

APPENDIX A: GROUP ASSIGNMENT COVER SHEET

Module Name and Code: business analysis IIA . BSAA201

Group Name (E.g., Group A, Group 9, Group H): VA

Please complete this form and submit it as a cover sheet every time you submit your project. One submission is required per group. The details completed below must be correct.

Student No.	Surname, Initials	Qualification Code	Task Completed	Signature
22201510	M Yasin Ebrahim	DIIBA1	Introduction of Analysis	MYE
22281272	Isanda Mxhuma	DIIBA1	Threat of substitute	IM
22215968	A.V Mazibuko	DIIBA1	Bargaining power of buyers	AVM
22260546	N.F Thusi	DIIBA1	Recommendations	NFT
22283861	Matywati Bukiwe	DIIBA1	Bargaining power of suppliers	MB
22264416	Sandile S Makhathini	DIIBA1	Intensity of competitive rivalry	SSM
22147747	Mlondi Malinga	DIIBA1	Business description	MM
22282388	Khumalo HK	DIIBA1	Intensity of rivalry	KHK

Business description

Starbucks corporation the company that we have performed an analysis and implemented the strategy on. This is an American company that operate international it was started in year 1971 at Seattle, WA. Starbucks is a premier roaster, marketer and retailer of specialty coffee around the world. Starbucks has hired 182000 people across 19767 branches or stores in 62 countries. Starbucks products mix include roasted and handcrafted high quality priced coffee, tea, different fresh food items and other beverages. Starbucks corporation sell different coffee and tea products. The company licence their trademark through other channels such as licensed stores, grocery and national food service accounts. In September 2013 Starbucks recorded a revenue of \$14.89 billion. Starbucks primarily function and compete in the retail coffee and snacks industry. The industry this company operates on faced a major setback in 2009 because of the economic crisis and changing buyers' behaviour.

Introduction of analysis

We have chosen the Porter's five forces analysis or framework. The analysis will be evaluating the strategy and the way of doing things of firms within the industry. When applying the analysis, we will be evaluating the bargaining power of buyers, bargaining power of suppliers, threat of new entrant, rivalry among existing firms and threat of substitute of product. This framework determines the profitability of the industry. The strategy implementation that we will use is differentiation this strategy keeps the competitive advantage for the company within the industry.

Application of analysis method

Bargaining power of Buyers: Moderate to Low Pressure

It provides vertically differentiated good to be wide range of customers who buy in a little quantity, which weaken the purchasing power of the customer. Even if there are few switching cost due to the wide availability of comparable good, market leaders like Starbucks nonetheless price their product mix competitively above that of their competitors Customers have moderate level of sensitivity when it comes to purchasing premium coffee since they are willing to pay more for good of a higher calibre but are worried of paying too much for such a good

Intensity of Competitive Rivalry: High to Moderate

- >The enterprise has a monopolistic opposition, with Starbucks having the most important markets percentage and its closest competition additionally having a huge marketplace percentage, developing sizeable stress on Starbucks.
- >Consumers do have any value of switching to different competition, which crates excessive depth in rivalry.
- >But its critical to observe that Starbucks hold a few aggressive benefits because it differentiates its merchandise with top class merchandise and services, which purpose a slight degree of depth in opposition.
- >The enterprise is mature and increase fee has been reasonably low which purpose the depth of opposition some of the corporations to be reasonably excessive because of they all in search of to boom marketplace shaper from hooked up companies like Starbucks.
- >This enterprise does now no longer have over ability presently and a majority of these elements make a contribution to the depth amongst opponents to be reasonably excessive.

Bargain power of suppliers

Due to Starbucks size and scope, Starbucks has the ability to make use of its suppliers, yet it nevertheless uses fair trade certified coffee as part of its Coffee and former equity program, giving those partners a fair partnership status and some moderately modest power. the industries suppliers offer little risk of directly competing with Starbuck. Starbucks also forms a highly important part of the business, Due to its scale and scope, which makes the suppliers business extremely crucial, Starbucks also plays a significant role. suppliers' power is reduced. Suppliers have a moderate low level of bargaining leverage considering those factors.

