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Assignment

FOR MASTER'S THESIS FOR STUDENT

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Slides in the amount of 20 units

6. Advisors of design (thesis) chapters

Chapter	Advisor's surname, initials and position	Signature, date	
		assignment given	assignment accepted
<i>Labor protection</i>	<i>Doctor of Economics, Assos. Prof., Sherstiuk R. P.</i>		
<i>Emergency safety</i>	<i>Senior Lecturer, Struchok V.S.</i>		
<i>Justification of economic efficiency</i>	<i>Assos. Prof., PhD. Stoyko I. I.</i>		
<i>Special part</i>	<i>Doctor of Economics, Assos. Prof., Melnyk L. M.</i>		

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5	<i>Conclusions</i>	<i>04.12.2020</i>	
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ABSTRACT

This study is designed to explore the famous American Starbucks coffee company innovative and marketing strategies aimed at managing the business during a crisis. The study covers the background of the business and discusses how the Starbucks Company expanded beyond its place of birth. The objective of the research is to analyze what signifies the Starbucks coffee company brand and builds customer loyalty globally with focusing on MENA (Middle East and North Africa region). a premium coffee brand; its customers are mainly from the upper economic segment or the upper middle class and upper class. Customers are generally more loyal to brands that are environment-friendly and socially responsible. Starbucks built a strong familiarity because of its presence in many locations that illustrates the power of branding with smart positioning. The brand targets people who want a peaceful space to drink coffee and lose stress. These are mostly the higher wage-earning professionals, business owners, or other higher-end customers in the 22-50 age group. People with a fast-moving lifestyle want good quality coffee and some space to relax after a hectic day. Starbucks has succeeded in creating a culture on social media. Starbucks Company follows the total product approach strategy in serving its customers. Starbucks principles in marketing are aimed at developing enthusiastically satisfied customers. Starbucks emphasis on social media communication with the community. They value the customers and interact with them by responding and initiating discussions. Customers usually would appreciate the Starbucks responses on comments with questions. Additionally, Starbucks uses social media outlets to promote their new releases and offer limited promotion time deals on beverages and food. It manages to operate by integrating strategies effective in building customer loyalty. They create a community, smart partnership to successful growth, innovation in their menu variety and using ethical products in serving. In this research, a SWOT analysis and Porter's Five Forces will be included to further illustrate where the business competitive stands. indicates the company operating efficiency and also compare the tent on sales to other companies. This is done by a comparative analysis using the varying operating cost.

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INTRODUCTION

This study is designed to explore the famous American Starbucks coffee company innovative and marketing strategies aimed at managing the business during a crisis. The study covers the background of the business and discusses how the Starbucks Company expanded beyond its place of birth. The objective of the research is to analyze what signifies the Starbucks coffee company brand and builds customer loyalty globally with focusing on MENA (Middle East and North Africa region). On the other side, subjecting the disadvantages associated with brand loyalty. This emerges in innovative strategies that can be effectively implemented to keep the business continue to succeed. It also investigates the company responses during a crisis and its effectiveness in managing the business operation. On account of this, the concept of innovation takes place where it is attributed to maintaining its popularity and branding experience. The research will include several cases where the business was able to overcome the crisis and continue to rise. The study will be conducted by the online distribution of questionnaires via social platforms like facebook and whatsapp on random age and gender groups. The questionnaires will aim to collect the data required to address the issues associated with brand loyalty in the time of crisis. The study will assess quality, price and service reviews (evaluation of customers). A random sampling size of 500 questionnaires will be distributed and collected information will be analyzed and illustrated. The Starbucks Company follows the total product approach strategy in serving its customers. It is known as the third place in people life, bringing gatherings and the community connected. Starbucks principles in marketing are aimed at developing enthusiastically satisfied customers. It manages to operate by integrating strategies effective in building customer loyalty. They create a community, smart partnership to successful growth, innovation in their menu variety and using ethical products in serving. In this research, a SWOT analysis and Porter's Five Forces will be included to further illustrate where the business competitive stands.

CHAPTER 1.DIRECTIONS OF PROVIDING ENTERPRISE`S INNOVATION POLICY OF STARBUCKS COMPANY

1.1 The essence, role and place of innovation policy in entrepreneurship.

Innovation essence in theoretical and effective practice has been changing throughout the years in correspondence to technological evolutions. Accordingly, entrepreneurs and establishments do not have a specific notion of how to achieve a prosperous innovation technique. Innovation has been long characterized and described by academics that brings to knowledge the sources from which innovation originates from. The primary source of emergence is the enterprise research and development department specialised in gathering the knowledge and skills required for enterprise success. Secondary, innovation can be adopted from another enterprise that has initiated development procedures. Generally, the research and development department in the enterprise brings various openings of new strategies in different parts of the business operation. They admitted the production process that focuses on directions to develop products and services, penetrate new marketplaces and improve the internal operation processes in the enterprise.

The factual explanation of the innovation principle has been argued by scholars, policy inventors and entrepreneurship administrators. However, the significance and outcome have been acknowledged to evolve economic well-being. Innovation expands the strategies models in the development of the enterprise. It serves as a competitive advantage and increases market share. According to Schumpeter's theory of innovation factors, the main objectives of innovation is classified to market size and market share. In opposition, many researchers have emphasised on the significance of external factors impacting innovation practices. The external circumstances like the political, economical, social and technological factors influence innovation success. Industries internal objectives is to reduce the cost of production, increasing quality and quantity of production and an increase in sales and

profit margins. Also, emerge and expand into a new market place that creates greater prosperity and reflects on the business effective operational function.

Innovation can be also described in terms of speed and time. The speed is based on the time duration taken to initiate an idea, bring it into practice and develop it to finally reach the market place.

Generally, innovation objectives are to generate high turnovers in a short period and continues with a sustainable profit. The primary concern of innovation is the cost of implementation. The enterprise must have a special department structured to establish the concept of innovation and implement the skills required. accordingly, the successful structure of innovation strategy employed signifies the effectiveness of the company operational skills that transform new ideas into goods and services to promote growth and boost revenues [22].

1.2. Innovation policy in Ukraine.

“In the nineteenth century, innovation was first introduced in the science and industrial domain. The industrial revolution has shifted the focus on technical inventions to other areas of creation. Different components have been affecting the innovation rise in Ukraine. The growth of consumer culture, increased number of protection on inventions (patents) and government contribution by establishing policies allowing people to manufacture more laboratories that can be used in the areas of research and development. The famous Austrian economist Joseph Schumpeter has characterized the term invention as an act of intellectual activity performed without taking into consideration the external factors like the economic and social impact. Inventions put into the construction process of business strategies shifts the understanding of the invention to a broader meaning. The innovation is not simply bringing new technology into the marketplace but because during the early days, there was limited funding and lenient government policies that facilitate accomplishing research and development programs in laboratories, innovation was recognized as a process that starts with a theoretical framework created as an initial

effort, then the research function to develop and determine the strategies of implementation. After that, the product is developed and promoted to the people” [1]. It was described by Benoît Godin a famous professor at the national institute of scientific research in Montreal that the innovation project funded by the government would raise the understanding and significance of it. As it was assumed as output and not a process according to the American economist Tyler Cowen, a professor at George Mason University the advancement in technology has emerged incredibly like the evolution of the internet that counts as one big innovation. Yet the economic improvements would come as a result of developing applications to be used in the manufacturing system. Internet innovation has served to utilize data that can affect people lives and employment. Many information can be circulated through the internet with no factual evidence of its existence that can be impractical in developing innovation process. Ukraine is a developing country with science and technology. Ukraine from the Soviet time had always ascertained competent and technically entitled labourers. The country has large IT developers and programmers. There is a great percentage of young people enrolled in universities and working towards a skilled degree. Ukraine encourages education for the young and provides different programs that can be accessible by many. The highly skilled Ukrainian employees aim to move outside and spread their expertise in European countries and America. They share big export rates of natural resources and globally compete in various markets. Ukraine is rich in elements that make it have the potential to generate an innovation-driven economy.

Many enterprises in Ukraine use technology and scientific research in their innovative practices. Private enterprises established in Ukraine suffer from poor performance because of the counties poor socioeconomic ailments like the low standards of living, low-income status, unemployment, corruption, community security and social support. this reflects it's low ranking under global economic growth and development. Despite the efficient and highly competent workforce, Ukraine marks low on global innovation competitive stance among benchmark countries. Assessing the ecosystem in Ukraine and it's impactfulness on innovation,

there is a potential to discourage innovation because there is a lack of grant on public expenditures like science and technology and innovation (STI). In addition to that, there is a shortage of effective incentives to develop new supporting frameworks to STI. This negatively affects Ukraine aptitude to evolve in the economic system. Ukraine is run by a mixed economy system that allows the establishment of private enterprise but also has public sector controlled by the government. This system is otherwise known as the dual system, adopted in many western countries but faces challenges in finding a balance between free-market system and government control. Ukraine faces challenges attributed to the ecosystem. Yet strives to discover it's potential among European countries. technology implementation needs highly funded programs that can utilize and combine the skills, talent and creativity to come up with resourceful innovation. Many startup possibilities can boost the economy by fast-growing industries. The inadequate government support to ecosystem industries has been affecting the efficiency of research and development used by universities and enterprises.

The innovation potential in Ukraine is also affected by the ineffectual associations between academic organizations and the commerce industry. Ukraine in the innovation world has driven through the changeover in many facets like the economy, social and political barrier that it long encountered from the Soviet Union. It aspires to build the integral institutions that can be used to create, structure, monitor and analyze the innovation process. Since there are governmental policies are accountable to discourage enterprise startups, Ukraine has been putting in the efforts to improve and succeed. Generally, there must be an obligation to acknowledge the possibilities and privileges in investments and innovation. There should be a cooperative communication and commitment by the government to the private initiatives to encourage and engage investing in the economy. The successfulness of any enterprise is examined on the state business regulations and the efficacy of establishing a new development. Some principles support the innovation process like:

1. ensuring the coordination and complementarily of initiatives

2. scaling existing successful efforts
3. exercising selectivity piloting of new ones.

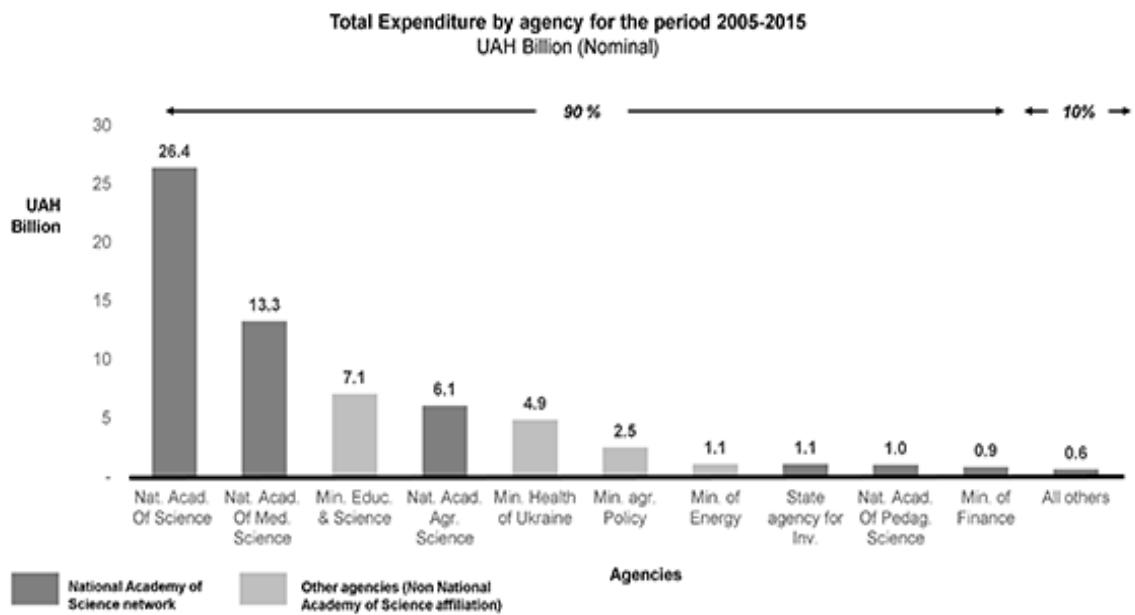


Figure 1.1. Total costs by each agency for the duration of 2005 to 2015

Building trust and solidity between the people and the government essentially enriches the scoop of developing programs and enlarging the existing business activities. This brings the local investors to look for opportunities in domestic production and distribution rather than investing in other countries.

