Starbucks SWOT Analysis

Name

Institution

Starbucks SWOT Analysis

The Starbucks organization was established in 1971 in Seattle, Washington. The Company specializes in the manufacturing and supply of coffee products in both local and international markets. Since 1971, Starbucks has achieved an outstanding milestone in the beverages industry, and its brands are popular not only in the U.S., but also in other foreign countries such as China, Japan, South Korea, and Britain. There are various factors which have contributed significantly to the positive performance of the organization. For instance, the Company is managed strategically, a factor that ensures all business aspects are addressed effectively. Decisions are also formulated through a specific process that considers the opinions of all involved parties (Micheli, 2013). The paper discusses the strengths, weaknesses, opportunities, and threats of Starbucks.

**Strengths**

Starbucks is a dominant company in the beverages market, and is always a step ahead of its rivals. The Company has a good reputation and brand value, which makes it popular in the market (Micheli, 2013). Its staff members are highly experienced, therefore giving the customers a superior in-store experience. The experienced workers make the company’s environment welcoming and comfortable, thus enhancing customer satisfaction (Van den Hurk, 2014). The adopted global supply chain ensures that customers concerns are responded to without delays.

**Weaknesses**

There are several weaknesses that negatively affect the performance of Starbucks. In most cases, the suppliers do not meet the anticipated standards and do not comply with the established rules and regulations (Micheli, 2013). Some of the suppliers fail to deliver the products in a timely and efficient manner. The diversification of the growth platform and initialization of packaged coffee business is likely to destroy the value of the brand.

**Opportunities**

The coffee industry is characterized by various opportunities which Starbucks should make good use of. The Indian and Chinese economic growth provides Starbucks with the opportunities to venture into new markets, thus making it possible to gain more profit (Micheli, 2013). The coffee culture is highly prevailing in developing countries, indicating that Starbucks will continue to identify new markets. There is also a first-mover advantage in developing countries. Starbucks should strive to remain relevant in these markets and maintain the provision of quality products so that it can meet the needs of these populations.

**Threats**

There are various existing threats which are likely to impact the success of Starbucks. The increase in costs and low supply of high-quality Arabica coffee beans, as well as other commodities, are expected to affect Starbucks negatively (Van den Hurk, 2014). Multiple markets targeted by Starbucks are experiencing economic depression, which is slowly shrinking the demand. The trend indicates that Coffee demand will continue experiencing a significantly declining trend, thus affecting the company’s profitability (Michelli, 2013). There is also the threat of new entrants who are exacerbating the competition in the coffee industry. Currently, foreign currency is experiencing rate fluctuations, thus exposing Starbucks to a significant danger.

**References**

Michelli, J. A. (2013). The Starbucks experience: 5 principles for turning ordinary into extraordinary. New York: McGraw-Hill.

Van den Hurk, H. (2014). Starbucks versus the People. *Bulletin International for Taxation*, *68*(1), 27-34.