchasing, roasting, and delivering fresh coffee.
- Work enthusiastically, delighting customers.
- Make a positive contribution to our community and to the creation of the environment.
- Recognize that profitability is the key to our future success.



1. Define the procedure
via DICE and LEAN
systems as a successful
implementation of
change

2. Tools and how to use
them in the process of
changes

SEMINAR 2

Innovative changes

1. Become "more technical"

Next year, they plan to increase the number of their coffee houses using coffee machines on the Clover cloud platform by 2 times (up to 1000). So far, Clover systems are perceived as something from the distant future, however, Web-based cooking elements have been used since 2007. In 2008, Starbucks bought the Coffee Equipment Company (Seattle), the creator of Clover.

2. Promote tea.

Starbucks opened its first Teavana Fine Teas + Tea Bar in New York in 2014. This is the first tea of its kind to be launched by Starbucks. "Tea has been part of the Starbucks legacy since 1971, when we started as Starbucks Coffee, Tea and Spices," says Starbucks CEO Howard Schulz. "The new concept of networks is to develop tea knowledge just as it was with coffee." Starbucks acquired Teavana for \$ 620 million last November.



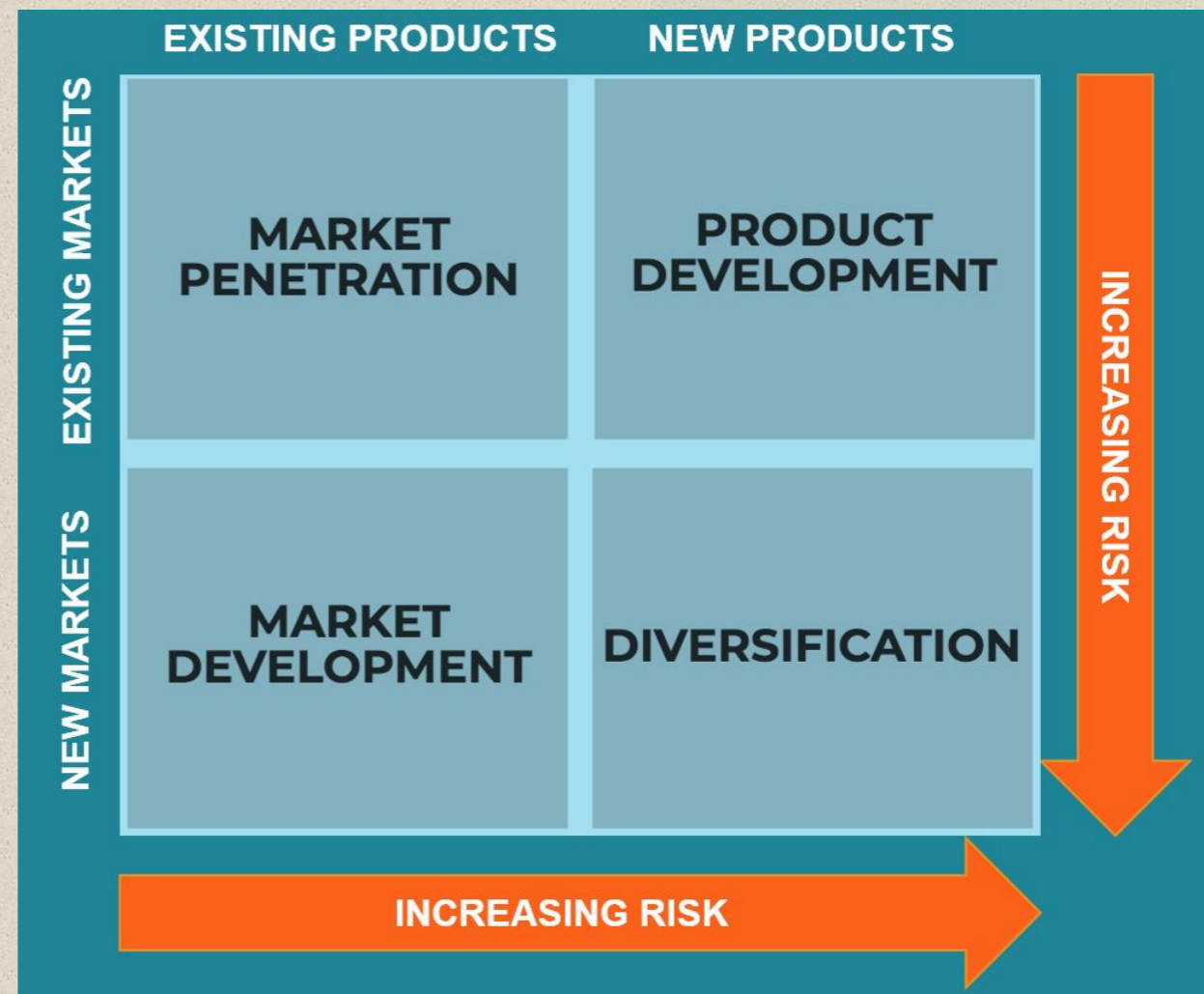
Innovative changes

3. Improve the kitchen

In September, Starbucks began submitting offers from La Boulange, a San Francisco bakery that the brand acquired in June 2012. For a long time, Starbucks tried to create a good menu. Starbucks CEO, Howard Schulz, once said, "Many said our food tastes no better than cardboard, and I think that's a fair point."