Innovation has been oriented as a process that ascertains enriching the quality of living. Revolutionary activities in several sectors like industrial, agricultural and technology have been taking place throughout the years creating the integration of knowledge and skills to cultivate a better quality of living. Political vision on innovation is to discover and emerge a social association and favourable living standards to the people. The value of creating a new product or service is reflected on the customers satisfaction levels. The community plays the central role in controlling the market demands and therefore affecting the innovation programs efficacy. The objective of innovation by the public enterprise is driven towards society advantages over profit-making. The goal is to accomplish a better socioeconomic condition for society and improve environmental conditions that jointly affect the essence of a quality lifestyle. In other words, innovation main purpose should be directed towards

building a better future. Global business initiatives focus on the significance of sustaining growth and competitive advantage by innovation. The connotations are to improve living by focusing on the individual needs first and deliberately working towards the community and finally the whole country growth. The advantages of innovation would serve the individual, community and industries established to enhance the national prosperity.

Despite the optimistic and encouraging traits of innovation, it can be affected and deterred by the changing of climate conditions and the emergence of health syndromes that can rather create fewer chances to develop in some marketplaces like the entertainment industry. The technological advances have created different gadgets, automobiles and infrastructure that aspires the market for steady expansion and innovation. Normally humans aspire to improvements and changes that bring a better future. Innovation creates solutions to crises and the need for transformation in complex situations. It provokes to achieve individual and community growth and engage them to build a prosperous and robust lifestyle injected with financial gains. The workforce that functions to bring innovation into practice aims for government support to nurture and inspire future generations. The government function should be based on providing legislation that is direct, transparent and is accountable for communities vision and ideas.

The innovation concept has been widely known and designed by several kinds of literature, hence it can be classified into four large sectors;

1. Accumulative (exploitative) innovation
2. Revolutionary (exploration) innovation.
3. Ambidextrous innovation
4. Disruptive innovation

1. Accumulative innovation comprises of activities that function towards continues improvements of existing practices. Countries like Japan have established quality improvement practices that can change production quality and quantity. Most of the innovations that take place globally will require more than just one type to succeed and sustain competitiveness in the marketplace.

2. Revolutionary innovation prevails the discovery of the new capabilities. The new invention that obtains patency for the creation and building the modern technological business models like 3-D technology, E-Commerce, digital appliances and much more. The objective is to evolve into the market with a fresh design and modern creation that takes a long time to create.

3. Ambidextrous innovation is characterized by its dynamic techniques developed to fulfil demographics pressure, international trends and customer preferences while ensuring environmental sustainability.

4. Disruptive innovation is associated with creating a brand of an existing product but marketed at a cheaper price and excellent function. This penetration business model drives the middle-class customers who seek an economic or reasonable price. The disruptive innovative strategy is widely seen under many marketplaces especially smartphones and portable gadgets

The companies in Ukraine are registered by the department of state registration in Ukraine. The legitimate protocol is provided to the initiative by creating a registration number and authorizing to store all data the enterprise registered accessible by the Ukrainian ministry of justice.

Types of business in Ukraine with legal forms code:

Entrepreneurs under code 340: consists of a one-person that initiate and operate the business. Foreign residents who are interested in self-employment and working on her enterprise in Ukraine require to obtain a tax identification number issued by the state tax inspection in Ukraine. This system does not assist in other facets associated with the type of work but rather just creates recognition of state on the existence of a working person who is fully accountable for his/her business operations.

- Limited liability company under code 240:

LLC is established by one person or several people also known as the founder/founders. An LLC entity in Ukraine gives an opening to work with its capital but using the local currency which is Ukrainian hryvnias. The entity can authorise its capital in financial and non-financial forms during the first 6 months of company

registration. Initially, the company will have its founders as shareholders if they are more than one person, with all having corporate rights. The corporate rights are generally used as shares to be sold with the approval of all the founders and in turn, it establishes an LLC that possess rights to have shareholders and authorise its capital.

- Non- government organization under the code 460

These entities are not aimed towards profit-making and hence do not title under enterprises. The minimum originators of the organization should be two persons. The NGO founders can be local or foreign citizens and also have the elective choice to register their organisation as a legal entity.

- The joint-stock company under the side 230

“The capital used in joint-stock companies have distributed the form of shares in Ukraine legislation there are two types of a joint-stock company a private and public structure. The joint-stock type of business can be simply started by only one person and is not limited to the number of shareholders. In the public type of joint-stock company, the shares must be available to the public and the minimum amount of salary to be provided is 1500-5000 Ukrainian hryvnias. Because shares and financial statements are disclosed to the public, an external audit is assigned to analyze financial declarations before publicizing.”[24]

Yet this is not limited to the private joint-stock companies that would offer high salaries. In the private type of joint-stock, the shares can't be sold or traded on the stock exchange market. There is no requirement to disclose financial statements to the public or even hire an external auditor for credibility and validity checks.

- Private enterprise under the code 120

The private enterprise can be owned by one or multiple people. The startup capital amount is not regulated by law and therefore small equity can be used to establish a private business.

- Foreign enterprise under the code 170

This entity comprises of foreigner founder/founders establishing an enterprise in Ukraine. this entity is under full ownership of enterprise and is slowly operated by founders.

- Additional enterprise under the code 250

This enterprise regulation consists of the additional amount not subjected to the capital authorized for company establishment.

- The full company under the code 260

The full company comprises of all the members/founders to be fully entitled to the business and liable for all the commitments and assets.

- Limited partnership under the code 270

This type of entity includes characteristics between the limited liability setups and full company type of entity. The members of the limited partnership consist of active and direct partners that share the responsibility to all the assets of the company and authorizes partners to contribute with their investments to join.

Innovation is not just represented by introducing or implementing new ideas or methods. The definition of innovation can be defined as a process that involves multiple activities to uncover new ways to do things. It should not be confused with creation since this can be defined as the act of making, inventing, or producing something. However, new innovations can be realized with creativity.

At present, The globe is positioned in a fast-paced environment where technology is advancing and globalization is increasing. This diminishes distances and increases competition in the marketplace. Customer expectations are demanding at a more frequent pace, and disruptions in the economy is more likely to occur. For a business or an organization to realize competitive advantages, it should be able to adapt and innovate the to the changing trends and new generations. Innovations apply for management and organizations on all levels, sizes and in operating in all industries.

The Innovation Performance Review of Ukraine continues the series of national assessments of innovation policies initiated by the earlier Reviews of Belarus and Kazakhstan. These policy advisory exercises draw on the experience accumulated by the United Nations Economic Commission for Europe (UNECE) in the identification of good practices and policy lessons in the area of knowledge-based development, with particular reference to the problems of countries with economies in transition.

This Review presents the outcomes of an advisory project undertaken at the request of the Government of Ukraine. It aims to provide a set of recommendations and policy options to stimulate innovation activity in the country, enhance its innovation capacity and improve the overall efficiency of the national innovation system. Close collaboration with the national authorities and other experts from Ukraine throughout the project has helped in identifying issues of practical importance and in ensuring the relevance of the Review conclusions and recommendations to national circumstances. The Review provides a comprehensive assessment of the factors that drive innovation, paying particular attention to the linkages and relations between the different components and actors of the national innovation system. This integrated approach is well suited to the complexities of innovation and reflects a broad understanding of the challenges faced by policymakers. The practical work on the Innovation Performance Review of Ukraine began in May 2012 with a preparatory mission by representatives of the UNECE secretariat to establish contacts and discuss the structure and content of the Review with the national authorities and other stakeholders. The main project mission took place from 9 to 16 September 2012 with the participation of a team, including representatives of the UNECE secretariat, international and national experts. The Review reflects the outcomes of a series of consultations and discussions between the Review team and policymakers, government officials, representatives of academic institutions and the business community and other innovation stakeholders of Ukraine.

1.3. Ensuring the development of innovation activity in the World.

Innovation development in the media industry have always focused on brand new and advanced solutions for sophisticated, well-off customers through exploitation of the most recent advances in knowledge. Such innovation is carried out by highly educated labor in R&D intensive companies, with strong union with centers of excellence in the scientific world. Hence innovation in this sense is a typical first world' activity.

Innovation has been referred to as evolution in different spheres. The innovation activity in transnational has been accomplished by several stages.

- First stage innovation is also known as sealed innovation. It comprises designing a modern idea that requires the input of the research and development division to build a unique structure on strategies to achieve the objective.

- Second stage innovation consists of coordinated research where the organization collaborate with external sources like specialised consulting and chain companies that function to add value and grow the initiative. International established brands hugely rely on integration of the exterior partners that would contribute greater value to the final product.

- Third stage innovation is characterised as the phase where enterprises investigate external and internal sources for opportunities that can be deliberate to business success.

- Forth stage innovation is devoted to integrating the ecosystem effects and analyze the possibilities of generating useful ideas that can improve the social and economical conditions. The internal research and development department in a business focuses on developing proposals that will boost the innovation success rate.

The innovation strength implies to the program plans that overcome horizons created by space and time. Formulating a vast quantity of knowledge by IT programmers and analysts to build the unique vision of creating a new product or service. The main objective in any business establishment auxiliary to profit-making is conveying customer value. The customer value is created by investing in quality and ensuring environmental sustainability. Several enterprises can be built upon a profit or non-profit organisations that regardless will signify the customer value.

There are five domains by which value is formulated through innovation:

1. Developing a new product and services
2. Remodelling the end chain of service delivery
3. Reinvesting in research for customer demands and preferences.
4. Redefining the consumer base in varied areas like e-commerce and global marketplace.

5. Rebuilding business strategy models using modern IT technology

All enterprises formulate a mission and vision of service delivery. The objectives are structured by making the relevant strategies allocating the right resources to the right marketplace. Adding value signifies the respect to the social and cultural domains. The profit-oriented enterprise is designed to gain maximum profit and expansion. When the value is added by private profit-oriented businesses the prices are usually reasonable adding to the satisfying quality of production. Innovation strategies aim to maximise business performance and emerge its brand in the global market. E-business has inspired many young initiatives and assisted with small oriented startup innovative ideas. This illuminates the advancement in technology that allowed opportunities not to be limited and to access by all. The efforts to collect knowledge on any previous or existing practices to improve or advance it creates an optimistic future replenished by a healthy government and society. Eventually, innovation proves to contribute to comprehensive benefits in economic essence.

Why do we need innovation? Innovation contributes to extensive advantages in economic essence.

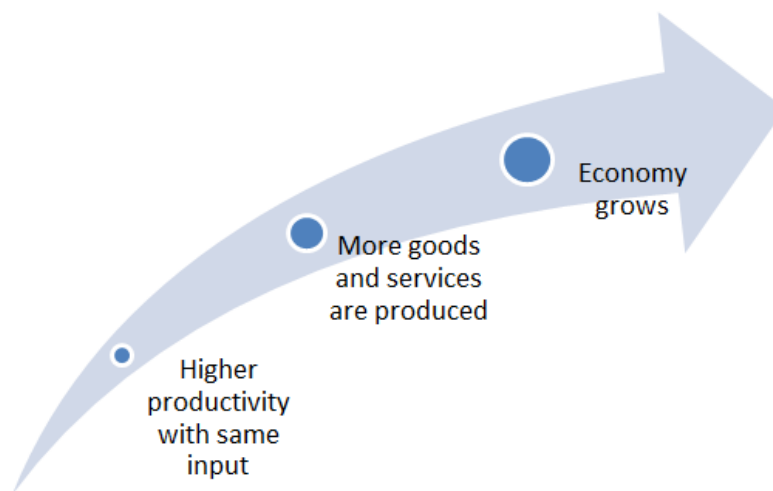


Figure 1.2. Advantages of innovation in Economic essence

- How does innovation take full effect?

