SWOT Analyst

**Strengths**

* Strong brand image
* Strong financial performance
* Acquisitions
* Strong international supply chain
* Moderate diversification
* Employee treatment

Starbucks Corporation is the strongest and most popular brand in the industry. They continue to have a stable financial position in the market and have increased their stores from 1,886 to 29,324 between 1998 and 2018. They have a strong global network of suppliers and have acquired six companies that have proven to be successful acquisitions for Starbucks. They treat their employees very well which results in happy employees who serve their customers well. They have secured their spot consistently as one of Fortune’s 100 Top Places to Work.

**Weaknesses**

* High prices
* European tax avoidance
* Imitability of products

Starbucks is heavily dependent on their key ingredient, coffee beans, which leaves them susceptible to price fluctuations of coffee beans. This puts pressure on Starbucks to diversify its product range to help reduce the risks associated with this dependence. Due to its position in the premium to middle tiers of the market, Starbuck’s products are often outside the budget of many working consumers who prefer McDonald’s or Dunkin Donuts coffee. This also puts pressure on Starbucks to diversify its product in order to compete with McDonald’s in the breakfast segment which is rapidly growing.

**Opportunities**

* Expansion into developing markets
* Business diversification
* Partnerships with other firms

Starbucks has an opportunity to expand its supplier network and the range of suppliers with whom they receive their coffee beans. This would help the company become less sensitive to the price of coffee beans. This also helps reduce supply chain risks. Starbucks has the opportunity to expand into emerging markets such as China and India, with the potential to snag one billion new consumers. Starbucks also has the potential to expand its product offerings to take on full beverage and food retailers like McDonalds. This would create new business opportunities for the company.

**Threats**

* Competition with low-cost coffee sellers
* Competition with big outlets (Dunkin Donuts, McDonalds)
* Imitation

Starbucks faces threats from the rising cost of coffee beans. Another threat to its profitability is the rising price of dairy products. The company faces numerous trademark and copyright infringements from rivals who seek to piggyback on Starbuck’s success. The company faces intense rivalry among local coffeehouses. Starbucks will need to focus on expanding into emerging markets since its developed markets are saturated and the ongoing recession has made it tough on many retailers.

**Recommendations**

In order to for Starbucks to keep its strong and stable market position, they need to bring some improvements and advancement in the company. They can accomplish this by participating in Corporate Social Responsibility and sustainability practices, reducing prices of its products, technological advancements, and introducing diversified products and services. Starbucks has plenty of opportunities to help carry them through any turbulence in its future. A clever approach to developing, learning, and evolving will help keep them a strong global brand. “Throughout the 70’s and much of the 80’s, Starbucks was a coffee roaster first and a coffee shop second. But in the early 80’s, Schultz joined the company and became convinced that Starbucks could achieve a seemingly impossible goal: remain premium while becoming ubiquitous.” (Taylor, 2017) Howard Schultz was right, Starbucks did just that.

References:

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