

C/ DETAILED OUTLINE

● Part 1: Introduction

- In 2-3 sentences: Overview of report and focus company

- Briefly introduce focus company and purpose of report

Example: Starbucks is the world's largest coffeehouse chain with over 32,000 stores in 80 markets. However, the company faces growing competition from lower-priced rivals, changing consumer preferences, and market saturation in the US. This report analyzes Starbucks' strategic dilemma of how to drive growth despite these challenges.

- In 6-8 sentences: Present strategic dilemma of focus company

- Concisely state what the **key strategic issue/dilemma** is that the company is facing

Example: This report analyzes Starbucks' strategic dilemma of how to drive growth despite these challenges. The report provides recommendations on corporate and business level strategy focused specifically on international expansion, differentiation via premiumization and sustainability, and enhancing the in-store customer experience. These recommendations aim to leverage Starbucks' core competencies in building an aspirational brand image and developing loyal customer relationships to **address the saturation in its core US market.**

- Provide **relevant facts/context** to illustrate why this is a critical strategic dilemma

Example: The strategic dilemma Starbucks faces is how to reignite growth given declining same-store sales growth in the US and increasingly intense competition in the coffee shop industry. Same-store sales provide a key benchmark for growth by indicating the performance of existing stores, excluding new store openings. Starbucks' US same-store sales grew just 4% in 2018 versus 7% in 2017. With the US representing 65% of Starbucks' 36.4 billion revenue in 2018, faltering same-store sales growth signals concerns about decreasing store traffic and average customer spend in Starbucks' largest market. The report will utilize multiple strategic analysis frameworks to evaluate the factors contributing to this strategic issue and propose solutions leveraging Starbucks' strengths.

- In 3-4 sentences: Overview of recommendations

- Highlight very briefly the key recommendations that will be proposed later in report
- Frame recommendations in context of addressing the strategic dilemma identified earlier

Example: This report will propose recommendations focused on accelerating international expansion, enhancing Starbucks' premium brand image, and reinventing the in-store experience. These solutions aim to drive growth by leveraging Starbucks' core capabilities of building aspirational branding and customer loyalty to mitigate competitive threats and market saturation in its core US locations.

- **Last 1-2 sentences: Wrap up introduction by restating strategic dilemma and how report will make recommendations to address this critical strategic issue**

Example: The recommendations specifically tackle the strategic dilemma of declining same-store sales growth in the US by providing avenues to tap new markets and opportunities.

● **Part 2: Background and History**

Suggested Flow:

- **In 2-3 sentences: Company overview**
 - Briefly introduce company, location, industry
 - Provide key facts like year founded

Example: Starbucks was founded in 1971 in Seattle by three partners - English teacher Gerald Baldwin, history teacher Zev Siegl, and writer Gordon Bowker [1]. They were inspired by coffee roasting entrepreneur Alfred Peet to sell high-quality coffee beans and equipment [2]

- **In 3-4 sentences: Ownership structure and history**
 - Explain current ownership structure
 - Provide brief history of major ownership changes and acquisitions

Example: Starbucks is owned by its shareholders as it is a publicly-traded company, with more than 1,500 institutional shareholders, including the Vanguard Group, Inc., which is the largest shareholder, and individual shareholders like Howard Schultz, the founder of Starbucks. [8], [9], [10]. Howard Schultz played a significant role in the company's history, having joined Starbucks in 1982 and later acquiring the company. The current ownership structure is well-diversified, with institutional investors and individual shareholders holding significant stakes in the company.

