

THE IMPORTANCE OF QUALITY AND QUALITY STRATEGIES FOR GROWING COMPETITIVENESS IN THE MARKET

Anca MADAR¹

Abstract: *Satisfying customer requirements is the central objective of any organization. In order to achieve this objective, each organization must take certain measures in order to face competition. Quality strategies are a valuable tool that, chosen in accordance with the objectives and possibilities of the organization, can lead to the achievement of higher quality products / services and at the same time to an increase in efficiency by reducing the expenses with non-quality. The present paper aims to analyse the quality strategies implemented by one of the cafes known worldwide, strategies that propelled this organization in the first place in the field.*

Key words: *quality, quality strategies, competitiveness, customer satisfaction*

1. Introduction

The concept of Total Quality Management defines a management philosophy characterized by the incorporation of quality throughout the organization, in order to satisfy the requirements of customers and other stakeholders. The "total" attribute associated with the quality suggests the broad significance attributed to quality, both in terms of the scope and the objectives pursued.

Juran J.M. defines it as the assembly of the activities of the general management function that determines the quality policy, objectives, and responsibilities within the quality system (Juran, 2000). Kelada J. defines quality management as: a set of activities carried out in order to achieve some objectives, through the optimal use of resources (Kèlada, 1990).

In accordance with the international standards ISO 9000, quality management is the set of activities of the general management function that determines the quality policy, objectives, and responsibilities, to implement them within the quality system through specific means such as: quality planning, quality control, assurance quality, and quality improvement (Rondeli, Cojocaru 2004).

¹ *Transilvania* University of Braşov, ancamadar@unitbv.ro

The total quality is associated with the success of the organization's business in a competitive environment; the term expressing synthetically the performances of the organization, considering both its external and internal environment, and Total Quality Management (TQM) is synonymous with performance management, oriented towards efficiency (Popescu, Paleriu, 2002).

The management systems are composed of requirements related to each other, so as to fulfil a given objective, which is related to the function of the management system (Couto da Silva, Amaral 2019).

Quality is the main means of differentiating the way of customer satisfaction. Studies on strategic quality planning have come to the conclusion that organizations that offer high quality regard quality offensively as a competitive advantage, while organizations that offer lower quality treat it defensively (Ilies, 2003).

2. Literature Review

The interest for quality is old, but the first systematic actions began to manifest in the middle of the last century, when companies from different fields of activity incorporated quality systems into their own activity and imposed quality norms on those who supplied them with raw materials and components. The existence of different norms and the efforts made by the companies to verify the fulfilment of the requirements have become barriers to the transactions, becoming necessary to introduce common standards regarding the quality assurance. The International Organization for Standardization (ISO) published in 1987 the first version of the ISO 9000 series of standards - standards for quality systems (Popescu, 2010).

In any industry, customer satisfaction is directly proportional to the quality of the services and products it receives (Neacşu A., 2017). Any company aims to produce and sell as many products as possible, to enter as many markets as possible and thus to make the maximum profit. This can be achieved by satisfying customer requirements and delivering quality products. The superior quality of the products or services offered by the economic agents is basic criteria for obtaining the customers' satisfaction and the profitability of the companies.

By implementing a quality management system, the management of the company aims to: satisfy the requirements of the beneficiaries and of some social needs; establishing the quality level according to the conditions imposed by market requirements and competitiveness; integrating quality into the company's mission and its objectives; changing the mentality of the personnel regarding the total quality assurance, processes, products, and human resources behaviour.

The objective of the quality management system is to improve the performance of enterprises (organizations) by designing, producing, and delivering products with a high quality level.

Ensuring the success of the quality management system implementation in an organization consists in overcoming or avoiding the "barrier" of the organizational culture, through the role that the employees will have to fulfil in this whole process.

Seven stages of quality management system implementation were identified and established, as follows:

1. Obtaining the commitment for change by organizing the management team - the diagnostic analysis is performed on the imposed changes;
2. Vision and mission development - helps define the new strategy, roles, and responsibilities;
3. Decomposing the mission into critical success factors - identifying the factors to achieve the mission through brainstorming;
4. Defining the key performance indicators - the collected data is processed and analysed;
5. Identification of the basic processes - institutionalization of the mission after the change;
6. Decomposing the basic processes into sub-processes, activities and tasks and forming improvement teams - process analysis and elaboration of performance indicators;
7. Integration of employees and processes by carrying out the policy or the process of transforming the objectives - understanding the accomplishment of the mission (Dygert, Jacobs, 2006).

