



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

**Assignment 1**

**Subject Name: International Marketing**

**Subject Code: LCMb7006**

**Lecturer: Tushara Balendran**

**Course: MBA General Management**

**Semester: 2**

**Student Name: Sachin Rana**

**Student Number: 2208580**

**Submission Date: 5 May 2023**

## Table of Contents

|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| Introduction .....                                                                                                | 3  |
| Background of the Company .....                                                                                   | 3  |
| Analysis of the company.....                                                                                      | 5  |
| PESTLE Analysis of the company in both the countries .....                                                        | 5  |
| Analysis of the attractiveness of the company in both countries .....                                             | 11 |
| PORTER'S 5 FORCES in both the countries .....                                                                     | 11 |
| SWOT analysis of the company in the United States.....                                                            | 14 |
| SWOT analysis of the company in the India.....                                                                    | 16 |
| Marketing mix elements and market segmentation strategies of the company .....                                    | 17 |
| Market segmentation.....                                                                                          | 17 |
| Similarities and differences in the marketing segmentation of the company found in both the countries.....        | 18 |
| Marketing mix of the company .....                                                                                | 18 |
| Similarities and differences in marketing mix strategies followed by the company found in both the countries..... | 21 |
| The company's market entry methods .....                                                                          | 21 |
| Conclusion .....                                                                                                  | 24 |
| Recommendation.....                                                                                               | 24 |
| TWOS analysis of the company.....                                                                                 | 24 |
| References.....                                                                                                   | 30 |

## **Introduction**

International marketing for a business is the process where a business tries to expand in markets from other countries. It is the process of marketing the products or services outside the domestic area of the company that it already is in. When a company expands its business in the international markets, it has more opportunities for increasing brand awareness, and brand value, earning more profit and creating a good image of the brand. This report is critically focused towards analysing and evaluating the different types of business strategies that are applied by a company for expanding its business in international markets.

## **Background of the Company**

Starbucks is a beverage company which has its headquarters in Seattle, Washington State, United States of America. This company is renowned for its beverages and other edible products. Starbucks is a global powerhouse in terms of beverages as it has 32000 stores in 80 countries and the numbers are continuously growing (Starbucks, 2023). The company is quite famous for its rich variety of beverages and edible items which can be purchased in-person, the company also offers product delivery in numerous countries. Although the products of the company are comparatively more expensive than other beverage companies, Starbucks stores attract numerous customers because of their positive ambience and the welcoming nature of the staff developed through the continuous promotion of sociocultural values promoted by hierarchical figures.

The company has an elaborate market in the United States and the company was recently introduced in India in 2012 through a joint venture by Tata consumer products and Starbucks coffee company (Tataconsumer, 2023). Starbucks has less than 300 stores in India compared to over 15000 stores in the United States of America. The economic situation of India is a contributing factor towards this low number, but the brand is continuously expanding within India as the country is heading towards growth in GDP and the overall economic situation of potential customers.



## **Analysis of the company**

### **PESTLE Analysis of the company in both the countries**

| <b>Country</b> | <b>Political<br/>factors</b> | <b>Economic<br/>factors</b> | <b>Social<br/>factors</b> | <b>Technolog<br/>ical factors</b> | <b>Legal<br/>factors</b> | <b>Environm<br/>ental<br/>factors</b> |
|----------------|------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------------------|---------------------------------------|
|----------------|------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------------------|---------------------------------------|

|                      |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                   |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>United States</b> | <p>The political stability score of the US is 0 (TheGlobal Economy, 2023). And that is neither weak nor strong. That is why it can have a neutral impact on the business of Starbucks.</p> | <p>The GDP rate of the country is around 25.5 trillion US dollars (O'Neill, 2023). Which was 23.3 trillion US dollars and assumedly it will increase to around 32.3 trillion US dollars by the year of 2026 (O'Neill, 2023). So, this country has a growing GDP.</p> | <p>The secondary income value of the overall country as of the year 2022 is 1888, which is on the positive side. So, it can have a positive impact on the business of the company.</p> | <p>Starbucks has a partnership with iPhone, which allows the iPhone users to have extra benefits from the company. And the number of iPhone users as of the year 2022 is 48.7% of the overall population of the country (Laricchia, 2022). That makes it have a positive impact on the business of Starbucks.</p> | <p>The Civil Rights Act of 1991 Sec VII of the US of employment let the companies of the countries have no discriminations, racism, or religious difference and is suitable for the employees of the companies (USAGov, 2023). This has a positive impact on the business.</p> | <p>Resource conservation and recovery of resources are the two main things that the country focuses on at the time of allowing businesses in the country (Gov, 2023). Since Starbucks does not spend much of its natural resources, it has a positive impact on the business.</p> |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                |          |          |          |          |          |          |
|----------------|----------|----------|----------|----------|----------|----------|
| <b>Impacts</b> | Moderate | Positive | Positive | Positive | Positive | Positive |
|----------------|----------|----------|----------|----------|----------|----------|

