

Starbucks's innovative approach: a pilot discussion about how to enhance customer experiences in hospitality sector

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Abstract

Globalisation has facilitated the extension and expansion of firms from their domestic markets through the redefinition of competition by the enormous interconnectedness of markets. This study looks at the case of Starbucks, an American multinational company known for riding the wave of globalisation through business innovations that improve customer experience and create a sustainable business model.

Starbucks' innovative approach to solving customer problems and its ability to meet customer needs through the process of service delivery has resulted in global customer advocacy through an organization-wide learning and tireless strategy implementation and its evaluation and review loop. This study analyses how Starbucks innovates on customer experience and products to enhance business sustainability in a competitive global marketplace, and identifies analytical frameworks with key themes that can contribute to the strategic design of similar companies aiming for a global marketplace.

The results show that Starbucks, in the process of innovation in the area of customer experience, provides a personalised service that meets the needs of consumers through localisation, accumulates this knowledge as company capital, develops human capital to support Starbucks' service, and creates a comfortable third party for customers. These innovative

actions and strategies have helped Starbucks to be accepted as a successful and innovative business champion in the global market. Starbucks' product and service innovation is evident in the principles that obligate the company to be attentive to the needs of its customers and the circumstances of each market.

Keywords: innovation of customer experience, innovation of products, globalisation, localisation

1. Introduction

1.1 Background of the study

The concept of globalisation extends beyond geographic borders, swiftly blurring and eliminating economic borders and supersedes an expansionary mindset as it is regarded as a strategic imperative to identify growth opportunities. Due to globalisation, firms are looking to expand beyond domestic markets as competition has been redefined by the massive interconnectedness of the markets (Quelch and Deshpande 2004). Firms have had to contend with emerging models of competition and growth to maintain their core brand identity. At the heart of this concept is the world's most iconic coffee brand, Starbucks Inc.

1.2 Rationale and aim of the study

This paper evaluates how Starbucks has implemented its global innovation management through assessment of its innovation regarding their products and the customer experience. Starbucks, one of the most famous global companies, has attracted many researchers and many academic studies have been published on the subject, as it is a case that provides a useful resource for the study of innovation and business strategy. The business strategies that underpin the success of Starbucks have been studied individually and have resulted in suggestions, but the common logic is the penetration of customer experience and globalisation management in the business development process.

Today, in many markets, Starbucks coffees or coffee shops have penetrated the lifestyles of many people through a massive global expansion and have become a favourite. The driving force behind the application of this strategy, which combines customers, channels and competences, is the consumer's purchasing decision, a knowledge and wisdom that was particularly effective during the unprecedented COVID-19 pandemic that hit the retail sector from 2020 onwards. In other words, by proposing solutions to each customer's problems in a difficult market environment, and by continuing to innovate its processes by improving the quality and training of its staff, Starbucks has become the leading coffee retailer in the world market with a sustainable competitive edge.

It is therefore a timely topic, and a useful contribution, to revisit the key strategic factors that drove Starbucks' evolution and expansion, both sustained and extended, in a disruptive environment, and to use them as a learning tool for subsequent companies.

2. Research design

2.1 Research approach

In contrast to the method of collecting original data and conducting empirical analysis based on this data, this study uses a secondary data analysis method to apply a desk research method to existing literature as a pilot test prior to further in-depth primary data analysis. This method extracts information from existing statistical data, research materials, academic papers and other open sources and makes it available for analysis. Desk research/literature research is also appreciated as a preliminary research before conducting the next step of research, such as market research (Czinkota et al., 2021).

2.2 Data sources

This study was conducted by searching EBSCO and ScienceDirect databases to identify published articles from the period 2000-2021. In order to facilitate this exploratory study, the academic material included was limited to publications from the 2000s onwards, with the aim of capturing trends in the genealogy of Starbucks' globalisation and the latest innovation strategy debates. Keywords, titles and abstracts were checked

to manually select academic articles on Starbucks' innovation strategy (Levy and Ellis, 2006). The main search terms were classified into three groups. (a) "Starbucks" AND "innovation (innovat*)", (b) "Starbucks" AND "globalization (globali*, global*)", and (c) "Starbucks" AND "customer expericne". As sub-topics of these main themes, we added (d) "ICT" OR "information and communication technology" OR "tech*" OR "business model*", and selected reference materials, including citations to the relevant academic sources. In the course of this selection process, for example, "tech*" was used with the aim of collecting references that use terms such as "technology", "technical", "technologise", "technologize", "technical" and so on.

