

**BA (Hons) Leadership and Management Skills for the
Workplace**

Strategic Management for SMEs

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Table of Contents

1. Introduction	3
2. Section 1: Strategic Analysis of Monmouth.....	4
2.1. Internal Analysis of Monmouth Coffee Company	4
2.2. External analysis of Monmouth Coffee by using the PESTEL model	6
2.3. The coffee industry analysis by using Porter's Five Forces Model	10
2.4. The SWOT model of Monmouth.....	13
3. Section 2: Strategic growth option and choice of Monmouth	15
3.1. Strategic option analysis of Monmouth by using Ansoff Matrix.....	15
3.2. Analysis of strategic option by applying Porter's generic strategies	17
3.3. Application of SFA framework	19
3.4. Stakeholder analysis and management of Monmouth by applying Mandelow's stakeholder matrix	21
4. Conclusion and recommendations.....	23
5. References	25

1. Introduction

Strategic management is a comprehensive of formulating, designing, implementing, and evaluating the long-term objectives and actions of an organization by analyzing the internal and external environment, setting goals, formulating strategies to achieve those goals (Barney, 2015). This report aims at analyzing the strategic management of an SMEs and providing strategic direction and option to that SMEs. In this regard, this report has chosen Monmouth coffee company. It was founded in 1978 in London. It is specialized in coffee roasting and retailing. Monmouth has annual turnover of £23.8 million and operating profit of £4.1 million. Its net assets were £4.3 million in 2022. Currently more than 60 employees are working for the company (Monmouth, 2023). The company operates two iconic coffee shops in London. They are Monmouth Borough Market and Monmouth Maltby Street Market. The brand has gained a loyal following by standing as a symbol of high-quality and ethically sourced coffee in the competitive industry. So, this might be an ideal choice for the analysis. For strategic analysis this report will have two segments. In the first section it will conduct macro and micro-environmental analysis by applying Porter's value chain model, PESTEL model, and Porter's five forces model. In the second section, it will conduct the analysis of strategic option of Monmouth by applying Ansoff matrix, Porter's generic model, SFA framework, and Mandelow's stakeholder matrix. The analysis will provide a robust understanding of business environment, strategic choice, and strategic direction of Monmouth.



Figure: Monmouth shop (Monmouth, 2023)

2. Section 1: Strategic Analysis of Monmouth

2.1. Internal Analysis of Monmouth Coffee Company

Internal analysis helps to assess internal strengths and weaknesses of a company. There are different models that are used in internal analysis such as Porter's value chain model, VRIN model, 9M model, etc. Among them Porter's value chain model helps to analyze the internal activities for primary and support activities of a company. This model was developed by Michael Porter in 1985 (Hill, 2017). It helps to explore and understand how the primary and support activities of a company add value to the final product and to the margin. Now the Porter's value chain analysis of Monmouth Coffee is given below:



Figure: Porter's value chain model (Dess, 2021)

Primary activities

Primary activities include inbound logistics, outbound logistics, operations, sales & marketing, and service. In consideration to the inbound logistics, Monmouth emphasizes direct relationships with coffee farmers and cooperatives to ensure a sustainable and traceable supply chain (Grant, 2018). This approach contributes to the reputation for high-quality and ethically sourced coffee. Besides, effective quality control measures have been taken for the selection of green coffee beans and the roasting process. This ensures that the finest beans are used to delivering a superior product. Then in consideration to

the outbound logistics, Monmouth ensures efficient and timely distribution to its own coffee shops and wholesale customers to maintain the freshness of the coffee. This ensures that customers receive the product in optimal condition. Besides, the coffee shops play a crucial role in outbound logistics by providing a direct channel to customers regarding the commitment to quality and to contribute to the overall customer experience. Regarding the operations of Monmouth, the in-house roasting expertise is a core competency (Monmouth, 2023). The company carefully roasts small batches of beans by tailoring the process to unique characteristics of each bean. This results in a diverse range of flavors. Besides, Monmouth offers custom blending services for allowing customers to create their unique blends. This customization also adds value to the diverse preferences. Then the marketing and sales strategies are also contributing to the margin of Monmouth. The marketing strategy of Monmouth heavily relies on its strong brand reputation for quality and ethical sourcing. Word-of-mouth marketing and strong online presence promote its image. For promotion, the company invests in educating customers about the origin and characteristics of different coffee beans (The Guardian, 2022). These strategies are enhancing the overall customer experience and creating a sense of connection with the product. Finally, regarding the services, Monmouth has staff expertise in their coffee shops to provide superior customer service and information about the coffee beans. Monmouth engages with its customers through events and online platforms to build a sense of community around the brand.

