· rivalry among existing competitors: moderate. the fixed

· Rivalry amongexisting competitors: Moderate. The fixed expenses relatedto Starbucks are high, as well as the retreat barriers because of the expensesof assets and resources they have obtained. The switching costs to buyers arelow since there are many other coffee options, and the prices of Starbucks arethe highest. The increase of competition in Iceland from direct competitors isrising from Dunkin Donuts with promotions on social media and opening 16 storesall throughout the country.

With Iceland's lack of big commercial chains likeStarbucks and McDonald's, smaller businesses have had a chance to blossom (Te& Kaffi, Mokka, Stofan Cafe). · Bargaining power ofsuppliers: Low. With its scale of company, Starbucks certainly has acompetitive edge in comparison with other rivals in the market. Though Starbucksis able to buy its input goods from any supplier, the company spent 26% morethan the market price for all of its coffee in fiscal year 2014 report. Starbucks'suppliers are comparatively limited, despite of the power Starbucks holds dueto the amount of goods demanded. Consequently, substitutes are accessible ifStarbucks searches for a new price range because of the high competitiveness ofthe market. Furthermore, with the disadvantages of isolated placements and low retailabilities, 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 thepresent prices at other competing businesses. With the concept of higherquality is based upon perception, the products of Starbucks are able to sell ata higher price range. Therefore, it is not possible to negotiate the prices asthe consumers have no bargaining power with Starbucks. · Threat of newentrants: Low to Moderate. The threat of newcomers for Starbucks inIceland is moderate. Newcomers in Iceland can challenge brands like Starbucksat a local level.

Although, it is undoubtly difficult for small businesses tocompete against strong brands like Starbucks; therefore, their chance of beingsuccessful stays low to moderate. Still, it gets lessened to an abundant extentby several elements such as market share, brand loyalty and brand image. It is alsoworth mentioning that Starbucks has an advantage with its own network of suppliersand high quality materials. With all aspects considered such as corporation’ssize and potential to purchase, it is no doubt that Starbucks has access tobetter quality coffee and an enormous amount of suppliers worldwide. All theseelements act to moderate the amount of threat caused by the newcomers. Nevertheless, Starbucks does not neglect the possibilityof rivals coming into the picture and has taken adaptation into action. Forexample, the firm had purchased new machines that brew one cup of coffee individuallyfor the coffee quality purpose, as well as providing cheaper options for theircoffee size choices.

This renovating action can be viewed as a message Starbucksis sending out to other existing rivals in order to preserve its tremendousmarket 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 inIceland such as Te & Kaffi and Mokka is a genuine concern. As they allhonour themselves on customer service, specialty beverages, they are very hardto differentiate.

The available drinks section is diversed varying from energydrinks to smoothies or juice. Although, this is not a big concern because Starbucksalso provides a huge range of these drinks in its serving menus. While thegreater part of coffee drinkers do not replace coffee, the most directreplacement is tea, which is available in any Starbucks' stores under its ownTeavana® Tea brand as well. This can be considered as an ideal example of howStarbucks has successfully hedged against the risk of replacements with thevariety of drinks it provides.