Only articles in English were selected as the language of the literature to be collected. As the main purpose of this study is a pilot study to identify the overall trend of the debate as a basis for collecting data before and during an accurate systematic review, materials published in book chapters, non-peer-reviewed journals, Starbucks-related trade magazines, annual reports were also taken into account. After manually selecting the title information of the resources identified for this study, a total of 288 materials, excluding duplicates and materials for which the full text could not be ascertained, were organised as the data used in this study to analyse the process of driving innovation and globalisation of Starbucks, which has made "customer experience" the mainstay of its strategy. Modelling and agenda were created to use the arguments obtained from this process as a basic foundation for further research.

3. Discussion of the study's key themes

3.1 Context of Starbucks's innovative business approach

3.1.1 Modelisation of Starbucks innovation

Starbucks are purveyors of conventional and speciality coffee, pastries and other food. The coffee shop brand has transformed how people around the world drink coffee outside of the home and work, as it is responsible for establishing the concept of the third place between home and the workplace, whereby individuals can meet to relax and savour a cup of coffee in an alluring environment (Voigt, Buliga and Michl 2017; Chuang 2019). Starbucks's global expansion is described as both rapid and strategic, and the company holds an enviable position among innovative firms due to its focus on

innovation. On this point, as Tidd and Bessant (2020) discussed, it is critical for researchers to analyse business cases from an integral perspective, fusing technological, market and organisational change perspectives.

As Tidd and Bessant (2020) contend, innovation is guided by the capacity to observe connections, identify opportunities and exploit them. Starbucks's success is evidence of this. Starbucks has enjoyed soaring growth thanks to diversification and innovations of its products, employee relations and sustainability, propelling it into a lifestyle brand (Wilson and Doz 2012). Starbucks's basic innovation model is summarised in Figure 1. As Pinto et al. (2017) discussed, innovative strategies in retail services should focus on the customer experience in the context of issue-solving, and they also discussed that mainstream innovation research has mainly focused on 'new product development, service innovation and retail service innovation...which specifically have received greater attention in the last decade' (Pinto et al. 2017, 190). They also suggested that empirical research has concentrated on innovative business champions 'such as Google, Starbucks, Federal Express and Amazon, as innovative brands through the adoption of radical innovation policies' (Pinto et al. 2017, 190–191).

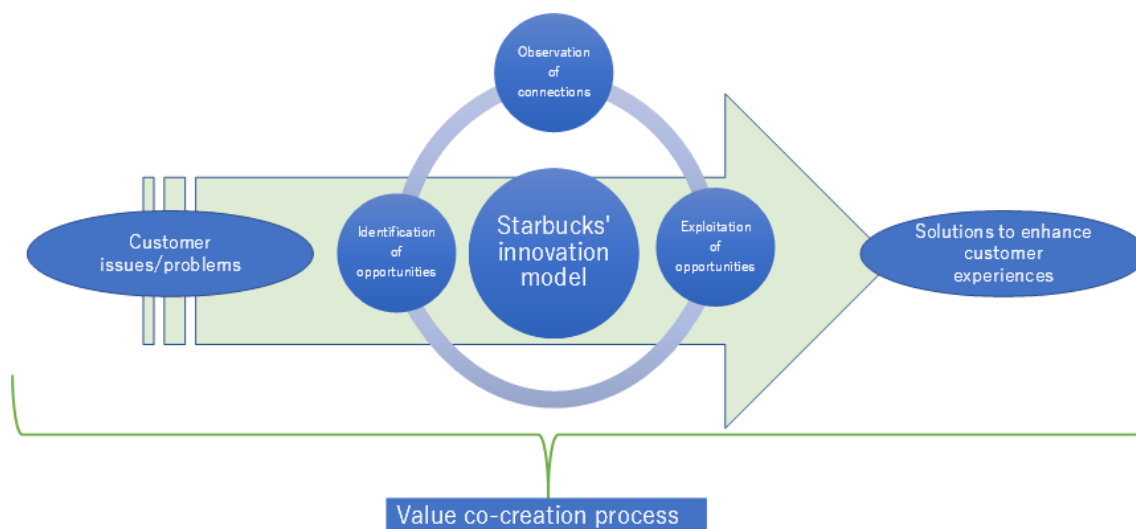


Figure 1. Basic model of Starbucks's innovation. Arranged by the authors. Adapted from Wilson and Doz (2012) and Pinto et al. (2017).

Based on the innovative strategies demonstrated in Figure 2, Starbucks's expansion in global markets has been vigorous, resulting in the Starbucks brand being globally recognised by customers. The rise of Howard Schultz, its present executive

chairman and former long-serving CEO, saw Starbucks implementing changes to its business models to drive innovation with a sustainable value creation strategy (Snell and Lemley 2017). Schultz oversaw the launch of Starbucks in Tokyo in 1996, in London in 1998 and in Mexico City in 2002. He led the firm to establish a presence in the Russian market in 2007 and in Vietnam in 2013 (Snell and Lemley 2017). In 2014, Schultz expanded the firm to Brunei in the Asia–Pacific region and Panama in 2015. Furthermore, under Schultz, Starbucks succeeded in ethically sourcing 99% of their coffee beans (Starbucks 2020). Figure 2 outlines their expansion in global markets with sustainable business strategies clearly implemented and advocated from the top.