The advantages of implementing the quality management system are obvious to the customers, but also to the organization that provides them (Ord, 2018):

- helps leadership – the approach ensures the business is aligned, well-rounded, and sets goals for monitoring and evaluating performance.
- promotes a customer-led business - plays a central role in keeping the customer satisfied by specifying what one's business needs to do to deliver the products and services fit for purpose.
- improves company culture – Quality defines the primary goal of everyone in the organisation as meeting the needs of customers and sets of processes, policies and procedures which constitute operational planning and decision making.
- improves the bottom line - will encourage all employees to systematically address risks and opportunities.
- ensures new innovations are managed - Only by continually updating products, diversification, and broadening the range can companies accelerate growth
- helps one understand why things aren't going well - If one's business experiences symptoms of decline, such as falling profitability, eroding market share and deteriorating liquidity, the quality management system can help treat the cause.

Applying quality management principles not only provides direct benefits, but also makes an important contribution to cost and risk management.

To et al. (2012) showed that organizations implementing integrated quality management systems had better corporate, quality and marketing performance than companies that only worked with ISO 9001.

3. About the Company

Starbucks is the world's most renowned company in this market. Starbucks's activity is

"Bars and other beverage services" with CAEN code 5630 and "Retail sale of bread, pastry and sugary products in specialty stores", CAEN code 4724.

It entered the Romanian market in 2007 as a result of a joint venture with its European partner, the Greek group Marinopoulos. Today, Starbucks Romania operates through the international restaurant developer AmRest, which includes several international brands, including KFC, Pizza Hut, Burger King, La Tagliatella, and Starbucks.

In recent years, in Romania, the market for prepared coffee has changed dramatically through the emergence of specialty coffee roasters and coffee shops. Customers have migrated to these locations due to the diverse supply of coffee and the professionalism of those who prepare it.

In our country, hundreds of coffee shops and artisan toasters have recently opened up, raising the standard of preparation and giving the consumer a new perspective on coffee consumption, especially with regard to the freshly prepared product. These locations offer homemade coffee, with clear descriptions, both in terms of the regions of origin of the coffee varieties used, as well as their taste and aroma characteristics.

The leader of the coffee market in Romania is the American Starbucks group, which has come into the franchise system. Starbucks had 47 units in 2018 (Neagoe, 2019) and a 2% share in the local market for bars and cafes. Starbucks led the fragmented channel / cafe channel in value terms in 2018 and added new outlets this year, while its new management announced its plans to double its network over the forecast period (Euromonitor 2019).

The Romanian coffee market, of which there is little statistical data, is dominated by several international names - Starbucks, McCafe (McDonald's coffee division), Tucano - all coming into the franchise system, and a number of entrepreneurial businesses. In this segment more and more land is gained by Romanian entrepreneurs who have developed chains of cafes that feature a few hundred units. Some examples of these are 5 to Go and Ted's Coffee Co (Roşca, 2018).

The evolution of the company's economic indicators for the period 2014-2018 was as follows (Table 1):

Table 1

Economic indicators for the period 2014-2018 (lei)

Indicators	2014	2015	2016	2017	2018
Turnover	36.137.057	55.267.588	76.512.073	101.329.683	122.017.442
Total income	37.739.003	57.463.619	76.907.508	101.713.592	122.727.346
Total expenses	30.398.967	57.854.786	62.540.486	85.720.367	107.687.280
Net profit	6.554.822	0	12.072.887	15.566.321	13.329.278
Net loss	0	-1.830.489	0	0	0
Number of employees	-	- 196	206	362	460

Source: <http://www.mfinante.ro/infocodfiscal.html>

Analysing the data from table 1 we can observe that the turnover increased from 36,137,057 lei in 2014 to 122,017,442 lei in 2018, i.e. an increase of 237.6%. The highest growth was registered in 2017 compared to 2016, from 76,512,073 lei to 101,329,683 lei, i.e. an increase by 32.4%.

The net profit increased during the analysed period, from 6,554,822 lei in 2014 to 13,329,278 lei in 2018, i.e. an increase of 103.35%. It is noted that the highest growth is registered in 2016 compared to 2015, from -1,860,489 lei to 12,072,887 lei. Also, one can observe that the company recorded a net loss in 2015 in the amount of 1,830,489 lei as against a profit of 6,554,822 in 2014.

There is a zonal differentiation in consumer behaviour, which is closely related to the purchasing power of customers. In Romania, coffee is bought by everyone who goes to the malls and after a shopping session relaxes at a cafe, but also by the people who work in the mall.

