

**Topic: AN INVESTIGATION INTO THE IMPACT OF MARKET RESEARCH: A CASE  
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**AN INVESTIGATION INTO THE IMPACT OF MARKET RESEARCH: A CASE STUDY OF  
STARBUCKS UK**

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An analysis of trends in the market research techniques used by Starbucks UK in the past 5 years for the  
Coffee Industry in the UK

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## **Acknowledgements**

I would like to thank my professor -----, at -----University, who has been essential in supporting my through this research, encouraging me through the problems I faced throughout the paper and aggravated me to work hard.

### **Dedication**

I dedicate this research to my family, especially to my Parents. Their time, energy, and assistance were essential to the completion of my study. I wish to thank all of my class fellows who supported me in completing this paper. I learned about the enthusiasm, energy, and inspiration that one can acquire from achievement of someone else. I hope to perform this research with me long after current study has expanded our understanding of incidental education. Particular thanks to my educational professor, [Dr\_\_\_\_Name\_\_\_\_\_], for his/her support and dedication throughout the study.

### **Declaration**

I [], make sure that this paper and its complete material has been personal, unsupported attempt and has not been submitted or published earlier. Moreover, it defines my perception and take on the issue and is does not give the perception of the University.

Signature: \_\_\_\_\_

Dated: \_\_\_\_\_

### **Abstract**

The Starbucks Corporation significantly utilizes alliances to expand market reach, improve product image, and develop greater company profitability. Starbucks, due to their market position and attributes, applies a marketing research strategy. A review of Starbucks Corporation's marketing research strategies proves that the company is being highly successful within this market scope. This paper will address the market research strategy providing insight into what encompasses this strategy selection. Next, we will highlight the marketing initiatives and the strategic alliances employed by Starbucks in concert with the marketing research techniques. Primarily, the main goal of this paper is to assess the market research techniques of Starbucks Coffee. In this dissertation, we would attempt to identify how Starbucks compete through their marketing research techniques. It can be said that this study is important so as to determine how coffee shops in UK compete with each other and the strategies they used to stay in the saturated coffee shops market.

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# **An analysis of trends in the market research techniques used by Starbucks UK in the past 5 years for the Coffee Industry in the UK**

## **Chapter 1 Introduction**

### **1.1 Background of the study**

As per the research on the consumer markets in UK greatest potential for growth opportunity in the organized retail sector is in the food and beverage sector. It's projected that food and beverage retailing will grow at 9.2 percent over the next five years against a total GDP growth rate of around 7 percent.

An important factor to be considered is the changing pattern of spending by the British consumer. There is growth in the disposable incomes and as a result the markets are changing fast and are leading to more urbanization kind of lifestyles. UK as a market is more relevant because of the demographic advantage it has over other economies. As a result here young working populations drive personal consumption. The rise in coffee drinking is pan of the transition to more branded consumption in UK and is led by the growth of branded coffee chains such as Starbucks.

### **1.2 Objectives:**

- 1) To identify and evaluate the techniques that Starbucks has developed in the UK coffee market in the UK during the last five years.
- 2) To create awareness of the impact of the market research techniques that Starbucks UK has developed to face their competitors in the coffee shop industry in the UK.
- 3) To show how market research has helped Starbucks UK to develop safety and durable relationship with their costumers in the coffee shop industry in the UK.
- 4) To show how active has been the market research strategy in the coffee shop industry during the past 5 years.

### **1.3 Research questions/hypotheses**

1. What are the aims and objectives of market research?

2. What are the values of market research for businesses?
3. What are the market research techniques?
4. How Starbucks developed market research techniques in UK?

#### **1.4 Rationale of the study**

Market research is an essential strategic plan to understand and fully familiarise the traits and behaviour of specific target market group. It involves systematic accumulations of relevant and current information that will in turn assist in the comprehension and insights of consumers, and which will ultimately uncover the sales opportunities and reduce the risks of unfavourable decisions for brand. It is important that one obtains up-to-date research on their target market to stay connected with their consumers, as time changes, so do customers' needs and wants. Market research is aimed for the marketing manager to gain fresh and deep insight of their customers and use it to create value and build meaningful customer and brand loyalty. Market research is used to dissect the target market, products and services, price and distribution to obtain a wide understanding of where one, as a company and a brand, stand. Marketing research in Starbucks is gathered to interpret "the best target market, the size of the target market, the attitudes, opinions, preferences and lifestyles of their markets"; this is fundamental information for the sales of Company in the market place. To achieve a positive relationship between customer, product and the price, Starbucks needs to have gathered information regarding, "reactions to the physical price, value for money, price sensitivity and reactions to a premium price," in making the right price decision for target market.

#### **1.5 Scope and limitations of the study**

The scope of marketing research for Starbucks could cover the business problems relating to the followings.

- Types of consumers that compromise present and potential markets
- Buying habits and pattern of consumption size and location of different markets, not only in UK but also overseas
- The prospects for growth or construction for the current markets being served.
- New mantras of emerging segments
- Marketing and manufacturing capabilities of competitors
- Most suitable entry timing
- The current and prospective competitive position

- Chances of improvement of current channels
- Optimum use of promo- tools.

### **1.6 Summary**

One of the most competitive industries in the world is the food and beverages companies. Being one of the shopping and tourist capitals in the world, in UK has been markedly flourishing in the past decades leading to the sprout of shops in the city of London. The coffee drinking culture in the said country has been houses. In UK, particularly in London, there exist one important coffee company Starbucks. Starbucks can be considered to have a strong competition in the market. Beginning with an understanding of marketing research provides the reader the framework for full understanding of the Starbucks marketing model as a whole. Marketing research is "the function that links the consumer, customer, and public to the marketer through information — information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications." Marketing research is the systematic gathering, recording, and analysis of data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behaviour. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned specifically with markets, while marketing research is concerned specifically about marketing processes.

## **Chapter 2 Literature Review**

### **2.1 Introduction**

Marketing research is the systematic gathering, recording, and analysis of data about issues relating to marketing products and services. Marketing research can be defined as a systematic procedure for providing managers with actionable decision making information. As such marketing research provides information that is useful in both the identification and the solution of marketing problems. The need for marketing research begins when a marketing manager faced with a decision realizes the need for additional information on which to base the decision (Alexandrides & Bowers, 2005). It is an essential aspect to the control component of the marketing management process. Sound marketing decision whether made as part of the planning process, or otherwise, require accurate and timely information about markets, competitors and consumer behaviour (Archive for the China market entry strategy category, 2007). However, no research project should be implemented unless management is committed to using the findings as an input for decision making. Aim of this literature review to observe earlier studies about that market research and to identify and evaluate the techniques that Starbucks has developed in the UK coffee market in the UK during the last five years.

### **2.2 Starbucks Coffee Company Ltd (UK)**

The world's main retailer and roaster of expert coffee is the Starbucks Corporation of the US that has wholly-owned subsidiary as the Starbucks Coffee Company Ltd (UK) (Bolt, 2005). In United Kingdom, this company is the market head of the branded coffee shops. By attaining sixty-five Seattle Coffee Company stores (Starbucks UK Home Page), Starbucks entered into the UK in May 1998. Starbucks bought Seattle Coffee Company by giving away 1.8 million shares of common Starbucks stock, otherwise about £50.8 million. The year Seattle Coffee stores were bought, in the same year Starbucks rebranded all the Seattle Coffee stores (Emling, 2004). Seattle Coffee American managers Scott and Ally Svenson kept continuing to manage the original UK operations and this were allowed by the Starbucks Coffee Company. In 1995, the Seattle Coffee Company was established. Seattle's Best Coffee and Torrefazione Italia Coffee brands were included in it. The first coffee bar was initiated in Covent Garden in 1996 by the Seattle Coffee Company (IBS-Case Development Centre, 2006). Since 1998, the Seattle Coffee Company had sixty-five retail stores that were selling the American style coffee and it had the same coffee culture as Starbucks. The first European country which the Starbucks had entered was the United Kingdom. The launch pad for the business to globalize in Europe was to be UK. A useful and fast way for Starbucks to penetrate into a new foreign market was through acquisition.

Starbucks' international expansion regarded the entry into UK as a milestone. The globalization plan in Starbucks' enduring scheme consisted of commencing 500 retail stores in Europe by the conclusion of 2003. In the words of Schultz, Chairman and Chief Executive Officer of Starbucks "We are a way from taking the step from the U.K. to Europe". He further said "Europe was a major strategic opportunity to achieve our goal of creating and building an enduring global brand" (Holmes 1998). The low rivalry strength in previous times directed Starbucks to enlarge in a deliberately smart way, which was to produce and construct a sustainable brand. In order to be on the list of "Top 10 UK Best Places to work" in 2007, UK Starbucks had to grow step by step until it became recognized in the list (Starbucks Homepage 2008). Starbucks formed an association with Sainsbury's in the year 1999. For £1.4 million in the year 2001, London coffee shops were bought from Madisons Coffee by Starbucks. After forming a partnership with Borders bookshops, Starbucks bought 13 coffee bars from Coffee Republic for £2 million in the year 2002. Starbucks had 30 concessions in supermarket, by the year 2005 (Caterersearch 2006). Starbucks entered the UK list of the "UK Top 50 Best Places to Work" (ranked 34<sup>th</sup>), which was awarded by the Great Places to Work Institute, in affiliation with the Financial Times.

The President of Starbucks Coffee International, Howard Behar said that his company does not believe that they are an American company and that they are international brand (Starbucks Corporation, 2008). They hope that they will profit from the pub culture in United Kingdom so that Starbucks becomes a ordinary gathering place for people (BBC News 1998). The statement by the president of the Starbucks Coffee International was intended to minimize the cultural void between Starbucks' coffee impression and United Kingdom's coffee impression. There is a large gap between the two states. The thinking pattern of British people is different from the Americans. There were some resistance to American products and impression in the United Kingdom. Starbucks wanted to decrease the distance by obtaining the existing British coffee chain which is the Seattle Coffee stores.

