

Starbucks: Creating a Unique Customer Experience

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Abstract- There is no doubt that creating a positive customer experience is crucial for companies' success. This is due to the fact that customers are now more knowledgeable about which company is offering a better service. To stay competitive, companies have to make sure that they reach or even exceed customers' expectations. This helps to foster customers' loyalty and decrease the probability of switching to other companies. Besides these factors, companies can reach their goals of increasing revenue and sales with the strong customer relationships they build. Once a company focuses on the customers' experience, then these customers feel that they are more valuable and will continue doing business with the company.

Introduction

Starbucks opened its first store in 1971 in Seattle. Since then, it has focused on two main things: to share great coffee with customers and make the world a little better. The extraordinary success of Starbucks in the early 1990s was a result of many factors. Starbucks concentrated on creating a new experience for their customers in order for them to be able to relax and enjoy their times far away from home and work. The company was selling whole beans and coffee beverages with the highest quality available in the market for a specific group. Starbucks was targeting well-educated and white-collar customers who were within the age range of 25 to 44. Although the company had 140 stores by 1992, they decided to go public and open more stores across the country. To do so, the company invested \$25 million and it became the most well-known coffee brand in North America by 2002. The annual growth rate had risen by 40% and net earnings had increased at CAGR of 50%.

One of the things that made Starbucks success even more inspiring was that they spent less than the industry average for marketing budgets (3%-6% range). It is clear that Starbucks was eager to build its brand name by opening a lot of stores to be the leading coffee marketer in the nation. Currently, the company has more than 5,000 stores around the globe that serve 20 million customers and it is expected to increase due to Starbucks' expansion strategy (Starbucks, 2016).

Value Proposition of Starbucks

To build its brand image, Starbucks used the "live coffee" mantra, which basically means that the company put all of its efforts to ensure that the national coffee culture is alive and get customers in a habit of drinking coffee (Starbucks, 2016). The company focused on three main components to create the experiential branding strategy. First, Starbucks was committed to offering the highest-quality coffee in the world and they worked directly with suppliers and

growers in order to guarantee that the quality standards were met. The second component is customer intimacy, which is to inspire customers with their experiences once they enter the store. Loyal customers visit the store 18 times a month on average, so the employees should be familiar with their favorite drinks and take care of them. As a result, the customers feel welcome to come again, which may help the company because the customer may invite their families and friends to visit the store. The third component is the atmosphere or the environment of the store that makes customers want to visit the store and stay. Starbucks has seating areas for relaxation for those who like to stay longer, and it also created the atmosphere of socialization for those who want to come with their families or friends.

The Decline in Customer Satisfaction Scores

The market research shows that the central assumptions of Starbucks concerning their brand image and customers were not accurate. For example, they noticed that there was a little brand meaning or product differentiation between the company and the other coffee chains. Additionally, the Starbucks's customer profile had changed and expanded to include young, less educated people with lower income to spend on coffee and other related products. Besides that, the customer behaviour had changed from visiting the store 18 times a month to just 5 times a month. Moreover, the company discovered that their customers were not highly satisfied which led to a reduction in customer loyalty.

The management team faced a big challenge to work in a synergy of meeting customer expectations and expanding the business at the same time. To recover their strength, Starbucks has aimed to minimise the service time to three minutes or less in all of their stores.

The Ideal Starbucks Customer

The perfect Starbucks customer is the one who visits the store frequently, so the revenues exceed the expenses,

which in turn increases the profit. In order to satisfy customers, the company has to make sure that they meet their expectations in quality, convenience, waiting time and make a personal experience or touch with the product, so it can be seen as a different product from competitors. Also, loyal customers can do a lot of marketing through the word of mouth to invite and encourage new customers to visit the store, and buy different products.

Conclusion

In summary, the customer should be the main focus for a company if it wants to sustain competitive advantage. It is important for Starbucks to ensure customers' satisfaction by serving them in a less amount of time without compromising quality. Customers could easily go to the competitors if no positive improvement in service has been made. To deliver customer intimacy, the brand should represent quality, guarantees the happiness of customers, and resolve their issues in an efficient manner.

References

Starbucks Website. <http://www.starbucks.com>. Accessed April 03, 2016.

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