Figure 2. A snapshot of Starbucks's expansion to specific regions under Schultz. Adapted from Snell and Lemley (2017).

3.1.2 Service innovation based on historical knowledge and experiences

As shown in Figure 2, Starbucks expanded its branding and network in the U.S. market in the 1970s, and then went global. It is evident that Starbucks first organized its situation in the United States and accumulated experience by developing strategies and marketing initiatives. In doing so, Starbucks combined its branding knowledge from three perspectives - Company, Competitor and Customer - to build a global strategies to attract global customers.

A brand is an intangible asset, such as quality, price, status, security, and the "attractiveness" or "image" of a company to its customers (So et al., 2017). Brand strategy is the policy and practice of how to develop and use the brand, such as building, maintaining, developing and expanding, and diversifying the brand. Starbucks began by

creating a new category in the U.S. market that was unprecedented for a coffee chain (Fariss, 2021). In order to create a new category, it is important to find a product or service that has no competition, to understand the needs of the customer, and to effectively promote the uniqueness and differentiation of the product or service and the story behind it. And also there have some more strengths in networking and sharing experiences and values within the network actors from collaborative aim to sustain the businesses (Azevedo et al., 2019).

Particularly in the fast-growing beverage retail and coffee shop sector in the US in the 1970s, they started by closely understanding the needs of our customers (Czinkota et al., 2021). An "untapped territory" was created in a fashionable space where customers could relax and enjoy the unprecedented taste of coffee, and this experience would be developed and rolled out in the global market as a new coffee chain from the USA. In other words, Starbucks' branding has been built around the concept of the "third place". In other words, Starbucks' branding was built around the concept of the 'third place', or to put it more correctly, the brand image created and built in Seattle became the mainstay of the company's subsequent global choices (White, 2004) ..

To achieve the concept of a third place as an original concept for the business, Starbucks differentiated itself from its competitors by offering a wide range of coffee, a non-smoking environment, relaxing sofas, a stylish atmosphere and an open terrace, and intimate customer service. This concept of a third place overturned the traditional image of coffee shops and coffee chains. It had such a huge impact that it changed the face of the industry (Thompson and Arsel, 2004). The third place model has since been adapted and revisited in the global market to suit the cultural context, national identity and values of each market, and has become a favourite of coffee consumers around the world.

This new Starbucks proposition, far removed from the so-called "traditional coffee shop" that had been filled with tobacco smoke, would go out into the world as a "new age café", with a new, special and trendy feel, refined in the American way, but with a new approach that was not only based on the accumulated experience of the US, but also it was necessary to wait for the economic and cultural maturity of the world markets as well as the experience gained in the United States. For example, it took Starbucks more than 20 years to enter the Tokyo market and create a new cafe culture in Japan. This strategy has succeeded in attracting a new customer segment, young women, that other companies had not been able to reach before (Schultz, 2012).

3.1.3 Seamless innovative strategy in the disruptive environment

According to Westland (2018), for a firm to succeed through its innovative strategy, the customers, channels and capabilities should be understood and built around that strategy. For instance, as Tsai et al. (2020) emphasised, Starbucks has been exploring the effect of their green marketing on consumers' purchasing decisions. Cantele, Moggi and Campedelli (2020) also discussed how Starbucks has successfully spread business sustainability based on innovation with the co-evolution of sustainable business models. Moreover, Shim et al. (2021) explored customers' motivations to purchase coffee at Starbucks customers' motivations to purchase coffee at Starbucks specifically during the COVID-19 pandemic.

Starbucks's innovation demonstrates its ability to solve customers' problems and satisfy their needs while generating revenue. Starbucks has been able to capture a large global market share (Westland 2018). Starbucks's capabilities through its assets, including coffee stores, and competences, including staff who are coffee experts, have allowed it to offer premium products and a superior customer experience (Gupta, Nagpal and Malik 2018). Starbucks is taking its digital and bricks-and-mortar strategy to the next level with a "new retail" initiative (Cafes, 2013; Alexander and Kent 2016; Jude and Smith, 2021).

By the end of fiscal year 2019, Starbucks have surpassed the 30,000 shop mark worldwide (Starbucks, 2020). The coffee chain now has many different types of shops, including upmarket 'Starbucks Roasteries' and smaller shops. The mobile app was released in 2009, in-app payments were introduced in 2011, and mobile pre-orders have been available since 2015. Now, Starbucks is evolving its digital and brick-and-mortar experiences by redesigning its stores, investing in tech, and reforming its loyalty program based on a tiered model (Keels, 2021).