Starbucks actually waited a year to rename the brand of Seattle Coffee stores with the Starbucks brand. Due to this, British became familiar with the Starbucks Coffee before the rebranding took place. With more than 500 stores being opened in UK, Starbucks became a major success in the year 2007. The Starbucks chain continued to become the most distinguished chain coffee store with as much as 27% respondents rating the favourite Costa at 15% (Manson 2007). Presently, Starbucks has over 600 branches in the United Kingdom and Ireland. The company has a 16.7 percent market share, which is 1 percent more than the Costa Coffee, according to the retail analyst Euro-monitor (Hickman 2008). The Italian brothers Vilas Costa found the Costa Coffee in the year 1971. They had a wholesale operation in supplying roasted coffee and are based in United Kingdom.

“Marketing” and “Research” are the two words which makes the term “Marketing Research”.

## **Marketing**

Through appropriate production and distribution activities, the needs of customers and meeting them in the best possible manner are what marketing consists of. Buying and selling activities is the definition of marketing (Starbucks Corporation: Competing in a Global Market, 2003). The essence of marketing is to exchange/transfer of ownership.

## **Research**

A detailed/comprehensive/systematic studying of a problem is what research is all about. A procedure that involves a sequence of steps to gather and analyze the information needed for decision-making in the desired/ precise field of investigation is research (Starbucks in the UK, 2005). Any field that includes human activity can be called as research.

Research can also mean “studious enquiry” or “thorough, honest and impartial study conducted by trained men using scientific methods”. In simple words it means studying any specific subject in detail.

In modern marketing management, the term MR (Market Research) is significantly used. For marketing of goods and services, the market research is used as a tool for precise decision making. The tool also helps in studying and solving diverse marketing problems handled by business units. The details, which are the information and data, of the marketing problem are assembled and studied, conclusions are drawn and suggestions/recommendations are made to solve the problem quickly, correctly and systematically (Starbucks Investor Relation, 2007). In MR/marketing difficulty is studied in deepness by gathering and analyzing all related information and solutions are recommended to resolve the problem relating to consumers, product, market competition, sales promotion and so on.

A special branch of marketing management is MR. It is reasonably of new in foundation. An investigative arm of a marketing manager is what MR acts as. Probable solutions are suggested for the consideration and selection on marketing problems by the marketing manager. To study buyer behaviour,

changes in consumer life-styles and consumption patterns, brand loyalty and forecast market changes, marketing manager is used as the tool.

To collect information on different factors of marketing, MR techniques are used by manufacturers/exporters/distributors and service organization. The knowledge that is collected is examined and used for decision-making in the marketing management. MR smooths the progress of precise marketing decisions for consumer agreement on the one hand and sales endorsement on the other hand. It is correctly treated as the SOUL of present marketing management. MR recommends probable resolution on marketing problems to marketing manager for his thought and final choice/judgment. In marketing management, the beginning and end is marketing research. For marketing research support, decision is based on each element of the marketing mix-product, price, distribution and promotion-need. For providing information to guide marketing decision viz., market mix, marketing research is primarily used. Marketing research is used as a support system to marketing management.

### **2.3 Definitions of Marketing Research**

The most widely accepted definition of marketing research is given by Richard D. Crisp: "Marketing research is the systematic, objective and exhaustive search for and study of the facts relevant to any problem in the field of marketing." According to Philip Kotler: "Marketing research is systematic problem analysis, model building and fact-finding for the purpose of improved decision-making and control in the marketing of goods and services."

Green and Tull have defined marketing research as "the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing." British Institute of Management: In 1962, the British Institute of Management defined marketing research as/ "*The objective gathering, recording and analyzing of all facts about problems relating to the transfer and sales of goods and services from producer to consumer.*"

### **2.4 Features of Marketing Research**

Marketing research deals with the systematic gathering, recording and analyzing of information which means that information which is related to the marketing problem is gathered in an organized manner from all the accessible sources. The information is then put into a table and recorded for orderly inspection. This kind of inspection offers precise conclusions which are useful for solving the marketing problem. Information has to be collected objectively and accurately in MR. In short, the information

which is gathered should be accurate, precise, relevant and properly verified. If the information is not reliable then the conclusion which is drawn and remedial measure initiated will be ineffective (Starbucks Announces Entry to Continental Europe, 2000). Marketing research is a means that helps in solving marketing problems. MR is used as a tool by the management to identify and analyze the marketing problems and the aim is to resolve them correctly.

## 2.5 Characteristics of Marketing Research

**Systematic and continuous process:** marketing research is a nonstop process. New marketing problems are certain that they will come up from time to time in the direction of marketing of goods and services. To solve all marketing problems, one type of research is not enough. Likewise, to solve new marketing problems and challenges, new research projects will have to be accepted. Facing new marketing problems from time to time is what a marketing company is about. Marketing research activities are conducted on a regular basis, if these problems have to be dealt with. Marketing research is handled regularly for the continued existence and expansion in the current dynamic marketing situation by a marketing company.

**Wide/comprehensive in scope and application:** Marketing research is huge in range because it deals with all sides of marketing of goods and services. Collecting data on marketing is not the only work, as there are initiation of new products, recognition of potential markets, assortment of suitable selling techniques, examine of market competition and consumer fondness, introduction of suitable advertising strategy and sales promotion measure are the areas that are covered by MR. Marketing research plays a role in all the three stages of the organization procedure in marketing such as planning, implementation and evaluation.

**Emphasizes on accurate data collection and critical analysis** In the marketing research, data that is needed has to be collected neutrally and precisely. The collected data must be consistent. It should be examined in an orderly manner. A complete picture of the situation and probable solutions is provided.

**Offers benefits to sponsoring company and consumers** the sponsoring company make use of the marketing research. Marketing research raises the turnover and gives profit to the company. It not only increases the competitive capacity but also creates goodwill in the market. MR also allows the company to establish consumer-oriented marketing policies. Due to MR activities, consumers get agreeable goods and increased satisfaction.

**Commercial equivalent of military intelligence:** Marketing research is also a commercial intelligence activity. This activity is alike to military intelligence where systematic learning is made prior to taking any military action. For marketing management, marketing research operate as the intelligence tool.

**Tool for managerial decisions:** MR behaves as a tool that is in power of management for recognizing and analyzing marketing problems and then finding solutions to them. It is assistance to decision-making. It recommends probable solutions for the observation and selection by managers. MR is a support to judgement and certainly not an alternative for it.

**Applied type of research:** Marketing research is taken as applied knowledge. Since it provides certain alternative solutions to deal with particular marketing problems, it is also known as 'decisional research'. It also studies precise marketing trouble and proposes substitute solutions and probable result of each substitute. This is both science and an art. Marketing research is becoming extremely professional activity.

**Reduces the gap between the producers and consumer** MR is a necessary addition of the present competitive marketing. Understanding the needs and expectations of consumers becomes useful. The space between producers and consumers is decreased and the marketing activities to suit the needs of consumers are adjusted.

**Not an exact science** As said before that marketing research is both science and art. The information is collected and the marketing problem is studied in an orderly manner. The collected information is related to real life problem too. One should understand that marketing research is not an exact science. Only probable solutions are suggested and the precise solution is not given to the marketing manager for emphasizing and selection. Currently, marketing research is treated as a professional activity.

**Use of different methods** Marketing research can be done in different ways. Methods such as survey, observation method or experimentation method are used to collect data. Even computers and internet are used for data collection. The researcher has to decide the method that is suitable for the conduct of research project. This selection is important as the use of unsuitable methods affect the quality of research work.

**Dynamic character:** MR is dynamic in nature. Its scope is fast expanding along with the new developments in the field of marketing. This is natural as MR is essentially for dealing with new problems and challenges in the field of marketing. In addition, developments in other subjects such as economics, statistics, computer science, sociology, psychology, cultural anthropology and behavioural

sciences also bring corresponding changes in the field of MR. New methods, new techniques, etc., are used while conducting the research activities. This suggests that MR is a dynamic and progressive subject with new developments taking place regularly.

**Closely connected with marketing information system** Both the concepts are interrelated. In fact, MR is one component of MIS (Starbucks Marketing Management, 2008). Both are useful for solving marketing problems and for accurate and quick decision-making in the field of marketing.

## 2.6 Aims and Objectives of Marketing Research

The aims of the marketing research and analysis may be stated as follows:

1. To study the needs, wants and expectations of consumers
2. To find out reactions of consumers to the products of the company
3. To evaluate company's sales promotion measures for suitable adjustment and improvement
4. To study current marketing problems and opportunities for suitable follow-up actions
5. To suggest the introduction of new products, modifications of existing products and to discover new uses of existing products
6. To design and test appropriate packages of company's products and make packaging as attractive as possible
7. To study existing pricing, channels of distribution and market competition for suitable changes, if necessary
8. To find out methods for making the products of the company popular and raising its goodwill and market reputation

## 2.7 Market research v/s Marketing Research:

The two terms "market research" and "marketing research" are used interchangeably though there is difference in the meaning and scope of the two terms. "Market research" is used as a popular synonym for "marketing research". Market is a part of marketing and market research is only a part of marketing research. It covers only a few aspects of marketing. According to Philip Kotler, the term "market research" is accurate for describing research into the market, its size, geographical distribution, income and so on. However, it fails to cover the idea of research into the effects of marketing efforts on the

market for which the term "marketing research" is more accurate. MR is increasingly coming into favor as the term that describes both ideas. Marketing research need not be treated as pure academic research. It is a type of applied research with scientific orientation.

## **2.8 Growing Importance of Marketing Research**

Marketing research has received attention and importance along with the growth of highly competitive consumer-oriented marketing philosophy. Research activities in different aspects of marketing are necessary and useful in such competitive and flexible marketing environment. Large companies marketing consumer items noted the growing need of MR activities in the marketing decision-making process. They naturally took initiative in conducting research activities within the organization itself. This was followed by the formation of specialized marketing research agencies and advertising agencies for this purpose. This is how professional orientation was given to MR. Many marketing research departments and agencies were established after World War II.