Support activities

There are different support activities in the value chain model of Michael Porter. Regarding the firm infrastructure, the company has built some outlets in the key areas in London. They are designed and decorated in line with the preferences and expectations of the target customers (Fogel, 2018). The commitment to ethical sourcing and quality is embedded in its management philosophy. It employs technology for inventory management, online sales, service management, customer engagement, and workforce management. The use of technology supports business activities from operations to marketing. Regarding human resource management activities, the company invests in training programs to enhance the skills of its staff. The company values employee satisfaction by recognizing and rewarding them. This is crucial in the highly service-

oriented coffee industry (The Guardian, 2022). For technology development, the continuous improvement in roasting technology ensures that Monmouth stays at the frontline of delivering high-quality coffee. It has invested in state-of-the-art roasting equipment. It also utilizes technology to maintain a strong online presence and facilitating e-commerce sales as an additional sales channel. Finally, regarding the procurement, Monmouth maintains a direct relationship with coffee farmers and cooperatives in line with the commitment to sustainability and ethical sourcing (Monmouth, 2023). It is also seeking new and unique coffee varieties to contribute to the diversification of the product offering in line with consumer preferences.

2.2. External analysis of Monmouth Coffee by using the PESTEL model

PESTEL and SLEPT models are used to identify the influences of external forces on an organization. Among them the PESTEL model is used to examine and evaluate the macro-environmental factors including political, economic, social, technological, environmental, and legal forces (Eisenhardt, 2019). Now the external environmental analysis of Monmouth by applying the PESTEL model is given below:

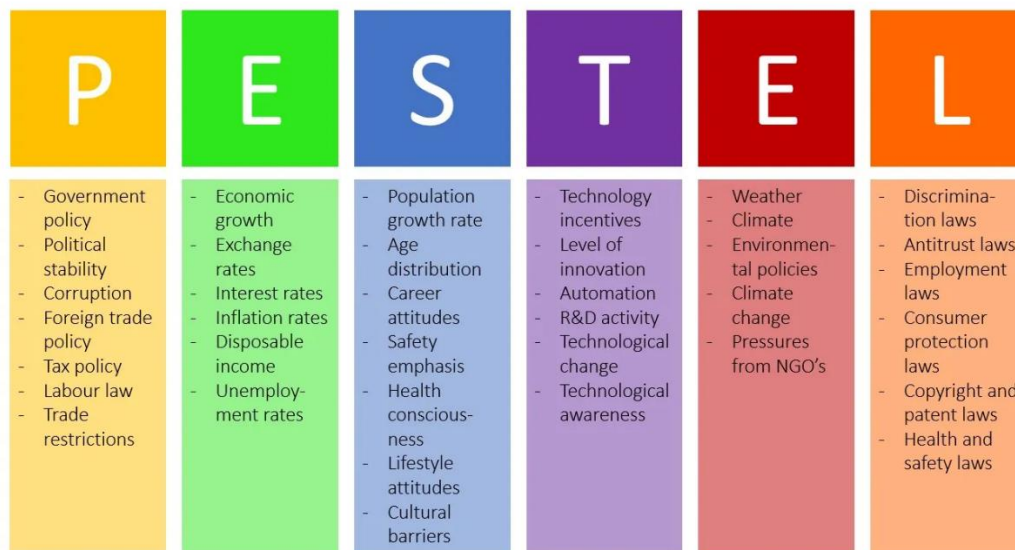


Figure: The PESTEL model (Mintzberg, 2022)

Political factors

There are different political factors regarding government policies, stability, the legal framework, etc. such as government stability, taxation policies, trade tariffs, labor laws, political ideologies, etc. can significantly affect businesses for creating opportunities and threats (Barney, 2015). Monmouth benefits from favorable trade agreements that facilitate the import of coffee beans from various regions for ensuring a diverse range of high-quality beans for roasting. Besides, political stability in coffee-producing countries is an opportunity for Monmouth as it reduces the risk of supply chain disruptions due to political unrest. However, the changes in import regulations can affect the cost and availability of coffee beans. Tariffs and trade restrictions due to tension in middle east, Russia-Ukraine war, and Tiwan tension can impact the cost structure. This can result in shortages and price volatility (The Guardian, 2022).

