

Business Profile on Starbucks Corporation (SBUX)

Origin Story of Starbucks Corporation (SBUX) Starbucks Corporation was founded in 1971 by three partners: Jerry Baldwin, Zev Siegl, and Gordon Bowker. The name "Starbucks" was inspired by the first mate in the book "Moby-Dick" by Herman Melville. The company began as a single store in Seattle, Washington, selling high-quality coffee beans and equipment.

Catalyst and Obstacles The catalyst for the founding of Starbucks Corporation was a trip taken by one of the founders, Jerry Baldwin, to Italy, where he was impressed by the espresso bars and coffee culture. The partners wanted to bring this European coffee experience to the United States. One of the main obstacles they faced in the early days was changing the American perception of coffee, which was primarily instant and low-quality. They had to educate consumers about specialty coffee and the art of espresso.

Level of Funding The initial funding for Starbucks Corporation came from personal savings and a small bank loan. The partners invested around \$1,350 each to open the first store in Seattle's Pike Place Market.

Location and Size Starbucks Corporation's first store was located in Seattle, Washington, at 2000 Western Avenue. The store was small but quickly gained a following for its high-quality coffee beans and expertly brewed beverages. Over the years, Starbucks grew from a single store into a global coffeehouse chain with thousands of locations worldwide.

Starbucks Corporation (SBUX) Stats

Here is a detailed table of statistics for Starbucks Corporation:

Category	Stats
Founded	March 30, 1971
CEO	Kevin Johnson
Headquarters	Seattle, Washington, United States
Number of Locations	Over 32,000 in 83 countries
Revenue	\$26.51 billion (2020)
Operating Income	\$3.6 billion (2020)
Net Income	\$3.6 billion (2020)
Total Assets	\$19.16 billion (2020)

Total Equity \$8.26 billion (2020)
Number of Employees Over 346,000 (2020)
Market Capitalization Approximately \$128 billion (as of 2021)

Social Responsibility and Sustainability

- Starbucks committed to being a socially responsible corporation
- Implemented initiatives to promote sustainability and ethical sourcing
- Dedicated to reducing waste and carbon footprint
- Supports various community programs and initiatives

Business Plan Artwork

h2 Starbucks Corporation (SBUX) Leadership Informationh3 Top Leaderstable tr th Name / Position / Background / Agenda / Objectives tr td Kevin Johnson / President and CEO / Kevin Johnson took over as President and CEO of Starbucks Corporation in 2017. Previously, he served as the company's Chief Operating Officer, leading the global expansion and operations strategies. Johnson is focused on strengthening Starbucks' digital presence, enhancing customer experience, and fostering innovation in the coffee industry. tr td Rachel Ruggeri / Chief Financial Officer / Rachel Ruggeri joined Starbucks in 2001 and has held various financial roles within the company before becoming the CFO in 2021. She is responsible for managing the financial performance of Starbucks, driving growth initiatives, and optimizing profitability. tr td Lucy Lee Helm / Chief Partner Officer / Lucy Helm has been with Starbucks since 1999 and has played a key role in shaping the company's culture and values. As the Chief Partner Officer, she is dedicated to supporting Starbucks employees (partners), promoting diversity and inclusion, and maintaining a positive work environment.h3 Current Objectives and Agendaul li Enhancing digital presence: Starbucks is focused on strengthening its digital offerings, including mobile ordering and delivery services, to meet the evolving needs of customers in a competitive market. li Improving customer experience: The company is continuously working on enhancing the in-store experience, personalizing customer interactions, and building loyalty through its rewards program. li Sustainability initiatives: Starbucks is committed to sustainability and has set ambitious goals to reduce waste, conserve water, and promote ethical sourcing practices throughout its supply chain. li Innovation in products and services: The leadership team is driving innovation in coffee products, menu offerings, and store designs to stay relevant and attract new customer segments.pThis information provides insights into the current leadership structure of Starbucks Corporation, the backgrounds of key executives, and the company's strategic

objectives under their guidance. By focusing on digital transformation, customer experience, sustainability, and innovation, Starbucks aims to maintain its position as a leading global coffee provider while adapting to changing consumer preferences and market trends.

Origin Story of Starbucks Corporation (SBUX)

Starbucks Corporation was founded in 1971 by three partners: Jerry Baldwin, Zev Siegl, and Gordon Bowker. The name "Starbucks" was inspired by the first mate in the book "Moby-Dick" by Herman Melville. The company began as a single store in Seattle, Washington, selling high-quality coffee beans and equipment.

Catalyst and Obstacles

The catalyst for the founding of Starbucks Corporation was a trip taken by one of the founders, Jerry Baldwin, to Italy, where he was impressed by the espresso bars and coffee culture. The partners wanted to bring this European coffee experience to the United States. One of the main obstacles they faced in the early days was changing the American perception of coffee, which was primarily instant and low-quality. They had to educate consumers about specialty coffee and the art of espresso.

Level of Funding

The initial funding for Starbucks Corporation came from personal savings and a small bank loan. The partners invested around \$1,350 each to open the first store in Seattle's Pike Place Market.