Innovation usually starts on a small scale, e.g. when a new technology is first applied in the company where it has been developed. However, for the full benefits of innovation to be realized, it is necessary for it to spread across the economy and

equally benefit companies in different sectors and of different sizes. Experts call this process the diffusion of innovation.

- a. How can innovation be promoted?
- b. Structural measures to promote innovation include:
 - c. increasing spending on research and development (R&D)
 - d. investing in educational sources
 - e. enabling entrepreneurs to start businesses more easily
 - f. failed businesses to exit the market more quickly.
 - g. investing in their staff and conducting their own R&D.

Today, the new normal is “increasing uncertainty and slowing economic growth globally.” There are numerous social challenges in every society, from conflicts due to ethnic, cultural, and political differences to decaying inner cities, increasing crime rates, deteriorating environmental conditions, global jobs shortage, and the like. These problems cannot be solved by the government alone. Many social goal minded corporations realize that it is not only their corporate citizenship responsibility to respond to diverse social needs but it also is an important contributor to their long-term sustainability in the market. Many large organizations have undertaken numerous corporate social responsibility (CSR) projects to face environmental problems, inner city challenges, training the unemployed people for job skills, community development, and the like. For example, many corporations have initiated reverse logistics projects to minimize waste, reduce carbon emission, and reuse disposed goods, often in partnership with local governments.

CHAPTER 2. ANALYSIS OF THE STARBUCKS COMPANY

2.1. General characteristics of the Starbucks company.

The Starbucks trademark arose in the year 1971 by opening its foremost (primary) shop in the city of Seattle, Washington. The prosperity of the brand within the US market came in the late seventies and early eighties. Around 1987, Howard Schultz, a former employee, nurtured the company after administering there for 5 years. Late in the year 2000, the total quantity of the stores had heightened from 17 coffee shop to 4000. Additionally, until the year 2000 Schultz assumed the responsibility as CEO, chairman, and chief global strategist. As soon as Schultz took control over Starbucks Corporation the company was driven towards a prosper avenue in the coffee market. The drastic moves and changes made by the new owner pushed the company into a new age on the international level.

The organisation has always been engaged to source the top-quality arabica coffee in a righteous way. Currently englobing 30000 shops, the corporation is a number one leader of the top-quality coffee in the world-wide market. Starbucks is the premier roaster and retailer of specialty coffee in the world. The Starbucks company serves the experience package that is made up of premium coffee and the pleasant atmospheric vibes. The company objective is to be "third place" in customer life after the home and workplace.

Starbucks aims to inspire its customers not just by serving premium coffee but also engaging them in a comforting environment. This is created by training the baristas to recognize and deliver the best coffee experience. This is not just by training coffee making but also practising how to engage, interact with customers enthusiastically.

Starbucks operates in four geographical segments given that the USA is the most mature and had the highest operating scale:

“Starbucks focuses on creating the range of products to increase net revenue, expanding to online channels by delivering products and services to reduce operating

costs, manage debt to equity relationship, managing assets, investment and increasing customer satisfaction by improving quality of coffee, promotion in special occasion like Christmas and local festivals, introducing new formula for beverages and keeping up with regular feedback from customer reviews.” [8]

- Latin America, Canada and the U.S
- china, Asia and pacific
- Middle east and north Africa

Starbucks perpetually focused on building and sustaining customer loyalty. Developing a sense of community as said by Shultz "everyone is part of a community, we take our responsibility to be good neighbour seriously, we want to be invited in wherever we do business. We can be a force front positive action bringing together our partners, customers and the community to contribute everyday".

The architecture used in-store designs are distinct as each design is culturally directed and created. This is to connect the customers to the store since the environment is more like a home in its extraordinary accessorising.

The Starbucks company location strategy is one of the successful contributions to the company, the physical location of stores essentially facilitates loyalty and accessibility by the customers.

Table 2.1

The Starbucks offerings

Hot and cold beverages
Whole bean coffee
Micro grounded instant coffees
Latte innovative blends
Teavana tea products
Muscle protein snack bars
Fresh fruit juices and blends
Seasonal coffee blends like spice latte
Prepackaged food
Drinkware including mugs and tumblers

The U.S geographic segment is the portion that monopolizes most sales revenue earned by Starbucks. The increased competition in the US and international markets play a role in affecting revenues in different operating regions. For instance, costa and caribou coffee stands as major competitors in the MENA Region. Starbucks is operating in 83 global markets.

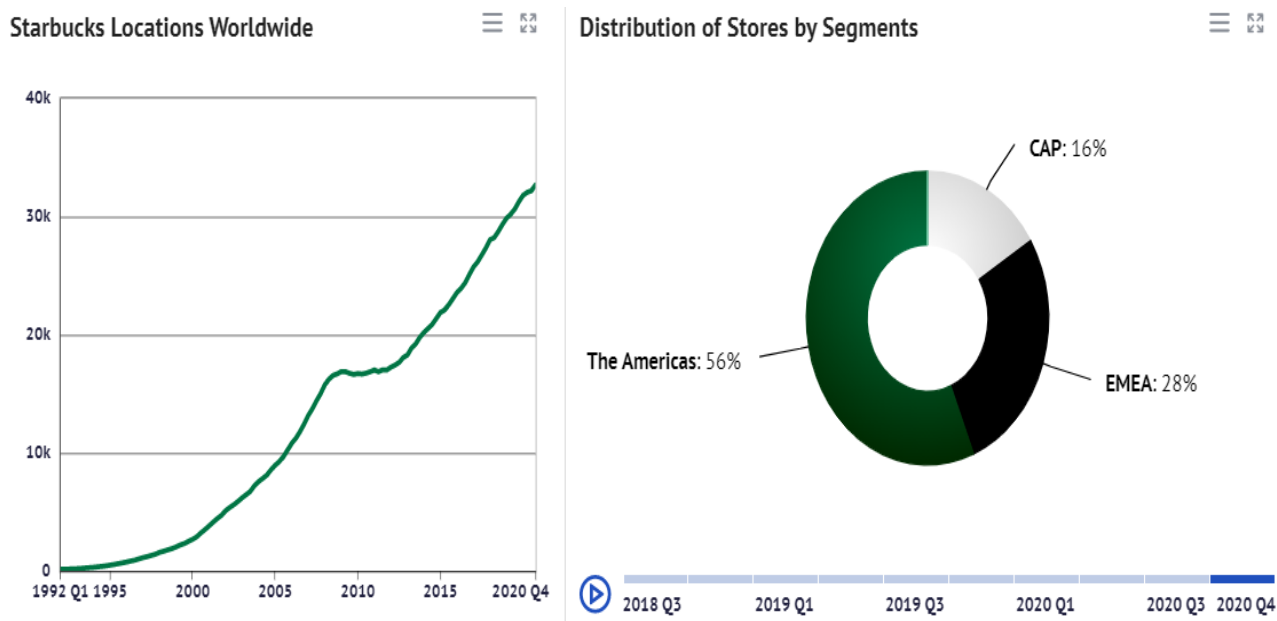


Figure 2.1 Starbucks locations worldwide

“Starbucks growth is correlated to the roasting, marketing and creativity of selling a unique assortment of beverages. Given that beverages are the main product type that generates sales” [7].

Starbucks Segment Breakdown

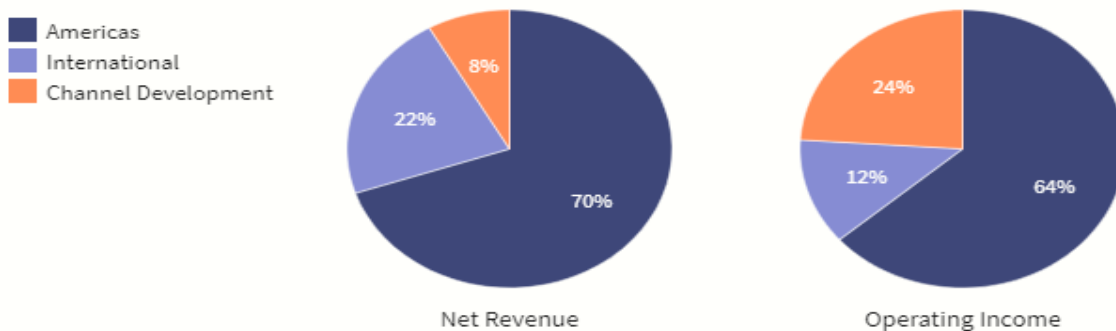


Chart: Matthew Johnston • Source: Starbucks 10-K

Investopedia

Figure 2.2 Starbucks Segment Breakdown

The segmental break down illustrates a 70% net revenue generated from the US market. According to financial analysis that highlights the drop of net earnings dropping to 74.3% of Starbucks of 2020 fiscal year compared to FY2019. The company stores that invite and bring the community that together was shut down during COVID-19 quarantine rules and resulted in fall by 20% in revenue of food items of the 75% total drop-in sales. Starbucks has reported under their fiscal year financial disclosure that the second and third fiscal quarters have been affected negatively because of stores temporary shutting down and not delivering the overall Starbucks service experience. Starbucks indicated that their sales don't rely solely on buying from stores but also their operation strategies that contribute to profitability. Starbucks offer transparent financial records to all investors as it is a public limited company. It accepts and values diversity in the workplace and operates with social responsibility.

Analysis of Starbucks internal and external environment using the porter five model:

Rivalry among competitors: The company serves premium coffee, quality product and innovation in delivering service. The provide convenience and accessibility.

Starbucks has a monopolistic competition with a few worldwide. The main competitors are usually regional. For instance, Macdonald, Dunkin doughnuts are of a lower price than Starbucks but the competitive advantage is the brand and growth size.

Potential entry of new competitors: This is a low to moderate risk for Starbucks company. Starbucks is a well established and mature business, therefore for a new product to enter and compete it has to have some unique selling point or a competitive advantage over Starbucks. Many companies have a partnership with Starbucks which further made it of low probabilities for new businesses to penetrate and compete with it.

Bargaining power of suppliers: Starbucks manages to boost fair trade with suppliers to help secure their earnings in the production process. The coffee remains as standard input and therefore suppliers must be large in size and experience.

Bargaining power of buyers: The primary customers of Starbucks are the people and investors. The business is capable of lowering the bargaining power of customers by potentially providing differentiated products from their competitors. Although the standard product is coffee but the arabica beans used are premium in quality and selection.

Threats of substitutes: Coffee is a well-known precious drink that is difficult to displace unless the consumer preference is more tea beverages. The energy drinks like Pepsi and Red Bull are soda beverages that can substitute coffee in terms of caffeine dosing. The Starbucks offer Teavana tea selection which is a fine tea in different kinds that increases the power of choice for tea enthusiasts. the Starbucks company charges premium prices for its beverages that draws the perception of it being a luxury product. Yet it is not too high compared to other expenses the middle-class customers have to bear on a daily basis Starbucks primary product is too quality ethically sourced coffee. Their innovation and marketing strategies have greatly relied on social media platforms. They provide many informative and educational videos on YouTube about how their coffee is made, the sourcing process, the mission and goals, the operating system in the workplace, the importance of workplace safety and how they value customers and respect the diversity of the population they employee and serve. Starbucks has more than 11.9 million tweeter followers. Starbucks focuses on connecting to its customers through digital marketing and persists on sharing updates about the company. Starbucks has succeeded in entering new markets because it started franchising the brand. To enter new geographical marketplace many risks and opportunities would be emerging. Franchising gives the possibility to establish the enterprise and develop in new markets without worrying about location and how to sell. Starbucks brand been well established in the US have created the Success in other markets. This is due to the persuasive media content that illustrates how Starbucks brand is unique in its product and service. There are many media contents

that reveals Starbucks deliberately to stimulate customer perception on the brand. There are factors like perception and communication that takes people where the business wants them to be directed. Customers enjoy the moment of taking a pre-drinking coffee photo and share it on social media. The picture posted can be simply viewed by others, encourage others to place orders.