|              |                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                         |                                                                                                                                                                     |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                        |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>India</b> | <p>The political stability score of the country is - 0.62, which is on the weaker side of the scale (TheGlobal Economy, 2023). That can have a negative impact on the business of Starbucks</p> | <p>The GDP of this country as of the year 2022 is 3386.4 billion US dollars and it was 2835.6 billion US dollars in the previous years and it assumedly will increase to 5575.4 billion US dollars (O'Neill, 2023). So, India too has an increasing economic value.</p> | <p>The secondary income value of India as of the year 2022 is - 585 and that being on the negative side can have a negative impact on the business of Starbucks</p> | <p>The number of iPhones in the market in India as of the 2022 is 6 million, which is very less as compared to the total population of the country (Sun, 2023). So, in that technological aspect, it can have a negative impact on the business of Starbucks.</p> | <p>The labour law of India says that only the people above 18 years can work for any company, which means the country does not support child labour (Gov, 2023). And these laws are quite easy to follow for the businesses of the country. Thus, it has a positive impact on the business.</p> | <p>Article 48A of the country needs the businesses to control pollution and protect the environment (Gov, 2023). Since the wastage of the company is not that much and it follows the environmental laws of the country, it has a positive impact on the business.</p> |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                |          |          |          |          |          |          |
|----------------|----------|----------|----------|----------|----------|----------|
| <b>Impacts</b> | Negative | Positive | Negative | Negative | Positive | Positive |
|----------------|----------|----------|----------|----------|----------|----------|

**Table 1: PESTLE analysis of Starbucks**

(Source: Created by the learner)

### **Analysis of the attractiveness of the company in both countries**

The political stability rate being 0 has a moderate impact on the company since it neither is on the positive side and nor on the negative side. So, it has a moderate to neutral effect. Whereas on the other hand, the political stability score of the country India is -0.62, which is on the negative side of the scale, which is how it has a negative impact on the company. Thus, it can be said that the attractiveness of the company is more in the US.

The economic factors of both India and the US have a positive impact on the business; hence the country's attractiveness for both the country is the same for running its business. Since the overall secondary income of the US is far more than India's, this is why the attractiveness of the US is more to the company. Similarly, from the technological aspects too, since the US has a positive impact on the business and India has a negative impact, the favourability of the US is more to the company. The legal factors from both countries leave a positive impact on the laws of the countries being very easy for the business, it can be said that the favourability for the company relies upon both countries. Finally, the environmental laws being easy and favourable of both the countries release a positive impact on the business, thus it has the same kind of attractiveness for them. Hence it can be said that Starbucks has the attractiveness towards the United States more than it has for India.

### **PORTER'S 5 FORCES in both the countries**

#### **The Threat of new entrants**

Starbucks is one of the most popular fast food and beverage companies in the world that has branches in different countries and also operates in India and the USA. In terms of analysing the threat level of new entrants in India, it can be said that the threat level is not so high, but there is an Indian coffee outlet that is beating Starbucks in India named Cafe Coffee Day (CCD). As per the research findings obtained from Quartz (2015), it has been analysed while it comes to customer acquisition and profit income CCD is beating Starbucks creating a major threat to the company. On the other hand, for the USA the threat level is moderate because there are many SME coffee brands like Brewbird, Ground Up Coffee Company and many

others are starting their businesses also so counting them completely lower in terms of threat level can cause major damage for the company.

### **The bargaining power of suppliers**

This is a huge brand earning revenue of 26.58 Billion US Dollars in 2022 as per the reports of Statista (2022), so it is very obvious no suppliers in India and neither the US will try to bargain higher with this renowned brand as there are more alternatives available in the market for the company. Therefore, the threat level in both of the countries is low because of the power and the profit of the brand worldwide.

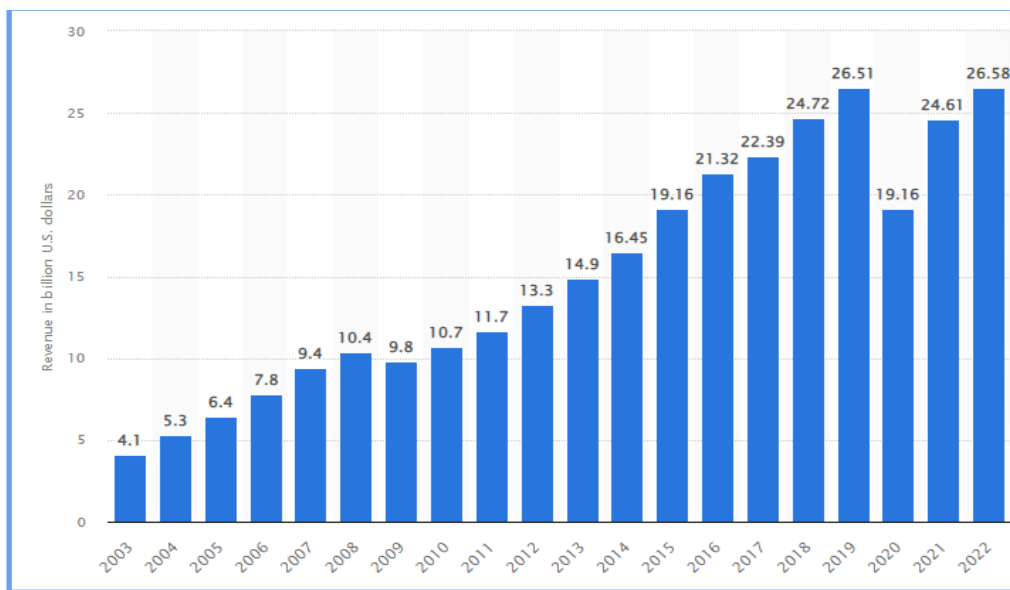


**Figure 1: Worldwide Revenue of Starbucks**

(Source: Statista, 2022)