Starbucks offers coffee lovers a select range of coffee (arabica) from around the world: 50% from Latin America, 35% from Asia-Pacific and 15% from Africa.

In Romania, the coffee market has experienced a significant growth. Competition is becoming stronger for every cafe. Starbucks Cafe has competitors as large and with different products (McCafe, Ted's coffee Co, Tucano, 5 TO GO).

4. Quality Strategies Implemented by Starbucks

Starbucks has always preferred to deliver extreme quality in all aspects. They worked directly with the best growers to purchase high quality coffee beans, they applied the highest standards of excellence to the roasting and preparation of the beans, and provided consistent service experience for all customers by well-educated employees, called "baristas". The taste of coffee remains the same due to standardized processes and quality control and management concentration. The overall goal is to ensure customer satisfaction and to continuously improve all aspects of the business.

To achieve this, an integrated management system has been implemented to meet the requirements of ISO 9001: 2015, which specifies the general requirements for the development, implementation, and improvement of quality management systems, in order to meet customer requirements and ISO 22000: 2005. / HACCP, focused on the certification of food safety management systems - Hazards Analysis at Critical Control Points (HACCP).

The quality policy aims at the following objectives:

- Full satisfaction of the requirements specified by the client and concern for exceeding his expectations.
- Continuous improvement of the efficiency of the Quality Management System and the quality of the products.
- Optimizing the costs of quality by focusing on the costs of prevention and evaluation.
- Carrying out an efficient economic activity that offers quality products at competitive prices.
- Awareness of all staff regarding the need to produce quality.

- Assume responsibility for all processes, including for those outsourced.

Starbucks uses different quality strategies designed to increase customer satisfaction and trust.

One of the quality strategies used by Starbucks coffee chains is *diversification*. Starbucks offers its customers a rich assortment of coffee and a wide range of preparations, soft drinks, desserts, coffee beans, but also cups and thermos.

- Coffee beans: a variety of types of coffee at 250g, least fried, medium fried or intensely fried.
- Teavana teas: three types of cold tea, hibiscus tea, green tea or black tea. They can be served in combination with lemonade thus obtaining a very good refreshing drink. Starbucks also sells whole-leaf hot tea: hibiscus, pineapple, green, black, mint, and chamomile tea.
- Cups and thermos
- Cakes and pastries

The strategy of *continuous improvement* envisages a gradual, continuous improvement of the quality of products and services, as well as of productivity and competitiveness, with the participation of all staff. Starbucks coffee applies this strategy by focusing on the product, offering Arabica coffee, of the highest quality and getting involved in the production of coffee through direct support granted to farmers (Madar, 2018), to the process (using the newest and most efficient appliances for coffee roasting and preparation) and to employees, ensuring their qualification and continuous training.

Starbucks offers coffee lovers a select range of 100% Arabica coffee from three regions; Latin America, Africa, and Asia-Pacific. Starbucks also has its own 240-hectare farm in Costa Rica, where it grows its coffee beans (Madar, 2018). Also, 99% of the coffee purchased by Starbucks worldwide is verified in accordance with Coffee and Farmer Equity practices, practices that have helped farmers improve their environmental performance, keeping in mind the impact of climate change over more than 15 years (<https://www.horecainsight.ro>).

Starbucks uses high quality machines to make different types of coffee such as:

- The High Performance Espresso Machine Owner, manufactured by Thermoplan AG, a Swiss company based in Weggis, Switzerland. It is an automatic machine equipped with a computerized menu, which makes "latte" and "cappuccino" preparations easy and quick to prepare by the barista.
- Clover Coffee Maker, which produces a single cup of coffee. Starbucks purchased this appliance from Coffee Equipment Company. They now have exclusive rights to Clover and will be used exclusively by Starbucks. It features the innovative Vacuum-Press™ technology, which has exact control of the water temperature and exact brewing time to make a perfect cup of coffee.

Baristas are trained with a lot of practice, with textbooks, books, and brochures to perfect their mixes. Starbucks has a program called "The Basic Barista Training Program," which provides high-quality training for newly hired baristas to learn about things in the process of brewing coffee and equipping them with the specific skills and knowledge. This program trains baristas to acquire soft skills so that they can provide high quality services to their clients.

5. Conclusions

Starbucks is the leader of the coffee chains in Romania. Despite several market threats, Starbucks still has the most effective quality strategies among all coffee companies. This can be seen in the company's profits that are constantly growing, the special taste of the coffees and the quality systems that bring more recognition to Starbucks.