Economic factors

Broader economic conditions can impact business operations. Key elements include inflation rates, exchange rates, economic growth, interest rates, unemployment rates, etc. These factors can influence consumer spending patterns and demand for coffee (Fogel, 2016). The global coffee market is growing and it is presenting opportunities for Monmouth to expand its customer base and increase sales. Besides, stable economic growth of the UK and higher disposable income are leading to an increased willingness to spend on premium and specialty products. This is also providing an opportunity for Monmouth to position itself as a high-end coffee brand. However, economic downturns can impact consumer spending on non-essential items like premium coffee products. Monmouth may face a decline in demand during economic downturns as the UK is experiencing tough economic environment after the Covid-19 and Brexit. Besides, Russia-Ukraine war is also influencing this downturn. Besides, currency fluctuations can affect the cost of imported coffee beans (ONS, 2022). So, these economic factors and offer both opportunities and threats of Monmouth.

Social factors

Social factors including demographic trends, cultural attitudes, lifestyle changes, social values, etc. reflect the cultural and societal influences on businesses (Lynch, 2015). A clear understanding of social factors helps to align products and services with the cultural norms and consumer preferences. In the UK, there is a significant growth in coffee culture. The increasing popularity of coffee culture presents an opportunity for Monmouth to attract more customers to its coffee shops and online platforms. Besides, there is an increasing demand for ethical sourcing. The commitment of Monmouth to ethical sourcing aligns with this trend. However, there are changing consumer preferences and a shift in consumer preferences can impact sales of Monmouth (The Guardian, 2022). Then the health and wellness trends can lead consumers away from traditional coffee consumption. This may also pose a threat to product offerings of Monmouth.

Technological factors

Technological factors focus on the impact of technology on business operations like the advancements in research and development, automation, innovation, the pace of technological change, etc. (Nag 2007). They help to stay competitive and explore opportunities. In the UK, there is a significant e-commerce growth. During the last 10 years, the e-commerce in the UK has experienced an average growth rate of 14.7% (Statista, 2022). This growth of e-commerce provides an opportunity for Monmouth to expand its online presence and reach a wider audience. Besides, investing in advanced roasting technology can enhance the quality and consistency of coffee products of Monmouth. However, technological forces bring cybersecurity risks. A data breach and cyberattack can impact customer trust and financial transactions (The Guardian, 2022). Then the technological disruptions in the supply chain can also lead to inefficiencies and delays.

Environmental factors

The impact of business on environmental factors is very crucial nowadays. Climate change, sustainability, environmental regulations, corporate responsibility, etc. are the central environmental forces (Barney, 2015). In the UK, companies are facing increasing pressure to adopt environmentally friendly practices. In this regard, the commitment to

sustainability of Monmouth aligns with the growing demand for eco-friendly products. It provides an opportunity to attract environmentally conscious consumers. However, climate change poses a threat to coffee production by affecting crop yields and quality (The Retail Gazette, 2022). This can lead to supply chain disruptions and increased costs for Monmouth. Besides, stricter environmental regulations may require adjustments to practices of Monmouth. This may also lead to an increase in operational costs.

Legal factors

There are different legal factors such as labor laws, health and safety regulations, intellectual property laws, industry-specific regulations, etc. can significantly affect business operations (Lynch, 2015). The business mission of Monmouth emphasizes compliance with fair trade standards. This ensures that Monmouth complies with legal standards and certifications. Then the legal measures to protect brand, roasting methods, unique blends, etc. through intellectual property act in the UK provide a competitive advantage to Monmouth. However, the changes in regulations related to food safety and labeling may necessitate costly adjustments (The Guardian, 2022). Contractual and legal disputes related to suppliers, competitors, and customers can result in financial and reputational damage. So, the compliance with legal requirements is crucial for avoiding legal issues and losing brand reputation.