### **Threat from existing rivals**

This is the most important factor in this model from which the internal threat level of the industry can be analysed. The existing competitors of Starbucks in India and the USA are- McDonald's, Cafe Coffee Day, Blue Tokai Coffee, Baristas Coffee, Dunkin Donuts, Costa Coffee, Tim Hortons and many more. However, the Indian brands are comparatively less older than Starbucks so they can also be considered comparatively smaller companies, but in terms of competition level India is considered the top 5 fastest growing markets of Starbucks because of having so many competitors in the market (Rediff.com, 2021). On the other hand, in the US, the brand is also facing major threats as the other brands are also expanding their market share. As per the research findings extracted from Business Strategy Insights (2023), Dunkin Donuts is operating in 42 countries and Costa Coffee is operating in 32 countries with high revenues in other locations considered the toughest competitors of the brand in the US.



**Figure 2: Porter's Five Forces**

(Source: Self-Created)

### **Threat of substitutes**

The threat of substitutes is lower in India as well as in the USA because all of the competitors of Starbucks are producing more or less similar products and there is no as such alternative to coffee and fast foods in the market which can generate a major threat for the brand as of now.

### **Bargaining power of customers**

The bargaining power of customers is high in India as well as in the USA because there are many similar outlets like Starbucks as discussed earlier. Therefore, customers will always try to find the best deal by bargaining as much as possible and can switch to another brand easily. Therefore, the threat from this parameter is high for both of the countries.

## SWOT analysis of the company in the United States

| Strengths                                                                                                                                                                                                                                                                                                               | Weaknesses                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Very good brand image</li> <li>• Very strong customer loyalty</li> <li>• Global presence in international markets (Starbucks, 2023)</li> <li>• Strong digital presence and online presence (Facebook, 2023)</li> <li>• High financial market value (Statista, 2022)</li> </ul> | <ul style="list-style-type: none"> <li>• Highly dependent on a single product range- coffee (Starbucks, 2023)</li> <li>• Limited range of products</li> <li>• Intense competition in the market</li> <li>• High prices of the products (Starbucks, 2023)</li> </ul> |
| Opportunities                                                                                                                                                                                                                                                                                                           | Threats                                                                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>• Expanding into new markets in the developing countries</li> <li>• Business partnerships and collaborations (Hodge and Greve, 2017)</li> <li>• Opportunities for gaining more customers by offering complementary services</li> </ul>                                           | <ul style="list-style-type: none"> <li>• Huge competition in the market with lower prices</li> <li>• Possibilities of preference switch of the customer due to small product range (Starbucks, 2023)</li> </ul>                                                     |

**Table 2: SWOT analysis of Starbucks in the US**

(Source: Created by the learner)

**Strengths:** The company is very well known for its good brand image, and it also has a very good brand value in the global markets. The company has a global presence in around 80 countries all over the world (Starbucks, 2023). The company also has a very good digital presence online and it generally posts frequent updates on its social media handles like Facebook (Facebook, 2023). That helps the company have a good engagement with its

customers. The company has a high market value which reached almost 26.58 billion US dollars in the year 2022 (Statista, 2022).

**Weaknesses:** The company is totally dependent on a few product ranges that it already has, which are Coffees, Teas and a few other bakery items (Starbucks, 2023). Customers of this business are more likely to look for different product varieties when they go for buying something from the company. It does not come up with products very often, which can make the customers lose their interest in the brand. Generally, the customers can opt for other brands and the company can lose the number of their yearly sales. The prices of the products of the company are also very high compared to most other coffee shops (Starbucks, 2023). For the high price range, the company has high competition in the market. Since the prices of the products are very high, it becomes inaccessible for some of the customers to afford the products that they offer. On the other hand, there are other brands in the market that offer lower prices for the same kind of products that Starbucks offer, which is why the customer has the easy access to go for those brands for a cheaper price.

**Opportunities:** even if the company has so many outlets all over the world, it still can expand its business in other developing countries. The company can grow its business by partnering with other businesses since business partnerships have the opportunity of reaching bigger markets (Hodge and Greve, 2017). Since the pricing of the company is very high, the business can offer complementary services for gaining more customers. Complementary services work very well for retaining customers as customers tend to opt for brands that offer free services and that is why they like to buy products from that particular company.

**Threats:** Since the prices of the products are very much high, and limited product range, customers tend to opt for other businesses, which is why there is a chance that the company can lose its customers (Starbucks, 2023). The reason being the prices are high and the product range is very limited, there are huge possibilities for the customer to opt for other businesses which offer the same kinds of products at a lower budget and have a wider range of products.