MR activity is comparatively new in the field of marketing. This activity probably began around 1950s (Modern era of marketing research) and attracted the attention of companies interested in marketing their products in the national and global markets. However, the concept of MR got firm roots in the marketing activity after 1910. First time the marketing research techniques were used by newspapers to predict the election results. However, during the second decade of 20th century, marketing research emerged as a valuable management tool to solve marketing problems. In the developed countries, marketing research activity is conducted on scientific lines. Even in UK, large manufacturing companies treat marketing research as an essential supplement of planning and decision-making in the marketing field. It is treated as an indispensable tool for profitable and consumer-oriented marketing. The popularity of MR increased after 1960 due to the introduction of computers in data collection and analysis. In the early period, marketing research activities were confined to market studies only but in 1950s research relating to marketing activities were broadened to include all managerial aspects-price, produce place and promotion. In late 1950's motivational and psychological techniques were introduced to generate more information on consumers.

Several factors have contributed to the growing importance of marketing research. For example, due to large-scale production, producers could not have direct contact with the consumers. This created many problems before producers. For solving all such problems developed due to the gap between producers and consumer and marketing research activities prove to be useful.

Secondly, the shifting from sellers' market to buyers' market made it necessary to have better understanding about consumer net-expectations. For this, marketing research proved to be useful.

Thirdly, the introduction of computers has contributed to the growth of marketing research activity.

Fourthly, rapid changes in the business environment, shift to consumer-oriented philosophy in business are also responsible for growing importance of marketing research.

Finally, the scope of marketing has widened due to population growth and development of rural markets. MR proved to be useful for dealing with the problems created by national and global markets. In brief, growing importance of marketing research in the present marketing system is the net result of various factors and forces available in the present marketing system. At present, MR activities are undertaken by marketing companies on their own. In addition, marketing research consultants and agencies provide expert advice to companies on general and specific marketing problems of their clients.

## **2.9 Relevance of MR under Globalization**

The business world is fast moving towards globalization in which all countries participate. Every country has to face competition in the domestic as well as in export marketing. Survival in the global business is possible through quality improvement, cost reduction and by attracting consumers through various sales promotion techniques. Here, MR offers helping hand to companies. It offers suggestions for survival under global competitive environment. In brief, the importance/relevance of MR is fast growing along with the globalization of business. It is a must for survival and growth under globalization. Current marketing scenario is different as compared to traditional one. There is a new trend towards liberalization and globalization. Markets (domestic as well as foreign) are becoming highly competition. New companies and new products are entering in the markets. Survival is difficult under the present marketing environment. Here, MR offers various services. It is, now, a professional activity with new developments in regard to scope/coverage and techniques. In brief, MR has great relevance in the current marketing scenario in UK as well as in all countries- developed and developing of the world. MR has enormous capacity to help and guide marketing companies in regard to their marketing problems and challenges.

## 2.10 Functions of Marketing Research

MR performs five basic functions. These are: Description, evaluation, explanation, prediction and finally aid in decision-making. These functions are related to the research project undertaken. Usually, every research study performs all the five functions explained below:

**Description:** MR provides data and gives information/description of customers who buy the product. This includes information about their age/sex, education, income and the amount of money that they are willing to spend on the product. Description of the customers is useful in order to draw certain conclusions about the customers and their buying behaviour. Even marketing strategies can be decided as per the information available.

**Evaluation:** MR is useful for understanding the views/reactions of the buyers. This includes views of consumers on packaging/ advertising/sales promotion measures used. A manufacturer gets these details as well as the information about his product in comparison with the products of his competitors. This facilitates evaluation of the marketing policies.

**Explanation:** MR gives explanation to certain questions of a manufacturer. It may be related to decline in sales, retailer's negative reaction or resistance of consumers in a particular marketing area. MR enables a manufacturer to understand why sales are reducing (causes) or why the response of the retailers is negative or why consumers in a particular region are not willing to purchase a specific product. Such explanation is important as it enables a manufacturer to adjust his marketing policies in order to rectify the prevailing unfavourable situation.

**Prediction:** MR conducts prediction function. Such predictions may be related to consumers, market environment/market competition, and possible socio-economic changes and so on. This prediction function enables a manufacturer to understand how much people will spend on the specific product in the next year or the fashions that consumers may prefer in the next year. In addition, prediction about the possible turnover in the years to come is also possible through suitable marketing research studies. In brief, marketing research is useful for understanding the marketing environment likely to develop in future. This facilitates proper adjustment in the marketing policies for the future period. In this sense, the prediction function is important even when all predictions made through research studies may not prove to be fully correct. However, the trend indicated can be used for appropriate policy decisions.

**Aid in Decision-making:** One more function of MR is to facilitate the process of decision-making in the marketing field. MR guides the manufacturer as regards the manner in which he can make effective advertising appeal or create incentive among his salesmen/distributors. It also gives him guidance as regards price fixation and sales promotion techniques that will be useful for the future period. This

function of marketing research is closely related to other functions that it performs. These functions facilitate reasonably correct decision-making by marketing managers. Researchers also suggest the practical utility of MR activities.

MR functions provide feedback (information and guidance) to marketing managers and improve the quality of their decision-making. This practice is certainly safer as compared to decision-making on the basis of past experience or intuition. When reality is complex and many facts are not detectable, intuition is not adequate for decision-making. Similarly, experience is useful but decisions on experience alone may not be accurate.

Large companies like Starbucks prefer to resort to marketing research than depending on experience. This is because information available is based on real data and is more reliable/ dependable. This facilitates correct decision-making. Thus, company should prefer decisions on the basis of information supplied through marketing research. Such decisions are likely to be more accurate as they are based on actual market situation.

In brief, the basic function of MR is to support marketing decision-making process. Marketing research does not provide ready-made decisions or exact solutions on all marketing problems. It only provides the clues or possible solutions that should be taken into consideration in the decision-making process. It provides support to skills and abilities of marketing managers.

The different functions of marketing research in Starbucks are supplementary in character. These functions enable company to keep close touch with the marketing situation and enable him to make suitable changes in his marketing policies and programmes. They also suggest the role marketing research activity in modern competitive and consumer oriented marketing. Marketing research functions certainly improve the quality of decision-making by Starbucks marketing managers.

### **2.11 Advantages/importance of Marketing Research**

1. Indicates current market trends: Marketing research keeps business unit in touch with the current market trends and offers guidance for facing market situation with confidence.
2. Pinpoints deficiencies in marketing policies: MR pinpoints the deficiencies as regards products, pricing, promotion, etc. It gives guidance regarding different aspects of marketing. They include product development, branding, packaging and advertising.

3. Explains customer resistance: MR is useful for finding out customer resistance to company's products. The researcher also suggests remedial measures to deal with the situation. This makes the products and marketing policies agreeable to consumers.
4. Suggests sales promotion techniques: MR enables a manufacturer to introduce appropriate sales promotion techniques, select most convenient channel of distribution, suitable pricing policy for the products and provision of discounts and concessions to dealers. Marketing research facilitates sales promotion.
5. Offers guidance to marketing executives: MR offers information and guidance to marketing executives while framing marketing policies. Continuous research enables a company to face adverse' marketing situation boldly. It acts as an insurance against possible changes in market environment.
6. Facilitates selection and training of sales force: Marketing research is useful for the selection and training of staff in the sales organization. It also suggests the incentives that should be offered for motivation of employees concerned with marketing.
7. Promotes business activities: Marketing research enables a business unit to grow/expand its activities. It creates goodwill in the market and also enables a business unit to earn high profits through consumer-oriented marketing policies and programmers.
8. Facilitates appraisal of marketing policies: Research activities enable business executives to have an appraisal of the present marketing policies in the light of findings of research work. Suitable adjustments in the policies are also possible as per the suggestions made by the researchers.
9. Suggests new marketing opportunities: MR suggests new marketing opportunities and the manner in which they can be exploited fully. It identifies emerging market opportunities.

### **2.12 Limitations of Marketing Research**

Marketing research offers suggestions and not decisions: Marketing research is not a substitute for decision-making process. It only offers possible suggestions/solutions to marketing problems. It actually acts as a tool that facilitates decision-making process. It guides marketing managers in taking balanced, result-oriented and rational decisions. The suggestions offered by marketing researchers are usually possible/probable solutions but not the exact solutions. MR offers predictions but they are not necessarily accurate or perfect. Such predictions should be taken in the right spirit by the management. It offers information and guidance to marketing managers but not the final decisions, which are to be taken

by managers themselves. MR does not provide readymade solutions to marketing problems. It only provides indicators. It may not provide conclusive information on marketing problems. The marketing managers have to use available information properly and take appropriate marketing decisions. The effectiveness of MR depends on the skill of the decision-maker. For this/ various marketing forces need careful consideration. However all such forces are not covered by research project undertaken? MR aids managerial decision-making but it cannot replace judgment and experience of marketing executives/managers.

In MR, efforts are being made to estimate or predict the possible future situation. For this/ certain research studies are undertaken. However, the results/ conclusions arrived at may not be complete, perfect or accurate. They predict possible tendencies but not certainties. Future is always uncertain and exact prediction about the future is just not possible through marketing research. This is because market environment is ever changing consumer behaviour is difficult to estimate correctly and reliable data for research purpose may not be available. As a result, the decisions taken and policies framed on the basis of such research studies may not be accurate and useful for solving current marketing problems.

Marketing research gives guidance to marketing managers through information and conclusions drawn but such guidance may not be accurate as it is based on the predictions about future situation. The guidance offered through research activities may prove to be out-dated at the time of taking current marketing decisions.

MR conclusions are not always dependable: There are many who are sceptics of MR. Their criticism are that MR conclusions are not dependable. There are examples where the research failed to deliver desired results or a product failed even when the research had shown promising market demand and consumer support. The classical example is that of Starbucks. Its MR showed that 68% customers in UK liked the taste of the new formula developed by the company.

