



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

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Presentation



Starbucks coffee



<u>Student Name</u>	<u>Student ID</u>	<u>Topic</u>
1. Stefania Denisa Georgiana Dragan	2013428	Background of the organization
2. Marinela Andreica	2010777	The challenges before the introduction of modern technology
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Name of the Lecturer: Yajesh Kumar

Name of the University: University of Wales Trinity Saint David

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Starbucks

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Starbucks

Introduction & Background

Bondarenko (2015) believes that,

-In 1971 Jerry Baldwin, Gordon Bowker, and Zef Siegl, opened the first shop in Pike Place Market in Seattle.

-The three friend were in love with coffee and tea, they invested all their money and borrow from others so they can open the first which they named it “Starbucks”.

-The three founders of Starbucks meet Alfred Peet, a coffee-roasting entrepreneur and a big inspiration for the founders.

Starbucks

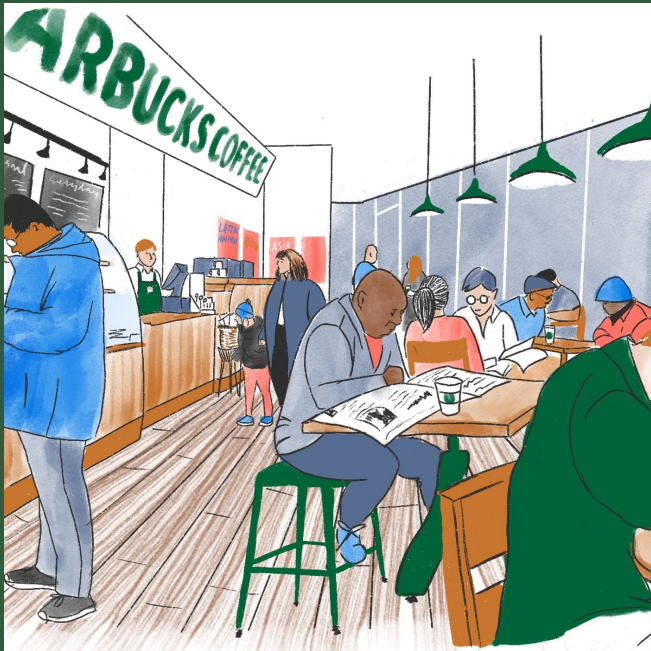
Scope and Objectives

Bondarenko (2015) also believes that :

- Peet's success inspired and encouraged the founders of Starbucks to base and develop their business in selling roasted coffee beans and equipment where Peet's became Starbucks's main supplier.

- The company purchased a used coffee roaster from Hungary and start roasting coffee beans using Peet's techniques to create their own flavors.

- Starbucks website (2020) believes **Starbucks Mission** is “To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.”





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Current Status

UK essays (2018) believes that:

-After selling coffee beans for few years they decided to change and start create belvederes out of coffee .

-During the time they opened several shops around the world such as 5113 international stores and 11567 stores in United States.

-”The Company is now aimed at becoming a major player in international market and the situations worldwide also seems to be in favor of the Starbuck’s business. The company sets its goals to changing people’s lives all around world” underlines UK essays(2018).

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Services

UK essay (2018) argues that:

-At Starbucks it has always been about quality .

-At the very beginning the company wasn't performing the best as they focused on supplying bars and restaurants with coffee beans only.

-They focused on creating big varieties of beverages.

-Starbucks trained their employees to offer the best service in hospitality and also train their staff in creating great drinks with a great smile.



-Starbucks Stories & News (2007) explains that they started by giving away coffee samples and leaflets to everyone on the streets.

-Sokolowsky (2019) believes that the shop was launched into serving coffee, tea and spices . They had teapots, grinders and coffee makers.

-The coffee shop started to work, so they decided to get the attention of reporters ,to bring the news to the public.

-Starbucks continue to be a high-growth business, as they have been using a type of machine learning . They consolidated brand new technology IT system such as Blockchain and cloud computing .

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Challenges before the introduction of modern technology-Part 1



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Challenges before the introduction of modern technology-Part 2

-Sokolowsky (2019) also believes that Starbucks has world-class team of technologists that are testing and trying to increase the customer experience by creating state of the art.

-McNamara & Mangin (2015) believes that in 2009, company decided to start on social media new campaign that was offering a pastry ,when someone's ordering a drink before 10:30 am, over one million customers enjoyed that deal.

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Insights of the Modern Technology Introduced



Starbucks is not short on data. It has :

- over 30,000 stores worldwide
- completes close to 100 million transactions per week.