2.2. Analysis of financial support of the enterprise.

Profitability is a primary goal for all sort of businesses. Nevertheless, what is more, crucial is sustaining this profit-making. The profitability indicators are used to analyze the companies financial growth and achievement. Similarly, the company can easily identify the strong and weak operational areas and work on improvement. Several formulas can be used in sequence to calculate profitability. The three main ways to determine profitability are by using: profitability ratio, breakeven analysis, return on assets.

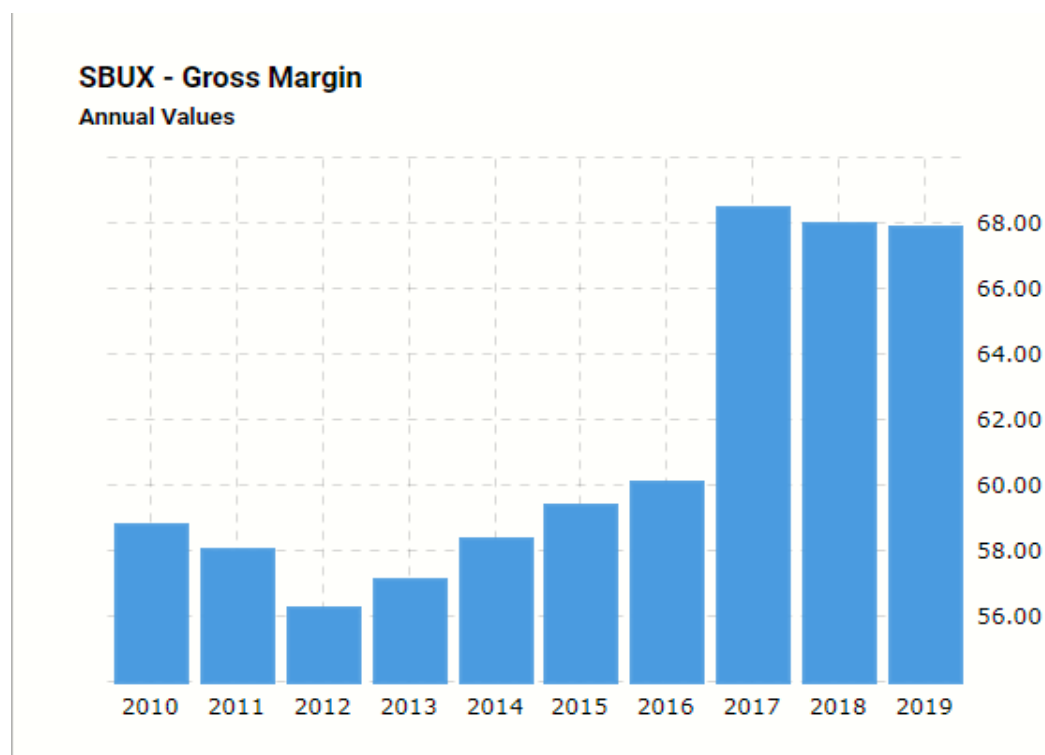


Figure 2.3 Starbucks Gross Margin

Profitability doesn't necessarily indicate sustainability and therefore margin ratios calculations are good estimators to healthy short and long term business growth.

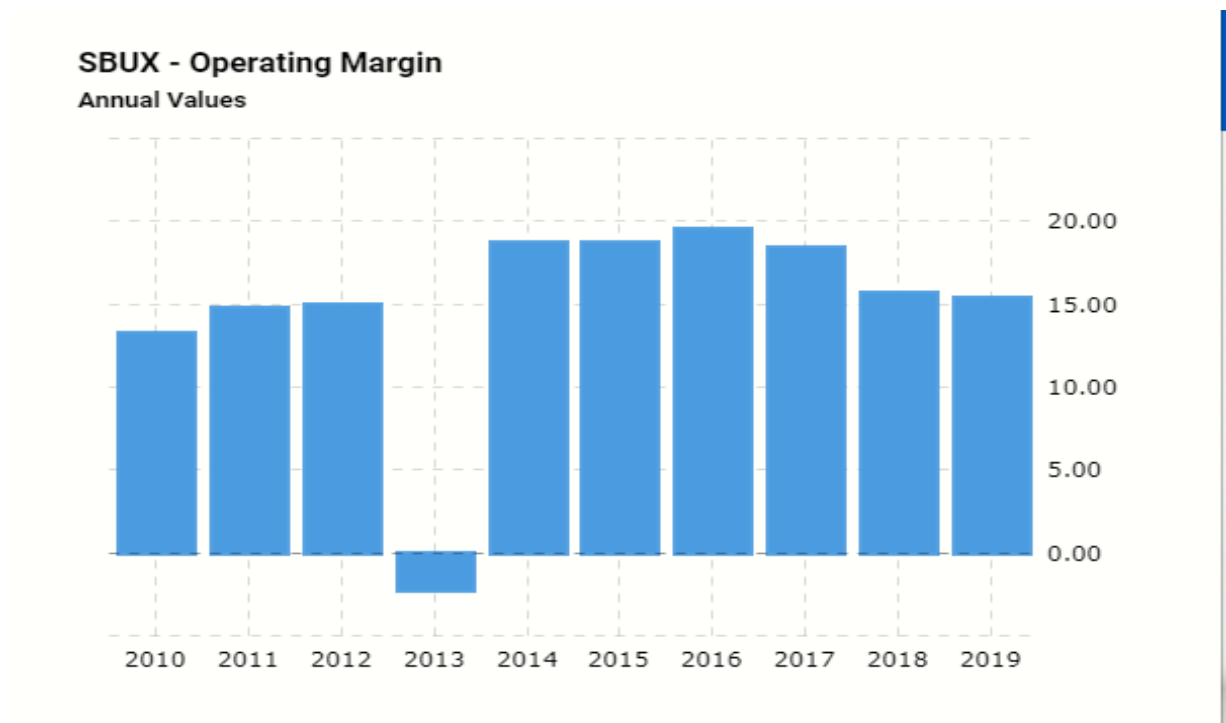


Figure 2.4 Starbucks Operating Margin

This essentially indicates the company operating efficiency and also compare the tent on sales to other companies. This is done by a comparative analysis using the varying operating costs.

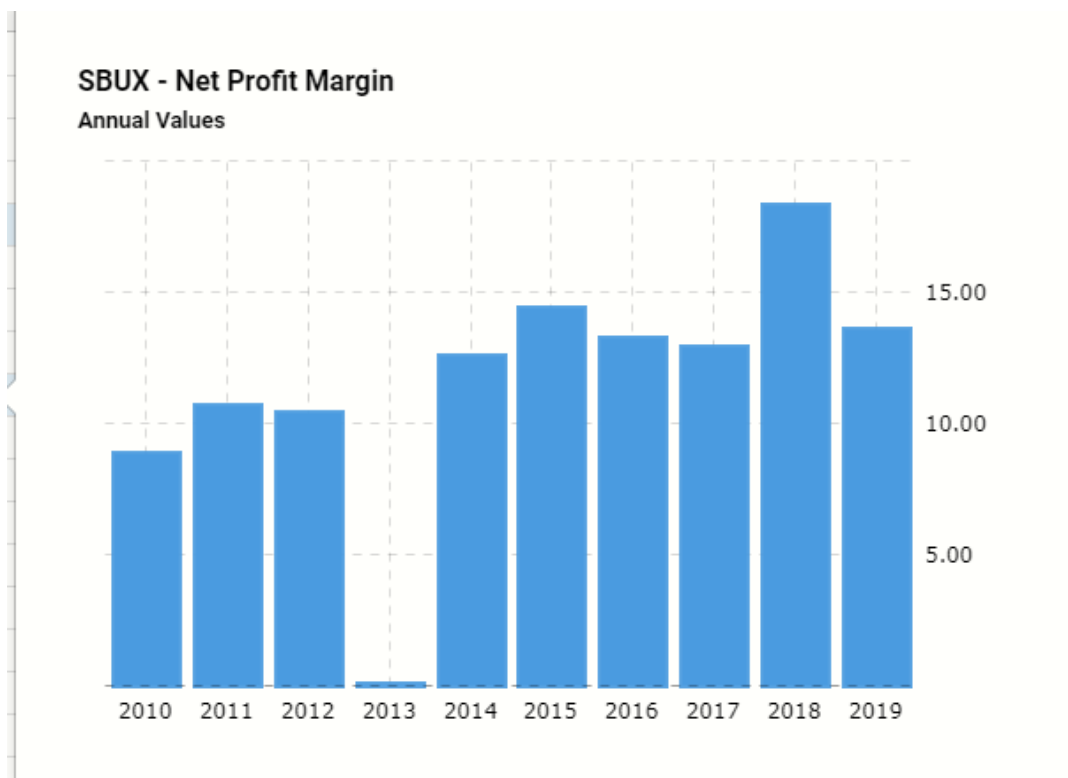


Figure 2.5 Starbucks Net Profit Margin

Subsequently, the breakeven analysis is used to evaluate the expenses and revenues meeting at a crossing point on a graph. This is called the break-even point, where it indicated that the cost and revenues are the same. this calculation is important in evaluating the "breathing space" for business in circumstances like shortage of supplies (raw materials) in times of crisis.

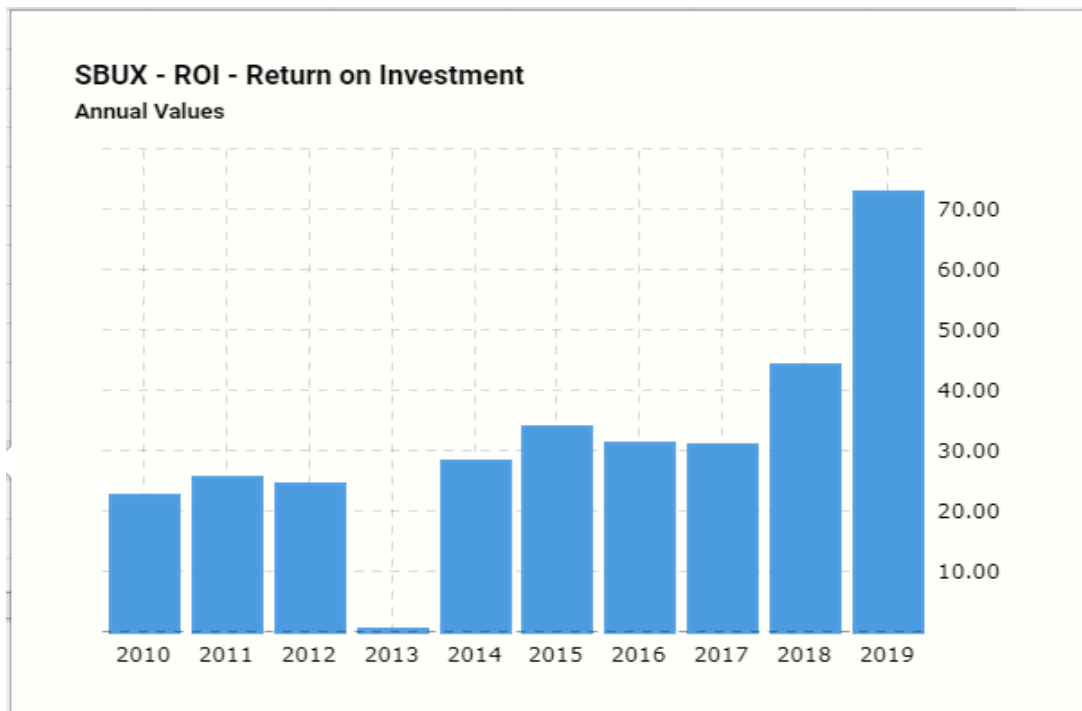


Figure 2.6 Starbucks Return on Investment

Final, the total revenue compared to total assets is calculated by the return on investment formula. When the return on investment is high, it indicated the better the efficiency of operation. This analysis is useful for potential and new investors to know they are capitalizing in the right business.