2.3. The coffee industry analysis by using Porter's Five Forces Model

Porter's five forces model is developed by Michael Porter in 1986. It is a strategic framework used for analyzing the competitive forces that shape an industry in determining the overall competitive intensity within an industry (Johnson, 2017). By applying this model, the industry competitive landscape of the coffee industry is analyzed below:

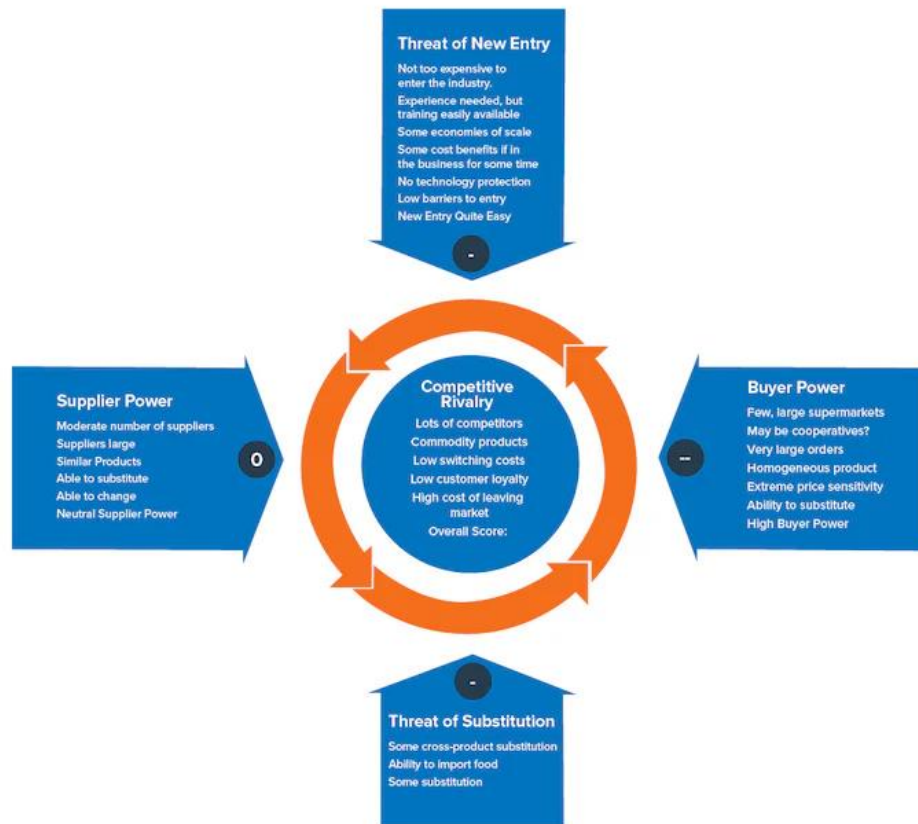


Figure: Porter's five forces model (Mintzberg, 2022)

Threat of new entrants

Threat of new entrants in the coffee industry is influenced by economies of scale, brand loyalty, access to distribution channels, government regulations, etc. The coffee industry requires significant initial capital investment for roasting equipment, coffee shops, and distribution networks (Barney, 2015). Established brands like Monmouth Coffee benefit

from strong customer loyalty. Larger coffee companies can achieve economies of scale in sourcing, production, promotion, and distribution. So, these barriers bring challenges for new entrants. However, new entrants can explore niche markets by offering unique products. Besides, innovative business models such as subscription services, unique blends, etc. can provide a competitive edge for new entrants (The Guardian, 2022). So, there is moderate threat of new entrants in the coffee industry in the UK.

Bargaining power of buyers

The bargaining power of buyers increases when there are few dominant buyers, the product is standardized, and switching costs are low. Buyers of coffee shops don't have switching costs (Fogel, 2016). With the internet and increased transparency, buyers have access to information about various coffee brands. This makes it easier to compare and choose based on quality and ethics. In the UK, the availability of various coffee brands and specialty coffees gives buyers the option to be selective. However, loyalty programs and strong relationships with buyers can mitigate the bargaining power of buyers. Besides, continually innovating and offering unique blends and limited-edition products like Monmouth can make offerings more attractive to buyers (The Guardian, 2022). So, considering these aspects, there is a moderate to high level of bargaining power of buyers.