### SWOT analysis of the company in the India

| Strengths                                                                                                                                                                                                                              | Weaknesses                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• High financial market value (Financialexpress, 2023)</li><li>• High presence on social media (Facebook, 2023)</li><li>• Huge number of outlets all over the country (Statista, 2023)</li></ul> | <ul style="list-style-type: none"><li>• Limited range of products (Starbucks, 2023)</li><li>• Intense competition in the market (Cafecoffeeday, 2023)</li><li>• High prices of the products (Starbucks, 2023)</li></ul> |
| Opportunities                                                                                                                                                                                                                          | Threats                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"><li>• Expanding into new markets in other markets of the developing cities of the country</li><li>• Business partnerships and collaborations (Hodge and Greve, 2017)</li></ul>                       | <ul style="list-style-type: none"><li>• Huge competition in the market with lower prices (Cafecoffeeday, 2023)</li></ul>                                                                                                |

**Table 3: SWOT analysis of Starbucks in India**

(Source: Created by the learner)

**Strengths:** The company has a market value of over 1087 crore Indian rupees in the Indian market with over new 72 outlets in all over the country (Financialexpress, 2023). Starbucks India has high presence in their social media and is hugely active on their Facebook page where it posts frequently for increasing engagements between their customers (Facebook, 2023). The company has over 268 outlets all over the country as of the year 2022 (Statista, 2022).

**Weaknesses:** The company has limited range of products in comparisons to other businesses in the same market in India (Starbucks, 2023). The company has huge competition in the market like Cafe Coffee Day (Cafecoffeeday, 2023). The products of Starbucks are comparatively very much high compared to other businesses (Starbucks, 2023).

**Opportunities:** The company has the opportunity for expanding its business all over the country in the developing cities. The company can also have business partnerships with other leading brands in the company.

**Threats:** There is huge competition in the market with brands like Cafe Coffee Day that the company competes with (CafecoffeeDay, 2023). That is why the company has a chance of losing customers, who might opt for other brands for a cheaper price in the markets of India.

## **Marketing mix elements and market segmentation strategies of the company**

### **Market segmentation**

Market segmentation is a strategy by which businesses could understand their potential customers in the market. According to the research by Dolnicar (2022), it can be said that market segmentation is a marketing strategy with which businesses could identify their potential customers, which would help them to conduct their marketing operations appropriately so that it could help them in their sustainability in the competitive market. Starbucks is one of the biggest players in their market. Thus they need to focus on different market segmentation strategies which would help them in attracting their customers in different markets. According to the research by Leisch *et al.* (2018), it has been understood that market segmentation is of four different types such as "demographic segmentation", "geographic segmentation", "psychographic segmentation" and "behavioural segmentation". In the market of US Starbucks focuses on two different market segmentation strategies. This includes demographic segmentation, with which the business focuses on both male and female people who are students and working professionals. With this, they divide their customers among their age, their occupation, and income level. Along with that, the business uses psychographic segmentation that they use so that they could provide an appropriate taste of products so that it could help them attract local people (IIDE, 2023). This strategy has helped them to build a loyal customer base with which the business has been able to become a leading player in the US market.

On the other hand, in the market of India, the customer needs are different for which the businesses would need to focus on different strategies with which they could attract their customers appropriately. Geographic segmentation is important for the business in every market so that it could help them develop their product which would be appropriate to their local customers. Along with this the business mainly focuses on working professionals that

need a silent environment where they could conduct their work and enjoy their coffee. However, Indian customers are sensitive to price, thus the business has focused on maintaining its brand with income-level demographic segmentation (The Economic Times, 2023). With this, they have provided an appropriate ambience with a high price that has made them an exclusive brand in the market of India.

### **Similarities and differences in the marketing segmentation of the company found in both the countries**

From The above discussion, it has been understood that the market segmentation strategy of Starbucks has a significant number of similarities and differences. The business mainly focuses on the age group in the market of the US, but in India, they mainly focus on the price aspect. The business uses geographic segmentation in both places so that they could provide appropriate services to the customers based on their needs and requirements. However, the business only focuses on the working professionals and income levels in the Indian market. On the other hand, in the US market, the business focuses on students and working professionals and to loyal customers that need the same taste for their coffee.

### **Marketing mix of the company**

Marketing mix is an important marketing analysis with which businesses could be able to understand the product or service that they are offering to the customers so that it could help them analyse appropriate the place and even the advertising mediums that they would need to focus for their business. It has been understood that the marketing mix has four main aspects such as product, price, place and promotion. Businesses would need to focus on all of these strategies so that they could help them in improving their sustainability in the market.

|                                                |
|------------------------------------------------|
| <b>Marketing mix strategy in the US market</b> |
|------------------------------------------------|

|                  |                                                                                                                                                                                                                                                                                                                                                                |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Product</b>   | The business has a huge range of products such as a series of coffee, handcrafted beverages and other fresh foods. The coffees are both cold and hot which has increased their attractiveness to customers. Along with that the business even provides packaged whole beans for home coffee and even instant coffee packages (Starbucks Coffee Company, 2023). |
| <b>Price</b>     | Its pricing strategy of Starbucks is premium pricing. The business holds a premium approach to its brand. Therefore, the business has focused on a premium pricing strategy so that it could help them in attracting one specific segment of customers which increased the brand value as a premium coffee brand in the market (Chron, 2019).                  |
| <b>Place</b>     | The business has picked up places like Airports, Malls, Popular areas, places in which there are higher-income people and even places that are highly visited.                                                                                                                                                                                                 |
| <b>Promotion</b> | The business uses both traditional and digital marketing in the US market. They focus on sports and other activities and even social media content to conduct their marketing (Forbes, 2022).                                                                                                                                                                  |
| <b>Process</b>   | Quick services, customised cups with the names of customers on them (Starbucks, 2023).                                                                                                                                                                                                                                                                         |

|                          |                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------|
| <b>People</b>            | Well informed workers and baristas, who know their responsibilities adequately.              |
| <b>Physical evidence</b> | Unique equipments, magnificent interiors of the outlets, uniformed and well mannered staffs. |