- **In 6-8 sentences: Size of company, Business scope, Major products and services**
 - Include metrics like # of employees, annual revenue, # of locations/stores etc.
 - Explain the industries, segments, and markets the company competes in
 - List main products, services, technologies, or solutions offered
 - Note any significant growth or decline over time

Example: Starbucks opened its first retail store in Seattle's Pike Place Market in 1971, selling freshly roasted whole bean coffees. In its early days, Starbucks only retailed coffee beans and equipment with no aims of becoming a major foodservice chain. In 1987, the company was purchased by Howard Schultz who led Starbucks' transformation into a coffeehouse chain. Schultz established the first Starbucks cafe serving espresso drinks in Seattle in 1984 after being inspired by Italian coffee culture. Starbucks began expanding outside Seattle in the late 1980s into cities like Vancouver and Chicago [3]. Starbucks went public in 1992 when it had grown to over 160 stores. This influx of funding further fueled expansion in the 1990s. By 2000, Starbucks operated over 2,000 stores internationally and

continued rapid 20%+ yearly growth, eventually exceeding McDonald's store count by 2005 with over 10,000 stores globally. Today, Starbucks operates over 30,000 stores spanning 78 countries as the world's largest premium coffeehouse chain. The company generated \$24.7 billion revenue in 2018 with close to 350,000 employees. Starbucks serves over 100 million weekly customers across its global footprint. A new Starbucks opens every 15 hours in China [4]. stakes in the company.

- **In 3-5 sentences: Major markets**

- Identify the major geographic markets the company operates in
- Include facts and figures on market share in key markets

Example: Starbucks operates in 83 countries, with 61% of its locations in the U.S. and China, and the rest elsewhere [11]. As of 2022, the company had 35,711 stores in 80 countries, with 15,873 in the United States [12]. In terms of market share, Starbucks is a major player in the coffee industry, with a significant presence in key markets such as the United States, China, and various countries in Europe and Asia. The company's wide appeal spans different demographics, making it a popular destination for coffee enthusiasts, professionals, students, commuters, and individuals seeking a comfortable and social environment to relax or work.

- **In 3-5 sentences: Spheres of influence**

- Discuss wider economic, social, community impact
- Note philanthropic initiatives, sustainability efforts, etc.

Example: In addition to its economic impact, Starbucks has a significant influence on the wider community through its philanthropic initiatives and sustainability efforts. The company has committed to becoming a resource-positive company and has set targets to reduce its carbon emissions, waste output, and water impact by 50% by 2030. Starbucks also focuses on expanding plant-based menu options, shifting to reusable packaging, and investing in regenerative agriculture [13]. Moreover, the company has a history of philanthropy, supporting various social and environmental causes, including education, veterans, and disaster relief efforts.

- **In 2-3 sentences: Tie back to the strategic dilemma**

- Relate 1-2 key elements of background to strategic dilemma
- Explain why this context is relevant to dilemma

Example: However, Starbucks still faces challenges like market saturation and increasing competition from low-cost coffee vendors [5], [6]. In recent years, Starbucks has also faced high-profile controversies related to alleged racial discrimination and union-busting accusations as barista unionization efforts have taken hold in hundreds of U.S. locations [7]. Starbucks continues working to address these issues while pursuing growth strategies focused on sustainability, digital innovation, and customer experience.

- Sources:

- [1] <https://archive.starbucks.com/record/our-founders>
- [2] <https://www.britannica.com/topic/Starbucks>
- [3] [Starbucks company timeline](#)
- [4] [Starbucks is opening a store in China every 15 hours](#)
- [5] [Starbucks: Global Coffee Giant Has New Growth Plans](#)
- [6] [Starbucks Stores Are Finally Cannibalizing Each Other: BMO Downgrades](#)
- [7] [Baristas at Starbucks Accuse Service Company of Abuse and Pay Gaps - The New York Times](#)
- [8] [Who Owns Starbucks?](#)
- [9] [The Top 5 Shareholders of Starbucks](#)
- [10] <https://www.kamilfrank.com/who-owns-starbucks-largest-shareholders/>
- [11] [Starbucks FY22 Annual Report](#)
- [12] [Starbucks Reports Q1 Fiscal 2023 Results](#)
- [13] ["Starbucks to push customers to ditch dairy for alternative milk as it moves to cut carbon footprint"](#)
- [About Us: Starbucks Coffee Company](#)
- [Number-of-international-and-us-Starbucks-stores](#)

- **Part 3: Macro-Environment Analysis**

Suggested flow:

- In 2-3 sentences: Explain the purpose and importance of macro-environment analysis
 - Understand the broad context surrounding an organization
 - Identify opportunities and threats that may impact strategy

Example: The macro-environment includes key external factors influencing Starbucks across political, economic, social, technological, environmental, and legal dimensions. Utilizing a PESTEL framework aids in examining opportunities and threats Starbucks faces.

