

· well as the retreat
barriers because



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- Rivalry among existing competitors: Moderate.

The fixed expenses related to Starbucks are high, as well as the retreat barriers because of the expenses of assets and resources they have obtained. The switching costs to buyers are low since there are many other coffee options, and the prices of Starbucks are the highest. The increase of competition in Iceland from direct competitors is rising from Dunkin Donuts with promotions on social media and opening 16 stores all throughout the country. With Iceland's lack of big commercial chains like Starbucks and McDonald's, smaller businesses have had a chance to blossom (Te & Kaffi, Mokka, Stofan Cafe).

- Bargaining power of suppliers: Low. With its scale of company, Starbucks certainly has a competitive edge in comparison with other rivals in the market. Due to the power it possesses Starbucks has the rights to be selective about its suppliers, the requirements of materials are most likely high, thus Starbucks' suppliers are comparatively narrowed. Consequently, substitutes are accessible if Starbucks searches for a new price range.

Furthermore, with the disadvantages of isolated placements and low retail abilities, suppliers can not forwardly take actions by themselves. Basically, Starbucks possesses all the power in the connections it has with its suppliers.

- Bargaining power of buyers: Low. The price ranges of Starbucks' beverages is determined based on the price elasticity of its customers and the present prices at other competing businesses.

With the concept of higher quality is based upon perception, the products of Starbucks are able to sell at a higher price range. Therefore, it is not possible

to negotiate the prices as the consumers have no bargaining power against Starbucks. · Threat of new entrants: Low to Moderate. The threat of newcomers for Starbucks in Iceland is moderate. Newcomers in Iceland can challenge brands like Starbucks at a local level. Although, it is undoubtedly difficult for small businesses to compete against strong brands like Starbucks; therefore, their chance of being successful stays low to moderate.

Still, it gets lessened to an abundant extent by several elements such as market share, brand loyalty and brand image. It is also worth mentioning that Starbucks has an advantage with its own network of suppliers and high quality materials. With all aspects considered such as a corporation's size and potential to purchase, it is no doubt that Starbucks has access to better quality coffee and an enormous amount of suppliers worldwide. All these elements act to moderate the amount of threat caused by the newcomers. Nevertheless, Starbucks does not neglect the possibility of rivals coming into the picture and has taken adaptation into action. For example, the firm had purchased new machines that brew one cup of coffee individually for the coffee quality purpose, as well as providing cheaper options for their coffee size choices.

This renovating action can be viewed as a message Starbucks is sending out to other existing rivals in order to preserve its tremendous market share, as well as restraining others from considering compete. · Threat of substitute products or services: Moderate. The risk of consumers substituting away from Starbucks for direct rivals in Iceland such as Te & Kaffi and Mokka is a genuine concern. As they all honour themselves on customer service, specialty beverages, they are very hard to differentiate. The available drinks

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section is diversified varying from energy drinks to smoothies or juice.

Although, this is not a big concern because Starbucks also provides a huge range of these drinks in its serving menus.

While the greater part of coffee drinkers do not replace coffee, the most direct replacement is tea, which is available in any Starbucks' stores under its own Teavana® Tea brand as well. This can be considered as an ideal example of how Starbucks has successfully hedged against the risk of replacements with the variety of drinks it provides.