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Introduction to Fashion Marketing

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STARBUCKS CASE STUDY

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1. Explain Starbucks’ marketing strategy including their differentiating strategy and their 3 main focuses.

The marketing strategy used by Starbucks is the STP process : segmenting ,

targeting and positiong. They understand the details of the marketplace and then they

take strategic decisions and target the appropriate customer groups (Dibb and Simkin,

1996). They have also adopted a differentiating strategy which is supposed to provide

consumers with quality different from the rest of the competitiors. Starbucks aims to sell

better products than the competing companies at the same or higher price with this

strategy. Their three main focuces were new peoducts , a strong connection with the

customers and also expanding locations across the world. ( Starbucks Case Study).

2. Define Starbucks’ market segmentation process.

Starbucks had a socio-economic segmentation since it concentrated on social class ,

mainly business class people that work in the office and want to have a cup of coffee

with a good atmosphere. They also segmented their markets by geographics and

demographics by selecting a store location where they could find educated people as

well as coffee lovers (Dibb and Simkin, 1996).

3. Define all the market segments that Starbucks is targeting.

The process of targeting market segments happens once the company has

segmented the different markets. A company should target segments in which it can

profitably generate the greatest customer value and sustain it overtime. Starbucks

wanted to develop a reputable relationship with the customers, Most of companies enter

in a new market y serving a single segment, and if this proves successful than they add

more segments, initially Starbucks did the same thing targeted the parents with the

young children and it was hit concept and it has added more segments by including

Teenagers and developed its product range also (Kotler and Armstrong, 2006).

Therefore Starbucks is targeting parents and young children, and teenagers. They also

target business class people.

4. How has Starbucks positioned themselves giving them the greatest strategic advantage?

Positioning in market is to provide the best service/products by competing with other

companies. Starbucks positioning strategy was customer base so that it can give the

best service more than what the customers expect. Starbucks has gained a competitive

advantage over customer satisfaction and employee satisfaction as Starbucks had

developed its positioning strategy based on the customer and provided the utmost

facility in terms of layout, furniture to the music, and in terms of employee satisfaction

Starbucks make employee as a partners and gave them a personal security with a

freedom to participate in the every decision of the business and make it successful

(Porter & Miller, 1985, Porter, 1998). They value their consumers and employees and

provide the best service possible to meet the demands.

5. Explain Starbucks marketing mix (4 p’s)

**Products :** Starbucks has used Brand name, Quality, Variety and Services as their

Product tool which can be concluded by this statement, Starbucks with a good Brand

name provides best Quality and with the Variety of Products, it has adopted Quality

improvement strategy (Kotler and Keller, 2009).

**Price:** Though the Price of the Starbucks was higher than the other coffee shops, the

customers were ready to pay the amount because Starbucks has developed a luxurious

image with all the facilities inside the store. Starbucks as a good Brand have offered

more benefits and facilities and the best quality of products to justify their higher prices

(Kotler et al, 2006).

**Place :** Starbucks opened the stores in a such a way that it can reach to targeted

customers and it has also gave more stress on giving the best customer service by

spending a lot of money by training its employees (Starbucks case study).\

**Promotion** : Starbucks initially did not use the advertising tool for promotion but it was

the Public relations and the Personal selling tool that helped the Starbucks to achieve

its target (Kotler et al, 2006).

**References**

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**5. Kotler, P. and Keller, K.L., (2009), "Marketing Management", (13th Ed.). New Jersey: Pearson Education, Inc.**

**6. Starbucks , Starbuck.com**

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**8. *Source: Essay UK - http://www.essay.uk.com/free-essays/marketing/strategy-on-market- segmentation-starbucks.php***