Since marketing research relates to consumers, it cannot be accepted as an exact science. Both quantifiable and non-quantifiable factors have to be assessed with the help of various techniques available to formulate marketing policies that will help to achieve maximum sales. The technical part of marketing research comes into operation particularly while collecting, analyzing, and interpreting facts and figures. No amount of sophistication makes the subject an exact science. Because, as stated earlier, it concerns primarily the consumer as a human being Study of human behaviour precludes absolute mathematical accuracy Probable trends, at the most can be indicated within predetermined limits. This sets a basic limitation to marketing research. At the same time, it necessitates a creative and skilled approach to the conduct of research. In this way, marketing research can contribute immensely to decision-making in a

dynamic market. For accurate judgment, the marketer must be fully aware of the nature of limitations of marketing research.

There are other constraints as well that make for qualified utility of marketing research for Starbucks in decision-making. For example, there is the limitation of time. Collection of data, their checking as to accuracy and analysis and presentation often involve considerable time. The formulation of policies and their implementation as also their subsequent evaluation, which are a necessary follow-up, also take time. People's tastes and preferences are subject to frequent changes. It is, therefore necessary, keeping in mind the scope and nature of marketing research, that the projects should be completed in time to ensure their utility. In this process, at times, as a compromise some accuracy may have to be sacrificed, but the degree of it can be decided in relation to the specific circumstances.

Marketing research is expensive. The existence of sellers' market or a sheltered market in many developing countries in particular has also been responsible for an apathetic approach to marketing research. However, with the growth and development of their economies, the marketing conditions are changing in favor of buyers and the need for and the value of marketing research are being increasingly recognized by the enterprises in these countries also. With the communication between the purchaser and the manufacturer becoming indirect, meagre and unsatisfactory and as a result of competition, the manufacturer is increasingly becoming anxious to know the magnitude of his sales to consumers, where they are being effected, the kinds of people buying his goods and their reactions and responses. All this information is essential to the manufacturer, as this decides ultimately whether he will survive in the market or not. He can improve his product and marketing strategy to secure consumer satisfaction and logically profit from these changes.

In Starbucks, marketing research cannot study all marketing problems. Marketing research is rather very wide in scope. However, it cannot study all marketing problems particularly where it is difficult to collect relevant data. Similarly, research study is not possible where value judgments are involved. Even it is not useful for dealing with urgent marketing problems where quick decisions and follow-up actions are necessary. Thus, all marketing problems are not researchable and all research problems are not answerable.

MR cannot provide answer to each and every marketing problem. A problem in Starbucks, like Profitability Vs Consumer satisfaction is difficult to answer with complete accuracy. The present marketing research techniques have certain limitations. MR fails to offer guidance to managers while dealing with specific problems. Thus, marketing research cannot study all marketing problems and do not offer ready-made solutions to all marketing problems faced by a business unit. It is also argued that very

many times, marketing research tends to be fragmentary in its approach. As a result, it becomes difficult to have an overall perspective in which a marketing problem is to be viewed and studied.

Marketing executives in Starbucks may also feel that researchers suggest solutions that are academic in character and lack practical utility. They use guidance and suggestions given by the researched only when they are compelled to do so. There is absence of meaningful dialogue between the marketing managers and the marketing research team. As a result, marketing researchers get divorced from the main stream of marketing. Such attitude of indifference on the part of researchers and marketing executives makes marketing research meaningless.

It is necessary to have effective communication between researchers and marketing executives. Secondly, researchers should try to act as friend and guide of marketing executives. Marketing executives should also consider the findings of researchers in an impartial manner. Such attitude of mutual confidence and understanding is useful for cooperation between researchers and marketing executives. Conflict between researchers and executives is always undesirable but do exist in many companies. It is treated as one limitation of MR activity. In spite of the limitations noted above, MR is necessary and useful in marketing management.

### **2.13 Scope of Marketing Research in Starbucks:**

Marketing research is a subject with wide scope. Broadly speaking, it is concerned with the marketing activities of Starbucks. All activities of a seller-to market his products to consumers are covered by such research. Marketing research is primarily concerned with "4 Ps" of marketing mix. These are: Product, Price, Place and Promotion. The scope of marketing research is comprehensive and is actually widening in recent years. Products research, sales research, pricing research, brand and package research, promotion research and customer research are the usual areas covered by MR. In addition, specialized research activities such as motivation research, consumer satisfaction research, etc. are also undertaken to meet the specific needs of a business unit. Additional areas and new methods of conducting research activities are regularly added within the scope of MR.

In 1973, the American Marketing Association noted that marketing research activities were undertaken on 36 different topics of 1322 companies interviewed. Even in UK, large companies conduct research activities on many marketing problems. Finally, it may be pointed out that marketing research is essentially for solving the marketing problems of a business unit. Naturally, research activities will be adjusted accordingly. This suggests that there is no limit to the areas covered by marketing research.

Everything connected with marketing comes within the scope of MR. The branches of MR in Starbucks are as explained below:

### **1. Product Research:**

Product research relates to products that are to be marketed to consumers. It is useful for introducing new product that will be agreeable to consumers. Product research in Starbucks relates to various aspects such as design, development and introduction of new products, testing of existing products, product modification studies and so on.

### **2. Packaging Research:**

Packaging research is a part of product research and is important for making the products attractive and agreeable to consumers. Packaging is now treated as a tool for sales promotion. It attracts the attention of consumers and induces them to purchase products. Constant changes in the package design are-required for sales promotion. For innovation in the package design/ packaging research is necessary. Packaging research is now treated as an independent branch of marketing research. Such research is conducted in order to know the impact of packaging. Branding and packaging normally go together and hence brand research is treated as a part and parcel of packaging research.

### **3. Pricing Research:**

In Starbucks, pricing research relates to pricing of the product. It relates to analysis of pricing policies and strategies, studies market price trends, fixation of market prices, studies relating to prices charged by competitors, studies relating to future price trends, price incentives for sales promotion and provision of price discount and other price concessions to dealers and consumers.

### **4. Market Research:**

Market research proper relates to analysis of consumer markets, assessment of market trends, forecasting of business conditions, setting of sales territories and sales quota, sale potentials studies, studies of wholesale marketing, demography descriptions of customers, market competition studies, sale-

forecasting, estimating demand for new products, analyzing relative profitability of sales territories and monitoring competitive-marketing activities.

#### **5. Sales Research:**

Sales research relates to studies of sales outlets, sales territories and their revision, trends in sales, sales forecasting, and effectiveness of sales force, sales policies and sales performance and so on.

#### **6. Promotion and Distribution Research:**

Promotion research in Starbucks related to assessing effectiveness of the sales force and selling efforts, testing of media selected, advertising copy and assessing effectiveness of advertising campaigns. The scope of this area of marketing research also includes the study of channels of distribution for modification, distribution cost analysis of the physical distribution, problems relating to warehousing, inventory control and handling of goods.

#### **7. Consumer Research:**

It relates to finding out consumers' needs and preference, consumers' purchasing intentions, consumers' choice of brands, trends in consumer preferences and purchasing patterns

#### **8. Policy Research:**

Policy research activity is connected with the evaluation of effectiveness of marketing policies, sales policies, distribution policies, pricing policies, inventory policies and so on. Necessary changes in such policies are possible through intensive policy research studies.

#### **9. Advertising Research:**

It relates to evaluation of advertising effectiveness, analyzing competitive advertising and selection of appropriate advertising media.

### **10. Media Research:**

Different media are used for communicating message about the products to prospective buyers. Media are used for advertising and publicity purpose. Newspapers, radio, TV magazines, transport vehicles, etc. are the media used for advertising. Media research relates to detailed study of different media for selection and use.

### **11. Motivational Research:**

Motivational research is one aspect of consumer research as it deals with consumer behaviour. It studies "Why" aspect of consumer behaviour. In Starbucks, consumer research is useful for finding out the sentiments, buying motives, priorities and inner feelings of consumers. It is a type qualitative research.

### **12. International Marketing Research:**

International marketing research deals with foreign markets that are attractive and profitable provided products and marketing activities are adjusted as per the need of foreign markets and buyers. Such research is useful for exploring profitable foreign markets, for export promotion and for making suitable modifications in the exportable items.

## **2.14 Application of Marketing Research in Starbucks**

Traditionally, marketing decisions have been divided into 4P's - product, price, promotion and place decisions.

### **New-Product Research**

New product development is critical to the life of Starbucks as they adapt to their changing environment. Since, by definition, new products contain unfamiliar aspects for the organization, there will

be uncertainty associated with new products.

### **Distribution Research**

Traditionally, the distribution decisions in marketing strategy involve the number and location of sales persons, retail outlets, warehouses and the size of discount to be offered. The discount to be offered to the members in the channel of distribution usually is determined by what is being offered by existing or similar products and also whether the firm wants to follow; a "push" or a "pull" strategy. Marketing research, however, plays an important role in the number and location in decisions about numbers and locations.

### **Promotion Research**

It focuses on the decision that is commonly made when designing a promotion strategy. The decision for the promotion part of a marketing strategy can be divided into (1) Advertising and (2) Sales promotion. Sales promotion affects the company in the short term, whereas advertising decisions have long-term effects. Starbucks spend more time and resources on advertising research than on sales promotion research because of the greater risk and uncertainty in advertising research.

## **2.15 Contemporary Applications of Marketing Research in Starbucks**

### **1. Competitive Advantage.**

The notion that achieving superior performance requires Starbucks to gain and hold an advantage over competitors is central to contemporary strategic thinking. Businesses seeking advantage are exhorted to develop distinctive competencies at the lowest delivered cost or to achieve differentiation through superior value. The assessing competitive advantage can be done in number of ways. The methods can be broadly classified as market-based and process-based assessment. Market-based assessment is direct comparison with a few target competitors, whereas process-based assessment is a comparison of the methods employed.

### **2. Brand Equity.**

Brand equity is defined as a set of assets and liabilities linked to a brand that add to or subtract from the value of a product or service to a company and/ or its customers. The assets or liabilities that underlie brand equity must be linked to the name and/or symbol of the brand. The assets and liabilities on which brand equity is based will differ from context to context. However, they can be usefully grouped into five categories:

- a) Brand loyalty
- b) Name awareness
- c) Perceived quality
- d) Brand association
- e) Other proprietary brand assets: patents, trademarks, channel relationships etc.

