

## Starbucks Segmentation

### Introduction

There are many companies that strive to keep a balanced approach towards their market performance and positioning. In addition, every company strives to increase its profits and market share, at the same time. Business environment is a complex set of processes running within its boundaries. It is important to take into account every aspect, in order to understand how to overcome barriers set by other companies and reflect on competitors' attacks, in order to continue growing and expanding business in the selected direction. In general, it is necessary to take into consideration the target market, which will become the main source of the company's profits. Market segmentation is an option to diversify products offered to the target audience. In addition, it is necessary to have an accurate selection of the market, which will promote the company's intention to increase its market shares. Starbucks is an appropriate example of the company, which managed to win loyalty of millions of customers all over the world. Its performance is full of transparency, which allows one to see the essence of its intention to increase customer's loyalty, along with company's profits. In addition, the company is an appropriate example for small businesses striving to find a balanced approach towards development of their own strategies.

### Starbucks Characteristics

Starbucks is a company obtaining significant market share. It is necessary to evaluate its efficiency, regardless of the market segmentation, which sets the tone of its performance. It is important to separate the selected market into sections, which can help the company build up a simple approach towards meeting customers' needs. There is a diversity of characteristics of market segmentation, which promote the company's successful distribution of products (Wagner, 2011). The whole diversity of factors includes demographic, psychographic, geographic, and behavioral characteristics. It is necessary to consider every aspect in order to evaluate the company's strategy towards an establishment of the appropriate strategy.

In the aspect of demographic segmentation, it is possible to outline the following characteristics. In the focus of Starbucks' performance, there are adults, youths and children. These three categories formulate the main sources of company's profits. The company does everything to combine its efforts towards meeting requirements of all three categories at the same time (Peterson, 2014). Men and women, aged from 25 to 30 formulate the primary target market. This category obtains almost half of the company's profits. Starbucks strives to meet the requirements of an adult category, which has a significant influence on the company's performance and development. Starbucks has evaluated that this segment of the market is most likely to purchase its products. This target market represents a social level, which has a stable income and is capable of purchasing extra product, in order to make their lives comfortable. Starbucks has a flexible pricing policy, which fits the middle section of the society. It is a fact that Starbucks also pays attention to youths, who are also willing to enjoy the company's products, services, and a welcoming atmosphere. Along with an effective marketing strategy, Starbucks managed to become an appealing brand to young adults, striving to keep in touch with the world's coffee obsession. Young adults aged between 18 and 24 formulate another vast segment in amount of 40%, which is also another significant part in the company's profits. Starbucks managed to attract students in the aspect of a strong branding name, which also has an influence on customer's decisions. Moreover, celebrities helped to attract new customers, as long as they are active enough to purchase the company's

products and show others that they are worth buying. In addition, Starbucks introduces new technological approaches towards meeting customer's needs of the selected market. It means that young adults are attracted by the company's intention to follow digital era principles along with introducing new products and services. Finally, the company has children as another target market. Despite the fact that this segment of customers totals up to only 2% of the company's profits, it is possible to claim that parents tend to choose Starbucks' products over its competitors. It means that Starbucks has a significant influence on the purchasing goals of its customers.

Demographic segmentation is not the only aspect of the company's success. It is obvious that the company obtains an enormous income from psychographic segmentation. It is a powerful tool, which can help to increase a market share and attract new customers. Starbucks believes that it is possible to increase profits, as long as the company can evaluate customer's needs, lifestyle principles and patterns of behavior. Starbucks managed to conclude that customers need a brand, which can remind them of comfort, regardless of their speed of life. Starbucks has a powerful marketing campaign, which penetrates itself with numerous advertising techniques, supporting the quality of products offered by the company. Starbucks attracts new customers through the lens of evaluating the customer's requirements regarding the quality of products (Macke, 2014). For Starbucks, it is obvious that contemporary customers strive to achieve high quality, leveraged with appropriate price. The company successfully offers this option.