Bargaining power of suppliers

If there are few substitute inputs, suppliers have greater bargaining power. Factors such as the uniqueness of inputs, the number of suppliers, and the availability of alternative resources impact the bargaining power of suppliers (Hill, 2017). While there is a global market for coffee beans, the number of high-quality and ethically sourced suppliers are limited in the UK. External factors like climate change and variations in harvests can affect the availability and pricing of coffee beans in influencing supplier power. Besides, differentiation of beans of Monmouth gives suppliers some bargaining power. However, as a SMEs, Monmouth is actively seeking relationships with a diverse range of coffee bean suppliers to mitigate the risk associated with the power of suppliers (The Retail Gazette, 2022). Monmouth is also encouraging sustainable and ethical practices within

the supply chain for building a strong relationship with suppliers. So, there is a moderate level of bargaining power of suppliers.

Threat of substitute products

The threat of substitute products helps to assess the likelihood of customers switching to alternative products (Barney, 2015). The availability of substitutes, their quality, and their pricing affect the threat of substitute products. The availability of various beverages in the UK poses a moderate threat. Consumers may choose alternatives such as tea, juices, energy drinks, etc. Besides, the shifts in health consciousness toward alternative beverages can impact the demand for traditional coffee. However, offering a diverse range of coffee products, such as cold brews, specialty blends, unique flavors, etc. can help mitigate the threat of substitutes. Besides, educating consumers about the unique qualities of specialty coffee and the craft involved in roasting can build brand loyalty and reduce the appeal of substitutes (The Guardian, 2022). So, there is a moderate level of threat of substitutes products.

Intensity of competitive rivalry

Factors such as the number of competitors, industry growth rate, differentiation of products, exit barriers, etc. contribute to the intensity of rivalry (Hill, 2017). High rivalry can lead to price wars and reduced profits. The coffee industry of the UK is highly competitive as there are many global and local players. Intense competition puts pressure on pricing and product differentiation (The Guardian, 2022). There are also brand wars. Established brands compete to build and maintain market share. Besides, in the UK, many coffee companies aim for global expansion in intensifying competition in a global scale. However, emphasizing and maintaining a reputation for high-quality coffee and ethical sourcing can distinguish Monmouth from competitors (ONS, 2022). Then continuous innovation in products and customer experiences can give Monmouth a competitive edge. In consideration to these forces, the industry is highly competitive.

2.4. The SWOT model of Monmouth

SWOT stands for strengths, weaknesses, opportunities, and threats. By summarizing the findings of Porter's value chain, PESTLE, and Porter's five forces models, the SWOT model of Monmouth is presented below:

Strengths	Weaknesses
✚ Monmouth has quality roasting and sourcing as it has high quality roasting expertise and direct relationships with coffee farmers. ✚ Monmouth has strategically positioned itself as a premium coffee brand with a focus on sustainability. ✚ The company has built a loyal customer base due to its commitment to quality, ethical sourcing, and a strong brand image. ✚ Monmouth provides a unique retail experience by emphasizing on customer education about coffee origins and characteristics (Monmouth, 2023).	✚ It has limited geographic presence as it is primarily concentrated in London. This limits market reach compared to global competitors. ✚ The sourcing of coffee beans from external suppliers exposes Monmouth to supply chain disruptions. ✚ While Monmouth has an online presence, there is reliance on traditional retail channels. Overreliance on traditional retail channels limit its reach to a broader audience (The Guardian, 2022).
Opportunities	Threats
✚ Leveraging strong brand reputation, Monmouth can explore opportunities for global market expansion by capitalizing on the growing global (The Guardian, 2022). ✚ It can also diversify its product line by introducing new coffee blends, innovative brewing methods, coffee-related accessories,	✚ As the coffee industry is highly competitive, Monmouth can face price wars and loss of market share. ✚ External factors such as climate change and political instability in coffee-producing regions are threatening to the supply chain (The Guardian, 2022).

etc. This can attract a broader customer base and increase revenue. ✚ Further integrating technology into operations such as online ordering platforms and updating the mobile apps can further enhance customer convenience and provide competitive advantages (The Retail Gazette, 2022).	✚ Further economic downturns in the UK can impact consumer spending on premium products. So, Monmouth may face additional challenges for that.
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3. Section 2: Strategic growth option and choice of Monmouth

3.1. Strategic option analysis of Monmouth by using Ansoff Matrix

The Ansoff Matrix is a strategic planning tool to evaluate growth opportunities by considering product and market expansion (Grant, 2018). It focuses on four key areas including market penetration, market development, product development, and diversification. Market penetration focuses on selling existing products in current markets for increasing market share. Market development comprises of exploring new markets for existing products like geographical expansion or targeting new customer segments. Product development focuses on introducing new products to existing markets to meet changing customer needs (The Guardian, 2022). Finally, diversification involves entering entirely new markets with new products. Monmouth can also apply this model for exploring the strategic option.