### **3. Customer satisfaction**

The measurement of customer satisfaction and its link to product/service attributes is the vehicle for developing a market-driven quality approach. This approach requires a sequential research design that uses the results from each research phase to build and enhance the value of subsequent efforts. During this process, it is imperative to study customers who were lost, to determine why they left. This issue must be addressed early in the system design. The steps involved in customer satisfaction are;

- a) Define goals and how information will be used
- b) Discover what is really important to customers and employees
- c) Measure critical needs
- d) Act on the information
- e) Measure performance overtime
- f) Issues in questionnaire design and scaling in satisfaction research

### **4. Total quality management**

TQM is a process of managing complex changes in the organization with the aim of improving quality.

The power of measurements is clearly visible in applications of quality function deployment (QFD), a Japanese import used to make product design better reflect customer requirements. In QFD a multifunctional team measures and analyzes in great detail both customers' attitudes and product attributes. Marketing research plays a crucial role at this stage of the process. Then the team creates a visual matrix in order to find ways to modify product attributes so as to improve the product on the customer-based measures of product performance. Along the way, the team must develop a series of measures of several different types.

### **2.16 Reasons for Inaccuracy in Marketing Research**

**Human behaviour is always unpredictable:** MR deals with humans who are far more complex and unpredictable than the subjects of physical sciences. A human being has ability to think and react. The responses of human beings are different under different situations. These features of human behaviour bring limitations on the findings of MR. The conclusions drawn may not be always identical, accurate and reliable. This makes the conclusions less scientific.

**Human behaviour is difficult to measure precisely:** MR is not fully scientific as human behaviour is difficult to measure accurately. Human beings are liable to change in their outlook and behaviour during the process of experimentation. Moreover, devices for measuring human behaviour are not available. This affects the conclusions drawn in the research work. General conclusions about human behaviour can be given. However, such rough estimates are not completely scientific. In short, complexity of human behaviour puts limitations on MR and makes it less scientific.

**Human beings react differently under test conditions:** MR is less scientific because human beings react differently under different conditions or while testing. The human tendency is to keep the real causes/reactions secret when interviewed for a research purpose. This affects the quality of results of research project. Such results are not scientific to the fullest extent. It is always difficult to collect reliable information from the persons selected for interview. It is equally difficult to verify the correctness of the information collected from them. This makes MR less scientific.

**MR cannot be completely objective:** MR cannot be completely objective as human beings cannot be studied in complete isolation. This is possible in laboratory work by physical scientists, as they can shut off all outside influences during the period of experimentation however an investigator in MR cannot be

separated from the society. His attitudes and interests are bound to affect research findings. This affects the conclusions drawn out of the MR project.

**Human beings cannot be studied in isolation:** In MR, it is not possible to study the behaviour of a consumer independently. It needs to be studied along with his personal interests, values, attitudes and so on. This situation affects the behaviour of the consumer and the findings of the research work. The researcher has to conduct his study openly and has no control over the external factors. As a result, the findings of marketing researcher are bound to be less scientific.

**Dearth of reliable information:** Information serves as the base of MR. The quality of research work depends on the reliability of information collected. The information collected in MR may not be accurate or complete. It is possible to draw only rough estimates or conclusions from such information/data. This makes research conclusions less accurate and reliable. Sometimes, even the attitude and approach of researchers, investigators, etc. may make the research work less scientific.

### **2.17 Consumer Orientation to Marketing Research of Starbucks**

MR is concerned with all types of marketing problems. They may relate to product, price, distribution, packaging and branding, publicity and sales promotion. All these problems are required to be studied in the context of consumer and his expectations. In other words, MR in the present marketing environment is essentially consumer-oriented and not profit or product oriented. In MR the consumer and his need, expectations and satisfaction/welfare are given priority. All marketing aspects are studied in order to give convenience and satisfaction to consumers. Consumer research for Starbucks is one important branch of MR as all research activities move around the consumer and his satisfaction.

Consumer orientation to marketing research means making research activities pro-consumer rather than pro-manufacturer. It also means giving more importance to consumers and their satisfaction, expectations, needs, etc. and not merely to sales promotion and profit to the manufacturer. Such orientation is essential as consumer is the center of all marketing activities and his satisfaction is the base or basic consideration in modern business.

This consumer orientation to MR is the result of modern concept of marketing, which is basically different from the traditional concept of marketing. It is consumer-oriented and service-oriented. It is societal in character. As a result, in the marketing research activities, special attention is now given to consumers. All research activities are for making marketing useful, agreeable and acceptable to

consumers. This is what is described as consumer orientation of MR. Research activities are now made pro-consumer rather than pro manufacturer or trader. Even research techniques and methodologies are adjusted according.

The importance of consumer is now accepted not only in MR but also in all aspects of business management. In fact, consumer is the most important person in business. He is the king and should be treated accordingly. All production and marketing activities are for meeting his needs and also for raising his satisfaction and welfare. He is the cause and purpose of all business activities. Finally, modern business is not profit-oriented but consumer oriented or service oriented. All these arguments are equally applicable to MR. In other words, MR activities move around the consumer and his satisfaction (Wolk, 2008). He is the focus point in all research projects as MR is essentially for adjusting the marketing activities as per the expectations of consumers. This clearly suggests the importance of consumers in all MR activities.

Marketing research helps the Starbuck' management to be consumer-oriented in its policies and decisions. The benefits of MR will not be available if consumer and his needs, conveniences, expectations, etc. are not given due attention. This suggests that neglect of consumers in any type of research activity is undesirable and even dangerous. The benefits of marketing research will be available only when research activities are conducted after due regard to consumer who acts as the center of all marketing activities. Information available from consumer research can be used as a foundation for many important marketing decisions.

Finally, it may be noted that there is nothing wrong in making MR activities pro-consumer. In fact, this trend exists since the early growth of marketing research activities. Consumer is important in all marketing activities and the same rule is applicable to MR activities. Research activities without due consideration to consumers may not give expected results. In fact, the purpose of MR is to find out precisely what the consumer wants and how to make marketing activities agreeable to consumers in all respects such as product, price, packaging, promotion and so on. In brief, MR as a subject has consumer-orientation in all its aspects.

Consumer is the cause and purpose of all marketing research activities. How to make consumers happy and satisfied is the basic issue before the researchers. At present, all manufacturing/, marketing companies spend huge money on marketing research. The purpose is to make marketing activities consumer oriented.

## 2.18 Need of Marketing Research

The following factors suggest increasing need of MR:

There are no more local markets in character. Markets have gone national and global in character. Doing any kind of marketing activity is turning out to be more and more difficult and wider in scope as many firms are functioning in domestic and global markets. Setting up close contact with all mark and consumers directly is difficult for manufacturers. Likewise, once the goods are sold to middlemen then there is no control on the marketing system. Marketing procedures have now turned complicated as well as severe. New problems are created in such situations prior to the manufacturers that can face efficiently during MR as it behaves as a feedback device to determine first hand information, reactions, etc. of consumers and middlemen. Accordingly, marketing activities can be adjusted.

In the present marketing system, market research is required as there is an increased distance between producers and consumers. Direct communication between product and consumers is almost lost due to mass sc production and distribution. The information gap between producers and consumers is created due to this. The expectations and reactions of consumers are not matched because the producers are not able to get reliable information. Adjusting the products, packaging, prices, etc. as per the wants and requests of the consumers are not met.

MR can solve the issue which is created due to the information gap by setting up a contact with consumers to gather first hand information regarding their needs, expectations, likes and dislikes, preferences and special features of their behaviour. Therefore, marketing research allows a manufacturer to make the marketing policies pro-consumers. MR activities can make the communication with the consumers effective. As a result, a broad communication gap is removed between the producers and consumers due to MR.

Composition of population is changing in United Kingdom. Population is shifting from the rural urban areas. The consumption and expenditure patterns of consumers in United Kingdom have seen considerable changes. Generally, the incomes of people are increasing. Due to this there is an equivalent increase in the obtaining capacity and buying needs and habits. The lower and middle class consumers are getting affected by the rising prices as well as affecting the purchasing power and purchasing priorities. In the same way, significant changes are being seen in the purchasing pattern of clothing and other consumer items. There is a rapid increase in the demand for the consumer durables. Consumer durables like TV sets and many others have flooded the market.

It is expected that management of Starbucks should know the qualitative & quantitative changes in the consumer favourites and their utilization pattern. Marketing research activities are important and useful to get this objective. It is probable to regulate the production and marketing process as per the information provided from consumer surveys and market surveys carried out under numerous MR projects. In short, marketing research is required for the study of transformation in the model of use and matching adjustment in the marketing planning, policies and strategies.

The main position is occupied by the consumers in the present marketing system. They have a clear idea about the market trends, goods available, consumer rights and protection accessible to them because of the consumer protection acts. The development of consumerism has formed new challenges ahead of manufacturers and traders. There are situations when an increase in the customer expectations makes situations difficult when manufacturers have to understand such expectations and adjust the production and marketing policies accordingly. A loss in business can also take place when the indifferent towards consumer expectations takes place. Looking at the current marketing system, taking consumers for granted would be a big mistake. The expectations from the consumers must be given special consideration in all types of marketing activities. The production needs should be made according to the expectations of consumers.

Consumer research, which is a part of the marketing research, provides helpful data related to consumers. When framing marketing policies, using such data becomes fruitful. Therefore, through marketing research activities, marketing decisions can be made pro-consumer.

In the current marketing field, cutthroat competition is inevitable. These types of competitions are due to variety of factors such as price, quality, and packaging, advertising and sales promotion techniques. When new competitors enter the market, the marketing of goods and services makes new problems. Plus, the price factor is not the sole factor in the market competition anymore. Other non-price factors that create severe market competition are branding, packaging, after-sale service and advertising. Each producer that is in the market has to figure out the extent of non-price competition and behaviour through which he will face it with confidence.