Starbucks also has a powerful influence on consumer's behavior. However, it is possible to claim that this type of segmentation has interdependence with customer's behavior, in general. The company takes into account the fact that customers would like to purchase products, which will change their life for better. It does not mean that a change should be obvious or significant. Starbucks made it possible to prove that one cup of coffee at a time is enough. These words penetrate the company's performance at all levels. It is also important to mention that the company managed to evaluate that customers tend to search for comfort, regardless of the part of the day. Starbucks stores are full of people even in the evenings. A comforting atmosphere became a relaxation option for customers striving to hide away from their problems. It is a fact that some customers tend to seek for coffee therapy, which Starbucks started to provide long time ago.

Finally, the company also uses a geographic segmentation for its performance and further development in the selected market. It is obvious that Starbucks has an aggressive strategy of expansion, which promotes its rapid growth. However, Starbucks does not locate its stores randomly. There can be seen the tendency of putting stores near offices, parks, college campuses, and other upscale locations, which are most likely to attract new customers. This strategy provides the company with stable profits.

### **Starbucks Statement**

Positioning is the final part of the company's performance in the aspect of the selected target markets. The company cannot get along without this option if it does not take into account its mission, vision and core values. It is necessary to create a comprehensive system of measures, which will meet customer's needs and will not cross the company's principles. In general, the company has an effective positioning, which helps it to obtain leading positions in the selected market. Many competitors strive to cease the company's profitability through the lens of numerous aspects. However, Starbucks managed to create a powerful brand, which meets customers' needs and has an association with high quality products (Fitzgerald, 2013). The company's focus is a rapid expansion, which will not let other

companies reduce its market share. Starbucks is the company with a balanced strategy, which means that it has a comprehensive nature.

Starbucks takes care not only of its customers, but also of its internal environment. Employees formulate the company's platform of performance. It means that every employee should follow company's standards and principles of successful performance. In its turn, the company offers the diversity of promotional options. This strategy is encouraging enough to help its employees follow the rules of the company, in order to meet customers' needs and satisfy their requirements.

Starbucks claims that it offers more than just a cup of coffee. It offers comfort, satisfaction, and joy at the affordable prices. It can be noticed that every Starbucks store has a warm atmosphere, attracting customers on a daily basis. In addition, the company has a flexible pricing strategy. It has the diversity of discounts and bonuses, which reflect the company's gratefulness to every loyal customer. Another company's objective of the strategic approach is a continuous improvement. It supports the company's position in many aspects. For example, Starbucks strives to differentiate its products and services, in order to meet the needs of the most demanding customers. The company creates numerous drinks and beverages, which can offer its clients many options to choose from. In addition, the company continues to provide its customers with different purchasing options, which also simplify the process of customer's attendance.

Another Starbucks' strategy, which helps it to keep the same positioning strategy and perform with the same efficiency, is corporate social responsibility (CSR). CSR is an element, which builds up the company's reputation regarding its reliability and capability of regulating its influence on the surrounding world. Starbucks proves its clients that it takes care of them even when they do not come to the store (Sozzi, 2014). It helped Starbucks to strengthen its positive reputation. Starbucks is a company, which proves that it is necessary to take care of environmental problems, penetrating the surrounding world. This element proves customers that it is worth considering Starbucks products, as it is reliable enough. Finally, the company provides its customers with a powerful support. This support hides in effective environmental protection strategies.

Starbucks also has numerous cooperation initiatives, which promote the company's development and position. It has a complex system of measures, which lead to the intensification of its strategies. For example, cooperation with PepsiCo helped Starbucks to diversify its product line and include new products. In addition, Starbucks has numerous sources of raw materials, which help it to deliver high-quality products and services. Finally, the company managed to increase its profitability through mergers and acquisitions, which promote the company's development. These are the leading strategies of the company, which cross the target market with its peculiarities.

## **Conclusion**

Starbucks is a pure combination of strategies and principles applied in the company's performance in order to meet customer's needs. It is obvious that Starbucks continues to grow, which is a result of a balanced performance. It is a fact that the company obtains a significant market share, which has a direct connection to the effective evaluation of customer's needs. Starbucks has a strategy of development, which provides it with sustainable performance. Its strategies help employees to grow in the professional aspect, meet customer's needs, promote success, and take care of the environment. Finally, branding became a powerful instrument of the company's regulation, which creates a solid platform for further performance. Starbucks became a leading company in the selected market, which promotes customer satisfaction.

## References

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