This paper explores how Starbucks innovates in the realm of the customer experience, products and technology to link its production-to-customer demands. The focus is on these components because these are the areas in which Starbucks has created and sustained its competitive advantage across the world. By discussing and analysing these in more detail, other relevant retail outlets and stakeholders can learn the lessons provided by innovative brand champions Starbucks in the competitive global markets (Liu, 2022).

3.2 Innovation of the customer experience

3.2.1 Customer experience elements

Starbucks's customer experience evinces what Westland (2018) calls personally tailoring services to the needs of the consumers where face-to-face interaction between the consumer and the server occurs. Starbucks's customer experience is based on three elements: people, place and product. The 'people' component entails the baristas and their connection with the consumers, while 'place' entails the physical stores and localisation of the product and services, as well as how the stores are designed (Gupta, Nagpal and Malik 2018). The 'product' component includes the coffee drinks, food and merchandise, plus the welcoming atmosphere where people can enjoy quality coffee while enjoying unmatched customer service given by satisfied partners (employees) (Starbucks Corporation 2022). Figure 3 demonstrates an overview of Starbuck's basic unique customer experience elements.



Figure 3. Starbuck's basic unique customer experience elements. Adapted from Gupta, Nagpal and Malik (2018).

Starbucks focuses on creating a place where individuals can lounge with good beverages alone or with family and friends. The atmosphere of the stores is intended to be friendly, attractive and alluring, and the brand innovates to ensure that their stores

are not just a place to buy a cup of coffee but rather a place in which to experience it (Alsitrawi 2016). The design and layout, background music, length of the counter, height of the window seats, tables and décor in the stores are created innovatively to attract customers and provide a homely feel. Starbucks's unique proposition is its high-quality coffee and to provide this, Starbucks innovates in its global supply chain by working closely with growers and suppliers and enforcing strict standards to ensure that the sourced coffee is of the highest quality (Abdolshah, 2013). From this sense, it is also suggested that social responsibility strategy should be implemented to support sustainable supply chain network (Fontoura and Coelho, 2020).

3.2.2 Localisation

The other facet of 'place' involves the localisation of Starbucks's customer experience by tailoring services to the tastes and preferences of customers in the surrounding communities. According to Usunier and Lee (2009), the interaction between local consumers and highly globalised consumption items is complicated, contradictory and, at times, problematic. Starbucks combined both these concepts when encountering different cultures as it expanded globally. Starbucks achieves localisation through the innovative strategy of adaptability. Starbucks follows the concept of imported perspective described by Usunier and Lee (2009) as tailoring product offerings to the local markets and marketing settings under the standard concepts.

The firm has managed to successfully gain acceptance in diverse cultures through innovative localisation by adapting to the different tastes and preferences of the consumers in those locations. Starbucks uses cultural meaning perspective, as suggested by Usunier and Lee (2009), by providing all the information regarding the brand and their products in local languages and taking into account all cultural aspects, including colours, appearances and localising brand names to local cultures. This allows Starbucks to conform to local tastes and preferences, norms, beliefs, laws and regulations, thus making it both approachable and accessible (Gupta, Nagpal and Malik 2018). To effectively offer imported perspectives through the localisation of cultural meaning perspectives, Starbucks extensively researches the histories, cultures and tastes of local customers before entering new markets and opening stores (Wu 2017). This allows it to create menus tailored to the needs of local customers without compromising the company's signature brand of premium high-quality coffee. The evidence of

Starbucks's innovative adaptability includes its store designs in Japan, which resemble traditional Japanese teahouses, and the store layouts in China, which can accommodate conventional family and group tables (Gupta, Nagpal and Malik 2018). Starbucks changed its logo to a mermaid and made separate store layouts for male and female consumers in Saudi Arabia as per local culture. Innovate localisation has enabled Starbucks to gain local acceptance in new markets, thus enhancing its performance in different markets.

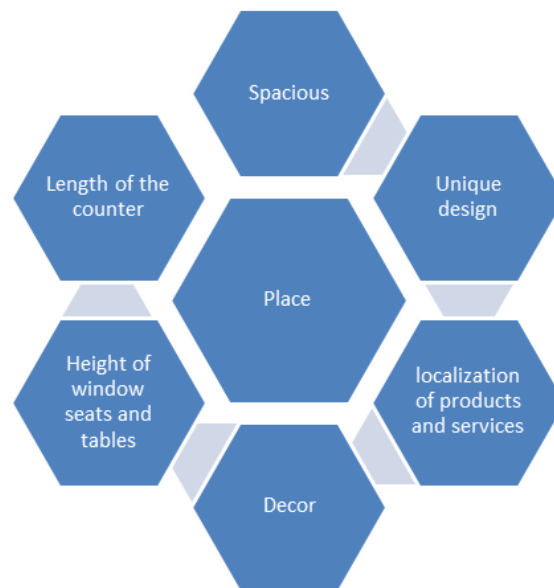


Figure 4. Components of the element of 'place' in Starbucks's unique customer experience innovation. Created by the authors from Gupta, Nagpal and Malik (2018) and Wu (2017).

