

# Swot about starbucks



**ASSIGN  
BUSTER**

It is their enthusiasm, high-quality coffee and exotic tea and good business sense that help them create the Starbucks of history. Starbucks is not just to please the mass market appeal, but to provide high-quality services. In Starbucks comfortable environment, customers can sit down and relax with special jazz and blue CDs while enjoying a wide choice of coffees such as fresh brewed coffees, different Italian-style espresso drinks, cold blended beverages (Frappuccino), packaged roasted whole bean coffees, or Via Ready Brew and Vivanno Smoothies instant coffee with fresh pastries and other food items. Also, the company mainly relies on word of mouth, so that more and more people have been coming into their stores.

Product prices will not always be very high, and this is one of the reasons that Starbucks has been attracting so many customers for decades. 2.

SWOT Analysis SWOT is the acronym for Strengths, Weaknesses, Opportunities and Threats. In particular, ? Strengths: attributes of the person or company that are helpful to achieving the objective(s). ? Weaknesses: attributes of the person or company that are harmful to achieving the objective(s). Opportunities: external conditions that are helpful to achieving the objective(s).

? Threats: external conditions which could do damage to the objective(s).

Identification of SWOTs are essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOTs. Therefore, the aim of this paper is to do an in-depth SWOT analysis of Starbucks Corporation in order to identify the key internal and external factors that are important to its successful operation. 1.

## Strengths

To begin with Strengths, Starbucks' reputation with high brand equity can not be denied. Starbucks is one of the most well-recognizable brand name with high brand loyalty, perceived quality for fine products and services, and strong brand associations. With almost 9000 cafes and 16000 coffee shops in almost 40 countries world-wide, Starbucks Corporation is a very profitable organization, earning in excess of \$600 million in 2004. The company also care about the concept of environment which is mentioned in the mission statement as well.

The internal environment that Starbucks tries to create in its stores is a comfortable place where a customer “ can sit for five hours with a single cup of coffee’.

Relationship with employees is also important asset for the success of Starbucks. Howard Schultz, the Chairman of Starbucks wrote that to gain profit and be competitive, famous brand and respect employees, both are necessary (Barbara Farfan). Starbucks not only has excellent training program, but through effective encouragement policies, it also creates open communication between employees and managers.

As all employees have options, they were also called “ partners”. The headquarters of the company is even named “ Starbucks support center” whereas management center of information and support functions are provided to the grassroots shops instead. 2.

Weaknesses Although widely known to be successful, the company does have some weaknesses. The first one is its extremely high in pricing. Because it is too expensive, it is easy for customers to switch from drinking Starbucks coffee to cheaper alternatives. And if competitive pressures increase, the company could be undercut by lower price rivals such as McDonalds or Costa Coffee.

The second one is the store over-exposure. Around every corner, in every shopping complex, there is always a Starbucks cofe, if not two.

Sometimes, Starbucks stores are just inside and outside the same complex. To many stores in the same small areas can lead to the competition among each other (stealing business and customers away from other Starbucks locations). Additionally, Starbucks is trying to add more foods such as sandwiches and salads but can't maintain the same level of profit margin as its coffee does.

This changes doesn't go with its mission to serve coffee, which causes confusion. Many customers started to complain that Starbucks now is more like a fast-food restaurant rather than a coffee house.

The introduction of breakfast foods and pastries has caused confusion about their core values and thus damaged their brand image. 2. 3 Opportunities Being a famous brand, Starbucks has lots of opportunities available for further growth and investment. First is to continue expansion in the global market.

Some new markets for coffee such as India and the Pacific Rim nations are beginning to emerge.

Significant opportunities exist, especially outside domestic US market for joint ventures. Starbucks could overcome planning restrictions, reduce costs through co-locating at supermarket chains, pubs and restaurants. Licensing its name could provide new streams of revenue. For new distribution channels, co-branding with other manufactures of food and drink, and brand franchising to manufacturers of other goods and services both have potential. Their technology advancement can also increase the company's efficiency and effectiveness.

Starbucks has used software developed by a staffing management technology system called Taleo. With this technology, Starbucks can maintain a database of hundreds of thousands of candidates applying for jobs. This technology helped increase its efficiency in screening out the potential employees to fill up the positions with the correct candidate. The efficiency of their automatic espresso machines helps Starbucks to retain their customers.