Marketing research is required here as it provides guidance in this aspect. Facing market competition just by using non-price factors is easy for Starbucks. The marketing of consumer goods has become more complicated and challenging due to the competition shifting to the non-price factor from the price factor. By using specific measure, this challenge can be faced with confidence recommended through marketing research.

Marketing executives have to take quick and correct decisions in competitive marketing. New products have to be developed quickly than ever done before by the companies. Though, taking these types of decisions is always difficult. Plus, incorrect decisions can cause a huge loss to the organization. Marketing executives require consistent data and advanced market information to make accurate decisions. Marketing managers have the help of marketing research. MR technique is used to solve the problems located, defined analyzed and solved in marketing. Due to this, this tool is recommended for decision-making. MR is required as a tool for sensibly correct decision-making in the current extremely competitive marketing system.

Modern distribution system is complex and costly. How to market goods efficiently and economically is a basic issue in the present marketing system. Modern production is now possible because of the use of advanced technology. However efficient distribution is rather difficult. For this, it is necessary to identify new markets, new consumers, new channels of distribute and new sales promotion techniques. For such identification, MR needed.

The cost of marketing is fast increasing in modern marketing. The burden of rising marketing cost is normally passed on to consumers. This creates adverse effects on marketing activities. In brief, obstacles large scale distribution and rising distribution costs are two problems in the present marketing system. These problems can be studied & solved through MR activities relating to products, distribution channel consumers and so on. This suggests the growing need of MR.

### **2.19 Role of Marketing Research in Marketing Management of Starbucks**

Marketing management covers different areas of marketing such as production, packaging, branding, pricing, and distribution, advertising and sales promotion. Marketing research activity is closely integrated with all these key areas of marketing. It is an integral part of scientific marketing management. This is natural as marketing research deals with the different marketing problems of a company and offers guidelines to marketing managers in solving such problems. In brief, marketing research acts as one useful and reliable tool for framing marketing policies and decision-making for Starbucks in regard to different aspects of marketing. It plays an important role in marketing management of Company.

MR collects and provides information to marketing managers for decision-making. It studies certain marketing problems and offers suggestions for solving them. It also acts as the intelligence wing of marketing management in Starbucks.

Marketing management and marketing research are inter-related activities. In fact, marketing research cannot exist as a watertight compartment nor has it any existence independent of marketing management. It must be a part and parcel of the problem-solving process of marketing management. MR activities in any organization must be directly related to the marketing problems faced by that organization. This is natural as MR cannot be effective, if it is assigned some portions of a marketing problem for exploration in a piecemeal manner. It must be supplied with the full background required to study the whole problem in depth. This will enable the researcher to provide reasonably accurate solution to the problems faced by the marketing managers. Similarly, MR will be effective, if the research activities are conducted in a regular and continuous manner and also as per the specific needs of the marketing management.

Marketing research needs to be treated as a part and parcel of total marketing management. It has to operate as a problem-solving tool of marketing management or as an intelligence wing/tool of marketing management. Similarly, MR should not be conducted merely as an academic activity but as a tool for decision making by the marketing managers. It should facilitate quick and reasonably correct decision-making by the top-level marketing managers. MR should act as an aid to decision-making in the marketing management.

This suggests that there should be effective integration in between marketing management and marketing research. Both these activities should be effectively co-ordinated. This will ensure efficient management of marketing activities of a company. There is no scope for any conflict in between the two as such conflict is undesirable to the company itself. However, on many occasions, differences of opinion and discord between research department and management are visible. Keane, John G has spelt out the conflicting points of view of the management and marketing researchers in the areas of research responsibility, research personnel, budget, assignments, problem definition, research reporting and use of research.

MR will be effective and purposeful only when there is close coordination between research and actual management. Research activities must be necessarily relevant to the marketing problems. Both (researchers and top-level management) should have a clear understanding and appreciation of each other's position and role. However, in practice, conflicts are noticed between the top-level management and the researchers. Such conflicts should be avoided in Starbucks.

The top management of Starbucks should accept honestly that the researchers have a capacity to study marketing problems and offer valuable suggestions for solving the marketing problems. In addition, adequate budget provision and all necessary facilities should be provided to the researcher to investigate

marketing problems minutely and make suitable recommendations. In Starbucks, top management should keep meaningful communication with the marketing researchers in a continuous manner. The bias attitude towards them is certainly undesirable. Finally Starbucks' management should avoid too many layers of communication between top management and researchers. It is also desirable to discuss the recommendations of researchers with open mind. Such liberal outlook will make MR activities useful to the marketing management.

The researchers should also adopt open and constructive approach towards the top-level management. In the research project, attention should be given to the plans and priorities decided by the top-level management. The researchers should continuously improve the research methodology and see that their reports and recommendations are easily acceptable to the management. Delay in the research work should be avoided as top-level management can consider the recommendations if received in time as the nature of marketing problem changes in the course of time.

On some occasions, the management is not convinced about the utility of marketing research. This may be due to past experience in regard to research activity undertaken. The other reasons for unfavourable opinions about marketing research include delay in the completion of research work, heavy expenditure involved, bulky and confusing report and finally recommendations made are not convincing and practical. The result is that the management forms negative impression about the very concept of marketing research. The company management fails to understand the practical utility of research work. It feels that MR is an unnecessary activity and funds should not be spent on the same. It is as good as waste of money as positive benefits may not be available. Such negative opinion formation is the result of previous experience of the firm. It is a type of criticism of the researchers who failed to submit promising, result-oriented and practical research report. It need not be treated as the criticism of marketing research activity itself.

The adverse opinions of Starbucks on marketing research are undesirable and even dangerous to the future growth of MR activity. Here the responsibility lies on the researchers. They have to conduct research work honestly and also by taking keen interest in the proposed research project. As a result, the research report and recommendations will be promising and easily acceptable by the management. The researcher should prepare the outline of research project properly and place it before the management in a convincing manner. As a result, the management will be convinced about the utility of marketing research project and will be willing to spend money on the same. "Many a times, management is not convinced about the utility of marketing research and discards it as an unnecessary activity over which no funds

should be spent." is possible when the research project is not prepared and placed properly before the management for consideration and approval.

The researchers should use their skills, experience and knowledge while conducting the research activities. Finally, they should maintain persuasive communication as inadequate/poor communication creates bias attitude on the part of top-level management. As a result, the recommendations are rejected or not used in actual practice. In addition, the superiority of the top-level management in the decision-making process should also be honoured. The approach should be to help the management in all possible ways. Such positive/constructive approach on the part of researchers will enable them to make purposeful contribution in the field of marketing management.

MR is now given more creative role as compared to the conventional role where it was used just for studying buyer behaviour or for the feasibility studies for new products to be introduced in the market. MR until the mid-1980s was considered a luxury, which only multinationals could afford. However, all companies now feel the need of MR due to growing competition and liberalization. Realizing the contribution that MR makes, more and more companies in UK are now turning to MR.

## **2.20 Interaction between Starbucks Management and Marketing Research**

Marketing research is a useful tool available at the disposal of management. At all stages of marketing cycle it can be used. On the other hand in certain quarters misunderstandings have cropped in about each other. Starbucks feels that marketing research is not at all needed. On the other hand, marketing researchers point out the lack of appreciation for their work by the organization.

Some of the organization's complaints about marketing researchers are:

1. Research is not problem-oriented. It tends to provide a plethora of facts, not actionable results.
2. Researchers are too involved with techniques, and they appear to be reluctant to get involved in management problems.
3. Research is slow, vague and of questionable validity.
4. Researchers cannot communicate, they do not understand and they do not talk the language of management.

### **2.21 Benefits of Marketing Research for Starbucks**

General benefits of marketing research are

1. Marketing research has made the job of forecasting and decision making easier by applying scientific norms.
2. Through this, the changing tastes of the consumers could be identified and the Starbucks can suitably alter its production pattern or bring a new variety to meet in needs of the consumers.
3. By means of marketing research the type of competition that exists and the ability of the other manufacturers could be identified.
4. It helps the sales manager to push activities further thereby to enrich the sales as well as to find new markets and new customers.
5. It tells the management where the company stands in its industry
6. It tells management what the industry trends are & likely to be.
7. It is an essential tool in appraising and improving sales management effectiveness. Specific activities in this area include measuring variations in territorial sales yield, market share, sales effectiveness, measuring the effectiveness of individual salesmen and analysis of salesmen's activities.
8. It is an essential tool in the development and introduction of new products.
9. Supplies data to be used in salesmen and territorial quotas planning.
10. Supplies the facts for fixing the budget.

### **2.22 Benefits of marketing research to top-level management of Starbucks**

Top management is concerned with the decision-making and policy framing at the highest level as regards production, marketing and so on it is the highest level planning, policymaking and controlling authority in the Starbucks. The top-level management of Starbucks includes Directors, Managing Director and other top-level marketing executives and other executives. Top-level management has to take marketing decisions such as fixing short-term and long-term marketing objective and sales targets, finalizing marketing policies and strategies, evaluating marketing performance, forecasting sales, allocating resources to marketing activities and selecting suitable marketing channels. For taking decisions on these matters, reliable and updated data are required and the same are provided by the MR department.

This is one service that MR department provides to top-level management. It facilitates decision-making on marketing issues by providing necessary information on the marketing and other aspects of business.

In Starbucks, top-level management needs feedback on current marketing environment and the MR department can provide this quickly (Starbucks promotes green beans, 2002). The feedback required in this regard can be provided in a continuous manner by the research department which studies marketing problems of the company in a regular and continuous manner.

In brief, MR is the crucial analytical tool and provides management with vital strategic and tactical information for decision-making. It guides management in the decision-making process. However, the final decision is to be taken by the top management (Starbucks Corporate Webpage, 2005). The feedback of marketing department certainly plays a positive role in the correct decision making. This suggests the importance and benefits of marketing research to top level management of the company.

### **2.23 Benefits of Marketing Research to Consumers**

Consumers do not conduct MR activities on their own. However, the benefits to all research activities are available to consumers. In fact, the purpose of MR is to study/understand the needs, expectations, problems, etc. of consumers and to give maximum possible convenience and satisfaction to them. This suggests that consumers secure the maximum benefits of research activities indirectly as all research activities are basically for the benefit and convenience of consumers.