4. Ansoff matrix

1. Market penetration
2. Product Development
3. Market Development
4. Diversification



Innovative changes

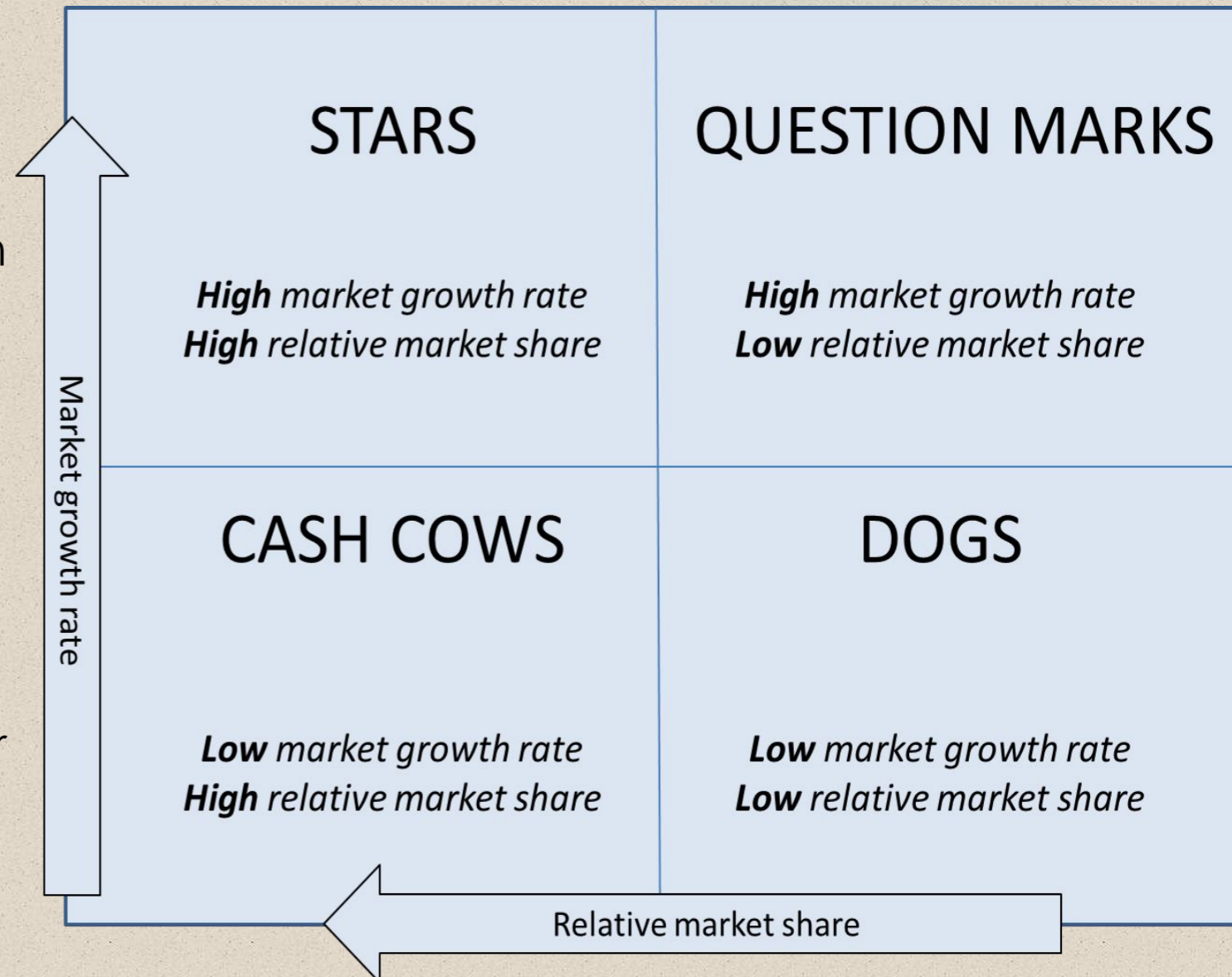
5. BCG matrix:

QUESTION MARK:

Starbucks offers Tumblers, Mugs, T-shirts, etc. to its customers, with most of them being limited edition, seasonal, and often sell out within days. Due to the brand's exclusive and premium positioning, customers take pride in owning Starbucks's merchandise.

STAR:

Contributing more than 25% to the company's total revenue, Starbucks's food business vertical has surely been the **STAR** for the company. With plans to double its food business by 2021, the company is going full throttle and experimenting with its food offerings and options. Its hot breakfast sandwiches complemented the brand's signature coffee offerings so well.



Innovative changes

CASH COWS:

Without a doubt the **CASH COW** for Starbucks is its coffee business. The bread winner for the company since its inception, Coffee business has grown leaps and bounds all these years, helping the company post strong financial numbers.

Despite facing competition from the likes of Barista, Cafe coffee day, Costa Coffee, etc. the company has been able to create its own set of loyal customers.

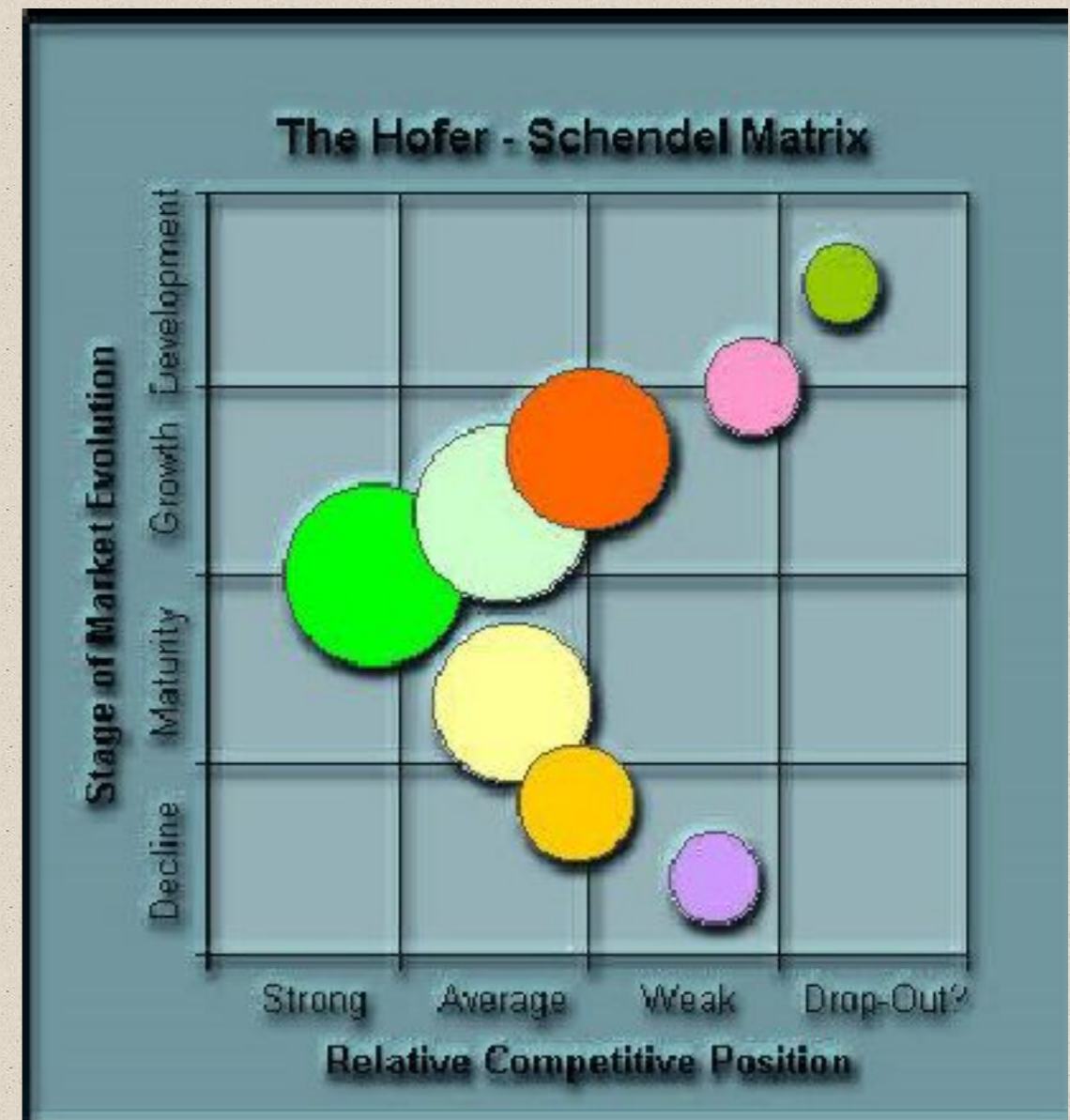
DOGS:

Starbucks' packaged goods business is the most recent business vertical of the company. The company signed a deal with Nestle to market Starbucks Consumer Packaged Goods and Foodservice products globally, outside of the company's coffee shops.

Innovative changes

6. Model Hofer / Schendel

- 1) The separation of goal-setting from strategic planning;
- 2) Separation of the process of strategic planning between two levels: business level and corporate;
- 3) The inclusion of social and political analysis in the process of strategic planning;
- 4) Mandatory planning of undesirable situations;
- 5) Exclusion of the stages of budget planning and the plan for the development of specific events from the process of strategic planning.





Analyze your competitors:

- 1) General information
- 2) Point of life cycle ADIZES
- 3) Competitive advantages

SEMINAR 3

ΚΟΦΕ



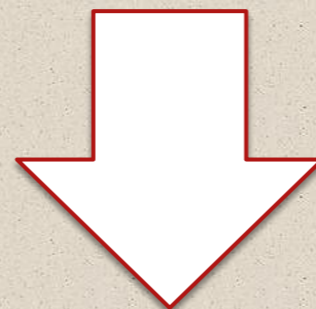
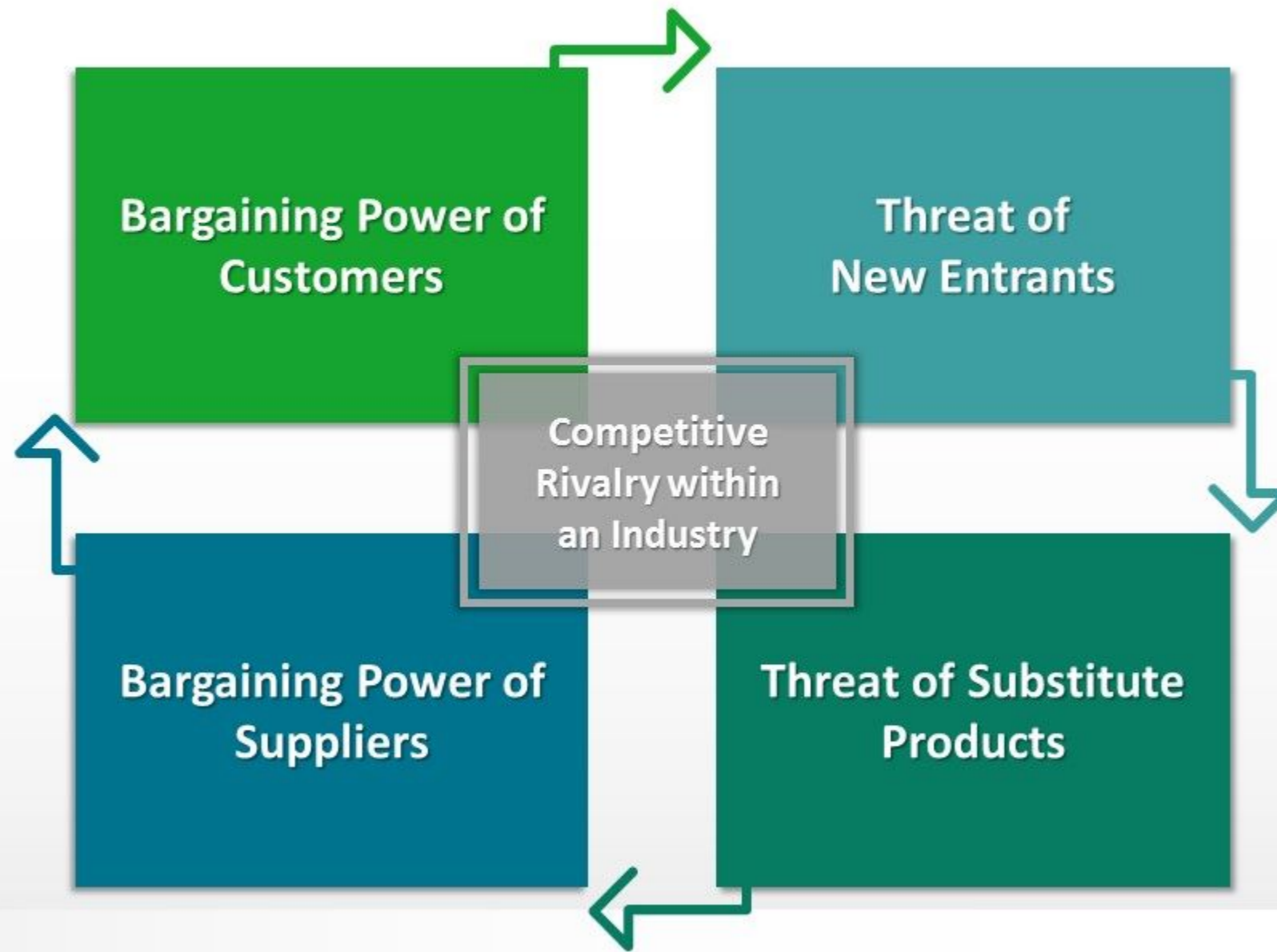
ΧΑΥΖ

COSTA COFFEE



DUNKIN'
DONUTS®

Porter 5 Forces Analysis



Dependence on consumers:

The quality of Starbucks products is not inferior in all respects to the quality of the world's leading brands. In the case of low consumption of products, the company will be able to change its value. Thus, the company has an insignificant degree of threats from consumers.

