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**Analysis of the factors impacting Starbucks in the UK
Part 2: 1500 Words**

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Introduction

Company background and current situation

Starbucks is considered to be one of the most popular coffee chains including a global presence as well as strong brand recognition in the United Kingdom. Established in 1971, the first shop of Starbucks was established along the cobblestone streets of Seattle's historic Pike Place Market. At that time, it started offering freshly roasted coffee beans, spices or teas to its consumer base (starbucks, 2024). Being the premier roaster as well as retail business firm of speciality coffee worldwide, this business includes over 32,000 stores in around 80 countries. While this business is already quite established with its certain range of stores, this firm also typically possesses a few strengths and weaknesses leading to emerging opportunities as well as potential threats.

By conducting a SWOT analysis on the previous assignment, a basic understanding in regard to the internal factors has been made. According to that analysis, a few common strengths of this business are its strong brand awareness, productive sustainable practices, large loyal customer base, global presence, innovative organisational model and online presence. Similarly, there are the weaknesses of over-dependence on only one product line which is coffee, an intensely competitive market as well as cost fluctuations. With an opportunity to expand into new markets, there are opportunities for further collaborations with other brands while there are certain potential threats of financial downturn, evolving customer preferences or supply chain issues. In the following report, a detailed analysis of the way different factors are impacting this business will be outlined using appropriate tools and theories to provide recommendations.

Factors impacting Starbucks in the UK

PESTEL Analysis

PESTEL analysis is quite an effective framework in order to understand the significance of different factors along with their impacts on business growth. This analysis typically includes six factors such as political, economic, social, technological, environmental as well as legal factors (Turk, 2023). In this sector, an elaborate analysis of these factors along with their impacts on business growth is demonstrated below.

Political factors

Political factors typically include factors such as tax policies or environmental laws of a business organisation along with a few government laws. In case, the political condition of a place is stable, a company such as Starbucks can benefit from it effectively. Such as tax policies tend to impact Starbucks quite positively by generating an earning opportunity for good revenue (Rizk, 2021). Due to the involvement of certain government laws in different countries, Starbucks can obtain a potential opportunity to expand its business in those countries in the UK. Then again, the company can also face threats from bureaucratic movements which is a negative impact of political factors on this company.

Economic factors

The UK economic condition has a direct impact on the business growth and expansion of Starbucks. With stable market conditions, this company can improve its sales as well especially in the UK since this country has a certain emerging economy which produces a potential expansion opportunity for this company (Turk, 2023). However, the rising raw material costs as well as labour charges can pose a potential threat to this business in its development. There is also the issue of an intensely competitive market causing threats to this business.

Social factors

Social factors directly affect the sales of a business firm such as Starbucks by impacting the operating areas of Starbucks. Evolving customer preference is quite a potential challenge for the business. With the changing lifestyle as well as the choice of food, people can be more interested in consuming healthy and low-calorie diets

which further reduces the sales of all sugary beverages of this business (Cox, 2021). Due to the expensive price rate of the offering of this business, they tend to lose consumers specifically from the segment of people with middle to lower income range. Then again, following the coffee culture throughout the world, this cafe chain can also have certain expansion opportunities.

Technological factors

Technological factors might not have any direct impact on the growth of this business, however, there are still a few factors that can impact the overall business performance of Starbucks. This is such a factor that can both hinder as well as catalyse the business expansion of this cafe chain (Rizk, 2021). With advanced technology including high-tech coffee machines as well as better transport, the process of making coffee from the farm to the mug can be way smoother as well as faster. With the integration of smartphone purchases, a larger customer base can get the accessibility to the delivery service in getting their coffee from home. However, there can also be a downfall due to the smooth availability of good-quality coffee machines in the market.

Environmental factors

Environmental factors might not directly influence the business performance of Starbucks like technological factors. However, this can also affect the business progress indirectly such as when the coffee growth gets affected by insects, diseases, natural disasters or climate. This business also gains great support from the customer base, especially the eco-conscious customer segment by following the sustainability trend and implementing policies accordingly (starbucks, 2024).

Legal factors

There are certain rules that the company needs to follow such as employment rules or product safety regulations implemented by the UK government (Matović, 2020). Any kind of failure to comply with these laws or regulations can cause the cancellation of trade licences. Any kind of licence regulations with trade law can disrupt company expansion while customer safety regulations and staff rights need to be ensured as well.

Stakeholder Analysis

Starbucks has been operating its business for more than 50 years and in the UK, this business is highly recognised among a large consumer base. Offering quality beverages mainly coffee to a large consumer base, this firm ensures to maintain its commitment towards social responsibility as well as environmental sustainability. To conduct such a huge business, a variety of stakeholders are involved with this organisation. Among them, such a few significant stakeholders are consumers, staff, suppliers, host communities, competitive rivals, investors, activist groups as well as government (starbucks, 2024).

Understanding the way every stakeholder has a certain role to play along with its significance is quite important and Stakeholder mapping is a useful tool utilised for it (Freeman, 2023). This tool specifically guides learning as well as analysis of all people, groups or companies involved with it while identifying their impacts on a business firm. This tool typically involves the roles, interests, power dynamics as well as relationships of all involved stakeholders.