The benefits of MR to consumers are as noted below:

1. Supply of goods and services as per the needs and expectations of consumers. MR provides wide choice to consumers. Consumers get wide variety of goods at fair prices due to MR activities.
2. Suitable adjustments in the products (as per the requirements of consumers) through product planning, product innovation and product modification.
3. Supply of goods at right place, time and also at the right price.
4. Better return (in terms of convenience, satisfaction and welfare) of the price paid for goods and services.
5. Protection of the rights of consumers and prompt complaints relating to price/ quality, use, etc.
6. Availability of new / innovative products as per current socio-economic-cultural needs.

7. Provision of wide variety of goods for the convenience of consumers.
8. Better quality after-sales services.
9. Fair treatment and prevention of exploitation of consumers.
10. Production as per the expectations of consumers.
11. Provision of wide choice to consumers.

## **Chapter 3 Methodology**

### **3.1 Introduction**

This methodology is to evaluate and understand Coffee service offered by Starbucks in UK market. The purpose for doing this methodology is to help those service providers understand customer needs and also to improve old or create new service which is match to the increasing customer expectation.

### **3.2 Research Methodologies**

Marketing research methods vary from focus groups to simulated test markets to large nationally representative sample surveys. Some research objectives require only library research, whereas others may require thousands of personal interviews. Each method has certain advantages and disadvantages, and one method may be more appropriate for a given research problem than another.

Besides this, almost every research problem is unique in some way or another, and care must be taken to select the most appropriate set of approaches for the unique problem and research objectives at hand.

### **3.3 Secondary Data Analysis**

Secondary data are gathered and recorded by someone else prior to (and for purposes other than) the current project. Secondary data usually are historical and already assembled. They require no access to respondents or subject. There are four main advantages of using secondary data. First, it can be obtained quickly, in contrast to collecting primary data, which may take several months from beginning to end. Second, it is inexpensive when compared to collecting primary data. Third, it is usually available. Fourth, it enhances existing primary data. Since researchers use secondary data does not mean that they will not collect primary data. In fact, in almost every case, the researcher's task of primary data collection is aided by first collecting secondary data. A secondary data search can familiarize the research with the industry, including its sales and profit trends, major competitors, and the significant issues facing the industry. A secondary data search can identify concepts, data, and terminology that may be useful in conducting the primary research.

### **3.4 Classification of Secondary Data**

For the research project, the researcher extracts secondary data from the Internet. Internet databases: databases that can be accessed searched and analyzed on the Internet. It is possible to download data from the Internet and store it on the computer or an auxiliary device.

#### **3.4.1 Qualitative Research**

Qualitative research involves collecting, analyzing, and interpreting data by observing what people do and say. Briefly what it meant is qualitative research is a form of exploratory research involving small samples of respondents and non-structured data collection procedures. In qualitative research, respondents provide diagnostic information regarding their thoughts; views and feeling that are not easily projected to the whole population.

#### **3.4.2 Quantitative Research**

Quantitative research is defined as research involving the use of structured questions where the response options have been predetermined and a large number of respondents are involved. Quantitative research often involves a sizable representative sample of the population and a formalized procedure for gathering data. The purpose of quantitative research is very specific, and this research is used when the manager and researcher have agreed that precise information is needed. Data format and sources are clear and well defined, and the compilation and formatting of the data gathered follows an orderly procedure that is largely numerical in nature.

### **3.5 Focus Groups**

A focus group is a structured discussion in which a small group of 5 to 10 people, led by a trained facilitator or moderator who follows a flexible format encouraging dialogue, discuss their perception, opinions, attitudes, and experiences about the features of a user interface. More and more research has pointed out that focus group interview is one of the most common methods for collecting qualitative data in the academic arena. Krueger & Casey (2000) pointed out that focus group interview is intended to make a group of people with specific attributes provide qualitative data related to the research topic in a comfortable environment, under the guidance of a moderator, and through group discussions. In other words, a focus group is a special group with a specific intention, in a specific composition, and required to complete a certain process.

a. Firstly, placing a group of people together will produce a wider range of information, insight and ideas than will individual responses secured privately.

b. Secondly, a bandwagon effect often operates in a group discussion in that one person's comment triggers a chain reaction from the other participants.

c. Thirdly, because the participants' feelings may be similar to those of other group members, they feel comfortable and are therefore willing to "open up" and reveal thoughts where they may have been reluctant if they were on their own.

d. Fourthly, many individuals can be involved in the validation and interpretation of the collected data, and last but not least, the group discussion allows for flexibility in the topics covered and the depth with which they are treated. The structure can match the logical structure of issues from the participants' perspective as well as the language and expressions they are comfortable with.

### **3.6 Research Instrument**

Three types of scale will be used in this report as following they are nominal scale, ordinal scale and interval scale.

#### **3.6.1 Nominal Scale**

A nominal scale is one that allows the researcher to assign subjects to certain categories or groups. For example with respect to the variable of gender, respondents can be grouped into two categories male and female. These two groups can be assigned code numbers 1 and 2. These numbers serve as simple and convenient category labels with no intrinsic value, other than to assign respondents to one of two non-overlapping or mutually exclusive categories.

The categories are also collectively exhaustive. In other words there is no third category into which respondents would normally fall (Theodore, 2002). Thus nominal scales categorize individuals or objects into mutually exclusive and collectively exhaustive groups. The information that can be generated from nominal scaling is to calculate the percentage of males and females in our samples of respondents. There

is one nominal scale question used in this survey for asking the gender of responders. The two options of this question are defining Gender (1) Male (2) Female in questions.

### **3.6.2 Ordinal Scale**

An ordinal scale is a measurement scale that assigns values to objects based on their ranking with respect to one another. The ordinal scales are used to measure relative attitudes, opinions, perceptions and preferences. There are four ordinal scales questions in the questionnaire.

### **3.6.3 Interval Scale**

An interval scale is a measurement scale in which a certain distance along the scale means the same thing no matter where on the scale you are, but where "0" on the scale does not represent the absence of the thing being measured (Tracy, 2006). Usually a 7 point scale let the respondents to select from strongly disagree to strongly agree or not good to very good. An interval scale contains all the information of an ordinal scale, and additionally allows researcher to compare the difference between objects. There are 3 questions been used interval scale to collect as many variety information as possible.

## **3.7 Pre- Test and Final Questionnaire**

Before collecting the information from our respondents a pre-test has been done to ensure a clear understanding of the questions. Pre-test people will target on researchers' friends and family members.

## **3.8 Sampling**

Sampling is an important part in marketing research process and it is the third stage of the process after problem discovery and research design. It is the process, which involves market researcher selecting a portion of the population to represent the whole population of an interest market (Larson, 2008). After the marketing research problem had been identified and what nature of information will be required to answer the problem. In addition the research design (exploratory, descriptive or causal) will be use is established, the scales and measurement had been specified, and the questionnaire design had been finalise after pre-test. These lead us to the sampling design, which involve defining the target population,

deciding what sample frame should be use and how large should be the sample and which combination will be the most effective ways to collect sample without compromising the value of the data.

Sampling techniques is mainly classified into non-probability sample and probability sample. Non-probability, which include convenience sampling, judgement sampling, quota sampling & snowball sampling, is technique that will be more convenience and relies heavily on research judgement. It does not use chance selection procedure and is more suited for research like on existing user of a certain uncommon product/service (Isidro, 2004). Alternatively probability sampling, which includes simple random sampling, systematic sampling, stratified sampling & cluster sampling is procedure that gives each member of the population a fixed chance of being selected for the sample. This process required list of sample frame of population to be able to completely available before every member of the population had an equal chance of being selected.

In this research, of the 220 respondents who were selected, mostly are from UK colleges & other institutions, general public area like shopping centre & neighbourhoods' streets, workplace like bank & government bodies, personal friends and relatives. The availability and ease of locating respondent base on interviewers' free time allow researcher to quickly gather large amount of questionnaire in shorter time frame and lower cost.

### **3.9 Limitation of Methodology**

- The survey that had been conducted with the samples that gave more diplomatic answers.
- Survey was done with limited number of samples so the accuracy of the findings cannot be judged.
- People did not show much of the interest while answering the questionnaire.
- It was not possible to cover all round aspect of our market research.

## **Chapter 4 Results**

### **4.1 Descriptive Statistics**

Descriptive statistics are statistics normally associated with a frequency distribution that helps summaries the information presented in the frequency table. These include (1) measures of central tendency (mean, median, and mode), (2) measures of dispersion (range, standard deviation, and coefficient of variation), and (3) measures of shape.

#### **4.1.1 Frequency Distribution**

In this research project, nominal and ordinal data frequencies are used to analyse. In a frequency distribution, one variable is considered at a time. The objective is to obtain a count of the number of responses associated with different value of the variable. The relative occurrence, or frequency, of different values of the variable is expressed in percentages. A frequency distribution for a variable produces a table of frequency counts, percentages, and cumulative percentages for all the values associated with that variable.

#### **4.1.2 Mean**

Mean is used in the research to analyse interval data. Mean, or average value, is the most commonly used measure of central tendency. It is used to estimate the mean when the data have been collected using an interval or ratio scale. The data should display some central tendency, with most of the responses distributed around the mean. Generally, the mean is a robust measure and does not change markedly as data values are added or deleted.

### **4.2 Inferential Statistics**

When statistical procedures are used by marketing researchers to generalize the results of the sample to the target population that it represents, the process is referred to as inferential statistics. In other words, such statistical procedures allow a researcher to draw conclusions about the population based on information contained in the data matrix provided by the sample. Inferential statistics include hypothesis testing and estimating true population values based on sample information.