The threat of new competitors:

Starbucks has no rivals who could fully compete with it. However, Starbucks must constantly “keep the bar”, develop, look for new markets, improve the service system in order to remain a headliner in its field.

Suppliers' market power:

Suppliers need Starbucks, just as much, if not more, than Starbucks needs their supplies. Fortunately, the company buys coffee beans directly from producing countries: Latin America (50%), Asia Pacific (35%) and East Africa (15%) Threats are not serious, as there is a wide network of suppliers in all countries where the product is manufactured.

Substitute Threat:

This threat is minimal for Starbucks, as the coffee shop has a wide range of products and services. So, in the event of a drop in demand for coffee, as a result of opening a new coffee shop in the neighborhood, Starbucks can compensate for the loss of profit by offering its customers another product, for example, an unusual kind of tea or a new type of cake.

5.Competition:

Starbucks' main competitors are fast food restaurants and coffee shops. Recently, Starbucks has been in sharp competition from large American fast-food restaurants.

Starbucks rivals Canadian **coffee houses Blenz**, which plans to open a cafe in China where consumers can smoke, while Starbucks does not provide this opportunity.

"McDonalds." The network has more customers than Starbucks.

Starbucks coffee is considered a luxury for the rich, while McDonalds serves families with older children. Like Starbucks, McDonalds has strong brand recognition and customer loyalty.

STARBUCKS VS COSTA COFFEE



MENU



STARBUCKS®

HANDCRAFTED ESPRESSO

Espresso & Classic

Enjoy Hot or Iced

Add Kenya Espresso ₹25

	Short	Tall	Grande
Flat White	250	280	310
Caramel Macchiato	250	275	300
Caffè Mocha / White Mocha	230	260	285
Caffè Latte	200	225	250
Make Your Own Latte (Caramel, Hazelnut or Vanilla)	245	270	295
Cappuccino	200	225	250
Chocolate Cappuccino	260	285	310
Americano	185	210	235
Brewed Coffee	195	220	250
Blends & Single – Origin: (India Estates Blend, Kenya, Ethiopia, Pike Place®, Italian, Sumatra or Caffè Verona)			
Pour Over	195	220	250
French Press (Full)			230
		Solo	Doppio
Espresso / Espresso Macchiato		175	190
Signature Hot Chocolate	200	225	250
Cold Brew	Tall	Grande	Venti
Cold Brew Black (Add Cold Foam ₹25)	240	270	295
Vanilla Sweet Cream Cold Brew	290	315	340
Citrus Cold Brew	320	345	375

Taxes Extra. Short – 237 ml / Tall – 354 ml / Grande – 473 ml / Venti – 591 ml

COSTA

Perfect Blend



ONLY 1% OF THE WORLD'S PRODUCTION OF COFFEE IS GOOD ENOUGH TO MAKE IT INTO OUR 100% RAINFOREST ALLIANCE CERTIFIED MOCHA ITALIA BLEND.

JARGON BUSTER

- WET** Less froth
- DRY** More froth with little or no milk
- EXTRA SHOT** An extra shot of espresso
- SKINNY** Drink made with skimmed milk
- LONG** Extra milk

THE SIZES



THE KEY

- ☉ 1 COFFEE BEAN = 1 SHOT OF ESPRESSO
- ☉ SINGLE 1 shot (Shot of espresso)
- ☉ DOUBLE 2 shots (Shot of espresso)
- ☉ TRIPLE 3 shots (Shot of espresso)
- ☉ QUADRUPE 4 shots (Shot of espresso)
- ☐ MILK Approx. 30ml (based on top)
- ☐ CHOCOLATE Just a dash
- ☐ CHOCOLATE Hot chocolate sauce

THE DRINKS

ESPRESSO

- ☉ SINGLE 1 SHOT
- ☉ DOUBLE 2 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP



MACCHIATO

- ☉ SINGLE 1 SHOT
- ☉ DOUBLE 2 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP
- ☐ A DASH OF MILK



AMERICANO

- ☉ PIKE 1 SHOT
- ☉ PIKE 2 SHOTS
- ☉ PIKE 3 SHOTS
- ☉ PIKE 4 SHOTS



CAPPUCCINO

- ☉ PIKE 1 SHOT
- ☉ PIKE 2 SHOTS
- ☉ PIKE 3 SHOTS
- ☉ PIKE 4 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP



COSTA LIGHT

- ☉ PIKE 1 SHOT
- ☉ PIKE 2 SHOTS
- ☉ PIKE 3 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP



FLAT WHITE

- ☉ ONLY AVAILABLE IN PIKE
- ☉ 2 SHOTS OF CHOCOLATE
- ☉ 2 SHOTS OF ESPRESSO
- ☐ SHOT OF CHOCOLATE ON TOP



LATTE

- ☉ PIKE 1 SHOT
- ☉ PIKE 2 SHOTS
- ☉ PIKE 3 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP

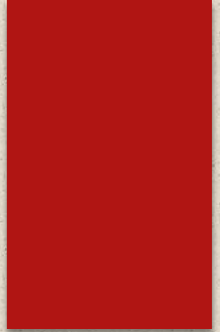


MOCHA

- ☉ PIKE 1 SHOT
- ☉ PIKE 2 SHOTS
- ☉ PIKE 3 SHOTS
- ☐ SHOT OF CHOCOLATE ON TOP



COSTA COFFEE



- Ultimately, what it boils down to is how these two chains fare on product. There are six main coffees on **Costa's** hot drinks menu: flat white, cappuccino, latte, americano, cortado, and espresso. Costa also serves iced coffees, teas, and hot chocolate.
- **Starbucks** also offers these coffees but has a larger selection of more experimental flavors including its seasonal Pumpkin Spice Latte, Vanilla Bean Latte, and signature Frappuccino, which do not all contain coffee.



classmethod

Project Development History



Jan.2014

Commencement of technical support by Classmethod

Designated as a partner, Classmethod started working to help Starbucks achieve a more efficient use of AWS for big data analytics platform among other systems.



Aug.2014

Revision of internal platform

Architected the framework that efficiently manages various services which had been built on the internal platform.



Apr.2017

Supported the building of a security-enforced system

Supported system development that undergoes constant revision while meeting security governance criteria required by Starbucks' US HQ.



June.2017

Introduction of Starbucks Rewards management system

Introduced a "Global Proxy Platform" that combines the Starbucks US HQ's global system with services of Starbucks Coffee Japan.

