

Starbucks: swot analysis

[Business](#), [Company](#)



When you think of a company that has been very successful what company comes to mind? In particular one chain that is available all over the world that has deemed to be very successful is Starbucks. In what way do you think they have strategized or planned to be as successful as they are today? One way a company can develop a plan for success is using a SWOT analysis. " A SWOT analysis is used to assist faculty in initiating meaningful change in a program and to use the data for program improvement" (Orr, 2013).

In reference to the success of Starbucks we will take their opportunities in lock step with this analysis. This will help us see how well Starbucks performs and if it will continue to be a great company. To properly conduct a SWOT analysis a general outline is shown below: (HarvardCollege Consulting Group)

SWOT Analysis on Starbucks

The first part of a SWOT analysis we see is strength.

Strength is an item every business wants to capitalize on and a business like Starbucks we know is one that definitely has strengths.

Main Strengths of Starbucks are:

1. Strong brand image
2. Extensive global supply chain
3. Moderate diversification through subsidiaries

If you were to go up to anyone and ask them if they know what Starbucks is I am sure they would be able to tell you or at least say they have heard the name of the company. When it comes to coffee and people

who drink it on a regular basis, coffee drinkers see Starbucks as one of the better companies to get their coffee from. They not only serve coffee at their thousands of locations but they also serve danishes, pastries, and other snack items for others to enjoy.

“ Starbucks operates more than 9, 400 of its own shops, which are located in about 10 countries (mostly in the US), while licensees and franchisees operate roughly 8, 650 units worldwide (primarily in shopping centers and airports) ” (Starbucks Corporation, 2014). One factor that sets them apart from the rest is that there are locations everywhere. It is almost impossible to go somewhere and not have a Starbucks location within ten miles of where you are.

This makes it great for Starbucks to implement new products and get them across the globe at a very fast rate. Not only are Starbucks international but they are also located in departmental stores such as Barnes and Noble and Target making it easier for people to do the “ one stop shop” opportunities.

Lastly, another great strength of Starbucks is offering a great atmosphere with the luxury of Wi-Fi so their customers can come relax, drink coffee and possibly get some work done, all in one location to provide that great customer experience for everyone.

Main Weaknesses of Starbucks are:

1. High price points
2. Generalized standards for most products
3. Imitability of products

When we look to the opposite side of things, weaknesses, no company wants to admit they have things their customers do not like. When it comes to Starbucks the number one complaint would have to be the prices on their coffee. Although Starbucks is seemed to be a luxury coffee it still is outrageous to pay the amount of moneysome people do for a simple cup of joe. If the prices of their coffee were to affect customers when it came to their sales Starbucks wouldn't have anything to fall back on because they do not have sale is much else.

They do offer side options of their danishes, pastries and other snack items but they do not bring in nearly as much revenue as their coffee. The international market is another item Starbucks need to work on because other chain markets such as Dunkin Donut and McDonalds are already well established in the foreign markets. As Starbucks doesn't seem to have many weaknesses it does have some that may make or break the company and it may affect the business in a very negative way.

Main Opportunities of Starbucks are:

1. Expansion in developing markets
2. Business diversification
3. Partnerships or alliances with other firms

Even though Starbucks has some weaknesses that have seemed pretty harmful, they have come up with some great opportunities that can really help their company become even more successful.

One great opportunity Starbucks has done is buy companies such as Seattle's Best and Tazo Tea. They also have expanded their companies to

other areas which also cause opportunities for any business who looks to expand. Also with Starbucks looking to expand internationally this gave opportunities to expand products globally to get the word out at a fast pace.

“ In May 2005, Starbucks announced the first step into expanding its consumer products channel in the South Pacific region by launching the sales of its Frappuccino line in Japan and Taiwan” (Shah, Hawk, Thompson, 2006).

This was just proof it generated opportunities because this alone provided more than 10 billion in annual sales. Even now if you are to walk into a gas station you see in the cooler Starbucks generated products that you can buy right there instead of going into one of their specific locations.

Main Threats of Starbucks are:

1. A competition involving low-cost coffee sellers
2. Imitation
3. Independent coffeehouse movements

This company is trying to make it more convenient for you to buy their products without having to go to their exact location. Lastly, the parts of the SWOT analysis that no company wants to deal with but has to overcome are threats.

Threats are always going to be around no matter what kind of business you are. With Starbucks main focus being on coffee you can know from the get go that there are going to be lots of threats or competition. There are numerous places and companies that sell coffee and most of them are offering it at a way lower price than the infamous Starbucks.

There are companies out there who have already previously established themselves before Starbucks even existed and that is something that they have to compete with. Another threat may be that other coffee company may be able to provide coffee with a longer shelf life than Starbucks can offer therefor making customers buy that companies coffee instead. There will always be an unlimited amount of threats when owning a company and the best thing to do is just try to overcome the obstacles and offer the best possible products to your customers.

Conclusions of SWOT analysis for Starbucks

Starbucks has proven to be one successful company. We can see from the SWOT analysis they have taken into account strengths, weaknesses, opportunities, and threats. Each one of these items can make a company be who they want to be and Starbucks has used these items to their advantage. Many of the decisions Starbucks has made for the most part have been in the right direction. The one fear of Starbucks is that they may not have a broad enough company to stay afloat if the coffee industry is to fade out.

One recommendation I would give to the company is to develop other product that would serve as a backup service for the company that would take the place of coffee if it was to ever be unsuccessful. One item Starbucks could start to offer could be an ice cream chain because that is one company that seems to stick around for a while and never fade out. Some other items Starbucks may want to look into is lowering the price of their coffee, offering different flavors and expanding the marketing in their foreign markets.

Each one of these items can really help Starbucks evolve into something even more than what they already are. As you can see, Starbucks is a very well-known company that has used the SWOT analysis to their advantage. They are a chain company that has carefully strategized and planned out their goals and accomplishments so they can be a successful company. Remember there are always room for improvement no matter what kind of company you are and next time you need a change take the time out to fill out a SWOT analysis on your company and develop some goals.

Also interesting is SWOT Analysis Gym essays