<ul style="list-style-type: none"> ● Political factors <ul style="list-style-type: none"> ○ What current and emerging political factors are impacting the company? ○ Discuss potential opportunities/threats for the organization <p>Example: Politically, Starbucks maintains operations across global markets requiring monitoring policy conditions everywhere. Regulations on issues like minimum wage and</p> 	<ul style="list-style-type: none"> ● Economic factors <ul style="list-style-type: none"> ○ What current and emerging economic factors are impacting the company? ○ Discuss potential opportunities/threats for the organization <p>Example: Economically, the COVID-induced recession and ongoing inflationary pressures have altered consumer behaviors and forced Starbucks to repeatedly hike</p>
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corporate taxes directly impact costs and profitability. Starbucks also shows some political support for social issues, risking controversies but backing causes its customer base cares about.

Notes: Extra ideas

❖ Political Factors

- Trade policy impacts the ability to expand into new markets
- Minimum wage increases and other labor regulations increase operating costs
- Supportive infrastructure policies enable logistics and supply chain
- Tax policies like tariffs affect expenses in sourcing ingredients

prices. Disposable income declines make cheaper coffee options more appealing. And fluctuating currencies globally compound complexities in navigating diverse economic environments overseas.

Notes: Extra ideas

❖ Economic Factors

- Developed markets have discretionary spending for premium products
- Emerging economies present expansion opportunities as middle class grows
- Recession risks lower consumer spending impacting sales
- Commodity price volatility affects expenses for key inputs like coffee and dairy

● **Social/Cultural factors**

- What current and emerging social/cultural trends are impacting the company?
- Discuss potential opportunities/threats for the organization

Example: Socioculturally, Starbucks caters to a premium coffee-loving yet aging customer segment. Adapting to next-generation tastes and regional palates poses constant challenges to growth (4). Customizing food and store

● **Technological factors**

- What current and emerging technologies are impacting the company?
- Discuss potential opportunities/threats for the organization

Example: Technologically, Starbucks leverages innovations in mobile ordering, payment and loyalty apps to make purchasing more convenient (5). Digital accessibility helps retention as habits shift online. Free in-store Wi-Fi also aligns with customer needs.

aesthetics to local cultures aids reception in international expansion.

Notes: Extra ideas

➤ Sociocultural Factors

- Trend toward premium and ethically-sourced coffee drives demand
- Younger generations drive the growth of mobile ordering and rewards program
- Health consciousness supports sales of lower calorie and plant-based offerings
- Saturation reduces novelty leading some to favor local independent shops

Notes: Extra ideas

➤ Technological Factors

- Mobile apps and digital innovations elevate customer experience
- Supply chain tech improves sourcing, payments and farmer livelihoods
- Delivery partnerships with Uber Eats etc. add convenience
- At-home sophisticated coffee makers provide substitution threat

● **Environmental factors**

- What current and emerging environmental factors are impacting the company?
- Discuss potential opportunities/threats for the organization

Example: Environmentally, ethical sourcing of coffee beans from suppliers verified safe growing practices critical to quality. But issues like poor crop yields or natural disasters threaten input availability. Partnerships promoting sustainable agriculture are vital.

Notes: Extra ideas

➤ Environmental Factors

- Ethical sourcing expectations provide

● **Legal factors**

- What current and emerging regulations are impacting the company?
- Discuss potential opportunities/threats for the organization

Example: Legally and regulatorily, Starbucks navigates complex trade, employment and food safety policies across markets (6). Recent scrutiny into potential health code violations further spotlights regulatory burdens.

