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Business Models

Starbucks originated in Seattle and its specialty is coffee. The organization has more than 16,000 outlets worldwide along with new outlets running in everywhere. Starbucks is mainly involved in the sales of cold and hot beverages, with food and accessories. To keep up with the competitors Starbucks is always making efforts.

Starbucks is as an example of a pure-play organization. Pure play refers to an organization that is focused on one industry or product. Starbucks business is categorized as pure-play because it is focused on selling coffee. It belongs to B2B and B2C e.g. if a customer buys a starbuck’s coffee from an outlet using a card is called electronic B2C transaction, however, Starbucks purchasing the raw coffee from the dealers is a B2B operation.

Through business models, the business delivers and creates value to clients. Significantly, it also sketches out the revenues, prices, and costs that can allow the business to earn a profit if it goes well (Chen). Starbucks practices different corporate models. It owns an online store where different products are purchased. The business model Starbucks uses is Advertising model. Advertising model delivers a blend of ads and content. This is very operative when there is more traffic e.g. online newspaper. The organization practices this model and displays ads online. A unified culture is a chief asset of the Starbucks business model.  Nevertheless, the foundation their strength is morals and simplicity. Another strong pillar of the organization’s business model is their supply chain. In the past few years, the company has made this pillar stronger because of the dedication on quality, ethics environmental practices.

 A revenue model defines the structure of how an organization creates its revenue.

Community, Subscription and the Brokerage models, are the organization’s revenue models. The community model success depends on online communities. Through the community model, the businesses make money by giving leverage to product sales, advertisements, or sometimes members of the community make substantial donations. Starbucks uses this revenue model as it charges people from connecting with its community where the best advice is provided linked to its product. With the subscription model, fee is charged from the clients for the services they provide e.g.: AOL, the model used by the organization charges a certain fee for recharging its card and giving the Wi-Fi access (Leih, Greg, and David). The next brokerage model brings the purchasers and venders together at one stage and a fee is charged for the transactions made. The total revenues in 2017 exceeded $22 billion compared to $14 billion in 2013. 79% of sales came from company-operated stores.

It is necessary to highlight that though the company-operated outlets consume more [gross margins](https://fourweekmba.com/financial-ratio-formulas/), they partake a lower [functioning margin](https://fourweekmba.com/financial-ratio-formulas/) as compared to licensed stores (Boulton, et.al). The organization can make a great influence through an enhanced blend of licensed stores and company owned. Fund-raising campaigns can be sponsored online to make a difference in the company’s web presence. It can include also community requirements and spread awareness. It keeps a track of the developments and all the concerns and employees who need attention. Starbucks is undoubtedly an organization that is leading around the globe. The organization however uses very simple strategy, that is “connecting links between treating employees with dignity and respect and producing good services and products strategies” which has helped it making its mark.

Works Cited

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