3.2.3 Employees

Starbucks uses innovation in its 'people' component to guarantee that its employees (baristas) in the stores deliver the best customer experience by dedicating time to training the employees. The employees are regarded as partners in the firm, and each receives training in the technical elements of making beverages and connecting with customers so that there is a standard customer experience across the globe (Alsitrawi 2016). The company mandates the baristas to use the customers' first names during the introduction and to effectively communicate with them in order to understand the customers' requirements, including drink size, flavour and preparation procedure, by repeating the order back to the customer using the appropriate Starbucks terminology (Alsitrawi 2016). Furthermore, the employees are required to listen to the consumers,

acknowledge their complaints, take action to solve them and respond to difficult situations. As Jaikumar (2013) contends, this creates higher than average customer satisfaction and loyalty.

According to Jaikumar (2013), customer loyalty is influenced by satisfaction with how complaints are handled and the relationship between the service provider and the customer. Starbucks follows this model by using an innovative mechanism to collect consumer insights. The mechanism involves casual chats with consumers to ascertain their general sentiment, understand the consumers' in-store experiences and obtain useful feedback (Jaikumar 2013). Through this effective and innovative mechanism to understand its customers, Starbucks has managed to improve its customer orientation to become a worldwide trailblazer in the coffee retail sector. The feedback obtained is useful in allowing the firm to handle complaints and enhance the brand's relationship with its customers (Jaikumar 2013). As Tweiqat and Adaileh (2020) discussed, human resource flexibility and sustainable strategies to accumulate knowledge capital within the business body is critical especially in the disruptive and uncertain environment such as during the COV ID-19 pandemic.

Besides training, Starbucks creates partner satisfaction through the use of innovative workplace and management systems. Through these systems, employees enjoy above industry-minimum wages, health care cover, education benefits, stock options and other perks (Alsitrawi 2016). This creates a motivated and engaged workforce willing to go the extra mile for customer satisfaction. The innovation in the customer experience at Starbucks has ensured that the firm has a uniformly welcoming and friendly atmosphere whether in Tokyo or New York, London or Madrid. This has contributed to a superior customer experience, which has given the firm a competitive edge, drawn from what Westland (2018) terms as scalable and routine services. Figure 5 was developed from the discussion to demonstrate key elements of a professional and satisfied workforce in the context of innovative workplace and management systems.

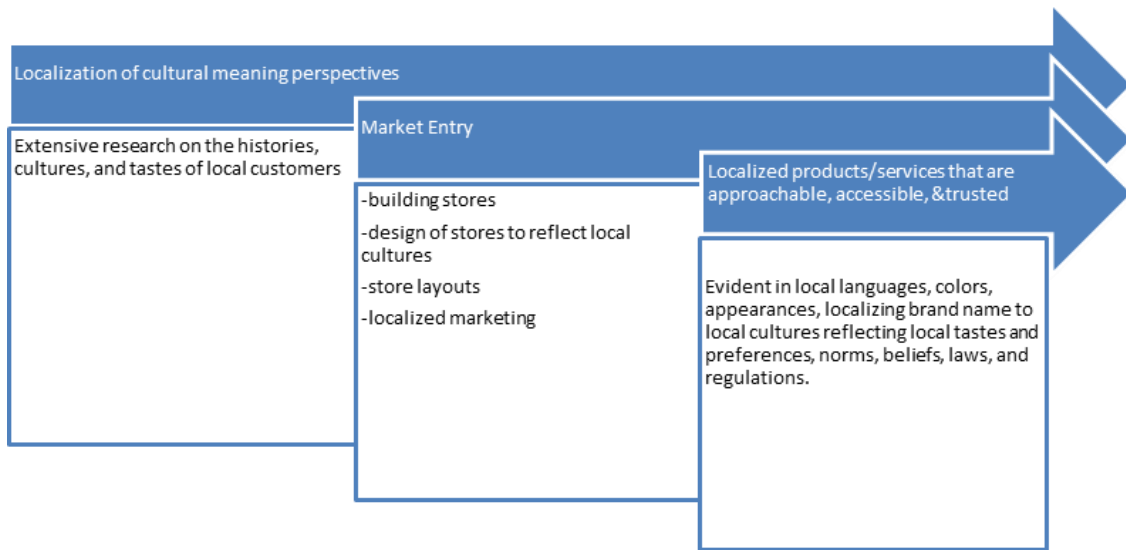


Figure 5. Starbucks innovative localisation of imported perspectives. Created by the authors from Gupta, Nagpal and Malik (2018), Wu (2017) and Alsitrawi (2016).

