

# Starbucks attractiveness

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THE INDUSTRY ATTRACTIVE? WHY AND /WHY NOT Starbucks currently operates within three industries: Fast-FoodRestaurants, Coffee and Snack Shops, and Specialty Coffees. Which are defined by NAICS (North American Industry Classification System). Although all three are separate segments Coffee and Snack Shop and Specialty Coffee basically carry various similarities. Despite this fact that this industry is somewhat narrower when compared to thefast foodindustry that they are also considered to be a part of, the coffee and snack shop aspect of their overall industry. Attractiveness is their bread and butter.

Starbucks currently represents 32% of this industry and continues to grow, making them one of its largest players. This is the industry that they need and have focused the most on. One of the main factors of success are clearly related to their plans for global expansion because Starbucks has all but halted their domestic expansion (Global Data) and focused almost exclusively on the former. Another fact that illustrates the need to concentrate on this segment is the advancement of overall industry attractiveness their specialty coffees segment (consisting of retail store sales) only comprises 7% of their total revenue.

Starbucks operates its largest segment in Fast Food Restaurant Industry, despite their relative insignificance as compared to giants like McDonald's. It is worthwhile for them to pay close attention to this segment, because McDonald's and Starbucks may differ in market share, but Starbucks holds a larger market share of the segment that McDonald's wants/needs to capitalize on: Coffee. So to operate in parallel industries makes for a key

success factor dependent on the level of information on competitors that also drive change.

Although focusing on its most important segment, the Coffee and Snack Shop, Starbucks should also pay careful attention to this segment as well in order to achieve their optimal industry attractiveness. I have come up with a couple options that Starbucks could consider from the information above. First, expanding into international markets is the best way to capitalize in this industry, so continuing expansion is key. China is their primary target currently, as stated above. Continuing to seize international opportunities at a constant but steady pace would be very beneficial.

Second, expanding the menu, given this, Starbucks can implement a proactive strategy that includes new and improved menu and convenience items; like, implementing deli items such as Panini's or wraps. This would continue to further separate the Starbucks brand, which, I've determined is the key, in competitive markets. Third, create a new marketing strategy to grab attention. There is much more room for expansion and growth, Starbucks has only touched the available and potential global markets.

With its financial strength, international experience, and long standing relationships, Starbucks can spike into an international business powerhouse in no time. However, this process must be at a steady pace. The expansion strategy must incorporate the core capabilities and advantages of the company. They must find excellent people to execute the process of expanding to a new country. The business ties they have created over the years must be used carefully, not to add too much strain on any suppliers.

Expanding internationally would also force the company to rely on other markets other than the United States. Being an industry leader, many companies are benchmarking Starbucks. From relatively spending very little, the company could boost spending to include things such as TV ads and other untested marketing outlets, at least on a trial bases. This could possibly be an opportunity to expand their brand recognition, especially with the new logo. Referring back to my second suggestion and inform loyal customers of new menu items. Overall Industry Attractiveness As we have mentioned,