Figure: Ansoff Matrix (Dess, 2021)

Market penetration

Monmouth can focus on increasing its market share in London through targeted marketing campaigns, loyalty programs, promotional programs, partnerships with local businesses, etc. (Hill, 2017). It can also explore opportunities to enhance its presence within existing coffee shops. This strategy can be effective for strengthening brand loyalty

and increasing sales within the existing customer base and maximizing revenue from the current product portfolio in the market. However, saturation in the London market may limit the potential for significant market share growth (The Guardian, 2022). Besides, intense competition from other established coffee brands in the region can also pose additional challenges.

Market development

Introducing existing products to new markets can be a robust strategy for Monmouth. It can explore opportunities to expand its geographical reach beyond London (The Guardian, 2022). This could involve opening new coffee shops in other major cities with a strong demand for specialty coffee. Besides, collaborating with distributors and cafes in new regions can help Monmouth reach a broader audience. It can help to tap into new customer segments and revenue streams and leverage the brand reputation to attract customers in different regions. However, Monmouth may face challenges in adapting to different cultural preferences and coffee consumption habits in new markets (ONS, 2022). Besides, there are also challenges in navigating regulatory and logistical requirements.

Product development

This can also be a strategic choice. Monmouth can innovate its product offerings by introducing new coffee blends and flavors. It can collaborate with local artisans and renowned chefs for unique coffee and food pairings (Dess, 2021). This strategy can help to attract existing customers with new and exciting product offerings. This can also differentiate Monmouth from competitors. However, the research and development costs associated with creating and testing new products can be significant. It is also challenging to ensure that new products align with the brand image and customer expectations.

Diversification

Monmouth can also consider diversification by exploring related markets such as coffee-related experiences, offering coffee subscriptions and delivery services, etc. This may help to spread risk by entering diverse markets and capitalize on emerging trends and consumer demands outside the traditional coffee retail space (Mintzberg, 2022). However, there are high uncertainty and risk associated with entering entirely new markets. So, this strategy can be very risky and costly.

3.2. Analysis of strategic option by applying Porter's generic strategies

Michael Porter has also developed the generic strategic framework for achieving competitive advantage. The main generic strategies are cost leadership, differentiation, and focus strategy (Barney, 2015). Focus strategy may include focus cost strategy and focus differentiation strategy. Now by applying this framework to Monmouth, the strategic option is analyzed below:



Figure: Porter's generic strategies (Mintzberg, 2022)

Cost leadership

Cost leadership involves achieving the lowest production and operational costs in the industry. It is the strategy to offer products at a lower price than competitors (Hill, 2017). Monmouth does not adopt a cost leadership strategy. Instead, the company focuses on providing premium and high-quality coffee beans that are sourced ethically and roasted expertly. Achieving cost leadership requires economies of scale. This may be challenging for Monmouth as it emphasizes small-batch and high-quality roasting (Grant, 2018).

Differentiation strategy

To employ the differentiation strategy, companies seek to offer unique and high-quality products and services by emphasizing innovation, branding, superior features, etc. Monmouth has created a perceived value that justifies premium prices (Johnson, 2017). The company is known for its commitment to high-quality coffee sourced from direct relationships with farmers. The focus on unique blends and the overall coffee experience differentiates Monmouth from mainstream competitors. This has helped to build a strong brand image based on quality and ethical practices and enhanced ability to charge premium prices (Grant, 2018). However, maintaining consistent quality across different batches and seasons can be very challenging. Besides, continuous innovation is required to stay ahead of competitors and dynamic consumer preferences.

Focus strategy

This strategy is applied in a narrow market scope. It involves targeting a specific market segment either by offering a product/service tailored to their needs also known as differentiation focus or by becoming the low-cost provider for that segment also known as cost focus (Barney, 2015). The positioning strategy of Monmouth can be demonstrated with this focus strategy as it concentrates on a specific niche market in London. The company targets consumers who are willing to pay a premium for quality and ethical sourcing. This has helped the company to build a strong relationship within niche market in London and tailored products and services to the specific preferences of the premium coffee consumer. So, this is the best suited and matched positioning strategy for Monmouth (The Guardian, 2022). However, there are challenges regarding the vulnerability to shifts in the niche market and competing within the niche against other specialized players.