Notes: Extra ideas

➤ Legal Factors

- Changing food safety, packaging and labeling regulations mandate compliance

<p>impetus for sustainable supply chains</p> <ul style="list-style-type: none"> ■ Renewable energy installation enhances environmental credentials ■ Water usage and waste reduction system improvements respond to conservation trend ■ Packaging material selection balances customer convenience and sustainability 	<ul style="list-style-type: none"> ■ Work safety laws dictate store operations and employee training procedures ■ Data privacy laws require security protocols to protect consumer information ■ Tax reform affects financial planning and investment decisions
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- **In 2-4 sentences: Draw well-supported conclusion on overall direction of macro-environment**

- Summarize the most significant opportunities and threats
- What is the overall outlook for the company based on this analysis?

Example: Overall, Starbucks faces a shifting landscape but seems focused on strategic adaptation to strengthen resiliency. Its dominance and strong repeat customer base aids navigating external uncertainties.

- **Sources:**

- (1)[Is Starbucks putting too much politics in its lattes?](#)
- (2)[It's official: The Covid recession lasted just two months, the shortest in U.S. history](#)
- (3)[Starbucks plans to keep raising menu prices due to inflation and the labor shortage](#)
- (4)[Who is Starbucks' Favorite Customer? The Motley Fool.](#)
- (5)[Why is the Starbucks mobile payments app so successful?](#)
- (6)[One of Starbucks' former biggest advantages may be turning into a huge problem for the chain](#)
- Extra sources: [\[1\]](#); [\[2\]](#); [\[3\]](#); [\[4\]](#); [\[5\]](#); [\[6\]](#) (for extra ideas)

- **Part 4: Industry/Market Analysis**

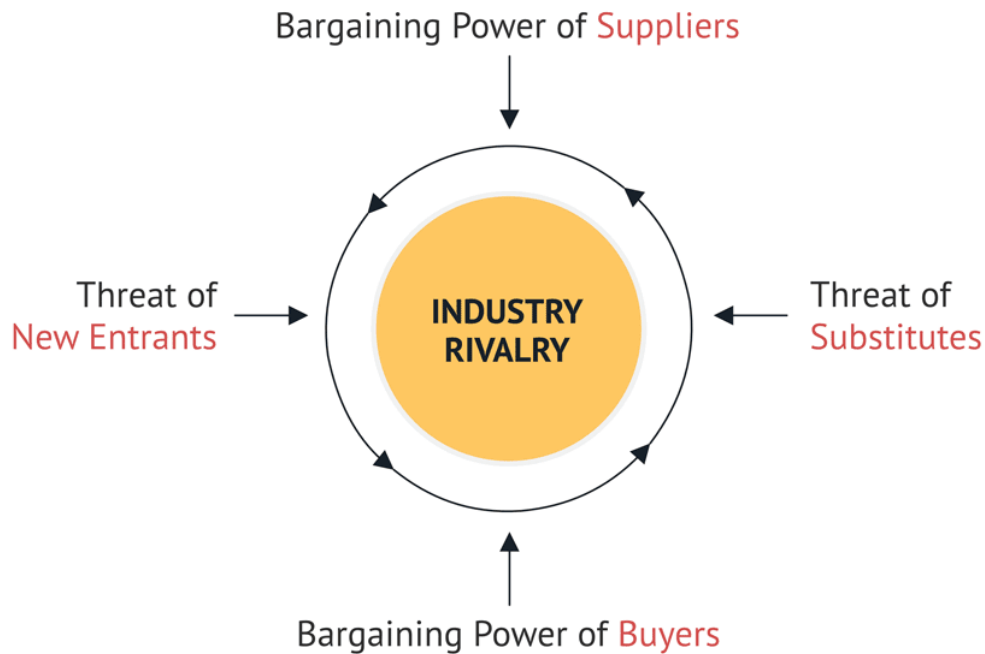
Suggested flow:

- **In 2-3 sentences, explain purpose and importance of industry analysis**
 - Understand dynamics facing a company within its competitive landscape

- Identify opportunities and threats within the industry

Example: The purpose of industry analysis is to understand the dynamics within a company's competitive landscape and identify opportunities and threats

- **Introducing Porter's Five Forces framework - a useful tool to analyze five key competitive forces in Starbucks' industry**



- **In 6-8 sentences, evaluate bargaining power of suppliers**

- Which suppliers are most impactful?
- Do suppliers have power to raise prices or reduce quality?
- Does the company have options and ability to switch suppliers?

