

**Certificate of Higher Education in
Employability Skills
LEVEL 4**

Problem Solving and Innovation (BMSW4014)

Module Lead: Rhiannon Akers

Chris Rogers

[DAN TIMIRCAN STUDENT ID 2118870](#)

Threats

- The company Starbucks faces many independent and well known competitors in the United Kingdom market like Costa Coffee (World Coffee Portal, 2024).
- The living cost of the UK is in crisis, it is rising and impacting people's spending on premium products (Grailey *et al.*, 2024).
- The consumer's preference is changing; they want sustainable companies and fastest delivery service.

The company Starbucks is a well-recognised coffeehouse chain globally. The company Starbucks was invented in Seattle, Washington in 1971 (Starbucks, 2024). In the present time the company Starbucks has over 35000 stores globally. The company offers many beverages like tea, coffee and special drinks with snacks etc. In the United Kingdom to identify the threats faced by the company Starbucks many internal and external factors need to be analysed to address the threats in market position.

Intense Competition in the Coffee Industry: In the United Kingdom, the company Starbucks runs their operations in a highly competitive market. The company faces many established and well-known competitors such as Pret a Manger, Caffè Nero, Costa Coffee and many independent coffee shops with speciality. The competitors of Starbucks involve similar offerings with competitive pricing strategies. This process provides many challenges to Starbucks to maintain its market share. For example, the competitive company of Starbucks Costa Coffee has a strong and well-known presence in the United Kingdom (World Coffee Portal, 2024). The company often competes with Starbucks within the context of local partnerships and pricing strategy. Additionally, many independent coffee shops with high quality have a growing segment of consumers who want artisanal products from locally sourced. It generates more pressure and competition for Starbucks in their differentiation strategy.

Rising Costs and Economic Downturn: The global environment in the economy creates many

threats for Starbucks. Especially in the United Kingdom, the cost of living is rising (Grailey *et al.*, 2024). The high cost of energy is increasing the operational expenses of Starbucks. Recessions also have impacted their budget and strategy process. The company is facing price rises in managing employees' wages, rent and importing premium quality coffee. Additionally, after the Brexit situation, the economy is recovering slightly. The United Kingdom is also facing high rates of interest after Brexit. This process is decreasing the disposable income of consumers. The consumers are becoming very sensitive towards prices as the living cost is rising. Consumers tend to find some alternative and cheaper coffee. They will reduce their spending on premium quality coffee. This nature of consumers can reduce Starbucks ' generated revenue (Proctor, 2019) .

Changing Consumer Preferences: Consumers are now preferring ethical consumption and sustainability. This change in consumer preferences is a critical threat to the company Starbucks. Nowadays consumers are more conscious about the environmental impacts of the company's service or product they are consuming (Lewandowska *et al.*, 2017). Even though Starbucks has a focus on many initiatives of sustainability like coffee beans from ethical sources, and decreasing the use of single-use plastics. The company can meet sustainability by reducing its footprints in carbon emissions and managing its waste. This failure of Starbucks can lead to a lack of consumer trust particularly in the younger demographics.

Technological Disruptions: In the beverage and food industry technological innovations are rising. This process poses a potential threat to the company Starbucks. The delivery app's rise is continuously evolving the way consumers used to access beverages and food (Samoggia *et al.*, 2021). The company has collaboration with delivery service. However, they face potential competition with the fastest delivery services. They are investing heavily in improving their mobile apps.

References

- Grailey, K., Fernandez-Crespo, R., Howitt, P., Leis, M., Darzi, A. and Neves, A.L., (2024). The cost of living crisis–how does it impact the health and life of individuals? A survey exploring perceptions in Italy, Germany, Sweden and the United Kingdom. *BMC Public Health*, 24(1), p.1831.<https://link.springer.com/article/10.1186/s12889-024-19330-y>
- Lewandowska, A., Witczak, J. and Kurczewski, P., (2017). Green marketing today–a mix of trust, consumer participation and life cycle thinking. *Management*, 21(2).<https://yadda.icm.edu.pl/baztech/element/bwmeta1.element.baztech-dded4276-9e49-490f-8870-acaa078901ff>

Proctor, T. (2019). Creative problem solving for managers : developing skills for decision making and innovation . Fifth edition. New York : Routledge.

Samoggia, A., Monticone, F. and Bertazzoli, A., (2021). Innovative digital technologies for purchasing and consumption in urban and regional agro-food systems: A systematic review. *Foods*, 10(2), p.208.<https://www.mdpi.com/2304-8158/10/2/208>

Starbucks, (2024) Available at: <https://www.starbucks.com/about-us/> (Accessed: 18 October 2024).

World Coffee Portal, (2024). *Costa Coffee voted the nation's favourite coffee shop for 14th year in a row, World Coffee Portal.* Available at: <https://www.worldcoffeeportal.com/Latest/News/2024/February/Costa-Coffee-voted-The-Nation-s-Favourite-coffee-s#:~:text=%E2%80%9CCosta%20Coffee%20is%20a%20formidable,CEO%20%26%20Founder%2C%20Allegra%20Group>. (Accessed: 18 October 2024).