3.3. Application of SFA framework

The SFA framework stands for the analysis of Suitability, Feasibility, and Acceptability. This model is used to evaluate the viability of a chosen strategic direction (Dess, 2021). As the chosen option for Monmouth is differentiation, the application of this SFA framework to evaluate this strategic direction of maintaining the differentiation strategy within the premium coffee market is given below:



Figure: SFA framework (Dess, 2021)

Suitability

Suitability depends on alignment with the external environment, internal capabilities, and current market trends. The differentiation strategy of Monmouth aligns well with external environment as it values premium and high-quality coffee. Then the commitment to quality roasting, direct relationships with farmers, loyal customer base, etc. indicate that the company has the internal resources and capabilities required to sustain a Differentiation strategy (Mintzberg, 2022). Besides, the premium coffee market is growing. Consumers are willing to pay a premium for unique and high-quality coffee experiences. So, the differentiation strategy is highly suitable for Monmouth as they align with the external environment, internal capabilities, and current market trends (The Guardian, 2022).

Feasibility

Feasibility criteria depends on financial, operational, management feasibility, etc. Currently, Monmouth has annual turnover of £23.8 million and operating profit of £4.1 million. Its net assets were £4.3 million in 2022 (Statista, 2022). So, Monmouth has the financial resources to sustain the costs associated with maintaining high-quality sourcing, roasting, and customer experience. It is also consistently delivering premium products and experiences by maintaining relationships with suppliers, managing supply chains, and adapting to changes in consumer preferences (The Guardian, 2022). Besides, it has skilled staff for roasting and customer service. So, the historical commitment to quality, financial performance, and operational excellence suggest that it has the feasibility to sustain the differentiation strategy.

Acceptability

Acceptability depends on stakeholder support, ethical considerations, and regulatory requirements. Currently, employees, customers, suppliers, regulators, etc. in the coffee industry of the UK has the support for the differentiation strategy (Barney, 2015). Besides, as Monmouth emphasizes ethical sourcing, this supports ethical considerations. For, regulatory compliance, Monmouth needs to ensure that the differentiation strategy complies with industry regulations and standards regarding sourcing practices, labeling, customer information, etc. (The Guardian, 2022). So, the core areas of acceptability are aligned with the differentiation strategy.

So, suitability, feasibility, and acceptability criteria meet the requirements of differentiation strategy. The strategy is widely acceptable among stakeholders and in the coffee industry of the UK.

3.4. Stakeholder analysis and management of Monmouth by applying Mandelow's stakeholder matrix

Mendelow's stakeholder matrix is a stakeholder analysis tool that is used to assess the level of interest and influence of different stakeholders. The matrix classifies stakeholders based on level of interest and power (Hill, 2017). Application of this model is given below:

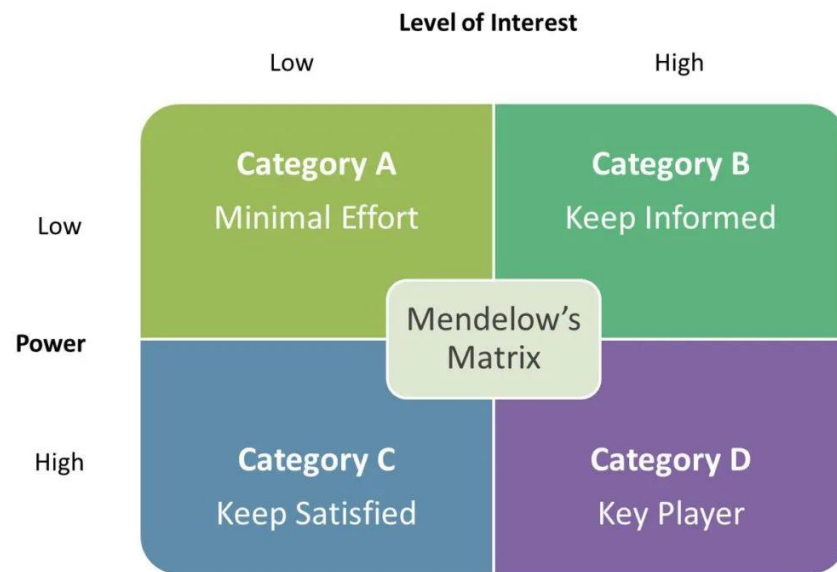


Figure: Mendelow's stakeholder matrix (Dess, 2021)