Overall, the study described in detail and concisely the findings on the Starbucks innovation and success story, noting from the process the permeation between customer experience and globalisation management, and historically examining how this business approach started. The massive expansion of Starbucks was fast and very well planned, and the company succeeded in becoming part of consumers' everyday lives. Over the last decade, Starbucks has ensured the sustainability of its business through its focus on customer experience and service innovation, and the study clearly suggests that Starbucks' fundamental strategic model has been on the ultimate goal to improve the customer experience.

3.3 Product innovation

3.3.1 Positioning of Starbucks's coffee and retail channels

Tidd and Bessant (2020) contend that product innovation entails the change in the products or services a company offers its consumers and can also entail repositioning how customers perceive an established product. Starbucks's product innovation is evident in its motto of 'one cup, one customer, one partner, one experience at a time',

which in practice means giving detailed attention to each customer's order (Wu 2017).

Since its foundation in the 1970s, Starbucks has been a driving force behind the Seattle-based boom, the so-called "second wave" of coffee. After an era of mass production and mass consumption, this wave was recognised as a new trend in the 1980s and late 1990s, characterised by the popularity of espresso and deep-roasted coffees, which are richer and more flavourful than the thinner coffees loved in the US. The trend also saw the emergence of a variety of coffees served with foam milk or whipped cream (Starbucks, 2020). Through innovation, Starbucks has offered customers unique limited-time offers and 'Instagram-able' menus that have captured consumers across the globe (Lemus et al. 2015; Voigt, Buliga and Michl 2017). Starbucks has a facility called Starbucks Reserve Roasteries that acts as its laboratories to develop innovations and perfect them before they are launched onto the market (Rogers 2019).

Since its start as a small-scale retail store selling whole bean coffee and equipment, Starbucks has grown to be a leading global coffee retailer, who is now also involved in conventional and speciality coffee, pastries and other food (Gupta, Nagpal and Malik 2018). Over the past seven years, the company has almost doubled its food products by introducing new innovative offerings, including sous vide egg bites, sandwiches and a *mercato* menu featuring salads and other snacks (Rogers 2019). Its products continue to penetrate grocery stores globally due to the company's constant innovation and sustainable strategies which attracts global customers (Ratten, 2022).

3.3.2 Innovation hub

Starbucks's most recently established product innovation hub is the Tryer Center. Among other things, work at the Tryer Center focuses on expanding Starbucks's drinks range for its 30,000 outlets worldwide, which serve 100 million consumers on a weekly basis (Lucas 2019). In this facility, Starbucks's employees test out their new combinations for cold drinks. Since the launch of the facility in 2019, 133 unique drinks have been tested and about 40 of them have been launched in the market (Lucas 2019). The company's employees submit their ideas via Springboard where collaboration and innovation can be undertaken.

Starbucks's Tryer Center uses a unique mapping innovation space, similar to

that proposed by Tidd and Bessant (2020). Its employees swiftly develop prototypes through 3D printing so that news brews can be created in about two minutes. Product innovation is important for Starbucks to constantly reposition itself in the market by establishing new types of stores (Rogers 2019). Mifli, & Ayub (2023) emphasised the structured approach in the product innovation of Starbucks casts a useful guideline for other beverage businesses who seek sustainable strategies in global markets.

3.4 Starbucks's innovation strategy to enhance customer experiences

3.4.1 Technological innovation

Technological innovation entails being an early adopter of new technology and identifying commercially relevant applications of new technologies to maintain and enhance competitiveness. According to Ertürk (2009), innovations in technology determine a company's global competitiveness. Starbucks's history is rife with significant technological innovations. For instance, in 1998, the company was among the first to have a website; in 2002, it became the first coffee retail chain to offer in-store Wi-Fi to its customers; and it established a social media presence as early as 2008 (Starbucks 2020). Currently, while other firms are creating mobile payment platforms and facing challenges in starting loyalty programmes, 11% of Starbucks's sales come from mobile payments, and about 15 million consumers in its Rewards loyalty programme account for 37% of its US sales (Lucas 2019). Figure 6 demonstrates a strategical brand building process of Starbucks following the three steps.

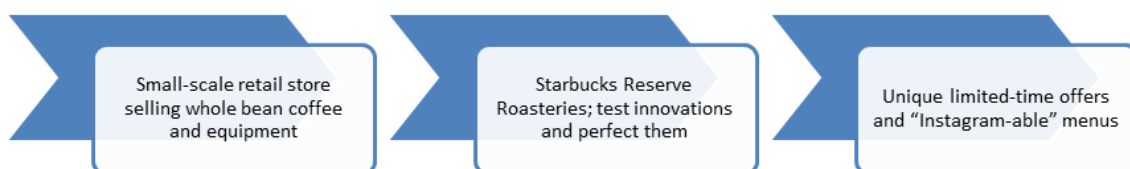


Figure 6. Evolution of the Starbucks brand (Adapted from Lemus et al. (2015) and Voigt, Buliga and Michl (2017)).

