

External and internal environmental analysis of caribou coffee

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External and Internal Environmental Analysis of Caribou Coffee Overview

Caribou Coffee Company is an American branded coffee and espresso dealer established in the year 1992. The head office of Caribou Coffee is situated in Brooklyn Center of Minnesota of US. It has positioned itself as the second leading organization functioning in retail beverages in the market of US (Caribou Coffee Company, 2012). The objective of this assignment is to evaluate the external and internal environmental conditions of Caribou Coffee.

External and Internal Environmental Analysis

In order to estimate the strategic position of Caribou Coffee, external environmental investigation is performed below with the implementation of PEST analysis framework.

PEST analysis

Political factors

Political factors offer a considerable influence over the operations of an organization. Although Caribou Coffee followed the rules and regulations of American government in an efficient way, the introduction of disabilities act affected the functioning of the organization to a considerable extent. This was owing to the fact that after the introduction of this law, the management of Caribou Coffee had to offer uniform wages to all of its employees irrespective of any disability, which enhanced the total operating revenue (Scribd, n. d.). However, it also assisted the organization to minimize discrimination within its workplace and maintain uniformity. Besides, introduction of licensing helped Caribou Coffee to maintain safety and security within the functions of the organization, resulting in the overall

augmentation of its corporate image and distinctiveness among other competitors in the beverage segment (Caribou Coffee Company, n. d.).

Economic factors

Due to the recent inflation that occurred in the US, the income rates and living standards of the citizens declined to a considerable extent leading to the lowering of buying behavior of the customers. As a result, the total sales of Caribou Coffee reduced by 0.2 million to 63 million, resulting in the decline in its profitability and productivity by a significant extent (Scribd, n. d.).

Social factors

The society of America is highly passionate about coffee not only in the social gatherings but also in professional discussions. The prime aspect behind this is to enhance the friendliness and affection within the co-members of the group. Coffee is not only regarded as a stimulator in the American society, but is often considered to be a cause of gathering to revitalize long term relationship (Scribd, n. d.). This reason can further be regarded as a vital motivating factor for organizations including Caribou Coffee for creating their mission towards offering a refreshing coffee to the American population (Caribou Coffee Company, 2012).

Technological factors

Modernization has apparently led to the introduction of varied types of inventive equipments and technologies within the industry of America, in order to offer value added products at an efficient cost. This can result, in the overall augmentation of consumer value and trust (Scribd, n. d.). For this reason, Caribou Coffee also attempted to implement diverse inventive

equipments in its business operations to offer eminent quality of coffee to its customers. It is used to enhance customer loyalty and to diminish switching cost (Caribou Coffee Company, n. d.).

In addition to external analysis, the internal investigation of Caribou Coffee is performed with the help of SWOT analysis.

Strengths

Caribou Coffee is recognized as a leading position in the beverage industry of US which acts as one of the competitive advantage for the organization.

Moreover, the quality of its products and services is another significant aspect of Caribou Coffee among other competing companies, which enhanced its sustainability in the market. Excellent operational services for its customers also tend to augment its dominant role over its competitors (Caribou Coffee Company, n. d.).

Weaknesses

The strategy of diversification utilized by Caribou Coffee to compete with other major leaders in the American beverage sector such as Starbucks, resulted in the requirement of a large amount of investment. It reduced the total revenue of the organization hampering trust within shareholders and stakeholders, which hampered its status in long run (Caribou Coffee Company, n. d.).

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