High power and high interest (Key players)

Customers have high interest and power as they directly consume coffee and are willing to pay a premium for quality and uniqueness (Barney, 2015). Employees also have high interest as the strategy influences job security, work culture, and job satisfaction and they have high power in maintaining product quality and customer service. Monmouth should engage closely with customers through marketing efforts and customer feedback mechanisms. It should ensure open communication with employees by involving them in decision-making processes and recognizing their contributions (Grant, 2018).

High power but low interest (Keep informed)

Stakeholders like regulatory bodies and suppliers belong to this category. Regulatory bodies have high power due to their influence on industry regulations but lower interest as long as Monmouth complies with existing standards (Hill, 2017). Similarly, suppliers have high power in terms of providing essential resources but their interest remains lower if they are satisfied with the existing relationship. These stakeholders should be stayed informed. It is crucial to maintain transparent communication with suppliers to address concerns and ensure a mutually beneficial relationship.

Low power but high interest (Keep satisfied)

Stakeholders like local communities and media have low power and high interest. Local communities have low power in terms of direct influence but high interest due to the potential impact on the local community (Johnson, 2017). Media also has a low direct power but high interest as they can influence public perception and brand image. Monmouth should engage with local communities through responsible sourcing practices and community initiatives. It should also monitor and respond to media coverage by addressing any concerns to maintain a positive public image (The Guardian, 2022).

Low power and low interest (Monitor)

Stakeholders with low power and low interest should be monitored. For example, general public has low power and low interest unless there are significant issues affecting a broader audience. Monmouth should monitor the broader environment for any potential issues that could escalate and provide periodic updates (Barney, 2015).

4. Conclusion and recommendations

This report has provided an integrated strategic analysis of Monmouth coffee company. In the first section it has conducted macro and micro-environmental analysis. In the second section, it has conducted the analysis of strategic option of Monmouth. The analysis found that Monmouth has strengths in quality sourcing, a loyal customer base, and a commitment to ethical practices. However, there are challenges including geographic limitations, potential supply chain vulnerabilities, the need for continued innovation, etc. It has opportunities for global expansion, product diversification, technology integration, etc. Monmouth faces threats such as market saturation in its current geographic location, supply chain disruptions threat due to external factors like climate change, the risk of economic downturns impacting consumer spending on premium products, etc.

Based on the analysis of strategic option in section 2, the report proposed differentiation strategy. Monmouth should continue its differentiation strategy within the premium coffee market. The company can further strengthen its brand image by maintaining a focus on high-quality sourcing, roasting, and customer experience. Innovations in product offerings and strategic communication will be essential in exploring opportunities.

For the implementation and continuation of differentiation strategy, it can adopt an integrated strategy for 3 years. In the first year, Monmouth should conduct an in-depth market analysis and customer feedback review. Then it can launch a limited-edition coffee blend, accompanied by an extensive marketing campaign highlighting commitment to quality and ethical sourcing. In the second year, it can expand online presence and e-commerce capabilities by focusing on user-friendly interfaces and direct-to-consumer sales. Then it can explore limited geographic expansion by emphasizing brand uniqueness and customer experience as suggested by Barney, (2015). In the third year, it can evaluate the success of the strategy and adjust strategies. Then it can focus on introducing new product offerings such as coffee-related merchandise and accessories. It can also enhance stakeholder engagement through regular communication and community initiatives.

The Differentiation strategy can reinforce its brand image and foster customer loyalty. It can further increase the revenue generation ability of the company. This strategy can also enhance the ability to charge premium prices and attract a discerning customer base. This may help to sustain a competitive advantage in the coffee industry. However, failure could lead to reduced competitiveness, loss of premium market share, and diminished brand value. The absence of strategic expansion and e-commerce enhancements may limit revenue growth. Besides, neglecting ethical practices might result in reputational damage. So, it is crucial to adopt the strategic direction robustly.

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