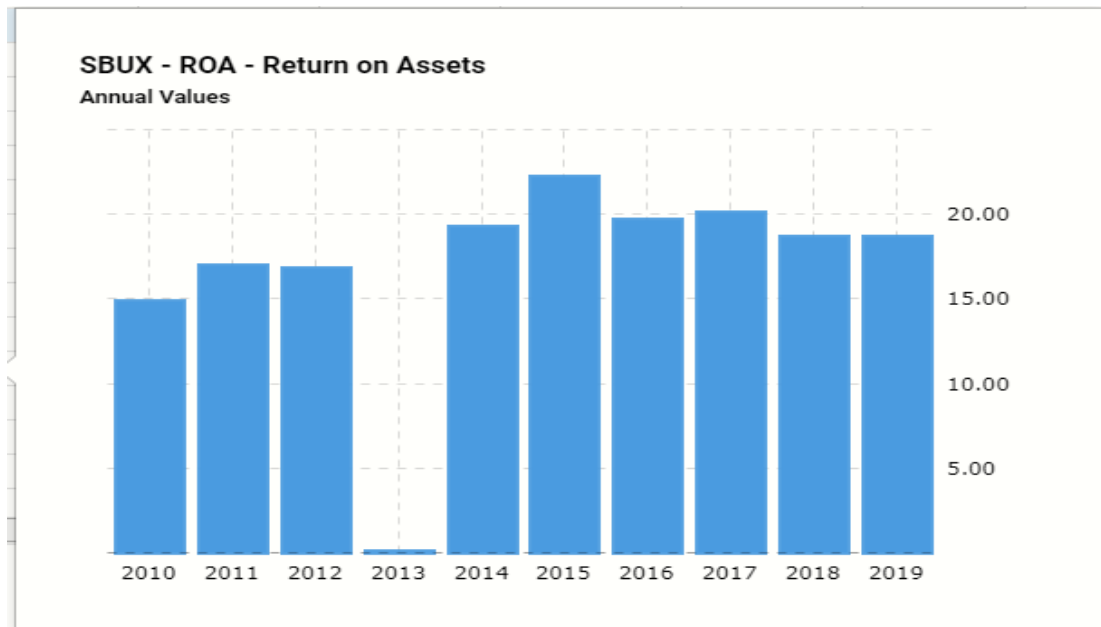


Figure 2.7. Starbucks Return on Assets

“China and the U.S have reflected the top ranking with the largest number of stores worldwide in September 2019” [5]. The U.S Starbucks coffee chain where it formerly originated has over 15 thousand stores. This chronic expansion was slightly hindered by the 2009 global financial crisis. Yet, the business has established itself in the developed countries with the edge of competing with KFC for its rapid growth in the western food chain in China.

Analysing financials of Starbucks as a corporate business is important for existing and new investors. This is a thorough financial and growth progress for the past three years by Starbucks operating in different regions.

Operating income of \$10.8 million reported in the fourth quarter of fiscal year 2018 has shown a decline by 63% versus operating income of \$29.0 million used during the fourth quarter of fiscal year 2017. Operating margin declined 740 basis points to 4.0%, primarily due to higher business restructuring costs and impairment of the remaining goodwill related to our Switzerland retail business, partially offset by lapping a tax settlement expense in the prior year.

Table 2.1

Starbucks EMEA annual reports 2017

EMEA

<u>Fiscal Year Ended</u>	Oct 1, 2017	Oct 2, 2016	Oct 1, 2017	Oct 2, 2016
	(52 Weeks Ended)	(53 Weeks Ended)	As a % of EMEA Total Net Revenues	
Net revenues:				
Company-operated stores	\$ 551.0	\$ 732.0	57.5%	68.3%
Licensed stores	407.7	339.5	42.5	31.7
Total net revenues	958.7	1,071.5	100.0	100.0
Cost of sales including occupancy costs	508.6	540.7	53.1	50.5
Store operating expenses	214.1	260.6	22.3	24.3
Other operating expenses	51.3	49.4	5.4	4.6
Depreciation and amortization expenses	30.6	39.9	3.2	3.7
General and administrative expenses	41.7	51.4	4.3	4.8
Restructuring and impairments	17.9	—	1.9	—
Total operating expenses	864.2	942.0	90.1	87.9
Income from equity investees	—	1.5	—	0.1
Operating income	\$ 94.5	\$ 131.0	9.9%	12.2%
Store operating expenses as a % of related revenues			38.9%	35.6%
Other operating expenses as a % of non-company-operated store revenues			12.6%	14.6%

Source :Starbucks corporation 2017 form 10-K

“Revenues EMEA total net revenues for fiscal 2017 decreased \$113 million, or 11%, over fiscal 2016. The decrease was primarily due to a decline in company-operated store revenues (\$181 million), The drop in revenue illustrated in the graph is associated with shifting more licensed stores in some countries like Germany. The

revenue has decreased to 121\$ million just during the third quarter of the fiscal year 2016. Additional to that shifting the drop in revenues was also due to unfavourable foreign currency exchange contributing to a (43\$ million) loss excluding the 53rd week of the fiscal year (11\$million)” [16].

Table 2.2

Quarter 4 2018 fiscal year of Europe, the Middle East and Africa Segment

	Quarter Ended		
<i>(\$ in millions)</i>	Sep 30, 2018	Oct 1, 2017	Change
Net New			
Stores	83	104	(21)
Revenues	\$267.3	\$255.1	5%
Operating			
Income	\$10.8	\$29.0	(63)%
Operating			(740)
Margin	4.0%	11.4%	bps

Source :Starbucks Corporation

“Studying the EMEA regions, the net incomes grew 5% over Quarter 4 fiscal year 2017 to \$267.3 million in Quarter 4 fiscal year 2018, Fundamentally driven by the cumulative profits due to the launch of 356 newly delivered licensed stores and 2 % increase compared to the sales' store, in part, not favoured by an exchange rate of foreign currencies” [16].

Financial achievements: the Starbucks operating system partners with Alibaba, Uber-Eats and virtual stores to accelerate cold beverages innovation strategy. In addition to that Nestle, company reaffirmed to offer the total pay benefits package to the Starbucks employees who work for 20hours and more per week. The Starbucks and Nestle closed a deal for the perpetual global license of Starbucks consumer packager goods and foodservice products.

In 2018, the company announced to close all nationwide stores in may for racial bias incident. This was intended to reset the action the unfavourable action that took place by conduction a training program to their employees on racial-bias education, this strategy was effective towards cleaning up the incident and further preventing discrimination in future. This training program was developed and continues for new employees.

Starbucks in 2018, launcher the reward visa card that can be used by consumers in and out of Starbucks stores, they work by earning stars on purchases and later redeem for food and beverages items.

Table 2.3

Quarter 4 2019 international segment results

(\$ in millions)	Quarter Ended		
	Sep 29, 2019	Sep 30, 2018	Change (%)
Comparable Store Sales Growth ⁽¹⁾	3%	1%	
Change in Transactions	1%	(1)%	
Change in Ticket	3%	2%	
Store Count	13,189	11,852	11%
Revenues	\$1,572.1	\$1,489.8	6%
Operating Income	\$262.7	\$222.4	18%
Operating Margin	16.7%	14.9%	180 bps

<u>Quarter Ended</u>	<u>As a % of International total net revenues</u>				
Net revenues:					
Company-operated stores	\$ 1,315.9	\$ 1,269.8	3.6%	83.7%	85.2%
Licensed stores	250.7	217.5	15.3	15.9	14.6
Other	5.5	2.5	120.0	0.3	0.2
Total net revenues	1,572.1	1,489.8	5.5	100.0	100.0
Cost of sales	486.1	447.8	8.6	30.9	30.1
Store operating expenses	597.3	590.6	1.1	38.0	39.6
Other operating expenses	31.9	24.4	30.7	2.0	1.6
Depreciation and amortization expenses	126.5	125.6	0.7	8.0	8.4
General and administrative expenses	82.4	78.9	4.4	5.2	5.3
Restructuring and impairments	12.0	26.6	(54.9)	0.8	1.8
Total operating expenses	1,336.2	1,293.9	3.3	85.0	86.9
Income from equity investees	26.8	26.5	1.1	1.7	1.8
Operating income	\$ 262.7	\$ 222.4	18.1%	16.7%	14.9%
Supplemental Ratio:					
Store operating expenses as a % of company-operated store revenues				45.4%	46.5%

Source : Starbucks Corporation

In 2019 financial international financial reports the net income has shown an increase of 6% during the last (fourth) quarter of the fiscal year 2018 reaching up to 1.6\$ billion in the fourth quarter fiscal year 2019. This revenue growth is contributed to the expansion of stores by 1,337 worldwide achieved over a year. This growth contributes to a total of 11% gain and a 3% compared to other store revenues. The income was counterbalanced by a dilution of 5% drop because of the allocation of some stores to become fully licensed markets. Additionally, the final quarter of the 2019 fiscal year had operating revenue of 262.7\$ million, equalizing to the growth of 18% from the fiscal year 2018 that had an operating income of 222.4\$ million during the fourth quarter. The operating margin rose to 16.7% as a result of sales increase, effectively operating to reduce expenditures and saving costs, labour efficiency and

the favourable effect of shifting the retail stores to fully licensed markets. The revenues were partly impacted by the requirement of increasing labour compensations and benefits in addition to that there was a shift in product mix that required extensive investment in strategic market planning.

Starbucks brings in a technology that provides end to end digital platforms for the coffee chain industry. It celebrated its year of transformation based on the CEO Kevin Johnson planning Starbucks focuses on continuous improvement in services while using modern techniques that uniquely delivers a convenient, pleasant and community-engaged experience. The annual meeting conducted in 2019 with Starbucks shareholders had demonstrated the latest innovation in sustainable coffee.

This was done by:

- reduction of plastic straws
- greener cups
- digitally traceable coffee, to show the journey of (bean-to-cup)
- encouraging fair trade to ensure farmers are pay receiving

“Starbucks corporations have been recognised by the community as a distinctive kind of enterprise. As described by the CEO that the long-run strategies for Starbucks are directed towards sustainable growth and maturity in the coffeehouse marketplace. This is conceivable by the commitment of ethical and social responsibility practice. This implies that the Starbucks corporation goal is profit-making but also aspires to the morality of the business system and its rapport with the community it operates in. The corporation focuses on prohibiting any conflicts that can arise between profit-making objective and social responsibility. Regardless of the global market saturation with different coffeehouse brands, Starbucks assures it established a dominant position internationally.” [19]

The extraordinary Starbucks experience contributes to the company success, where it directs on delivering a conformable, convenient and connected environment in order to approach pleasant overall customer experience. The process intends to discover more about existing customers tastes and preferences to effectively delivers new and better experience using technology and product innovation.

2020 Quarter 3 international segment results:

<u>Q3 International Segment Results</u>			
(\$ in millions)	Quarter Ended		
	Jun 28, 2020	Jun 30, 2019	Change (%)
Comparable Store Sales Growth ⁽¹⁾	(37)%	5%	
Change in Transactions	(44)%	1%	
Change in Ticket	13%	3%	
Store Count	13,945	12,773	9%
Revenues	\$949.6	\$1,585.3	(40)%
Operating Income/(Loss)	(\$86.0)	\$270.2	(132)%
Operating Margin	(9.1)%	17.0%	(2,610) bps

While to relatively describe the net incomes for the international region in the 2020 third-quarter fiscal year, these earnings were forty percent lower than those of the 2019 quarter fiscal year. This result is due to the fact that there was thirty seven percent drop in commodity sales within the comparative and licensed stores. Furthermore, This negative consequence is also associated with the current ongoing outbreak of the COVID-19, plus the provisional relief of royalties granted in favour of international licensees stores.