**Table 4: 4Ps analysis of Starbucks in the US**

(Source: Created by the learner)

| <b>Marketing mix strategy in the Indian market</b> |                                                                                                                                                                                                                           |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Product</b>                                     | The business also has a different range of products in the Indian market (Tata Starbucks, 2023).                                                                                                                          |
| <b>Price</b>                                       | Premium pricing strategy compared to its competitors.                                                                                                                                                                     |
| <b>Place</b>                                       | Similar to the US market the business focuses same places in the Indian market so that they could be able to get in touch with many people and people could become aware of their brand and their existence in the market |
| <b>Promotion</b>                                   | The business uses mainly digital marketing strategy so that they could be able to attract their customers in the market.                                                                                                  |
| <b>Process</b>                                     | Quick services, the customers can get their names written on their ordered cups so that they get attracted to the services (Starbucks, 2023).                                                                             |

|                          |                                                                                                                                                      |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>People</b>            | Very well informed people who work in the company are well aware about their duties, which is taught to them at the time of hiring (Starbucks, 2023) |
| <b>Physical evidence</b> | Unique equipments, beautiful bar areas.                                                                                                              |

**Table 5: 4Ps analysis of Starbucks in India**

(Source: Created by the learner)

### **Similarities and differences in marketing mix strategies followed by the company found in both the countries**

From the above discussion, it has been understood that the business has a similar product strategy in both markets. The pricing strategy is also similar to the market which has helped them in maintaining their premium brand value in the market. In order to open their stores, the business focuses on similar places with which they could get attracted by the potential customers. However, it has been understood that the business focuses on only digital marketing in the market of India, but they focus on both traditional and digital marketing along with celebrity marketing in the US market.

### **The company's market entry methods**

#### **Advantages and disadvantages of chosen market entry methods of Company 300**

According to Markman *et al.* (2019), Market entry strategies are defined as methods adopted by business organisations to establish the company in a foreign market. Several companies are indigenous to particular countries but after the business firm has established itself successfully in the market of the origin country, hierarchical figures within the organisation assess the feasibility of expansion opportunities in other geographical regions around the world. There are several contributing factors which influence the feasibility of expansion opportunities. The economic situation of the target country, political interference, geographical suitability, and other sociocultural values of the target country are some of the factors which are taken into consideration while assessing the feasibility of expansion opportunities. In order to facilitate these expansions, several companies invest in qualified professionals who use various academic and technological tools to present a viable market analysis of the target country that

influences the expansion decision and predicts the outcome of the proposed business expansion (Pieroni *et al.*, 2021).

There are several market entry strategies which are applied by business organisations to penetrate a foreign market and establish a foothold in the market. Exporting, Piggybacking, Countertrade, Licensing, Joint ventures, Company ownership, Franchising, Outsourcing and Greenfield Investment are 10 market entry strategies which are commonly used by companies when investing in an expansion venture. The development in the field of technology has facilitated these business expansion opportunities as country-specific data can be accessed by analysts through the effective utilisation of information technology (Schwertner, 2017).

To facilitate expansion within India, Starbucks have utilised **Joint Venture** as the company partnered with Tata Consumer Products to introduce the renowned beverages to the Indian market. The market entry method of Joint venture takes place when the expanding company partners up with another unrelated company which exists within the market of the target country. There are several benefits as well as demerits of applying the Joint Venture procedure. Indulging in Joint Ventures helps the expanding company to gain easy **access** to the market of the target country through the partnership. If the expansion venture does not reap positive profit generation, **liability** is shared between the two partnered companies, thus both of the companies are safe from incurring catastrophic financial losses (Shu *et al.*, 2017). Investing in a joint venture while expanding the company's market to foreign countries enables access to **staff members** who are familiar with the practices and norms of the target market; hence both of the companies can generate profit in the expansion venture. Plus, a joint venture allows the expanding company to utilise the facilities and infrastructure of its partner to increase the efficiency of the marketing process. There are some demerits of indulging in joint ventures as there can be existing **communication barriers** between the two partnered companies which might affect the profit generation that can hamper the shared interest of both companies. As a joint venture involves two parties, both might have a **conflict of interest** which can tarnish the business relationship between the two parties. Furthermore, the **cultural difference** between the two companies poses a threat to the business relationship between the two companies (Barmeyer *et al.*, 2019). The aforementioned factors are the benefits and demerits of indulging in a joint venture, but if executed effectively, both of the companies can benefit from the success of the expansion venture.

### **Ansoff Matrix**

As stated by Clarissa (2020), Ansoff Matrix is an analytical tool which is used by business organisations and various other professionals to determine and formulate strategies which

might be used in future business expansion opportunities. This framework actively analyses four scenarios of business expansion which helps marketers of the respective companies to determine the feasibility of business growth.



**Figure 3: Ansoff Matrix**

(Source: Joshi, 2021)

The strategy of market penetration occurs when a business organisation intends to sell its pre-existing products within a market in which the company is already established. This strategy is facilitated by the company introducing new offers and discounts to increase the sales number of the existing product within an existing target market. Whenever a company introduces a brand-new product, it emphasized marketing the new product as elaborately as possible. This strategy is known as product development within the Ansoff Matrix. If the company in question invests in an expansion opportunity, it has to implement a viable marketing strategy to establish a foothold within a new market. Innovative promotion tactics, distribution channels, and evaluation of competition are some of the processes used to introduce existing products in new markets. Lastly, diversification involves the introduction of new products in a new market. The risk factor in diversification is quite high as the company does not have an idea of how the product will be received by the customer in the new target market.