‘ Starbucks had a stellar year in 2019’ said Rahman (2019) in an article.

It was already :

- the third-largest restaurant chain in the world
- it managed to add 1,900 locations in 2019
- for 7%-unit growth.

Starbucks

Insights of the Modern Technology Introduced

Rahman (2019) presents some examples on how Starbucks uses data from customers and how it helped the business grow:

Example 1: Personalized promotions.

1. Preferences of customers in different locations
2. Offers which are more likely to be relevant

Example 2: Insight-driven products.

1. Developments from existing products.
2. Example: Pumpkin flavour drinks at Halloween





Starbucks

Insights of the Modern Technology Introduced

Example 3: Sophisticated real estate planning.

1. Location for a new Starbucks store.
2. These include population, income levels, traffic, competitor presence, and so on.

Example 4: Dynamic menus

1. Different menus for different locations.
2. The way Starbucks uses data means it can make revisions based on customer, location, and time.

This affects products, promotions, and pricing in a good way.

Example 5: Optimizing machine maintenance

Starbucks has taken things forward a step in developing a new coffee machine, the Clover X.



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The impact of the technology introduced

The positive impact:

- **Advertising:** Schultz (2011) believes that expanding the global presence, strengthening partnerships and advertising happened.
- **Social Media:** Gordon (2011) explain that platforms such as YouTube, Facebook and Twitter brought much fame to Starbucks. Online media increased immensely the popularity and the sales of the company.
- **Loyalty:** Starbucks' website (2020) underlines that the card program introduced by Starbucks was bringing customers.
- Schultz (2011) underlines in his book that the two-way digital dialogue with the customers drove trust, sales and ultimately awareness on how the company works.
- **The Starbucks App:** Hasanova (2015) suggests in her article that 36 million fans around the world downloaded the Starbucks app in their mobile devices.



Starbucks

The impact of the technology introduced



The negative impact:

- ***Social media noise:*** False accusations online about Starbucks. Hasanova (2015) explains that any "inappropriate noise" was decreasing the productivity of Starbucks.
- ***Bad Feedback:*** Hasanova (2015) underlines that any bad execution of values and responsibilities are harshly analyzed by customers. The negative image given by the customers was degrading the value it represents.
- ***Media:*** Such as Kramer (2006) believes that the media is adept of underlying the social consequences of the company's activity so there was no place for "cliché" in Starbucks.
- ***Criticism:*** The Chinese media claiming that Starbucks products are too expensive, explains Kamenetz (2013). Similarly, Bergin (2012) arguing that the company does not pay taxes. Spreading rumors and hate.

However, (Kotter and Keller, 2006) believe that Starbucks branding is essential for their success.

Differences between traditional and modern technology.

Alton Yeow-Kuan Chua and Snehasish Banerjee (2013). *Customer knowledge management via social media: The case of Starbucks*. [online] ResearchGate.

Difference of how the Starbucks company advanced

From its respectful beginning, it has now increased to more than 19,000 stores over 59 countries.

Starbucks started experimenting with social media services using it to connect with its customers.

The success of this effort was evident when its CDS MyStarbucksIdea was nominated the Most Embracing social media application in the 2008 Forrester Groundswell Awards (Bernoff, 2008). As many as 41,000 ideas were contributed by customers within the first two months of its launch (York, 2010).

Starbucks' use of social media for CKM

Use of Twitter

Use of Facebook

Use of Foursquare

Use of MyStarbucksIdea

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Lessons that can be drawn from the case study



Why modern technology is important for Starbucks?

By Amy Adkins 2011

Starbucks & Its Use of Technology

McFadden, C. (2019). What does the Starbucks logo symbolize and why did its founders choose the name? Here we answer these questions.

- **Modern technology and Social Media as Facebook, Instagram, Twitter, and their own App “Starbucks”**
- **Starbucks introducing the newest from coffee machines to grinders and blenders, IoT tech.**
- **They have also recently been experimenting with Machine Learning (ML) —especially on their official Starbucks app. The tech learns from customers' habits and offers them highly personalized offers.**

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Lessons that can be drawn from the case study



Without Social Media the company would not be as popular and known as it is in present.

Without the newest innovations would be harder in our days to manage the customers' needs.

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Lessons that can be drawn from the case study





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Conclusion

- Starbucks use of technology was crucial for the business.
 - The technology was an important factor in their success and it still is.
 - The loyal customers will always believe in Starbucks ethics and its progress.
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Q&A

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