Starbucks Case Discussion Preparation:

Synopsis

In 2002, Starbucks is the dominant specialty-coffee brand in the world with more than 4,500 retail outlets in North America alone. Its aggressive expansion strategy calls for an additional 750 North American retail outlets in 2003, even as the company explores other avenues of growth.

At the same time, however, the company has gathered evidence that customer satisfaction is on the decline, its brand image is showing some rough edges, and its customer base has changed in significant ways. To address these problems—in particular, the decline in customer satisfaction—Starbucks is considering investing an additional $40 million in labor in its stores. In preparing the case please look at the following questions:

1. Value Proposition and Brand – Review and Current Situation
   a. What factors accounted for the extraordinary success of Starbucks in the early 1990s? How successful is Starbucks today (2016)?
   b. What was so compelling about the Starbucks value proposition? Has it changed for 2016-17?
   c. What brand image did Starbucks develop during this period? What is Starbucks Brand Image Now?

2. Services Design - Please answer the two questions based on 2002 case information.
   a. Why have Starbucks’ customer satisfaction scores declined?
   b. Has the company’s service declined, or is it simply measuring satisfaction the wrong way?

3. The Starbucks Customer
   a. How does the Starbucks of 2016 differ from the Starbucks of 2002 differ from the Starbucks of 1992?
   b. Describe the ideal Starbucks customer from a profitability standpoint in 2002 and try to describe that customer in 2016/17. What would it take to ensure that this customer is highly satisfied?
   c. How valuable is a highly satisfied customer to Starbucks (based on case data)?
   d. Is it possible for a mega-brand to deliver customer intimacy?