In the case of Starbucks, the company utilises a ***Market penetration strategy*** in order to increase the sale of its existing product range in the United States of America. The development in the field of technology has facilitated the development of social media platforms through which Starbucks advertises its existing products (Yu, 2012). Apart from social media, the word-of-mouth promotional strategy also yields positive results for the brand. As it utilises a premium pricing strategy, the products add value to the consumer who purchases them. Thus, Starbucks's operation in the United States has resulted in success as the country has great economic stability which contributes to the increment in the number of sales for the company. In the case of the Indian market, Starbucks is still considered relatively new as people in India do not perceive purchasing expensive beverages as a productive decision. There is an uneven division of economic resources among the population of India as India is the 5<sup>th</sup> largest economy in the world (ClearTax, 2023). Starbucks utilises a ***market development strategy*** in the Indian market. The company promotes its products by forming strategic alliances with Tata Consumer Beverage Group which provides Starbucks with sufficient exposure in the Indian market as Tata Group is one of the largest businesses in the world.

## **Conclusion**

Starbucks is a well-renowned beverage company which has expanded into several countries other than its origin country. The reason for its global success is the innovative beverages and edible products and its premium pricing strategy which adds temporary value to customers' existence. There are several places within the countries in which Starbucks is already established. The company must evaluate the feasibility of the expansion opportunity and consider several geography-specific factors which affect the viability of expanding into that particular area.

## **Recommendation**

### **TWOS analysis of the company**

The TWOS Matrix can be done for the company for understanding different strategies for the company. Following these bellow strategies can lead the company to have a better expansion in their business process and thus it will be able to expand in the international markets. These strategies can not only have a better opportunity for the company to have a better number of

customers but also, can get the business a better brand value and market expansion opportunities.

|  |                                                                                                                                                                                                               |                                                                                                                                                                                                                                                 |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>Strengths</b> <ul style="list-style-type: none"> <li>• Good brand image</li> <li>• Strong customer loyalty</li> <li>• Global presence all over the world</li> <li>• High financial market value</li> </ul> | <b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Highly dependent on a few product range</li> <li>• Limited range of products</li> <li>• A huge number of competition in the market</li> <li>• High prices of the products</li> </ul> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Expansion in the new markets of developing countries</li> <li>• Business partnerships and collaborations</li> <li>• Possibilities of gaining better customers by offering complementary services</li> </ul> | <ul style="list-style-type: none"> <li>• The company can do its marketing in the areas where they are less penetrated. This means that the company can expand its businesses in those countries where it has no or very little existence in the market.</li> <li>• Starbucks can increase its product mix by maintaining a proper quality in its business process. The company should increase the number of their products and they can bring up a wider variety in the range of products.</li> <li>• They can partner or do collaborations with other leading companies in the markets for gaining more audience.</li> </ul> | <ul style="list-style-type: none"> <li>• Starbucks can produce a totally new product for a cheaper pricing, which they never had before in their product range. But, they must keep the price of the new product low, so everyone from every background will be able to afford that and thus it will increase the number of sales of that new product.</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Huge competition in the market with lower prices</li> <li>• Customers may switch brands due to small product range</li> </ul> | <ul style="list-style-type: none"> <li>• Starbucks can focus on marketing its products since they already have a very good social media presence.</li> <li>• The company can also focus on a particular target market for enhancing its business numbers. Targeting a particular group of people can help the company focus on a particular range of people as the main area of sales and thus the company will be able to build marketing strategies for influencing their customers.</li> <li>• Since the company provides very good quality already, it can put that as the mode of its advertisements and use its digital presence that it already has and utilise that for the marketing of the products.</li> </ul> | <ul style="list-style-type: none"> <li>• The company can increase their product range since they already have a very narrow range of products (Starbucks, 2023). This can make the customers enthusiastic about trying new different products every other day, which is how the company will be able to get more customers.</li> <li>• Since the company has high prices for its products, it can also include a newer product range where it will have products with a lower price range. Thus people from all kinds of financial backgrounds can afford the products from Starbucks.</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### **Table 6: TWOS analysis of Starbucks**

(Source: Created by the learner)

As the company only deals in the beverage and bakery industry, the company must reassess its product range as it only deals with beverage and bakery-related products. The company must invest in modern machinery to facilitate the business production procedure and omit unnecessary capital loss by adapting automotive devices and introducing new product ranges can be beneficial. As there is significant competition already existing within this industry, Starbucks can incorporate culture-specific product ideas which will be more appealing to the customers of the particular country. Furthermore, the company can introduce live entertainment services such as sports screening, comedy clubs and live music which can be an attraction in itself and generate public interest in the company. The company utilises a premium pricing strategy in countries with low GDP rates, thus the availability of the product becomes limited. Starbucks can reassess its pricing strategy and implement a competitive pricing strategy which will increase the target market of the company significantly. Lastly, Starbucks can introduce complimentary services by providing a bakery product along with the purchase of a beverage, which will be a welcomed addition for the customers and it will increase revenue generation and brand image.