Another factor which contributed to this drop was the impact of exchange rate on the Thai market and it was in fraction leveled by 1173 newly launched stores and ten percents of the store growth over the previous year. A major loss of eighty-six million USD was reported by the International division in the 2020 third-quarter fiscal year compared to the revenue of two hundred seventy million USD in the 2019 third-quarter fiscal year. In contrast, the operating margin gained two thousand six hundred and ten basis points - to 9.2 per cent, firstly because of the influence of the COVID-19 epidemic, the tapering off the sales, the ease of royalties granted to international

licensees and more unexpected cost faced by, which include catastrophic wage changes partway covered by government assistance and rental expenditures.

Table 2.5

2020 Starbucks Corporation consolidated statements of earnings

	Jun 28, 2020	Jun 30, 2019	% Change	Jun 28, 2020	Jun 30, 2019
<u>Quarter Ended</u>				<u>As a % of International total net revenues</u>	
Net revenues:					
Company-operated stores	\$ 875.5	\$ 1,352.8	(35.3)%	92.2%	85.3%
Licensed stores	65.0	228.7	(71.6)	6.8	14.4
Other	9.1	3.8	139.5	1.0	0.2
Total net revenues	949.6	1,585.3	(40.1)	100.0	100.0
Product and distribution costs	337.7	476.1	(29.1)	35.6	30.0
Store operating expenses	483.4	609.2	(20.7)	50.9	38.4
Other operating expenses	37.5	26.7	40.4	3.9	1.7
Depreciation and amortization expenses	128.5	127.7	0.6	13.5	8.1
General and administrative expenses	66.1	86.0	(23.1)	7.0	5.4
Restructuring and impairments	(0.2)	16.6	nm	—	1.0
Total operating expenses	1,053.0	1,342.3	(21.6)	110.9	84.7
Income from equity investees	17.4	27.2	(36.0)	1.8	1.7
Operating income/(loss)	\$ (86.0)	\$ 270.2	(131.8)%	(9.1)%	17.0%
Supplemental Ratio:					
Store operating expenses as a % of company-operated store revenues				55.2%	45.0%

“Starbucks hosts a virtual annual meeting of shareholders rooted in caring for people and growing its business responsibility. CEO Kevin Johnson proclaimed during the pandemic global crisis that “the financial strength and resilience to manage through this extraordinary time, guided by the company’s Mission and Values”. He also added that This statement clarifies that Starbucks will activate “to go” service rather than the “third place” experience. This would not dismiss the fact

that coffee is a daily part of customer lives and the ritual will continue as they grab their daily dose. This will be convenient by increasing the drive-thru facilities, mobile applications for order and pay and finally expand the delivery service by partnering with food delivering companies like Uber-Eats and other local companies.” [18]

The company will ensure that the partners (employees) are following all the safety and hygienic precautions. The employee would continue to receive paid sick leaves and catastrophe pay. Besides that introducing mental health support for the U.S partners and their families. Finally the company.

2.3. Analysis of the peculiarities and practices of innovation policy of the Starbucks company.

Innovation policies function by establishing the system used in the business's activities. The opening new stores to reach 30000 establishments worldwide focusing on the regions like southeast Asia and china where they are not saturated.

Developing a new product and collaborating with small cafes to help smaller competitors and reaffirm its dominant position. Additionally, integrating with businesses of a different line of production. E.g toys. This signifies a diversification in production making the brand larger.

Boosting service efficiency - Starbucks aimed to improve quality product and service. All the details like the music and decor are assessed to guarantee the differentiating effect offering their unique experience.

Acknowledging prominent appetites and detecting regional trends and social one's. This is successfully attained through social network platforms. Starbucks skillfully addresses the concern of users and suggestions. This adds more value in the services delivered while also ensuring gratification of new and regular customers. Additionally, using the latest technology such as Alexa Amazon and Google assistant services to automate reservations and minimize the time devoted to them.

The business since it assesses the geographical climate and serve accordingly. In western countries investments in warm beverages because winter is longer whereas in Asia and MENA region summer is longer and sold beverages become more preferred. Diversifying the product is significant to the business for customers not to turn to another brand that could be introducing something new. Ensuring quality with the development of beverages maintains the brand and investors confidence in business success

The regional strategic management system helps control quality in every division. The main competitors of Starbucks coffee business, in the global market, is Dunkin Donuts and Macdonalds. They play a role in Starbucks current position and market share. Dunkin Donuts and Macdonald are not primarily coffee servers but serve good coffee quality and inexpensive to Starbucks. The contemporary trends and economical situation of the nation consider whether to go for superior or inferior prices and quality. Trends like health risks associated with the consumption of coffee and sugar have been a threat that Starbucks made an effort to launch the low-sugar/no sugar, non-dairy beverages. the coffee industry persists with risk management program plans to help protect its supply chain.

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Starbucks is part of coffee and farmer equity (c.a.f.e) program that works in an effort to protect social responsibility (“Starbucks,” n.d.). The business is devoted to:

- obtaining ethical coffee beans.

- provide fair wages and benefits to their employees.
- Hire refugees and people at risk of social exclusion.
- Employ young graduates and train them into the business.
- Give annual donations by the value close to fifty million euros.

Starbucks has been responsible for all its supplying ethical sourcing and focused on quality resources. The business operation works towards creating a strong brand image empirical by sourcing 99% of coffee ethically from suppliers from all over the world. When ethical sourcing is practised it drives more customer confidence of product quality from other competitors. Starbucks mission continues in taking steps improving product and service that are environmentally friendly and socially responsible. Starbucks expansion in a wider range of geographical regions focuses on sustainable and not fast growth. Because the Starbucks main objective is to deliver the "Starbucks experience" and not just a coffee, it can be sensitive to rapid growth. The consequences can be drop-in coffee quality and service delivery. Considerably, the brand prioritises on improving the coffee-making process, design characteristics of beverages, smell and flavours that can strengthen customer loyalty and social impact in the communities. The "Starbucks experience" incorporates the sense of community, relaxed atmosphere and yet the desirable amora of coffee. When Starbucks was moving towards success in the early 1990s, it was not solely because of the coffee beverages but the experience of atmospheric pleasant conditions, customer service, and employee satisfaction. This goal toward established gracious and welcoming environment impacted people on the mindset of rejoicing a cup of coffee. In other words, choosing Starbucks to buy coffee with the motive to experience a delightful cup of coffee. Starbucks brand reaffirms its prestigious stance in the marketplace by adding more skills, technology and retail strategies that broaden the company's operational efficiency and effectiveness. Innovation is the game that Starbucks concentrates on by testing new and existing commodities to meet customer changing taste and demand. Technology has enhanced the Starbucks product and service integrity. Customers are certainly driven towards products that are price worthy, in other words, premium pricing that defines the value of taste and

high quality. Last but not least, Starbucks takes advantage of technology advances that can improve its supply chain and enlarge customer capacity.

Starbucks brand symbol/graphic has been able successfully to subsist in the global market. They have substantial marketing and innovation funding that is consistent with ensuring its prime position in the coffeehouse industry. The logo of Starbucks is uniquely designed with only a graphic symbol and no text around it. This strategic branding aspect allows the brand to be more appealing from any distance and recognisable effortlessly. Also adding to the distinctive and extraordinary Starbucks experience, customers continue to choose Starbucks over other coffeehouse brands. Starbucks have been using creativity in every step of making a new product or improving an existing one. Creativity requires flexibility when considering solving a problem. The business has been trying to keep a balance between flexibility and rigidity. The SWOT (strength, weakness, opportunities, threats) analysis is effectively used to the leading aspect of the business while also spotting the weak aspect that would require to be worked on to maintain market position.

Strength	Weakness:
<p>1) Starbucks provides high-quality coffee beverages that continue to innovate. Strategic choice of locations with high traffic, high visibility districts that has a variety of settings like an airport, shopping malls, hospitals and grocery stores. This consequently grants the chance to develop in prime markets.</p> <p>2) Stores are appealing in design and architecture. The physical layout is what prevails the "Starbucks experience". The combination of good music, culturally designed environment, great service, friendly baristas, quality products, free wifi and comfortable atmosphere makes it a "third place" in customer life.</p> <p>3) Employees are one of the main assets of Starbucks business. They generally provide great efficiency and benefits to the company. They play the main role in developing a customer base in the Starbucks community.</p> <p>4) Starbucks integrates the use of digital technology and marketing in the product mix. The company holds a prominent position in digital technology. Since the retailing market has been shifting from brick and mortar to online shopping, Starbucks has developed the method to place your order from home through partnering with delivering companies.</p> <p>5) They also use the E-commerce to promote their new releases and offers. This, in turn, creates more revenue streams. Furthermore, the loyal customers receive loyalty based programs like reward cards through which they get points on purchases and later can win a free drink.</p>	<p>1) Premium pricing strategy may be a problem in times of economic crisis. The high-quality products + the Starbucks experience reflects the pricing worth.</p> <p>2) The U.S market is leading to generating the highest revenue percentage. Accordingly, this makes it sensitive to any economic fall.</p> <p>3) Expansion strategies maybe not be possible to achieve In certain regions like Australia.</p> <p>4) The standards of products offered are not always compatible with the cultural standards in some markets</p> <p>5) In 2016, Starbucks had an incidence of unlabelling nut allergy warnings that lead to life-threatening case.</p>

Opportunities:	Threats:
<p>1) Expansion into emerging markets has been taking place since the startup of the business. The company aims to increase growth in the upcoming years 2018-2022 In markets like China where tea is of greater preference over coffee.</p> <p>2) Partnership with nestles food company to promote packaged goods and foodservice.</p> <p>3) Expanding the product mix and portfolio by innovating the beverages blends, refreshment drinks and healthy options. For instance, the seasonal drinks offering like the pumpkin spice latte have been in the market for the past 10 years. The expansion strategy must be planned to boost product popularity and demand.</p> <p>4) Technology advances like digital marketing and Starbucks mobile application have certainly contributed Starbucks growth and expansion in innovative directions.</p>	<p>1) Starbucks is at a mature stage in the coffee market segment Yet, increased competition exists. Costa coffee, Macdonalds and dunk doughnuts can be potentially a thread. Starbucks continues to use digital marketing and online retailing to withstand any competitors.</p> <p>2) Product price volatility in the global market. the fluctuations in the retail market prices can affect the product price and cost. For instance, coffee beans.</p> <p>3) Perpetual Changing consumer preferences can drive a shift toward more healthy, less sugary products.</p> <p>4) COVID-19 has lead to an estimation of 2000 stores to close down in china affecting their financial progress in 2020.</p>

CHAPTER 3. DIRECTIONS OF COMPETITIVE INNOVATION-BASED POLICY FORMING OF THE STARBUCKS COMPANY.

3.1 The Starbucks innovative strategies to build the competitive advantage and some problem issues.

Our societies are becoming not only more complex and interconnected, but also increasingly vulnerable and exposed, as new or different threats may emerge and spread more quickly through spill-over or amplifier effects. A traditional crisis can become trans-boundary and even develop into a global shock at a later stage, through non-linear processes. The heightened mobility within our global world facilitates the spread of risk carriers or vectors, such as viruses or terrorists. Globalisation has also led to an increased interdependence of production and delivery systems and their infrastructure as well as to the centralisation and concentration of critical systems. Supply chains and networks of vital services are more and more global and thus exposed to many hazards and threats. Then there are risks that are unknowable due to uncertainty. These usually have an impact on an organizations' survival objectives. Such risks may lead to the physical cessation of business. Risks in this category include solvency-related risk events that occur when decisions taken inside or outside of the organization have a domino effect and impact on a firm's ability to trade. In contrast to risk management, which involves assessing potential threats and finding the best ways to avoid those threats, crisis management involves dealing with threats before, during, and after they have occurred.