Keep satisfied	Manage Closely
Customers	Shareholders
Government and regulators	Investors
Host Communities	Suppliers
Consumers	

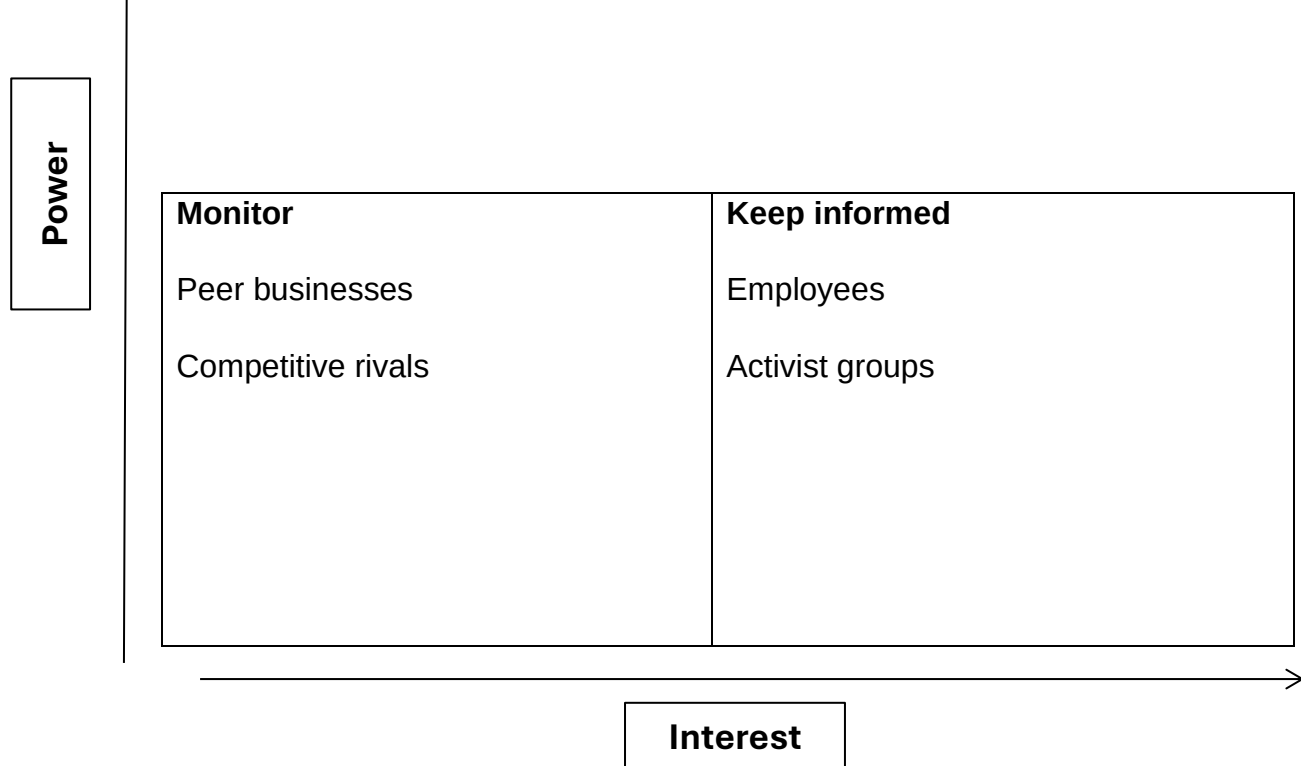


Figure: Starbucks (UK) stakeholders mapping

Source: (Author)

Analysis

By applying the stakeholder mapping (power matrix) tool, a few significant stakeholders tend to be identified. According to the analysis of this power matrix, this can be clearly understood that customers, government and regulators, host communities as well as consumers possess the highest power for this business-like other companies while having low interest (Colebatch, 2020). These stakeholders can easily lose their interest and go for other companies offering better facilities impacting the business growth negatively. Therefore, this business needs to make sure to keep them satisfied so that the business can obtain certain emerging opportunities. The other segment includes stakeholders such as shareholders, investors as well as suppliers who have both high power as well as high interest in this firm. They have the power to impact this business highly while they also tend to acquire productive benefits from it and for that reason, they need to be managed closely (Freeman, 2023). There is also the presence of peer businesses as well as competitive rivals and to sustain in this intensely competitive market, they also need to be properly monitored despite their low power and low interest. The remaining segment involves staff members as well as activist groups. Both of these groups are quite crucial for conducting all business activities all the way more efficiently. Taking that into consideration, employees and

activist groups of this business need to be kept informed accordingly so that no negative impact gets raised from it.

Conclusion

The above report was entirely based on the concept of problem-solving as well as innovation. By referring to the information of the cafe chain, Starbucks, all relevant knowledge and understanding has been developed. Providing the background and current situation of Starbucks, the finding or SWOT analysis from the previous assignment was addressed in the introduction part. Utilising different tools such as PESTEL analysis and Stakeholder mapping, several factors that impact the business performance of this company were demonstrated before coming to the conclusion. With the help of an innovation matrix, two specific recommendations were provided for Starbucks.

Recommendations

Innovation matrix

The Innovation matrix is an effective tool using which, different types of innovation based on the goal can be identified. Using this, a few recommended strategies are described below for overcoming such contemporary issues and their negative impacts.

Improving digital and technology collaborations: The business can efficiently expand its digital as well as technology collaborations by strengthening its digital innovation factor (Puglieri et al., 2022). As a result of this, the cafe chain can improve both customer and partner experience by building a Starbucks app for payments, tipping as well as earning rewards.

Product innovation: Starbucks can effectively focus on bringing innovations to the coffee as well as the core menu of this business. In this case, the cafe chain can indulge in including popular beverage innovations as well as increasing food attached to the menu to overcome its issue of over-dependence on a single product line.

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