STARBUCKS AUSTRALIA

Contents

Problem Statement:

To analyze the decrease in sales and market share of Starbucks in Australia

The problem is to find out the reasons of Starbucks not being able to cope up in Australia (Simpson and Stewart, n.d.). One of the major concerns is decrease in sales therefore; we need to analyze the turning point for the company which has led it losing its market share over there and this is the researchable problem as well in accordance with (Haskova, 2015).

Background Literature

Starbucks is one of the renowned companies of the world which uses the highest quality Arabica coffee as the base for its espresso drinks. This is where its expertise lies. Moreover, it is famous all around the world specifically there service (Snyder, 2006). It is considered as second wave coffee in the world due to the kind of product (core benefit) and services (augmented product) it provides. That is why it is a world famous company growing substantially.

When we talk about Australia, it is one of those countries who have coffee lovers and most of the people's day does not start without caffeine injection (Coffee, but not caffeine alone, blunts the BP increase due to mental stress in habitual coffee drinkers, 2005). The basic problem here is that Starbucks has not selected the area properly to target the consumers. Also, they have complicated menus for people who do not want to think during morning about what to order and how to select from the technical terms (Bloomberg.com, 2016).

Australian Starbucks is not performing well according to (Haskova, 2015) die to which it is trying struggling to become competent in the market. It is trying to fight with the loss of market share due to high level of competition. One example is McCafé (Wright, Frazer and Merrilees, 2007) which is a subsidiary of McDonalds. It is working so well that it is recognized as the top café company in the Country. We will assume over here that the major competitor of Starbucks is McCafé and that; we will also assume that smaller companies do not exist for the meanwhile (Wright, Frazer and Merrilees, 2007).

Variables and Hypothesis

Variables

According to the theory of (McCann, 1974), we will take certain variables while applying the research to check whether the problems defined will be solved using the corrective measures (independent variables) or not.

Dependent variable:

In the research of Starbucks Australia, the dependent variable is the **sales growth**.

We took sales growth as a dependent variable because sales growth defines the product from every aspect may it be the reputation of the company which Starbucks currently do not possess or the market share and market standing.

Independent variable:

The independent variable over here will be the provision of **ease to customers** in terms of the complicated menu, the convenience and the environment.

Hypothesis

The hypothesis according (Editors-in-Chief, 2008) to is as follows:

Hypothesis 1: Ease of services to customers will boost sales and market share

Hypothesis 2: Ease of services to customers will not boost sales and market share

Operational Definitions and Measurement

The problem needs scoping. We will analyze in depth what different Starbucks is doing in the world where it is successful and wherever they have issues, are the reasons same? (Ritson, 2007)

Firstly, this problem started to occur in 2014 where lots of documents came regarding the hatred towards Starbucks. When analyzed, it was found out that Australians have different set of mind and habit and that, they are busy people therefore they need caffeine intake (News, 2016).

When the above theory will be used to analyze the tools for corrective measures, dependent variable will be effective to achieve the solution.

Measurement of variables

Variables will be measured according to (Jain, 1986) using ordinal scale because when we will get different results, we will rank them to see what problem is the biggest to tackle that first. Ranking is very important since a large corporation like Starbucks will surely have more than one problem when analyzed and researched carefully (Samarasinghe, 2012).

Tolerance of Error

The confidence level will be 95%

Margin of Error: 6%

Therefore, the tolerance of error will be 6% in 95% of confidence level for accurate results. This is particularly important since too much of error cannot be afforded when the Company is on the verge of losing even more market share.

We calculated this using the error calculator by (Raosoft.com, 2016).

Research Design and Methodology

This is going to be an Applied Research in accordance with (Anshen, 1955) as we know the core problem in the sense that identification of problem is already there but we need to see the reasons of those problems caused on the company in detail. Our core problem is to figure out why the sales of Starbucks have gone down and what will be the implementation policies to improve the company's performance

The data sources will be:

- Likert Closed-Ended and Closed-Ended Questionnaire
- Interviews from people to know their perception.
- Observations

The questionnaire will be kept on Starbucks counter and will also be emailed to people and we will provide incentives to those people.

The total sample size that we will take will be 5000 out which 1000 will be interviewed. Our staff will be distributed on different localities where coffee intake is done the most. We will figure out that places by seeing where most of the cafés are located and then targeting those areas.

Next sample will be 4000 which will be surveyed using the questionnaires.

Moreover, we will observe people to see what they prefer in the taste and how they want any café to be convenient specifically in the morning time when they want to be fresh and think less.

Instrumentation/Sampling

The data that I will get will be through the sampling method as discussed above. This will be an extensive research will be conducted and that, it will clarify whether hypothesis is clear or null. The tools will be survey forms, interviews and also observations. For observation, agents will do the job efficiently.

Data Analysis

We calculated the expected results from the survey that we will conduct for this purpose (Raosoft.com, 2016). The data is as follows:

- Confidence level needed: 95%
- Size of the population: 5000
- Reponses distribution: 50%

We will also use SPSS to analyze the data from questionnaire responses which will help us check whether the responses tell that the problem is with the ease (acceptance of hypothesis) or not (rejection of hypothesis).

Conclusion

From the above research papers used and also various news articles, initially the hypothesis has been accepted after observing the trend of problems with Starbucks company operating in Australia since they have failed to analyze the purchasing behavior of people.

The various articles and research papers which are stated in the literature review have stated the attitude of people towards Starbucks Australia because they think they are not provided with convenience and the location is such where people do not go often to grab a cup of coffee. Moreover, they think it is high priced and the menu is complicated. All this is theorized in the above background so there are recommendations derived from this interpretation.

Recommendations

Firstly, an in-depth research with respect to research paper's author (anon, 2012) is required to further probe the problem. Also, in terms of survey, it should be such that people's biasness do not come in between thus forceful survey should be avoided as biased responses will increase the chances of errors which has been pre-determined as being 6% acceptable.

The interview and observation (Wells and Sciuto, 1966) should be sufficient so that it covers most of the research questions. Also, during interview, probing must be done in such a way that the respondents do not feel irritated and that you get required information.

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