2015

2016

May.2016

Starbucks releases official mobile app

iOS / Android app developed from scratch by Classmethod runs steadily against any traffic spikes.



June.2016

Development of the 'My Starbucks' member management system

Reformed the management system of the member service "My Starbucks".



2017

2018

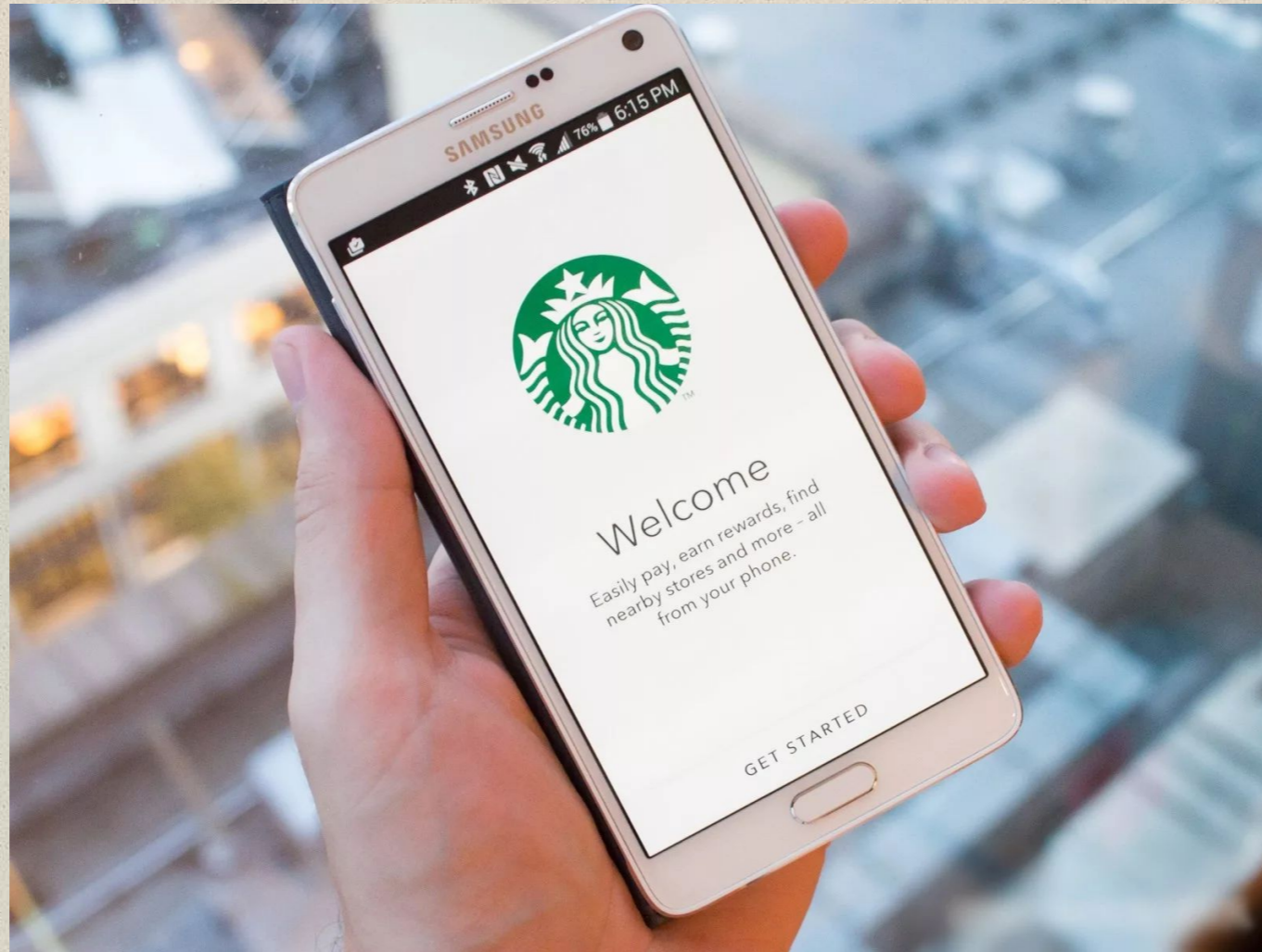
June.2018

Optimization of big data analytics platform

Optimized the marketing platform that analyzes customer data which had been accumulating for approximately seven years.



Starbucks wins on the technology front.



COSTA DOESN'T OFFER A MOBILE-ORDERING SERVICE, BUT YOU CAN USE ITS APP ONLY TO FIND LOCAL STORES AND COLLECT LOYALTY POINTS.



STARBUCKS VS DUNKIN' DONUTS

The first problem of Dunkin' Donats

In 1950s, when the first donuts store opened, their only focus was **donuts**. They didn't care about anything else, especially for the coffee.