The case study was conducted on an American multinational Starbucks coffee chain found in Seattle, Washington in 1971. Starbucks coffee chain corporation has been evolving since Howard Schultz has become the (CEO) of the chain network and implemented the concept of experience as a service. Starbucks today is operating in regional divisions from America to China, Asia-Pacific, Europe, Middle East and North Africa. The investigation on Starbucks chain operations in the Middle Eastern region was done with the data findings collected through unstructured interviews and

research to find out and analyze the strategies and approaches behind the achievement and growth of Starbucks amongst several competitors that are potentially established in the Middle East.

Assessing the value behind the atmosphere attraction expressed by this group the design and development approaches that emphasize on architecture design were investigated. Participants of the interviews expressed that grabbing Starbucks coffee is part of their daily and morning ritual. This was in fact due to their caffeine dependence and also their preference of sweet and flavored coffee. They also offer a variety of milk choices like dairy milk option and non-dairy option like nut milks and sugar free syrups to fit all taste and health preferences. The menu is tailored to culture foods and taste preferences as well. To draw a conclusion of our findings related to investigation, we offer to integrate the concept of giving customers ability enjoy their coffee by “sit and sip” approach more than “grab and go” adding to favoring Starbucks for its comfortable and pleasant atmosphere that always tends to bring them back. This corresponds to Starbucks business set up as a “repeat business” that builds customer loyalty through its entire experience service.

The Starbucks have always marketed itself as a “third place” in people’s life, gathering and connecting the community together. Unfortunately, the business has been affected, considerably by the COVID-19 pandemic crisis. The pandemic crisis chiefly resulted in Economic shockwaves into many regions with no exception to the Middle East.

The social gathering restrictions and general anxiety have affected the Starbucks consumers and therefore its sales. This is due to the rules of the lockdown of stores during the quarantine period. Starbucks company major objective is focused on the “experience” service that contributes greatly to its success and revenue. Taking into account the pandemic crisis, Starbucks should shift to mobile applications order-pay method of product delivery through partnering with different online platforms that make its a product available and easy to order. They should be extensively focused on digital marketing to promote its product and service adding advertisements on their new releases and adding reminders on their hygiene and cleaning safety used

during order preparation. Since most of their branches in the Middle East provide a drive-thru service, they shall ensure its accessibility during the quarantine period as per law regulations.

The Starbucks employees have been affected by the catastrophe because of many stores were lockdown. Starbucks must provide health insurance to full time and part-time employees to assure the safety and wellbeing of the staff. It is crucial to carry out the protocols necessary that include inspection of cleaning and sanitizing measures at every process. Starbucks company should always ensure its employees a “catastrophe pay” for staff exposed or diagnosed to COVID-19 virus similarly under prevention and control measures they should carry out temperature checks for their staff on every shift by thermometers, provide the standard protecting wears like masks, gloves etc. This would vastly help ensure its workers health and also avoiding any chances of employees affecting consumers in terms of contagion.

Management should focus respectively on the prompt but short lived "first aid" type of response and the longer-term recovery and restoration phases. Crisis is also a facet of risk management, although it is probably untrue to say that crisis management represents a failure of risk management, since it will never be possible to totally mitigate the chances of catastrophes' occurring.

Coffee has been a widely traded and consumed product around the world. Howard Shultz the founder and CEO of Starbucks coffee corporation was inspired to innovate the Starbucks brand and reach globally after his trip to Milan. Starbucks had always aspired to serve top quality, freshly roasted first grade whole beans. The production process involves using high-priced methods in establishing trademark. Since 1971, the resources are the high-quality ethical source ingredients. Many aspects give Starbucks a competitive advantage over major coffeehouse competitors. The Starbucks experience that incorporates engaging people in a place that feels and looks comfortable and convenient to work, chat, relax and study besides the soft music and culturally designed architecture that inspires customers to choose Starbucks over other coffee shop places. They focus on making store easily accessible by allocating on many premises such as schools, universities, hospitals,

airports, shopping malls, military bases, libraries and grocery stores. It is easy to find Starbucks store or drive-thru in many corners of the highway("5 innovative strategies to improve the user experience that will use Starbucks 2019 | writing DiegoCoquillat.com," 2018). Getting along the fast based people lifestyle Starbucks emphasis on drive-thru service that can serve coffee enthusiasts hastily. Franchising has added a great shift in the process of expansion in the global market. Franchising means that the business would sell its brand name in return for financial revenue. This alleviates the legislation and operating process involved in penetrating the marketplace of different countries. In the early days, Shultz was against the suggestion of expanding through franchising as he thought it can deteriorate the Starbucks culture strength. Attracting new customers from different countries require expanding through franchising. This was a positive effort in impacting the MENA region. Because of the top quality sourced coffee beans, Starbucks began selling not just coffee and food items but also beverage preparing machines and accessories like an espresso machine, coffee and tea makers, bean grinders and more. Customers can shop online different sauces, syrups and chocolate that are all branded by Starbucks. Discussing the location of stores objective, Starbucks ignited global expansion in 1996.

“Recognizing that evolving into international involves social and cultural barriers. For instance, Asia the food and served items must be inspired by local culture.” [13] In Saudi Arabia, Starbucks stores have arranged their seating area into two sections, segregating men from the family (women) concerning public regulations of the country.

Coffee in the European region is widely consumed and when Starbucks came to expand in Europe they wanted to deliver the best and many options to flavors that can satisfy different taste preferences. Teaming up with various food companies that can diversify the options like ice-creams, tea latte, chocolate and protein bars result in attracting more consumers. To legitimately build an engaged community in today fast paces society, social media is the best way to connect people sharing ideas, reviews and responding to surveys that can boost the success of new releases.

Starbucks get closer to their consumers when they establish a social media platform that can share critics, flavour reviews. The customers are expected Starbucks to transparent and authentic.

Because the taste and quality of coffee are important to coffee enthusiasts the can use the cupping method by speciality coffee association of america (SCAA) to distinguish between different coffee integrity. The six characteristics to test is fragrance, aroma, taste, nose (vapor released), aftertaste and body. Social media and online communication that engages loyal customers to reflect brand loyalty and recognition. Customers can also shop online, get an education on sourcing and social responsibly strategies obtained in Starbucks operating policies.

Starbucks rolled with competition by working on every step of bean to cup. They emphasize the importance of sourcing all their purchases ethically and conducting their marketing with fair trade. Starbucks is not a monopoly coffeehouse, it has major competitors in every market place that also attempts to deliver high-quality products. However, Starbucks does not rely only on the coffee quality but also the overall experience that is intangible. Starbucks started launching cards that can be filled and later to purchase with like credit cards. This state reinforces loyalty and makes it more encourage to access Starbucks than other coffee shops. There are other cards like gold Starbucks coupons that give 10 per cent off most purchases exclusively made for regular customers. Furthermore, the coffee brand has it's una unique name for cup sizes of hot and cold beverages. In Starbucks cup sizes range from short is 8 ounces, tall (12 ounces), grande (16 ounces) to venti (20 ounces). There is always unique flavours and choices acquired from 10-15 different countries of coffee beans that can be consumed solely (single-origin offerings) or used in combined beverages. For instance, coffee sourced from Latin America usually have a spicy and cocoa flavour whereas coffee beans from African and Arabic countries have citrus and fruity taste. The Asian and Pacific region yields coffee that is more herbal and spicy. All of these options can expand the options and choices of consumers upon their liking.

3.2 Starbucks order and pay device application to improve the situation.

Applying the principals of reducing the time of delivering the service is important. Starbucks had been found and known to be of great demand by existing customers. According to the results of the online distributed random survey, it was found that customers would find standing in a queue to make an order or receive it consumes their time, especially when picking morning coffee or making an offer during a break time. Starbucks branches are likely to be crowded in the morning or evening hours. Many customers would have to leave their houses early to make time for ordering and receiving it. Starbucks locations are mostly accessible and aim to serve as much as customers as possible but let us say there is a store covering an area of University campus and it can serve 1000 people in 8 hours then each customer will have approx 2 min to make and receive an order. This is a rough way of illustrating it is hard to estimate the time in busy hours. It is always expected to find a queue of people waiting to make an order willingly because they trust the quality and therefore willing to wait long for it. on the other side, time constraint exists in many conditions that can discourage even loyal customers to go and make an order. According to the advancement in E-service and digital marketing, many services can be easily and quickly delivered to all customers. The suggestion of a mobile application that allows order and pays before going to the closed store would operate in the provided Strategy. The application service should be available to all customers even without the necessity of going through many steps. The application should allow customers to place an order with all the additional options and with a simple click would process to find the closest branch to pick the order. By receiving a QR code, it can be used to scan and directly receive the order.

This idea is similar to how Uber car company operates in the means of ordering a ride and getting an estimation of trip duration/ distinction arrival time. Starbucks mobile application would give an estimated timer of the order been ready to be picked and by that the customer will be able to carry on his/her tasks without the need to go and order but simply only go to pick it up. On the other side, Starbucks should build machines that would automatically read the QR code and drop the order to the

customer. Generally, customers in a closed building like universities, schools, shopping malls or even home planning to an on the go Starbucks order would greatly benefit from this application. For instance, been in the mall and thinking of grabbing a coffee but would talk long to stand in a queue would be solved by the installed machines that directly read scanned QR codes for orders. In this way, baristas would be focusing on and taking orders of people going to sit in the cafe. This will reduce excessive queues made up of customers ordering take away and customers planning to sit in the cafe. The innovation on an online device application to easily order and pay has been implemented by Starbucks in the USA and UK regions but except for the installation of machines that can robotically drop the order. Because of the trend in the Arabian region (MENA region,) is high, this innovation would improve the operating system in delivering the service without the hassle of customers standing in chains. The application should be simply available to both software IOS and android. The application will also help in reducing the time taken to make an order inside the cafe, sometimes there can be a new feature added, new beverage, flavour, additional selections, offers and food menu items that make the customer take more time during an order. This increases queue time and effort by the baristas as they will need to explain and introduce the new or additional features offered. Customers need to take their time choosing their preferenced order and yet not waste their time or others. The advantages of E-service is greatly appreciated in this matter, by simply having a device in hand with internet access, it is possible to do many things ahead of time. For instance, the online facility will allow customers to place an order from their homes, classes, offices and only need to grab it in no time from the closest store that has machines QR code reading installed. Additionally, to support this, many foods and entertainment industry have been tricked hard by the pandemic quarantine regulations that restrict people to stand-in queues or sit together in public areas. Due to this, many businesses started to initiate facilities that can continue delivering their products and services through E-Commerce. This continues to be significant in the modern fast-paced lifestyle and the shifting of machines and online service has been on the rise. Starbucks has been focusing on digital marketing beforehand and they aim to survive

any economic problems, market changes, local culture, environmental crisis and customer behaviour that continues to be challenging to all the food industry.

3.3 Installation of vending machines that read QR code of device application order

The vending machine can be installed to provide the Starbucks order when scanning the QR code. The vending automatic machines have been used to provide food snacks and beverages. The Starbucks project of reducing time service for take away customers can be improved by implementing the machine along with the official Starbucks order and pay mobile application. The purchase will be made easy and fast by customers whereas reducing the time taken for them taking a long time in physical stores. The Starbucks vending machine should be connected to the digital QR scanning system. The project has a lot of advantages associated with the autonomy of customers. The customer will be having a self-service delivery system through which they can fast pick their order. the innovation project would consist of several vending machines connected to a real Starbucks store. the process of payment can be optional on customer preference. They can pay by card when ordering through the digital application or by card through the machine. The bar code that appears on the phone device after placing the order will be scanned and confirmed on the machine. This whole process project initiated self-service and reduces the problem of queueing. Generally, vending machines have been widely available in school canteens, clinics, hospitals, malls, airports and business buildings. They offer quick snacks and drinks by inserting coins or cash inside. The vending machine is flexible in delivering a good or service. Starbucks can practically reduce the need for workers taking the order, interacting with customers for a long time for an order making affecting the delivery time process. Starbucks can vendor from a vending machine to cover more customer base in busy times. Installations, especially on famous locations that can drive profit margins up, can improve time service and working load in taking orders. This will be saving time for the baristas to receive the order ahead of customer arrival and prepare

it efficiently. Customers satisfaction with service would be improved as they would be able to receive an order according to the time estimated for the order to be ready and receive it without waiting.