Location and Size

Starbucks Corporation's first store was located in Seattle, Washington, at 2000 Western Avenue. The store was small but quickly gained a following for its high-quality coffee beans and expertly brewed beverages. Over the years, Starbucks grew from a single store into a global coffeehouse chain with thousands of locations worldwide.

Key Moments in the History of Starbucks Corporation (SBUX)

- **1971:** Starbucks was founded in Seattle, Washington by three partners, Jerry Baldwin, Zev Siegl, and Gordon Bowker.
- **1984:** Howard Schultz joins Starbucks as the Director of Retail Operations and Marketing, later becoming the CEO.
- **1992:** Starbucks goes public, offering its initial public offering (IPO) on the stock market.
- **1996:** Starbucks opens its first store outside of North America in Tokyo, Japan.
- **2003:** Starbucks launches its popular Starbucks Card loyalty program.
- **2008:** Starbucks closes over 600 stores in the U.S. due to the economic downturn but begins to rebound.
- **2011:** Starbucks introduces its first-ever single-origin coffee from Colombia as part of its Reserve line.

- **2014:** Starbucks partners with Oprah Winfrey to create Teavana Oprah Chai Tea to raise money for youth education programs.
- **2018:** Starbucks announces plans to eliminate plastic straws from all its stores worldwide by 2020.
- **2020:** Starbucks faces challenges due to the COVID-19 pandemic, leading to store closures and shifts in business operations.

Historical Analysis of Starbucks Corporation (SBUX)

Starbucks Corporation (SBUX) has been a prominent player in the food and beverage industry for several decades, with its stock performance closely tied to various key events in its history.

1992-1997: Early Growth and Expansion

- In 1992, Starbucks went public with its IPO at \$17 per share. The stock saw steady growth as the company expanded its presence nationwide.
- By 1997, Starbucks had established itself as a leading coffee chain, with its stock price reaching new highs due to strong sales and increasing brand recognition.

2008-2010: Financial Crisis and Recovery

- During the 2008 financial crisis, Starbucks faced challenges as consumer spending declined. The stock price took a hit, dropping significantly.
- In response, Starbucks initiated cost-cutting measures and focused on improving operational efficiency. This helped the company weather the storm and led to a gradual recovery in its stock price by 2010.

2015-2018: Changes in Leadership and Strategy

- In 2017, Kevin Johnson took over as CEO of Starbucks from Howard Schultz. This leadership transition was accompanied by strategic shifts in the company's focus on digital innovation and store redesigns.
- These changes were well-received by investors, leading to a steady increase in Starbucks' stock price during this period.

2020-Present: Impact of the COVID-19 Pandemic

- The COVID-19 pandemic had a significant impact on Starbucks' operations, with temporary closures of stores and a shift towards online and drive-thru sales.
- Despite these challenges, Starbucks adapted quickly to the changing environment and implemented safety measures to protect customers and employees. The stock price, while initially volatile, has shown resilience as the company navigates the ongoing pandemic.

Conclusion

Overall, Starbucks Corporation's stock performance has been influenced by a diverse range of factors, including market conditions, company strategy, and external events. Through strategic leadership and operational agility, Starbucks has been able to overcome challenges and maintain a strong position in the market.

Business Plan Artwork

STARBUCKS CORPORATION'S PRODUCT AND SERVICES

Starbucks Corporation's diverse offerings create multiple revenue streams which can be categorized into the following:

1. BEVERAGES:

This is Starbucks' main offering, which contributes the majority of its revenue. They offer a wide range of hot and cold beverages which include coffee, tea, smoothies, and other specialty drinks. Starbucks' coffee roast options come in different varieties encompassing Blonde, Medium, and Dark Roasts, as well as their unique seasonal blend offerings that are tailored specifically for holidays and special occasions.

2. FOOD:

Starbucks also offer a range of delicious food items, including breakfast sandwiches, pastries, desserts, lunch options like sandwiches and salads, yogurt, fruit, boxes, and other snacks. Their menu varies locally and seasonally, allowing them attractive promotions.

3. PACKAGED PRODUCTS:

Starbucks sells a variety of branded products that customers can take home, these include varied roast and ground coffee, ready-to-drink beverages (like cold brews and Frappuccinos), and Starbucks VIA Instant, and entire tea product line under the Teavana brand.

4. COFFEE-MAKING EQUIPMENT:

Starbucks retails coffee-brewing equipment which are sourced from reputable third-party manufacturers. These include coffee makers and espresso machines, coffee presses, grinders, mugs, and other accessories.

5. STARBUCKS STORES:

Starbucks earns a substantial part of its revenue from company-operated stores which hosts consideringly large foot-traffic around the globe. Their store format includes a wide range of footprints, which cater to a community gathering place, as well as drive-thru and kiosks.

6. LICENSING:

Their revenue streams also include licensing their trademarks for various products like packaged coffee, tea, and ready-to-drink drinks that are not only sold in their own stores but also through grocery and warehouse club stores.