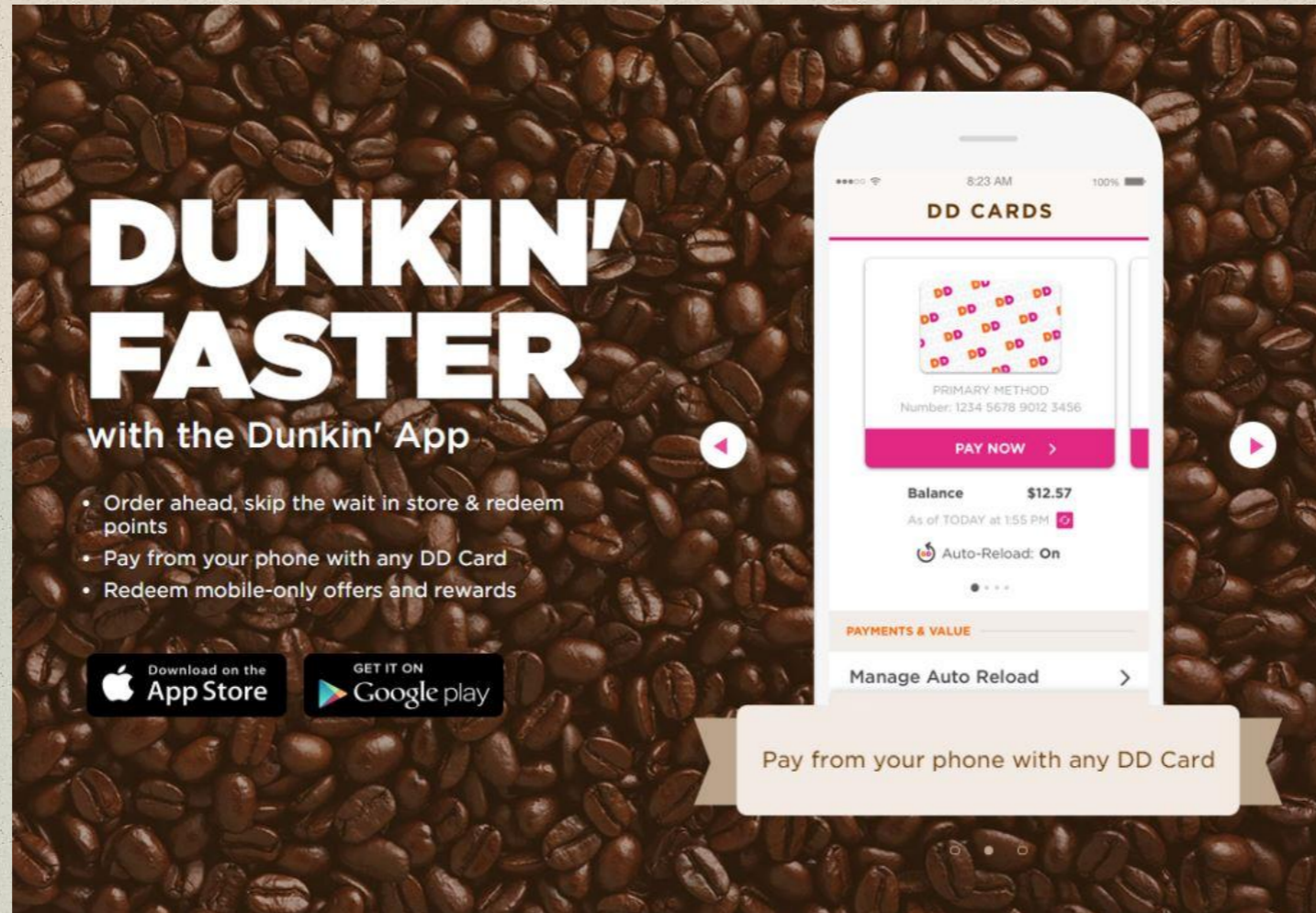
It was only in 1990s, when Dunkin' shifted from the donut first to the coffee first model.



Dunkin' officially declared **war** against Starbucks

- Dunkin' Donuts introduced new drinks, richer product line, higher quality and a marketing strategy that changed a lot.
- The focus of Dunkin' was to become “the-cost-effective premium coffee seller”, to offer the same quality product with more reasonable prices.
- Internationally, in 32 countries, Dunkin' has been **successfully** serving its customers and the rapid growth of Dunkin' is a result of its store consistency and franchises.
- Plus, despite its name, most of Dunkin' Donuts revenue comes **from selling coffee**.

AND ALSO ABOUT APP



**DUNKIN'
FASTER**
with the Dunkin' App

- Order ahead, skip the wait in store & redeem points
- Pay from your phone with any DD Card
- Redeem mobile-only offers and rewards

Download on the **App Store** GET IT ON **Google play**

Pay from your phone with any DD Card

The image shows a smartphone displaying the Dunkin' DD Cards app interface. The screen shows the time 8:23 AM, 100% battery, and the title 'DD CARDS'. Below the title is a card image with the Dunkin' logo and the text 'PRIMARY METHOD Number: 1234 5678 9012 3456'. A pink 'PAY NOW' button is visible. Below that, the balance is shown as '\$12.57' with a note 'As of TODAY at 1:55 PM'. There is also a toggle for 'Auto-Reload: On'. At the bottom, there is a section for 'PAYMENTS & VALUE' with a 'Manage Auto Reload' option.

COSTA offer only bonus system (loyalty points) and Starbucks win again...

A coffee shop with a service format - coffee,
without leaving the car.

Launched in Russia in March 2018 (test coffee shop in Pushkin,
Moscow Region).

To compete with the "windows" of Dunkin' and
MakAvto" - according to McDonald's, almost half of
its Russian restaurants (more than 650) have a
MakAvto" service. True, here Starbucks loses to
competitors - it has the longest service compared to
competitors (4.44 minutes per guest, Dunkin' - 2.9
minutes).



Costa Coffee

Post Scriptum

The performance of this brand has grown significantly since the previous ranking. The Costa Coffee brand has 1,595 cofeshops in 14 countries. The annual increase in the number of points was 15%. The UK network has overtaken Starbucks, the global market leader. There are more than 1800 Costa Coffee stores worldwide.

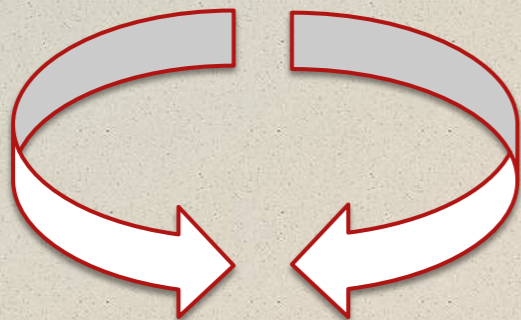


Improvements

We must focus on Starbucks a significant amount of resources in improving its marketing activities. To gain competitive advantage, a company must first define their strategy.

Starbucks needs to create

New markets



New customers





Business friendly environment

That's why the company needs to improve performance by more environmentally friendly.

Special focus on fair trade materials

- The company has aligned its resources to these improvements in order to maintain its current position in the market and attract more customers and gain competitive advantages and competitiveness.
- But to do so, the company is to initiate and implement changes within the organization, as recommended above



Recommendations

The company may need to reform its strategy:

- **Changes in market conditions as well:**

Starbucks could monitor changes in customer behavior and market conditions. Thus, in recent months, the performance of Starbucks will continue on a downward trend.

- **Management practices may need to be revised:**

As part of its practice in previous years, Starbucks seems to be contained in the expansion alone, unaware of the communication with customers, who have their preferences.