#### **4.2.1 Chi-Square Comparisons**

Chi-square test enables the testing for significance in the analysis of frequency distribution. Thus categorical data on variable such as sex, education may be statistically analysed. The logic inherent in the

chi-square test allows comparing the observed frequencies with the expected frequencies based on the theoretical ideas about the population distribution or our presupposed proportions. In other words, the techniques test whether the data come from a certain probability distribution. Furthermore, calculation of the chi-square statistic allows determining the difference between the observed frequency distribution and the expected frequency distribution can be attributed to sampling variation.

#### **4.2.2 Correlation**

The correlation coefficient is an index number, constrained to fall between the range of -1.0 and +1.0, which communicates both the strength and the direction of association between two variables. The amount of association between two variables is communicated by the absolute size of the correlation coefficient, whereas its sign communicates the direction of the association. Regardless of its absolute value, a correlation that is not statistically significant has no meaning at all. This is because the null hypothesis, which states that the population correlation coefficient is equal to zero. If this null hypothesis is rejected, then it can be assured that a correlation other than zero will be found in the population. However, if the sample correlation is found to be not significant, the population correlation will be zero.

#### **4.2.3 T-Test**

T-test is a hypothesis test using the T distribution, which is used when the standard deviation is unknown and the sample size is small. Several hypotheses in marketing relate to parameters from two different populations: For example, the high income mobile service users require more mobile phone service than low income mobile service users. Samples drawn randomly from different populations are termed independent samples.

#### **4.2.4 One-way ANOVA**

One-way analysis of variance (ANOVA) involves only one categorical variable, or a single factor. Researchers are often interested in examining the differences in the mean values of the dependent variable for several categories of a single independent variable or factor. For example, how do mobile service users' intentions to choose which mobile service providers vary with different price level? The answer to this and other similar questions can be determined by conducting one way analysis of variance.

#### 4.2.5 Factor Analysis

Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarization. In research, there may be a large number of variables, most of which are correlated and need be reduced to a manageable level. Relationships among sets of many interrelated variables are examined and represented in term of a few underlying factors.

Which one is the most popular Coffee Company in UK market?

Statistics preferred service provider

N Valid 201

Missing 3

Median 2.0000

Mode 1.00

Minimum 1.00

Maximum 4.00

Preferred Coffee provider

Value	Df Asymp.	Sig
Pearson Chi-Square	75.448a 20	.000
Likelihood Ratio	69.991 20	.000
Linear-by-Linear Association	29.459 1	.000
N of Valid Cases	203	

16 contestants (53.3%) have expected count less than 5. The minimum expected count is .55

From the above chart, we understand that strong quality of coffee is closely related and has a moderately strong Pearson value of 0.531. Respondents who want excellent quality coffee also want fresh coffee. We could conclude that strength of Starbucks usually also affect the access product. Where else with a quality product, the access would most likely depend on what product is taken.

Affordable price and durability of product had also strong positive relationship which Pearson value = 0.642 has the highest value in the whole table. This is again closely related to money as respondent which want quality product also want a fresh coffee product which can last longer and not so easily spoilt.

To find out how many possible groups or factor the 10 variables is spilt up to, so as to focus the development of marking research on different group of people.

#### Factor analysis all questions

#### Total Variance Explained

Factor	Initial Eigenvalues	Extraction	Sums of Squared	Loadings	Rotation	Sums of Squared
Loadings						

From this factor analysis, the 10 values of starbucks services can be simplified and group into 2 factors which has an accuracy of 57.34% from the total cumulative % under table, Initial Eigen values.

#### Descriptive Statistics all questions

##### Descriptive Statistics

##### Levene's Test for Equality

t-test for Equality of Means of Variances

95% Confidence Interval of the Difference

Scheffe Dependent Variable

From The ANOVA analysis table, it shows that quality product had a Sig value of 0.025 and freshness of product had a Sig value of 0.031. There is a significant relationship between 2 variables. When we look at a table under post hoc test "Multiples comparisons", Sig value of both (quality) & (freshness) column is all no lesser than 0.05 which there is no significant difference between different contestants and both of the values.

From the second step, which we look at the post hoc test "Multiples comparisons", we could conclude that after all there is no relationship in terms of significant between all the contestants on their view on the Starbucks values. So there is no need to analyze further on the chart and the first table mean.

## Chapter 5 Analysis and Discussion

Data accuracy is the main strength for this research study. All 200 hundred respondents are selected in current market. They provide the relevant information to research objectives; at least most of them do have the experience of Starbucks.

Insufficient sample size becomes the main weakness of this research. As we know by increasing the sample size the error of result finds decrease at the same time. Therefore research findings become more representative to whole population in market.

In future research, researchers may able to conclude certain area:

- i. To analysis if price play a part with customer when choosing Coffee company.
- ii. To analysis the major motivating factors that influence the choice of Coffee Company
- iii. To determine what is the response of customer after customer purchasing it.

Research findings are useful to Starbucks in UK market. Findings provide directly information to help company improve or create new service to match customers' expectation. By doing the market research most respondents understand or know what Starbucks is. Most respondents agreed with company are a great innovation and by using product will be more convenient.

By doing descriptive research the result shows quality product and fresh product are higher attribute compare to others when respondents choose the company. Results also proved that the higher qualification level the higher income level of respondents. Lastly, there is no significant difference from income group or education level in the selection of coffee provider suggests that consumer has no preference on which service provider to choose.

In conclusion, research findings are useful for Starbucks in UK market. It provides direct information to company relate to customer exception of this company. It also helps Starbucks evaluate and analysis the quality of products they offered. Lastly, to understand customers' expectations and competitors' strategies are the keys to success therefore by using marketing research techniques to analysis the situation become a shortcut to reach there.

## Chapter 6 Conclusions and Recommendations

### 6.1 Recommendations for Improvement

There are certain recommendations to Starbucks marketing research. For demographic sector, company need to consider promotion strategy targeted at different income group and age group as they have differing needs and expectation. For customer perception, most respondent agreed with Starbucks is a great company and by its service will be more interesting to them. But there still has certain percentage of respondents do not know what quality is. It means deep market penetration still necessary to company if they want to increase their business expansion. For characteristic sector, strong quality and fresh product are the most important attribute for customer when they choose coffee company therefore Starbucks should enhance the service they provide to these two areas due to these two area contained customer expectation as well.

While Starbucks has been very successful with the Differentiation Focus strategy through the use of word-of-mouth marketing and strategic alliances, the future of the Starbucks Corporation could be in some jeopardy due to increasing competition without some small changes. One danger Starbucks faces in today's developing economy is the concern for the company that they will be surpassed by competitors on both cost and on product quality. It would be very beneficial for Starbucks to maintain a close watch on industry and market competitors, specifically other coffee shop establishments and the restaurant industry entrants to the specialty coffee market. Both specialty coffee shop entrants can pose a challenge to Starbucks in an effort to provide the best quality, service, and experience for the customer, while the restaurant entrants to the industry are marketing their specialty coffee on a cost savings platform. With these industry competitors attacking the Starbucks market share from both angles, it is essential for Starbucks to find ways to remain cost competitive while providing the top-of-the-line, quality product.

Furthermore, it is also recommended that Starbucks consider implementing a marketing strategy apart from alliances that does not solely rely on brand awareness, reputation, and word of mouth. While word of mouth marketing is invaluable, it is essential with the growing competition on price and product for Starbucks in the niche coffee industry to aggressively market to ensure and restate the company's dominance in the diversification focus of specialty coffee.

Finally, in today's current economy, it is recommended that Starbucks broaden focus from simply high end pricing and provide an economic package or economy offering during these tough economic times. This does not have to be a long-term strategy, but could ensure the survival of the company through a tougher economic time and also maintain the company's customer base for when the economy

as a whole, and thereby consumer wallets, are growing again. This would bring the company slightly away from the differentiation focus strategy, but not so far as to move the company into a new strategic marketing focus. In conclusion, Starbucks is still in a growing stage, and with a few recommendations for marketing improvement, can continue the product leader position currently held in the specialty coffee industry well into the future.

## **6.2 Conclusions**

Researchers often use more than one research design. They may start with secondary research to get background information, and then conduct a focus group (qualitative research design) to explore the issues. Finally they might do a full nation-wide survey (quantitative research design) in order to devise specific recommendations for the client. Marketing research uses the scientific method in that data are collected and analyzed to test prior notions or hypotheses. Marketing research is objective. It attempts to provide accurate information that reflects a true state of affairs. It should be conducted impartially. While research is always influenced by the researcher's research philosophy, it should be free from the personal or political biases of the researcher or the management. It should be emphasized also that marketing research is conducted to assist management in decision making and is not a means or an end in itself.

Marketing research is essentially needed by Starbucks as it is the task of providing management with relevant, accurate, reliable, valid, and current information. Competitive marketing environment and the ever-increasing costs attributed to poor decision making require that marketing research provide sound information. Sound decisions are not based on gut feeling, intuition, or even pure judgment.

Marketing managers of Starbucks make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs. They make decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, and control. These decisions are complicated by interactions between the controllable marketing variables of product, pricing, promotion, and distribution. Further complications are added by uncontrollable environmental factors such as general economic conditions, technology, public policies and laws, political environment, competition, and social and cultural changes. Another factor in this mix is the complexity of consumers. Marketing research helps the marketing manager link the marketing variables with the environment and the consumers. It helps remove some of the uncertainty by providing relevant information about the marketing variables, environment, and consumers.

In the absence of relevant information, consumers' response to marketing programs cannot be predicted reliably or accurately. Ongoing marketing research programs provide information on

controllable and non-controllable factors and consumers; this information enhances the effectiveness of decisions made by marketing managers of Starbucks.

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## Questionnaire

1. What is your Age?
2. What is your Gender?
3. What is your Highest Formal Qualification?
4. What is your Personal Annual Income?
5. Which is your most preferred Internet Service provider?
6. What is the size of your household, i.e. the number of people, including yourself, who live in your house/dwelling for at least three months of the year?
7. Have you drunk at least one cup of coffee in the past 6 months?
8. In a typical day, how many cups of coffee do you drink?
9. What is the most important reason for using the coffee?
10. Do you consider yourself to be a coffee addict?
11. What additional services would you like to have in a coffee shop?
12. What are your views about present coffee culture?