## References

Barmeyer, C. and Davoine, E., 2019. Facilitating intercultural negotiated practices in joint ventures: The case of a French–German railway organization. *International Business Review*, 28(1), pp.1-11.

Business Strategy Insights. 2023. *Top 10 Starbucks Competitors And Alternatives*. Available at: <https://www.bstrategyinsights.com/top-10-starbucks-competitors-and-alternatives/>. (Accessed: April 29, 2023).

Cafecoffeeday, 2023. “Cafecoffeeday” [Online] Available at: <https://www.cafecoffeeday.com/> [Accessed: May 2, 2023]

Chron, 2019 *Starbucks pricing strategy*, *Small Business - Chron.com*. Chron.com. Available at: <https://smallbusiness.chron.com/starbucks-pricing-strategy-10544.html> (Accessed: April 29, 2023).

Clarissia, S.M.S., 2020. A study on Ansoff Matrix Technique: As a growth strategy and an adaptive learning technique adopted in the leading brand of products. *BIMS Journal of Management*, p.18.

Cleartax, 2023. *World GDP ranking 2023 list*, *cleartax*. Available at: <https://cleartax.in/s/world-gdp-ranking-list> [Accessed: April 29, 2023].

Deena Shankar. 2015. Quartz. *This Indian coffee chain is beating Starbucks at its own game*. Available at: <https://qz.com/india/416670/this-indian-coffee-chain-is-beating-starbucks-at-its-own-game>. (Accessed: April 29, 2023).

Dolnicar, S., 2022. Market segmentation for e-tourism. In *Handbook of e-Tourism* (pp. 849-863). Cham: Springer International Publishing.

Facebook, 2023. “Starbucks India”. [Online] Available at: <https://www.facebook.com/starbucksindia/> [Accessed: May 2, 2023]

Facebook, 2023. Starbucks, Facebook. Facebook. Available at: <https://www.facebook.com/Starbucks/> (Accessed: April 29, 2023).

Financialexpress, 2023. “India high on coffee: Starbucks sales jump to Rs 1087 crore in India, 71 new outlets opened in FY23” [Online] Available at: <https://www.financialexpress.com/market/india-high-on-coffee-starbucks-sales-jump-to-rs-1087-crore-in-india-71-new-outlets-opened-in-fy23/3063272/#:~:text=India%20high%20on%20coffee%3A%20Starbucks,The%20Financial%20Express//> [Accessed: May 2, 2023]

Forbes, 2022 *Let's look at Starbucks' growth strategy*, Forbes. Forbes Magazine. Available at: <https://www.forbes.com/sites/greatspeculations/2016/09/19/lets-look-at-starbucks-growth-strategy/?sh=41a1bd093d71> (Accessed: April 29, 2023).

Gov, 2023. CHAPTER 2 The legal and regulatory framework for environmental protection in India, The legal and Regulatory Framework for environmental protection in India. gov. Available at: <https://moef.gov.in/wp-content/uploads/wssd/doc2/ch2.html> (Accessed: April 29, 2023).

Gov, 2023. Labour law reforms ministry of labour & employment: Government of India, Labour Law Reforms | Ministry of Labour & Employment|Government of India. gov. Available at: <https://labour.gov.in/labour-law-reforms> (Accessed: April 29, 2023).

Gov, 2023. Laws and Executive Orders United States , EPA. Environmental Protection Agency. Available at: <https://www.epa.gov/laws-regulations/laws-and-executive-orders> (Accessed: April 29, 2023).

Hodge, G.A. and Greve, C., 2017. On public–private partnership performance: A contemporary review. *Public Works Management & Policy*, 22(1), pp.55-78.

IIDE, 2023 *Starbucks marketing strategy: Full case study*, IIDE. Available at: <https://iide.co/case-studies/starbucks-marketing-strategy/> (Accessed: April 29, 2023).

Joshi, S., 2021. *Ansoff matrix: 4 strategies leaders use to grow business - G2*, G2. Available at: <https://www.g2.com/articles/ansoff-matrix> [Accessed: April 29, 2023].

Laricchia, F., 2022. U.S. iphone user share 2014-2022, Statista. Statista. Available at: <https://www.statista.com/statistics/236550/percentage-of-us-population-that-own-a-iphone-smartphone/#:~:text=In%202022%2C%20there%20were%20more,has%20access%20to%20a%20smartphone.> (Accessed: April 29, 2023).

Leisch, F., Dolnicar, S. and Grün, B., 2018. *Market segmentation analysis: Understanding it, doing it, and making it useful*. pp. 1-332

Markman, G.D., Gianiodis, P., Tyge Payne, G., Tucci, C., Filatotchev, I., Kotha, R. and Gedajlovic, E., 2019. The who, where, what, how and when of market entry. *Journal of Management Studies*, 56(7), pp.1241-1259.

O'Neill, A., 2023. GDP of India 1987-2028, Statista. Statista. Available at: <https://www.statista.com/statistics/263771/gross-domestic-product-gdp-in-india/> (Accessed: April 29, 2023).

O'Neill, A., 2023. United States - gross domestic product (GDP) 2028, Statista. Statista. Available at: <https://www.statista.com/statistics/263591/gross-domestic-product-gdp-of-the-united->

states/#:~:text=The%20statistic%20shows%20the%20gross,around%205.5%20trillion%20U.S.%20dollars. (Accessed: April 29, 2023).