- **It was recommended that Starbucks should focus on marketing and improving operational efficiency:**

The remedy, however, must be long term, a term that is not short. Although short-term measures are needed to reflect changes in tactics, it is important to set a goal, or that correspond to revise

- 
- 1) Benchmark matrix
 - 2) Structure

SEMINAR 4

Benchmark matrix

Variety of goods



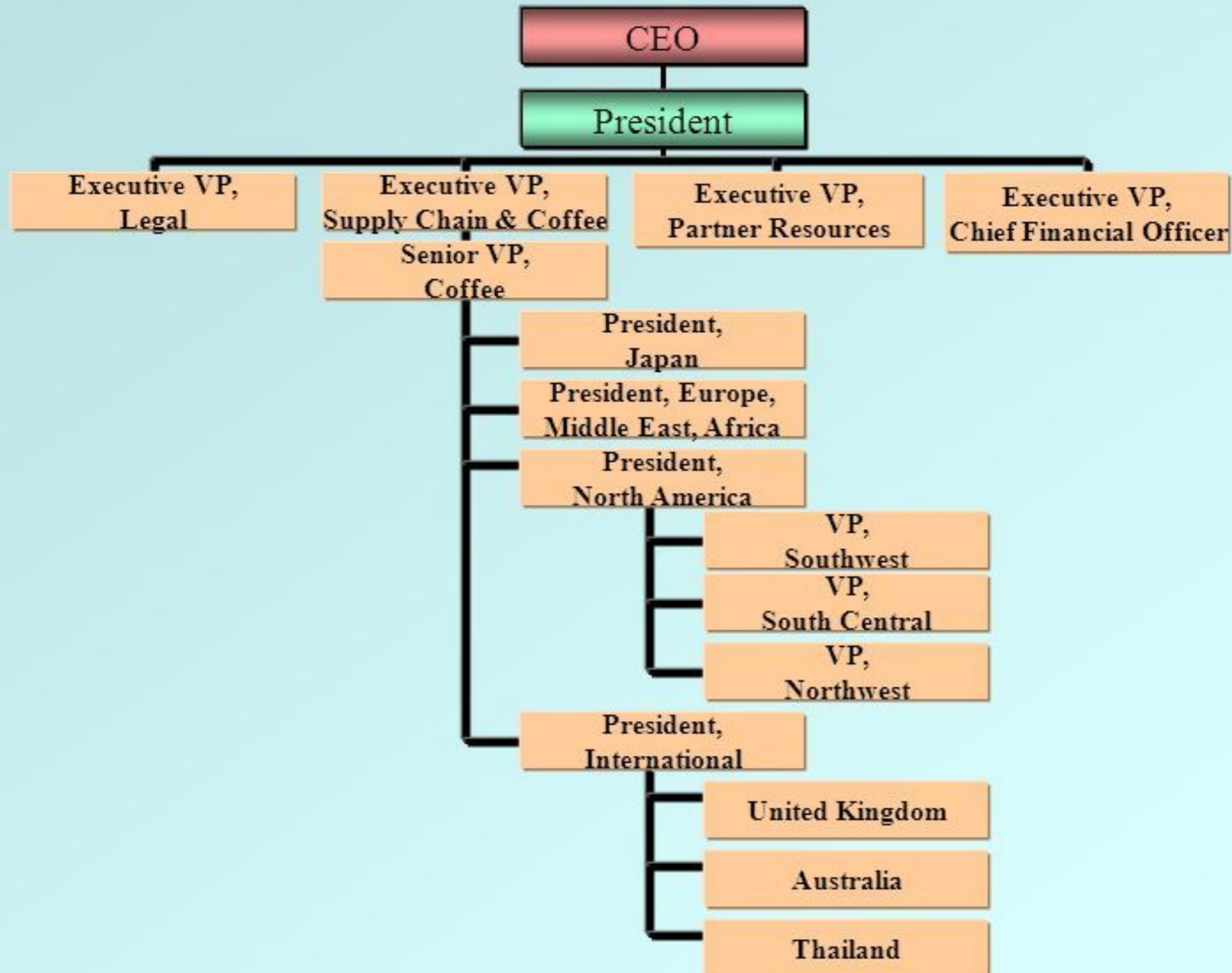
Benchmark matrix

Variety of drinks



Starbucks Organization Chart

(adapted from Figure 11.4)



Strategic peak

Middle line

Support staff

Technostructure

CEO
President
 Board of Directors

Financial department
 Technical department
 Personnel Training Department

Legal department
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 Department of Public Relations

4 vice-president of the main divisions:

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Geographic Area Directors Coffee Brand Directors Marketing Director Director of Innovation Technology Director

Regional Corporate Governance Managers

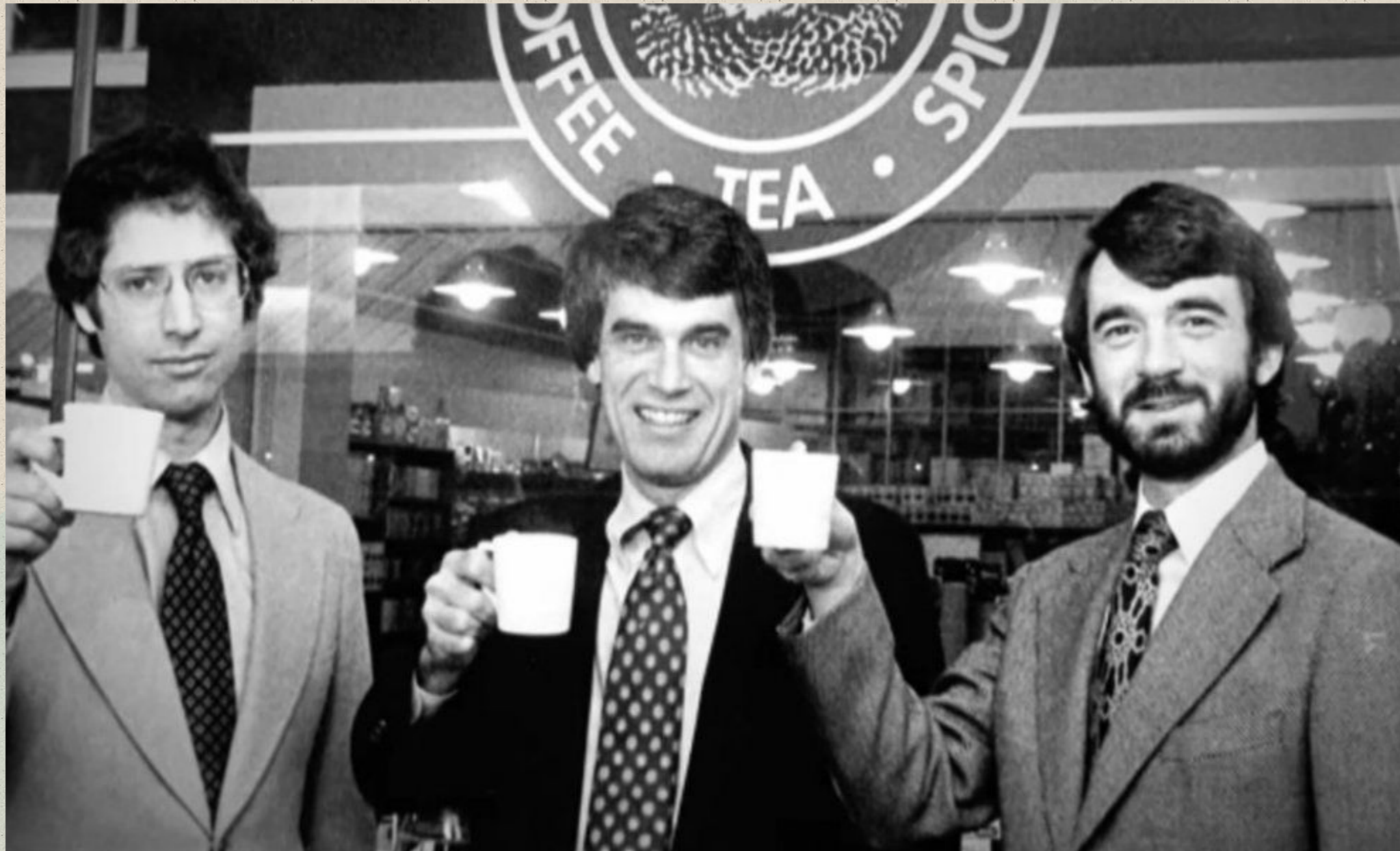
Coffee shop manager Deputy manager of a coffee shop Shift supervisor Barista