The success of Starbucks in the market reflects how the company primarily addresses customer requirements and the desire to satisfy them at the highest level. For this, Starbucks comes up with innovative ideas for expanding its product portfolio.

Because a good quality of the coffee assortments sold cannot be achieved without high quality technology and staff, Starbucks uses the latest and best coffee roasting and brewing equipment and is involved in improving the skills of the staff by offering different courses through which they can improve their performance in the preparation of different types of coffee, but also for better customer service.

Finally, yet importantly, the company plans to improve performance by implementing an integrated quality system based on international standards ISO 9001: 2015 and ISO 22000: 2005.

The evolution of the financial indicators analysed in table 1 shows that over the period analysed the two quality strategies implemented have given concrete results in the increase of the revenues and the profit, determined by the increase of sales but also of the number of customers.

References

- Brătucu, G., Băltescu, C., Neacșu, N., Boșcor, D., Țierean, O., & Madar, A., 2017. Approaching the sustainable development practices in mountain tourism in the romanian carpathians. *Sustainability*, 9 (11), p. 2051.
- Couto da Silva, S. L., Amaral, F. G., 2019. Critical factors of success and barriers to the implementation of occupational health and safety management systems: A systematic review of literature. *Safety Science*, 117, pp. 123–132.
- Dygert, C.B., Jacobs, R. A., 2006. *Managementul Culturii Organizationale. Pași spre success*. Bucharest: Polirom Publishing House.
- Euromonitor 2019. *Cafés/Bars in Romania* [online]. Available at: <<https://www.euromonitor.com/cafes-bars-in-romania/report>>, [Accessed 11 March 2020].
- Ilies, L., 2003. *Managementul calității totale*. Cluj-Napoca: Dacia Publishing House.
- Juran, J.M., 2000. *Planificarea calității*. București: Teora Publishing House.
- Kèlada, J., 1990. *La gèstion integrale de la qualité. Pour une qualité totale*. Quebec: Edition Quafec.
- Madar, A., 2018. How Do European Café Chains Managers Handle Competition? *International Journal of Business and Economic Affairs (IJBEA)* 3(4), pp. 178-184.
- Madar, A., Neacșu, N.A., 2014. *Quality management for products and services*. Germany: Lambert Academic Publishing.

- Neacşu, A., 2017. The role of consumer protection in ensuring quality in the hotel services market. *Bulletin of the Transilvania University of Braşov, Series V, Vol. 10 (59), No. 2, 2017*, pp. 35-42
- Neagoe, O., 2019. *Starbucks și românii*, [online]. Available at: <<https://www.revistabiz.ro/starbucks-si-romanii/>>, [Accessed 11 March 2020].
- Ord, M., 2018. *Why a quality management system? The benefits and mistakes to avoid when implementing a quality management system* [online]. Available at: <<https://quality.eqms.co.uk/blog/why-a-quality-management-system-the-benefits-of-a-quality-management-system>>, [Accessed 11 March 2020].
- Popescu, M., 2010. *Managementul calității*. Braşov: Transilvania University Press of Brasov.
- Popescu, M., Paleriu, E., 2002. *Managementul calității*. Brasov: Infomarket Publishing House.
- Pringle, H., Field, P., 2011. *Strategii pentru brandingul de success*. Iași: Polirom Publishing House.
- Rondelli, V., Cojocaru, S., 2004. *Managementul calității serviciilor din turism și industria ospitalității*. București: THR-CG Publishing House.
- Roșca, C., 2018. *Afacerile antreprenoriale câștigă teren pe o piață a cafelelor care nu a reușit încă să atragă multe din numele internaționale* [online]. Available at: <<https://www.zf.ro/companii/afacerile-antreprenoriale-castiga-teren-pe-o-piata-a-cafelelor-care-nu-a-reusit-inca-sa-atraga-multe-din-numele-internationale-17656432>>, [Accessed 11 March 2020].
- Starbucks a adus oamenii împreună de Ziua Cafelei, 2019* [online]. Available at: <<https://www.horecainsight.ro/starbucks-a-adus-oamenii-impreama-de-ziua-cafelei/>>, [Accessed 11 March 2020].
- To, W., Lee, P.K., Billy, T., 2012. Benefits of implementing management system standards: a case study of certified companies in the Pearl River Delta, China. *Total Quality Management Journal*, 24, pp. 17-28.
- www.mfinante.ro/infocodfiscal.html