7. OTHER SERVICES:

This includes revenue from the company's Starbucks Card loyalty program, mobile app, gift card, digital music, book tie-ins, and Starbuck online store.

FINANCIAL PROSPECTUS

In terms of regional revenue distribution, Starbucks captures about 70% of the revenue from the Americas, roughly 20% from China/Asia Pacific region, followed by Europe, Middle East, and Africa region. Overall, company-operated stores contribute to more than 80% of overall revenues and the rest comes from the licensed stores.

ESTIMATION OF STARBUCKS CORPORATION (SBUX) ANNUAL AND LIFETIME EARNINGS, EXPENSES, PROFIT

A major expense for Starbucks is the Cost of Sales including occupancy costs, which reflects the cost of its food, beverages, packaging materials and costs to operate the store. Their operating expenses include expenses for running the business, like payroll and benefits for employees, marketing costs, and other store operating expenses. Additionally, they also have depreciation and general & administrative expenses.

In terms of earnings, Starbucks (SBUX) reported revenue of \$22.4 Billion for its fiscal year 2020, and its net earnings were \$0.93 billion with a gross margin of around 20%. Over the past decade, Starbucks generated over \$150 billion in revenue. However, lifetime earnings would be close to impossible to determine due to numerous variables.

CONCLUSION

Starbucks continues to strategize towards optimizing these revenue streams while focusing on creating engaged, loyal customers through unique, premium offerings and innovative, tailored customer experiences. Their expansion potential, particularly in high-growth markets like China, also plays a significant role in their overall revenue and profit scenario.

Nonetheless, one needs to consider unpredictable macroeconomic variables, competition, and consumer behavior when estimating future earnings, expenses, and profits.

Analysis of Starbucks Corporation's Main Product

Starbucks Corporation, a global coffeehouse chain, is renowned for its main product - coffee beverages. The company offers a wide range of coffee options, including espresso-based drinks, brewed coffees, and specialty beverages. The main product of Starbucks is carefully crafted to cater to the diverse tastes and preferences of its customers, making it a popular choice for coffee lovers worldwide.

- **Quality Ingredients:** Starbucks sources high-quality coffee beans from various regions around the world to ensure the best taste and flavor in its beverages.
- **Customization:** Customers can personalize their drinks by choosing the type of milk, syrups, and toppings, allowing for a unique and tailored coffee experience.
- **Innovation:** Starbucks continuously introduces new coffee creations and seasonal offerings to keep up with evolving consumer preferences and trends.
- **Convenience:** The company's efficient in-store operations and mobile ordering options make it convenient for customers to enjoy their favorite Starbucks beverages on the go.

Furthermore, Starbucks' main product extends beyond just coffee beverages to include food items, merchandise, and branded products sold in retail stores. This diversification allows Starbucks to appeal to a wider customer base and drive additional revenue streams.

Starbucks Corporation (SBUX) Future Expectations

Starbucks Corporation is expected to continue its growth and expansion over the next 5, 10, and 20 years. Here are some future expectations for the company:

- **Next 5 years:** In the next 5 years, Starbucks is projected to further expand its global presence by opening new stores in key markets, focusing on innovative menu offerings, and enhancing its digital capabilities to meet the evolving preferences of customers. The company may also continue to innovate with sustainability initiatives and new product lines to stay competitive in the ever-growing coffee market.
- **Next 10 years:** Over the next decade, Starbucks is expected to solidify its position as a leader in the coffee industry by leveraging technology to improve customer experience, focusing on sustainability practices, and expanding its presence in emerging markets. The company may explore new revenue streams through partnerships, acquisitions, or diversification of its product offerings.
- **Next 20 years:** Looking ahead 20 years, Starbucks may transform into a global lifestyle brand that goes beyond just coffee. The company could become a hub for social gatherings, workspaces, and entertainment, offering a holistic customer experience. With a strong emphasis on sustainability and social responsibility, Starbucks may lead the way in creating a more environmentally conscious and socially inclusive business model for the future.

Public Sentiment about Starbucks Corporation (SBUX)

Overall, the sentiment about Starbucks Corporation (SBUX) appears to be quite positive. Here are some key reasons why this sentiment is so:

- **Strong Brand Recognition:** Starbucks is a highly recognizable and respected brand worldwide, known for its premium coffee and inviting ambiance.
- **Diverse Product Offering:** Starbucks offers a wide range of products beyond coffee, including teas, pastries, and merchandise, catering to a diverse customer base.
- **Social Responsibility:** Starbucks has been praised for its efforts in sustainability, ethical sourcing, and community engagement, resonating well with socially conscious consumers.

- Convenience and Accessibility: Starbucks has a vast global presence, with thousands of stores making it easily accessible for customers in various locations.
- Innovative Technology: Starbucks has been at the forefront of incorporating technology into its operations, with features like mobile ordering and payment, enhancing the customer experience.

Overall, these factors contribute to a positive sentiment towards Starbucks Corporation, highlighting its strong brand image, product offering, social responsibility, convenience, and technological innovation.