Operational core



Leadership

SEMINAR 5

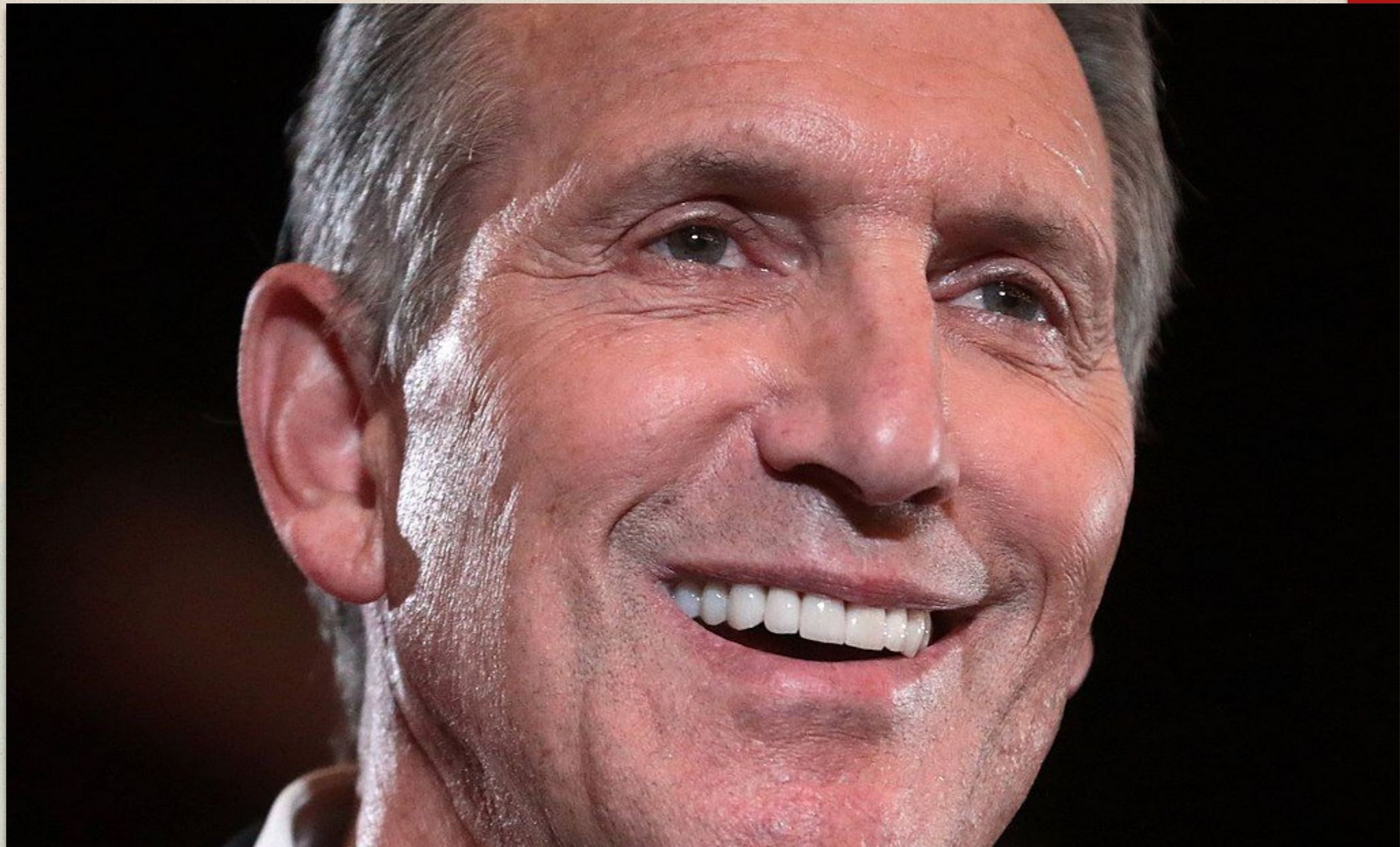


Leaders

The founders of Starbucks are three friends from Seattle - Jerry Baldwin, Gordon Bowker and Zev Zigal. They were united by a common love for coffee and a desire to sell the best samples of this drink to the city residents.



The logo for the store was drawn by **Terry Heckler**. It featured a mythical siren surrounded by the name of the company. The seductiveness of the siren symbolized that the coffee in this store will not leave anyone indifferent. Over time, the logo has changed several times, but in Seattle, you can still see the initial version of the first Starbucks store.



In 1982, businessman Howard Schulz came to Starbucks, who was supposed to put the business in order and ensure its growth. G. Schulz suggested changing the concept of the company, which had previously sold only grain, and opening several coffee bars. After 2 months, Starbucks Coffee Shop served over 700 visitors.

Formality vs Informality

Meetings with regional managers



Informal relationships with clients



Leadership of Starbucks must be changed

- Organizational change can only occur if the right processes are implemented and leaders have been at the forefront of these activities



- While Starbucks does not seem to have failed leader, it is necessary that its leaders must know exactly what to avoid when running to changes in the organization.

Thank you for attention!