3.4.2 The coffee shop as the third place

The focus of Starbucks' technological innovations is strengthening customer relations and enhancing the customer experience (Ertürk 2009). Through its mobile marketing technology, Starbucks has embraced digital innovations where customers can use the Starbucks app to make payments, tip baristas and earn rewards. Aside from the QR code system and coupon downloads, Starbucks has invested in artificial intelligence that allows customers to place orders easily through the app (Lemus et al. 2015).

Technological innovations have increased customer engagement and subsequently enhanced Starbucks' competitiveness and profitability (Figure 7).



Figure 7. Innovations in a nutshell. Created by the authors based on Starbucks (2020).

As Figure 7 demonstrates, Starbucks has successfully created new value as the third place for customers who visit the shops, stay and enjoy their time with friends and families there. Starbucks shops are no longer the retail front line but a public living room for consumers to visit, stay and relax (Menon et al. 2018; Sandiford 2019). Menon et al. (2018) and Joo (2018) also emphasised the beneficial impact of third-party interaction involving customers and employees to enhance a jovial atmosphere and customer loyalty.

3.5 Overall findings and discussion

The human factor plays an important role in Starbucks' success in the global market. Employees are positioned as partners in the company and are required to use customers' first names for effective communication with them in the shops: Customer loyalty is built on the customer's satisfaction with the insights of the shop's staff and their timely and accurate handling of complaints. And as Ringer (2007) suggested it was also based on one critical factor to manage good organisational culture with critical thinking, and leadership to achieve shared value and aim of the businesses. The attributes of the coffee product and the degree of service quality also play an important role to attract customers. The line of product innovation, including service and its processes, starts with the sale of the coffee beans and now includes the coffee and the food that attracts people to taste it, as well as the atmosphere of the place, the servicescape and its attractions as third place (Saey and Foss, 2016).

Furthermore, innovation and the implementation of technology have made a significant contribution. As already mentioned, Starbucks has successfully combined physical shops and digital channels to create a new-retail model, improving customer convenience and significantly increasing the efficiency and quality of service. Starbucks was the first company to launch a website, and its use of mobile marketing technologies such as card payments and QR codes to increase the proportion of fixed customers and profits is another example of an enterprising and successful digital scheme embedded in a traditional business model (Tanner et al., 2019). Based on the analysis, Figure 8 is developed as a conceptual model for further research for the innovative enterprise in the beverage sector.

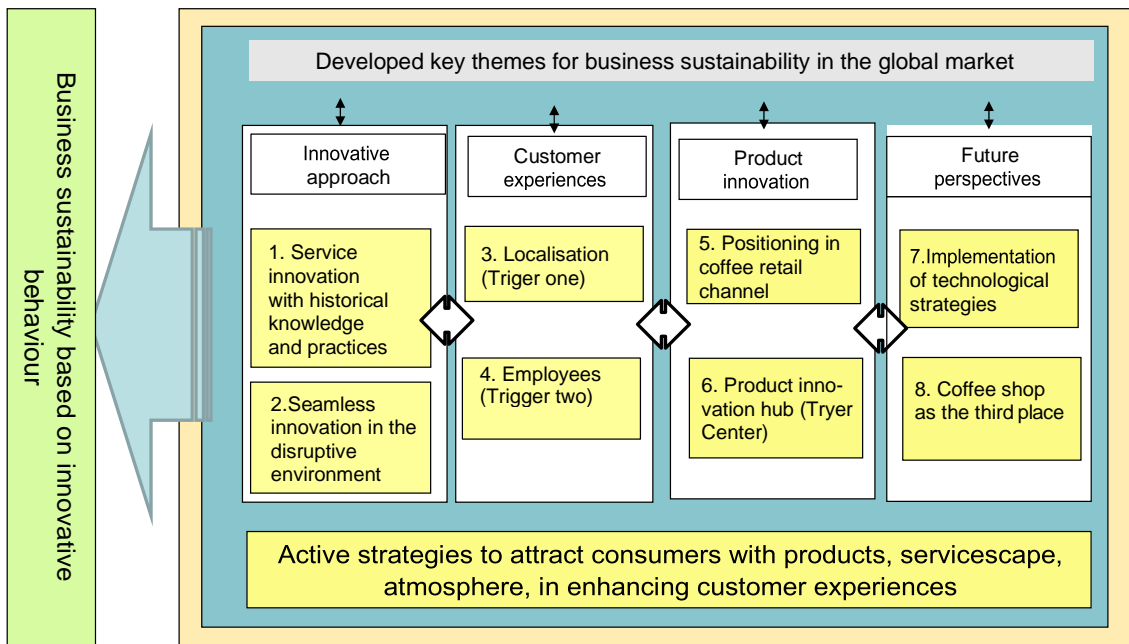


Figure 8 Developed key themes and agenda for the beverage business sector
(Assorted by the authors)