Threat of substitutes: High

The most common alternatives to coffee include tea, fruit juices, water, soda, energy drinks, and others. Bars and pubs serving non-alcoholic beverages might also take the place of Starbucks' communal atmosphere. There are no switching costs for consumers to move to alternatives, which makes the risk high. Consumers could even create their own home-produced coffee with domestic premium coffee makers at a fraction of the cost for buying from premium coffee merchants like Starbucks. It's crucial to remember, however, that even

though market leaders like Starbucks are currently attempting to counteract this danger by offering coffee machines and high-quality coffee packets in grocery stores, this threat still puts pressure on their profit margins.

Intensity of Competitive Rivalry: High to Moderate

Starbucks has the greatest market share in the sector and its closest competitors holding a sizeable portion of the market, Starbucks is under a lot of pressure. It's important to note that Starbucks maintains some competitive advantage as it differentiates its products with premium products and services, which cause a moderate level of intensity in competition. However, consumers bear cost of switching to other competitors, resulting high intensity in rivalry. Due to the industry's maturity and low growth rate, the level of competition among the companies is moderately strong as they are all competing to gain market share from well-established corporations such Starbucks, Because of all these considerations and the lack of present overcapacity in this industry, competition is currently moderately intense. Looking at the industry, the Porter's Five Forces analysis shows that the competitiveness and profitability of the retail coffee and snacks sector are Moderate.

Starbucks strategy implementation

The strategy that we implemented is differentiation. We concluded that Starbucks offer different product that are unique like premium product mix, coffee, store location, supreme client services and coffee beverages reputation. This resulted to a premium valued brand which is costly to copy for competitors. The company also adopted a shrewd strategy of strategic alliances and making smart acquisitions. Starbucks key acquisitions include Teavana (tea product), Bay bread (a bread product), Evolution fresh (fresh juice item) and more the reason for this was to make item offered to be diverse more differentiation. Another differentiation strategy is to international open to developed and emerging markets to geographical diversify. This has been highly successful whit opening of the company to 60 countries.

Recommendations

The Starbucks category that has had the most growth is international. With an expanding middle class, the developing economies of Brazil, India, China, South Africa, and Mexico

continue to present excellent prospects to open new stores and expand customer service. Although Starbucks has already made a sizable dent in the Chinese market, there is still a lot untapped development potential in these areas. Starbucks should succeed locally in these developing markets to expand. Starbucks' management teams should have the freedom to work within their overall framework to customize store formats, introduce local product mixes, and set local price points to cater to the needs, tastes, and lifestyles of each distinct market and community. Starbucks's global marketing strategy.

References

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APPENDIX B: GROUP PLAGIARISM STATEMENT

FACULTY OF ACCOUNTING AND INFORMATICS

DEPARTMENT OF INFORMATION TECHNOLOGY

Group Plagiarism Statement

You are guilty of plagiarism if you copy something from a book, article, or website without acknowledging the source and passing it off as your own. In effect, you are stealing something that belongs to someone else. This is not only the case when you copy work word-by-word (verbatim), but also when you submit someone else's work in a slightly altered form (paraphrase) or use a line of argument without acknowledging it. You are not allowed to use another student's past written work. You are also not allowed to let anybody copy your work to pass it off as his/her work.

Students who commit plagiarism will get 0 (zero) for the plagiarised work, without the opportunity to resubmit AND the matter may also be referred to the Dean for disciplinary action. Plagiarism is regarded as a serious contravention of the rules and can lead to expulsion from this and other universities.

This declaration must be completed and submitted to your respective group lecturer for all phases of the project

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1. We understand what plagiarism is and we are aware of the DUT'S policy in this regard.
2. We declare that this tutorial/project is our work.
3. Where other people's work has been used (either from a printed source, the internet, or any other source) this has been carefully acknowledged and referenced following departmental requirements.
4. We have not used other students' past work to hand in as our own.

We have not allowed and will not allow anyone to copy our work to pass it off as their work.