

Module: Problem Solving and Innovation

Module code:(BMSW4014_SWAN)

Assignment Title: An analysis of the factors impacting Starbucks.

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Introduction:

Seattle-based Starbucks was founded in 1971. It is the world's largest and most famous coffee chain. Since Starbucks started as a small business selling high-quality coffee beans and equipment, Howard Schultz has led its creative direction. Schultz's "third place" between home and work gave individuals a nice area to unwind and meet new people, changing coffee culture. With over 37,000 stores in 80 countries, Starbucks is a global specialty coffee leader.

Starbucks' brand value—high quality and exceptional service—has contributed to its success. The firm manufactures several beverages, snacks, and retail items to suit local preferences. Its emphasis on innovative ideas and technology has increased its commercial effect. Like every global firm, Starbucks confronts opportunities and challenges that impact its development. A SWOT evaluation may reveal the company's strategic position and current state.

Strengths

One of Starbucks' best qualities is that it has a strong brand. The Starbucks name is easily recognizable around the world, and its high standards have made customers loyal. Starbucks also stays ahead of the competition in the cafe market thanks to its large global footprint. Another important strength of the company is its wide range of products. Starbucks serves a lot of different drinks and snacks, not just coffee. They even have special items to suit the tastes of all their customers. (Peter \T.P.Wong, 2009)

Another key to Starbucks' success is how well they use technology. Starbucks wants to make things easier and more fun for its customers, and the app, mobile buying system, and rewards program are all great examples of this. These innovations not only make it easier to buy things, but they also make people feel more loyal and give them a sense of

being unique. Also, Starbucks has done a lot to improve sustainability and ethical sources, which are important issues for today's customers who care about the world around them.(Starbucks Coffe Company)

Weaknesses

Starbucks has serious issues despite its strengths. Its high-price plan is particularly crucial. This makes the brand appear more costly, but also makes it tougher to purchase, particularly in developing nations and with price-conscious shoppers. Coffee beans may fluctuate prices and generate supply chain issues, making the firm vulnerable.(Nancy G. K. S. ,2014)

Starbucks' overgrowth is another issue. Rapid worldwide development may weaken its brand and corporate operations, according to opponents. The company's Western-focused brand identity may work well in certain locations but not others. It must balance being faithful to its identity with adapting to local sensibilities.(Starbucks: Globalization and the Growth of International Coffee Chains)

Opportunities

Starbucks offers several global growth opportunities. One of the finest methods to develop money is to expand into Asia, Africa, and Latin America. Starbucks is well-established in China, but there is more room for growth. Meeting the growing demand for healthier choices offers business opportunities. Starbucks can target health-conscious consumers and an expanding marketplace by selling plant-based beverages and food.

Starbucks gets new and intriguing alternatives via technology. Using cutting-edge technology like AI may increase personalization, product tracking, and customer experience. Starbucks might also profit from strategic partnerships with local firms and enter new markets.(Joseph A Michelli, 2006)

Threats

Starbucks confronts external risks that might limit its development. Global chains like Costa Coffee and McDonald's and small local coffee shops compete fiercely. These competitors have reduced pricing or specific products that appeal to populations. Economic downturns and pricing pressures might reduce spending on luxury coffee, hurting sales.

Regulation issues also worry individuals. Starbucks faces more complex regulations on worker conditions and the environment. Climate change and political instability affect the company's coffee bean supply line.(Nancy G. K.S, 2014)

Findings

PASTLE analysis and its advantages and disadvantages.

One strategic framework that aids in allocating the external factors exerting impact on an organization is PASTLE analysis. The acronym PASTLE stands for Political, Economic, Social, Technological, Legal, and Environmental aspects that have an impact on an organization.

Advantages:

- a) introduction of all the outside elements that affect the business(Bill Walsh,2007).
- b) It facilitates the process of formulating plans and determining their strategic direction.(Michael S. Kramer, 2016)
- c) Create partnerships with existing suppliers who can find more raw materials. (Mickie Kennedy,2012)

Disadvantages:

- a) If it is done well and extensively, it might take a long time.
- b) Depending on the changing nature of the business environment, it must be modified often.
- c) May include making subjective decision.