Pavan Lall. 2021. Rediff.com. 'India is one of Starbucks' top 5 fastest-growing markets'. Available at: <https://www.rediff.com/business/report/india-is-one-of-starbucks-top-5-fastest-growing-markets/20211222.htm#:~:text=Major%20competitors%20in%20terms%20of,Coffee%20Company%20and%20McDonald's%20McCafe>. (Accessed: April 29, 2023).

Pieroni, M.P., McAloone, T.C. and Pigosso, D.C., 2021. Circular economy business model innovation: Sectorial patterns within manufacturing companies. *Journal of cleaner production*, 286, p.124921.

Rizzo, M., 2022. Secondary income : Imports/debits : USA : SA, Secondary Income : Imports/Debits : USA : sa - Office for National Statistics. Office for National Statistics. Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/xeuk/ukea> (Accessed: April 29, 2023).

Rizzo, M., 2022. Total primary income balance india : Sa:£m, Total Primary Income Balance India : SA:£m - Office for National Statistics. Office for National Statistics. Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/eqq8/ukea> (Accessed: April 29, 2023).

Schwertner, K., 2017. Digital transformation of business. *Trakia Journal of Sciences*, 15(1), pp.388-393.

Shu, C., Jin, J.L. and Zhou, K.Z., 2017. A contingent view of partner cooperation in international joint ventures. *Journal of International Marketing*, 25(3), pp.42-60.

Starbucks Coffee Company, 2023 Starbucks®, Starbucks Coffee Company. Available at: <https://www.starbucks.com/menu> (Accessed: April 29, 2023).

Starbucks, 2023. "Explore career paths" [Online] Available at: <https://careers.starbucks.in/> [Accessed: May 2, 2023]

Starbucks, 2023. "Handcrafted Curations" [Online] Available at: <https://www.starbucks.in/dashboard/> [Accessed: May 2, 2023]

Starbucks, 2023. About Us, Starbucks. Available at: <https://www.starbucks.co.uk/about-us#:~:text=Our%20mission%20to%20inspire%20and,specialty%20coffee%20in%20the%20world>. [Accessed: April 29, 2023].

Starbucks, 2023. About Us, Starbucks. Starbucks. Available at: <https://www.starbucks.co.uk/about->

us#:~:text=Our%20mission%20to%20inspire%20and,specialty%20coffee%20in%20the%20world. (Accessed: April 29, 2023).

Starbucks, 2023. Starbucks Company profile, Starbucks . Starbucks . Available at: <https://stories.starbucks.com/uploads/2019/01/AboutUs-CompanyProfile-Q3-2013-9.18.13-1.pdf> (Accessed: April 29, 2023).

Statista , 2023. “Number of Tata Starbucks Private Limited stores from financial year 2013 to 2022” [Online] Available at: <https://www.statista.com/statistics/1113556/tata-starbucks-number-of-starbuck-stores-in-india//> [Accessed: May 2, 2023]

Statista, 2022. Starbucks revenue worldwide 2022, Statista. Statista. Available at: <https://www.statista.com/statistics/266466/net-revenue-of-the-starbucks-corporation-worldwide/> (Accessed: April 29, 2023).

Statista. 2022. *Net revenue of Starbucks worldwide from 2003 to 2022(in billion U.S. dollars)*. Available at. <https://www.statista.com/statistics/266466/net-revenue-of-the-starbucks-corporation-worldwide/>. (Accessed: April 29, 2023).

Sun, S., 2023. India: Apple iPhone shipments 2022, Statista. Statista. Available at: <https://www.statista.com/statistics/1186168/india-number-of-iphones-shipped/> (Accessed: April 29, 2023).

Tata Starbucks, 2023 *Tata Starbucks*. Available at: <https://www.starbucks.in/dashboard> (Accessed: April 29, 2023).

Tataconsumer, 2023. *Tata Starbucks, Tata Starbucks | Tata Consumer Products*. Available at: <https://www.tataconsumer.com/brands/out-of-home-retail/tata-starbucks> [Accessed: April 29, 2023].

The Economic Times, 2023 *Most Indian consumers remain price-sensitive while buying electronic products: Study, The Economic Times*. Available at: <https://economictimes.indiatimes.com/industry/cons-products/durables/most-indian-consumers-remain-price-sensitive-while-buying-electronic-products-study/articleshow/89808325.cms?from=mdr> (Accessed: April 29, 2023).

TheGlobalEconomy, 2023. India political stability - data, Chart, TheGlobalEconomy.com. TheGlobalEconomy. Available at: [https://www.theglobaleconomy.com/India/wb\\_political\\_stability/](https://www.theglobaleconomy.com/India/wb_political_stability/) (Accessed: April 29, 2023).

TheGlobalEconomy, 2023. USA political stability - data, Chart, TheGlobalEconomy.com. TheGlobalEconomy. Available at: [https://www.theglobaleconomy.com/USA/wb\\_political\\_stability/](https://www.theglobaleconomy.com/USA/wb_political_stability/) (Accessed: April 29, 2023).

USAGov, 2023. Labor laws and Worker Protection, USAGov. USAGov. Available at: <https://www.usa.gov/labor-laws> (Accessed: April 29, 2023).

Yu, J., 2012. Promotion mix and consumer engagement on social networking sites: A cross-cultural case study of Starbucks posts on Facebook (USA) and Kaixin (China). *Quarterly Journal of Chinese Studies*, 2(1), pp.1-17.