4. Conclusion

4.1 Summary of implications

Globalisation has facilitated the expansion of firms beyond domestic markets as competition has been redefined by the massive interconnectedness of the markets. Starbucks, an American multinational, is often regarded as a success story of globalisation through business innovation. Starbucks prides itself on transforming how Americans and people around the world drink coffee. Starbucks's global expansion has been rapid and strategic, and the company holds an enviable position among innovative firms because of its ability to observe connections and identify and exploit opportunities. Starbucks's global expansion is described as both rapid and strategic, due to its focus on innovation the firm understands its customers, channels and capabilities and innovates around these elements of its business.

First, regarding the innovation of the customer experience, Starbucks offers its customers personally tailored services by enhancing the interaction between the customer and the barista. Starbucks's customer experience is based on three elements:

people, place and product. To offer its unique selling point of an enhanced customer experience, Starbucks has to constantly innovate. This involves focusing on creating a place where individuals can experience good beverages with friends in an ambient setting. Starbucks positions itself as a premium high-quality coffee retailer, a position which requires innovation to accomplish. This is attained by Starbucks's innovation in its global supply chain, whereby the brand works closely with growers and suppliers and enforces strict ethical standards to ensure that their sourced coffee is of the highest quality. The baristas receive high-quality training to allow them to meet customers' requirements and offer scalable and routine services that give the firm a competitive edge.

Also, as a part of Starbucks's customer experience, this paper evaluated Starbucks's localisation innovation and established that Starbucks's expansion to international markets has been through imported perspectives as different cultures are encountered. Starbucks achieves localisation through the innovative strategy of adaptability following the concept of imported perspective for tailoring product offerings to local markets and marketing settings under the standard concepts. The firm has successfully been accepted in diverse cultures through innovative localisation by adapting to the different tastes and preferences of the local consumers by using a cultural meaning perspective. The firm provides all the information about the brand and its products in local languages and takes into account all cultural aspects.

Second, Starbucks's product innovation is evident in its principle that mandates giving detailed attention to each customer's product. Consequently, the brand's name has become synonymous with coffee. Starbucks's product innovation is delivered through its research and development facilities, such as Starbucks Reserve Roasteries, where ideas are developed and perfected before being launched onto the market. Within the last seven years, the firm has almost doubled its offerings by introducing new innovative products. The most recent product innovation hub Starbucks established is the Tryer Center, which uses crowdsourcing technology to expand its beverage platform to serve its 100 million customers per week. Starbucks's product innovation allows it to sustain and penetrate markets swiftly, connect with customers, seize opportunities and maintain a competitive edge.

Lastly, the overall discussion of Starbucks's innovation strategy highlighted the fact that its history is rife with significant technological innovations, evident from its website, in-store Wi-Fi, social media presence, mobile payment option and loyalty

programmes. Starbucks's technological innovations strengthen customer relations and enhancing the customer experience. Essentially, this aspect has increased the company's customer engagement and subsequently enhanced Starbucks's competitiveness and profitability. In so doing, Figure 8 summarises the research outcome for further discussion in the field of the innovative beverage sector.

4.2 Limitations

This paper evaluated how Starbucks conducts its global innovation management by assessing its innovation in customer experience, their products and business strategies based on implementing technologies within their business model. The discussion developed in this paper has revealed the importance of global innovation management as this allows Starbucks to remain competitive and sustain business in disruptive environments.

Based on the exploratory discussion presented in this paper, more detailed discussions are required, perhaps featuring empirical analyses using primary datasets to generalise the key points developed in this study. In doing so, the practical measurements for constructs of the key factors proposed in figures four, five and six would be validated, which will contribute to further discussion in the retail service sector.

4.3 Recommendations

In this paper, we have used desk research methodology to evaluate how Starbucks conducts global innovation management in its business strategy based on the introduction of technology into its customer experience, products and business model. In the future, it is necessary to elaborate the discussion through a more detailed empirical analysis of how the framework and key themes for consideration presented in this study have impacted on the actual business performance of Starbucks.

Opportunities for future research include understanding the quantitative outcomes of the implementation of the innovation measures based on various published economic indicators and publicly available management data on business performance, as well as listening to the opinions of stakeholders in the Starbucks business to critically examine the outputs of this research.

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