PASTLE Analysis of Starbucks:

Political:	Economic:	Social:	Technological:	Legal:	Environmental:
The rules for trade, foreign ties, and tariffs are all intertwined and highly complicated . These elements encourage Starbucks to modify its international operations plans.	Currency exchange rates and inflation present complicated issues. Currency exchange rates and inflation present complicated issues. Influences profitability and price,	Trends that are interesting to watch are how customers' tastes in healthy and moral foods are changing. Encourages the company to rethink the products it sells by incorporatin	As digital change moves forward, it opens a maze of possibilities. Through mobile apps and AI personalization, digital platforms go beyond the user experience.	Different areas have different labor rules and intellectual property rights, which make it hard to meet compliance requirements. Legal guidelines are what make sure that business	Concerns about climate change and sustainability are both mysterious and important. To lower its risks, Starbucks starts projects like reusable bags and green sources.

	especially in developed and emerging nations.	g regional differences.		methods and ethical sources are carried out.	
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Stakeholder analysis:

Starbucks has several stakeholders with different levels of influence and interest. Starbucks uses the Power-Interest Grid to classify stakeholders and create engagement strategies. (Darren Rovell, 2010)

High power, High interest

- a) Shareholders and Investors: Influential, they priorities profitability and expansion. Starbucks engages customers with profitability reports and strategy updates.
- b) Customers: Starbucks' business strategy relies on user preferences, which drive product innovation and sustainability. Starbucks collects consumer input via reward programs and internet channels.

High power, Low interest

- a) Governments, regulators: Governments control Starbucks' operations, although they priorities regulatory compliance over daily operations. Starbucks aggressively cooperates with authorities to comply with laws.
- b) NGOs: These groups impact Starbucks' ethics and sustainability. For its environmental effect, Starbucks partners with NGOs. Governments, regulators: Governments run Starbucks, but they prioritise regulatory compliance above everyday operations. Starbucks actively cooperates with law enforcement.

Low power, High interest

- a) Employees (Partners): satisfaction and well-being are important, even when they don't influence company strategy. Starbucks engages employees with perks, career growth, and open communication.

b) Local Communities: Starbucks promotes local social activities and creates employment. The corporation engages stakeholders via community outreach and local charity.

Low-power, low-interest

General interest: Even if they don't directly influence Starbucks, public opinion shapes the brand. Company hires this group

Conclusion:

Starbucks, a worldwide coffeehouse business, carefully navigates a complicated internal and external environment. SWOT, PESTLE, and Stakeholder Analysis help us know its market position, operational factors, and long-term success plans.

SWOT Analysis:

Starbucks' strengths include brand recognition, global reach, and innovation, according to SWOT analysis. Innovation in mobile apps, loyalty programs, and sustainability have kept the brand ahead in coffee. Starbucks' high brand ownership allows it to charge premium pricing, adding to its financial success. Starbucks relies on coffee, is subject to downturns, and has high operational costs. Rising commodity prices and supply chain delays, notably in coffee, affect the company.

PESTLE analysis:

PESTLE shows several external elements that impact Starbucks' business. Starbucks follows several countries' trade tariffs and employment rules. The firm must watch geopolitical changes that may affect its operations to retain its global presence. Starbucks struggles with inflation, exchange rates, and disposable money. Product pricing, profitability, and client purchasing patterns depend on economic factors.

Stakeholder Analysis: Power-Interest Grid

A Power-Interest Grid stakeholder study reveals how Starbucks maintains business stakeholder relationships. Customers and investors are important stakeholders. Starbucks innovates, sustains, and discloses to these communities. Companies' sustainability initiatives, such as buying ethically produced coffee and reducing waste, align with customer interests, while financial reports and plan updates inform investors.

High power, low interest: Governments and NGOs affect Starbucks' operations but have little direct engagement. Starbucks works with partners on regulatory compliance and sustainability programs to meet local and global environmental requirements. Starbucks relies on low-power, high-interest stakeholders like workers and communities. The organization offers fair compensation, professional growth, and a friendly work culture to engage workers. Starbucks helps local communities via employment development and charity.

Finally, Starbucks' operations are less affected by low-power, low-interest stakeholders like the public. Strong public relations and brand-building techniques keep the company's image satisfactory. (Michael S. Kramer ,2016)

Final thoughts: Recommendation

SWOT, PESTLE, and stakeholder assessments show that Starbucks can capitalize on its strengths and developing possibilities. However, it must actively address its vulnerabilities and dangers. Starbucks should grow into new areas, broaden its product line, and increase its sustainability efforts to retain its market leadership. The company must also carefully balance the requirements of high-power stakeholders like customers and shareholders with others with lesser power but significant interest, such workers and communities.

Integrating these analytical frameworks gives Starbucks a complete picture of its operational environment and helps it make strategic choices for long-term development and sustainability.

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