Starbucks Report on Reusable Cups

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**Introduction**

Starbucks Corporation is America leading Coffee maker firm and it was founded in 1971 and since then it has expanded its operations to several countries. Starbucks has expanded its operations and it utilizes several inventories (Geereddy, 2017). Therefore, the company is concern on price of cups and would consider implementing a strategy to ensure that it reduces its spending on cups. This report therefore, provides analysis of prices and offer being offered by two companies, it provide recommendation on what should be done be done to reduce the amount being spent on cups.

**Finding and conclusion**

The analysis established that the Reuse-A-Cup will charge $1,199.00 for the supply for 289,300 which Starbucks needs for the entire. Reuse-Cup is charging Starbucks $800 for cups ordered it does not matter how many cups. It also charges 399 for shipping and therefore, the total for cost for purchasing cups from Reuse Cup will be $1,199. However, the StarCups chares $0.41for every cup purchase. It is therefore, means that it charges $121,506.00 for the supply of cups to Starbuck. However, Starbucks will have to pay wages of $52 for the production of cups. However, it will Re-use charges $ 121,506.00 for the supply of cups (Nekrassovski, 2017). It will therefore, caused Starbucks $121,558 to produce cups in-house for its use. As illustrated on the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| StarCups  |  |  |  |
|  |  | **unit price**  | **Amount**  |
| Starbucks demand | 289300 | 0.42 |  $ 121,506.00  |
| Wages  | 2 | 26 |  $ 52.00  |
| **Total cost for cups**  |  |  |  **$ 121,558.00**  |

It is also evident that ordering fixed quantity from Reuse Cup would be cheaper. Reuse Cup charge 800 and $399 for shopping, which means the Starbuck will spend only $1,199. But ordering the Cup based on per order from Reuse will means that Starbucks will $76000 per year on cups.

|  |  |  |  |
| --- | --- | --- | --- |
| Starbucks  |  |  | 289,300 |
|  |  |  |  |
| StarCups  |  |  |  |
|  |  | **unit price**  | **Amount**  |
| Starbucks demand | 289300 | 0.42 |  $ 121,506.00  |
| Wages  | 2 | 26 |  $ 52.00  |
| Total cost for cups  |  |  |  $ 121,558.00  |
|  |  |  |  |
| Shipping  |  |  |  $ 399.00  |
|  |  |  |  $ 122,009.00  |
|  |  |  |  |
| StarCups |  |  |  |
|  |  |  |  |
| charges per cup |  |  |  $ 0.42  |
| needed cups  | 289300 |  |  |
| charges per cup |  |  |  $ 121,506.00  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Recommendation**

It will be recommended for the Starbucks to purchase cups from Reuse-Cup instead of StarCups. This is because the cost of purchasing cups from Reuse-Cup is affordable and cheap compared to cost which are being offered by StarCup. Starbucks should consider ordering cups on quantity basis per year to get a discount being provided by Reuse. It is important for the company to consider the cost of storage of cups and spoilage which the company has been experiencing. It is also important for the company to consider reducing expense especially on taxes which Starbucks pays when the cups are produced from Starbucks. It is therefore, evident that the company’s overhead will reduce when cups are purchased from Reuse-Cup companies. However, Starbucks can go eco-friendly by ordering for disposable cups made of eco friendly materials.

# Bibliography

Geereddy, N. (2017). Strategic Analysis Of Starbucks Corporation. *https://scholar.harvard.edu/files/nithingeereddy/files/starbucks\_case\_analysis.pdf* , 2-34.

Nekrassovski, O. (2017). Starbucks Coffee Company: A Strategic Analysis. *https://www.researchgate.net/publication/309351808\_Starbucks\_Coffee\_Company\_A\_Strategic\_Analysis* , 2-35.