

Strategic Analysis of Starbucks

Introduction

Starbucks was founded in 1971 and is one of the premier global marketers, operating in over 80 markets. Their products include handcrafted premium-priced coffees, food, coffee accessories, tea, and beverages. Starbucks' mission is to inspire and drive the human spirit. It wants to serve something besides excellent coffee and connect emotionally with its customers. The most significant period of expansion began in the early 1990s. They seemed unstoppable during that period. They mainly improved their growth due to economic factors, increased consumer confidence, optimized store locations, understood customer preferences, and improved marketing strategies.

SWOT Analysis of Starbucks Corporation

Strengths:-

- 1) **Strong Brand with its Global Presence:** - It has a significant global presence worldwide and operations in around 60 countries, serving high-quality coffee customer service and allowing it to capitalize on global market opportunities.
- 2) **Customer Experience with Loyalty Program:** - Personalizing customer orders and increasing the customer experience has helped the company to build a rapport with their users and improve and expand their services and product markets. They have implemented loyalty programs to drive customers through offers and rewards programs. The Starbucks card provides convenience for those who want to receive points and renew at various locations, support gifts, and also it can integrate through mobile applications. They collect massive amounts of data from the app to personalize the customer's coffee or their buying habits. They use the Digital Flywheel program that merges digital plus customer-related information to generate quantitative and qualitative insights.
- 3) **Product Innovation:-** Starbucks introduces a different variety of products right, from expanding its menu to upgrading its coffeehouse.

Weakness:-

- 1) **High Prices:-** The Starbucks coffee is expensive as compared to other competitors in the market. This could pose some weakness for it to succeed in the particular location as the consumers switch from one product to other based on pricing.
- 2) **Store Saturation :-** By expansion and high saturation due to over crowdedness in the market leads to self-cannibalization and weaken long-term growth target.
- 3) **Coffee Culture Clash :-** In some countries Starbucks coffee culture is not accepted o its expansion strategy.

Opportunities:-

- 1) 1) **Product Diversification:-** Company continues to diversify its product offerings according to the user preferences, such as plant-based and healthier food options.
- 2) 2) **Brand Extension:-** It has a powerful brand image and expands its product by venturing into product diversification. They can leverage their size, experience, and financial expertise to make a new share market.
- 3) 3) **Digital innovation:-** The company can leverage digital technology to enhance user experience, customize orders, build marketing strategies with social campaigns, and drive loyalty through orders.

Threats:-

- 1) **Competitors:-** Starbucks has many competitors from large-scale coffee chains and small-scale cafes, so there is always increased pressure from their competitors in the market.
- 2) **Economic Factor:-** Any recession or economic breakdown, or changes in the customer's spending habitat can affect the revenues of the company.
- 3) **Changing customer preferences:-** It is a human tendency to change the taste of its own and make a shift toward other beverages that are trendy within the market or due to their monotonous nature. This could affect the sales and market shares of Starbucks.

As a data analytics expert, there are several approaches that would involve various valuable insights i.e:-

- 1) **Data collection and preparation:-** Identify relevant data sources and collect the necessary data from different sources, transform and integrate the data. This involves data cleansing, validation to ensure the data is reliable and consistent.
- 2) **Perform Descriptive Analysis:-** Understand specific goals that Starbucks wants to address through market analysis. That may include historical data for summarizing and visualizing key metrics such as trends, product preferences, and competitor analysis.
- 3) **Predictive Analysis:-** Through the predictive modeling technique, we can easily forecast future market trends, patterns, and customer preferences. This will include regression analysis, forecasting, and machine learning algorithm to estimate the patterns of the sales market and can estimate the impact of marketing campaigns.
- 4) **Prescriptive Analytics:-** These techniques will provide recommendations and data-driven results based on the Analysis of data. This would involve pricing strategies and product diversification based on customer demand and profitability.
- 5) **Visualize the findings:-** Present the findings in a visually appealing manner using graphs, dashboards, and graphs. This would help stakeholders to understand the complex problems and define data-driven insights across different levels of the organization.

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