The vending machine should be also able to receive payments by refill Starbucks card for payment and confirm the order before delivering out of the machine. This project on the other side would provide an opportunity of raising back revenues that were dropped by 30% compared to 2019 fiscal year results due to decreased investments and COVID-19 pandemic crisis that affected Starbucks stores and therefore sales. The pandemic crisis globally was copped with integrating the E-marketing innovative activities that can maintain and prevent peak losses in revenue resulted from the crisis precautions and quarantine rules. Finally, the vending machine project investment suggested Starbucks is advantageous in busy times and traffic areas. They should be constantly checked for operation not to be at fault. They provide quick and easy service for customers who want to take-away their orders.

CHAPTER 4. LABOR PROTECTION AND SAFETY IN EMERGENCY SITUATIONS IN STARBUCKS COMPANY

4.1 Labor protection in Starbucks company

Starbucks mission is directed on six prominent facets that make up the Starbucks business. Coffee is regarded as the main component of the Starbucks experience and thus it is prepared and sourced ethically (from bean to cup).

Partners of Starbucks bring the diversity of societies that must be all treated with value and respect.

Customers are promised an extraordinary Starbucks experience that builds a fully engaged community and loyalty to the brand.

Stores from over the world are designed to draw away people from the outside tension and encourage to disperse joy and positive vibes full of humanity.

The neighbourhood is made up of customers, partners, a community that help grow up the Starbucks popularity with good reputation and prosperity (Starbucks, 2000).

Shareholders are an important part of Starbucks success, creating goals and objectives that always benefit its investors.

Employees bring in everyday influence in stores with small kind acts and positiveness, they share the pleasure of serving every customer, this, in turn, reflects the business prestige and good operating standards.

Starbucks practices ethical standards in decision making. All strategies and approaches are consistent with Starbucks mission and applicable to the state laws and regulations, they follow ethics and compliance that looks after culture and prestige by protecting partners from any victimization associated with concerns on violation of Starbucks policies.

Human rights under working laws signify that all individuals should be treated with respect and dignity. Starbucks missions are to ensure human rights in the workplace and eradicate any discriminating practices. The jobs offered centre on

acknowledging skills, proficiency and expertise. The purpose and scope of Starbucks in the protection of its labour consists of protecting basic human rights as a core policy in the workplace. Further, Starbucks do not encourage or facilitate on child labour. They conserve child rights access education and engage in a free association that battle child labour. Starbucks policies on labour protection focus on guiding their employees on the human right values and how it is implemented with the business core values. In this way, employees recognize their responsibility in the workplace with the impact to create effective communication between each other to skillfully resolve conflicts, issues and primarily spread respect to all. The global human right policy integrates with prohibiting child labour, forced labour and promotes collective bargaining in business practices. Child labour is regarded as the exploitation of a child under the age of 18 to working and given under wage rates. Forced labour is when the worker gets limited to no freedom over the working hours, a payment that deprived his/her basic rights. Collective Bargaining is an effective tool to establish mutually agreeable decisions based on terms and conditions that enlists global human rights. Nonetheless, which country Starbucks operates in, they adhere to the utmost extend on the government labour laws and regulations. Accordingly, Starbucks rigorously restrict any child labour, forced labour and finally protects employees including any with disabilities. The company emphasize on the implication to report complaints inspected or proved conductions of any prohibited working practices. Reports are usually completed in written forms under the titles of anti-harassment, anti-retaliation complaint statements. When employees are applying for working in Starbucks company they are checked for their eligibility to work according to the legal working requirements limitation that emphasises on the minimum hiring age, hours and duties. thereby the employment does not exploit any ethical standards.

Employees make up an important part of Starbucks success and their protection is essential to ensure business sustainability. In the recruitment process, Starbucks chiefly promote equal opportunities. They strictly follow the global human right standards that emphasize treating individuals with respect and dignity. They signify that no just with their workers but also with every customer to deliver them a

fulfilling experience. Starbucks promotes diversity in hiring to promote a working environment that shares various skills, values, strength and mastery. This collectively as well as a competitive advantage over other coffee corporations.

The workplace health, safety and security are endorsed by the different laws to promote health practices by providing employees with the safety training programs including injuries and unsafe practices. Starbucks affirms that accidents should be reported immediately to maintain and ensure a safe working environment. The health and safety regulations implemented by Starbucks could even sometimes exceed the local safety policies. Starbucks suppliers are adhering to social responsibility standards in producing goods and services. They deal with transparency in operations, policies and processes that yields relevant records. Besides that Customers are ensured with quality service because Starbucks direct on clean, safe and sanity working facilities in all stores. Additionally, the partners are not entitled to use any alcoholic beverages on any of Starbucks sponsored social events where it is locally banned. Illegal drugs are also considered as controlled substances prohibited to be used by partners. The workers are also protected not just from the health and safety aspect but also on compensations. Starbucks employees are protected by regulations that prohibit working off the clock. They operate in compliance with rules that respect all it's partners and customers. With fair and honest practices they build a good reputation in the market and attract more people into the job. To further inquire into the Starbucks work health and safety policies, Starbucks implement protocols like appropriate safety training for the use of machinery and other equipment like hazardous chemicals. They also look after their workers' housing health and safety that meets the workplace safety standards. According to Starbucks reports on health and protection, they rate as one of the major retailers that offer healthcare benefits to part-time workers. In 2009, Starbucks spent nearly 80% more in healthcare than in 2008 according to Starbucks company official reports. The company aims to continue improving the ethical practices of health and protection of their employees by aiming to increase healthcare pricing transparency, reduce costs and boost prevention and wellness programs declared by (chairman, president and

CEO of Starbucks company. Worker Treatment and Rights as stated on their official webpage: Starbucks recognizes that cultural differences exist and different standards apply in various countries. We do, however, believe that all terms and conditions of employment should be based on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Suppliers shall not discriminate on the basis of race, colour, national origin, gender identity, sexual orientation, religion, disability, age, parental status, pregnancy, or other similar factors in hiring practices or any other term or condition of work, including assignment of work, occupational training, advancement, promotion, wages and other compensation, granting of social benefits, discipline or termination (Starbucks Supplier Social Responsibility Standards: Manufactured Goods and Services, 2006.). We expect our suppliers to have a commitment to basic principles of human rights. Suppliers must treat all workers with respect and dignity. Suppliers must not use or permit corporal punishment or any other form of physical or psychological coercion including verbal abuse and sexual harassment. Suppliers shall implement reasonable procedures for disciplining and/or terminating workers including maintaining appropriate documentation. Suppliers shall not use monetary fines as a punitive disciplinary practice. Suppliers shall have a comprehensive set of employment/personnel policies and procedures that are fully communicated to their workforce. In addition, suppliers must foster and maintain conditions in which workers can freely communicate grievances and expect prompt and reasonable action. Suppliers must recognize and respect the right of workers to freedom of association and to bargain collectively. Workers must not be subject to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization.

4.2 Ensuring the reliability of the company Starbucks

Starbucks takes several steps to protect and ensure the well being and safety of their employees in an emergency. There are ways that accidents can happen in the workplace and for instance by sharp objects that can result in the transmission of

infections and diseases. It was announced on 24 April 2019 that Starbucks will install needle disposing boxes in the restroom of the stores' branches operating in the U.S market (Taylor,n.d). This decision was given rise to after the incident of two employees working in a giant coffee chain got injured from sharp needles. Starbucks was fined by the Occupational Safety and Health Administration (OSHA) for not providing the safety disposal needle boxes and not mandatory vaccinating their employees with hepatitis B vaccine that exposes them to the potential spread of infections. Other diseases like HIV and hepatitis C that gets transmitted by contacting fluid and blood of an infected person through sharing needles or while disposing of them. Starbucks company reported on that incident and announced their determination on implementing the education and training program to employees on precautions to prevent infections and install the sharp objects disposable boxes. According to the business insider reports, Starbucks was experimenting with the use of heavy-duty garbage bags that can prevent any sharp or pointed object to easily poke workers. In Philadelphia, Starbucks stores installed blue lighting bulbs that make it difficult to see veins when injecting drugs. The company generally provides the first aid kit and emergency care to all employees and also customers. Adequate lighting, ventilation, heating and clean toilet facilities in all work areas also doors and other exits are well marked, unobstructed and unlocked from the inside during all working hours for orderly evacuation in case of fire or other emergencies and all main exit doors allow workers to clear the building l

According to Starbucks official reporting on their official stories page (April 8, 2020), 10 million dollars were provided to the covid-19 relief program while collaborating with global partner emergency relief programs to support partners in the company and workers around the world. They also did a partnership with the emergency assistance foundation to grant fundamental service to employees encountering difficulties as a result of the covid-19 pandemic. Because employees are regarded as the heartbeat of the company insisted by Lucy Helm (chief partner officer) and according to that the health, safety and security of employees are significant. Last but not least, many communities go through different hardships that

brings unique challenges in recovery. The Starbucks funding programs allow all employees working in international stores to join for supporting and accessing aid in crisis. The funding grants incorporates but is not limited to giving residence and utilities to cases like the sudden loss of home or death of a family member that requires funeral expenses.

CONCLUSIONS

The data collected from the randomly sampled survey have aimed to assess customer behaviour (purchasing choice) perception of Starbucks coffee. The sample size consisted of 500 hundred questionnaires that included 8 simple multiple -choice questions with additional space for recommendation ideas The survey was designed to assess the impact of Starbucks innovation and objective goals over the existing and potential customers. The audience average age was 20-30years but with most influenced group falling under the 15-20yrs of age. The audience provided answers like spend time to meet others, finding it a calm and comfortable place to meet others and work for the question of why choosing Starbucks coffee shop?. 40% of the audience reported that they find Starbucks convenient because of location accessibility, calm environment, friendly baristas that remember their orders and would prepare it easily besides that finding the place and service clean. Some of the audience was described as loyal consumers because they indicated in the recommendation for service improvement question their implications by mentioning their consuming power. 30% of the 500 people mentioned that they have reward cards, 10% off orders. The 175 individuals added the need for reducing service time. Regardless of willing to wait for the quality coffee, it would be beneficial to improve the serving time queue especially to people who are ordering for taking away. According to the survey results, 275 out of 500 people have chosen brand popularity to why they would go for Starbucks. this can be interpreted by the trademark impact on choice perception. Starbucks has been displayed in many western movies, consumed by celebrities and appearing in every corner. This is greatly influential as it affirms persuasive power. customers are enthusiastic about the beverages unique blends and flavours that attract them again for more. This can be supported by the evidence according to a behavioural psychologist Dan Ariely who described how the brains can trick us into enjoying something more when we believe it is of good quality. In this essence, people would always go for Starbucks over other places because of the combination of the brand and the experience and the belief that it is

better than another coffee brand. Additional to the brand name, Starbucks built a strong familiarity because of its presence in many locations that illustrates the power of branding with smart positioning. Finally, Starbucks signifies itself as the third place in customers life after their home and work. The aim to penetrate and expand in different geographic segments while respecting the local culture and community rules. Starbucks has worked long to establish brand loyalty by it's innovative and continues to focus on digital marketing. They engage activities that improve environmental sustainability and offer high-quality coffee beans. As committed by their mission, they continue to progress in the MENA region taking over competitors fame stance. Starbucks stands strong among its major competitors as it continues to build and maintain customer loyalty. The loyalty programs have played a strong role in affecting customers to turn to Starbucks and not other coffee shops even on simple plain coffee orders. The resolution methods have been illustrated based on Time service and store location access during a pandemic crisis. Providing digital marketing(E-service) is crucial in modern times, Starbucks can hugely benefit from the development of a combined process that would generate sales and customer service satisfaction. The mobile application that allows a pre-order and pays along with the installation of Starbucks vending machines can reduce time service, improve quality service and generate high sales by increasing customers purchase.

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