Example: Bargaining power of suppliers: The coffee industry relies on agricultural commodity suppliers. Since coffee comprises only 20-30% of a cup's total cost, coffee suppliers have limited pricing power over Starbucks. However, they could raise prices en masse due to production or transportation issues. Starbucks mitigates this through vertical integration and long-term contracts with suppliers to secure high quality beans. (1, 2). Moreover, individual consumers have low negotiating power as buyers. However, large supermarket chains and distribution channels represent an influential buyer group. They could pressure pricing or demand premium slotting fees from brands. Starbucks offsets this through diverse distribution channels and high brand equity making customers less likely to substitute away. (3)

- **In 6-8 sentences, evaluate threat of new entrants**

- What barriers make it easy or difficult to enter the industry?
- Does the company have cost or branding advantages over potential rivals?
- Are there untapped segments ripe for new entrants to target?

Example: Threat of new entrants: Significant capital requirements and economies of scale create barriers to entering the coffee retail industry. Global brands like Starbucks also benefit from strong brand recognition. However, niche or disruptive brands continue entering with novel concepts at local or niche levels. For example, drive-through coffee chains are gaining traction.

- **In 6-8 sentences, evaluate threat of substitute products**

- What products can replace a company's offerings?
- Are customers willing to switch to alternatives if prices rise too much?
- Does a company offer unique value not easily replicated?

Example: Threat of substitute products: Alternatives include coffee made at home or on-the-go options like gas station coffee. While price-sensitive customers may substitute, Starbucks has cultivated an image of premium quality that is difficult for many competitors to imitate. It has expanded beyond coffee into food and other beverages to diversify offerings and customer needs met. (4)

- **In 6-8 sentences, evaluate competitive rivalry**

- Identify existing competitors and their positioning
- Is industry growth stagnating, indicating intensified rivalry for market share?
- What is the strength of competitive differentiation and switching costs?

Example: Competitive rivalry: Major competitors include McDonald's, Dunkin', Peet's Coffee, and local/independent cafes. Intense competition exists for prime high-traffic retail locations. Industry growth remains steady at 4-5% annually, indicating a balance of new opportunities and pressures on market share hold. Starbucks differentiates through quality, consistency, and renowned customer experiences. However, aggressive discounting by low-cost chains may still pressure margins.

- **In 4-5 sentences, summarize industry opportunities and threats**

- Determine overall attractiveness of the industry
- Impact of five forces' analysis on future profit potential

Example: In summary, while suppliers have some influence over green coffee bean costs, Starbucks has taken steps to mitigate this risk. Individual buyers have low bargaining power but large distribution partners remain important. Significant scale barriers protect Starbucks from new entrants, but disruption is possible. The coffee substitute threat is moderated by branding differentiation. Competitive rivalry with well-established brands persists but new growth avenues also emerge. Overall the industry remains relatively attractive, supported by global coffee consumption trends.

- **Sources:**

- (1) [Starbucks SEC Filings](#)
- (2) [fronetics, "Supply Chain Putting the Star in Starbucks"](#)

- (3) [Who is Starbucks' Target Market? Customer Characteristics & Marketing Strategy Analysis](#)
- (4) [Statista, "U.S. coffee consumption per capita 2000-2015"](#)
- (5) [The Five Forces - Institute For Strategy And Competitiveness](#)
- (6) [How Competitive Forces Shape Strategy](#)
- (7) [Who is Starbucks' Favorite Customer?](#)
- (8) [Analysis of Starbucks in China](#)

Note:

- Extra sources, ideas & example format: [1]; [2]; [3]; [4]; [5]; [6]; [7]

Force	Analysis	Implications
Competitive Rivalry	High and intensifying rivalry among major chains (Starbucks, Dunkin', McDonald's) and smaller independent cafes trying to differentiate with premium or niche offerings	Limits overall industry profitability; needs continuous innovation and reinvestment to stay ahead
Bargaining Power of Suppliers	High supplier power - specialty coffee bean suppliers have high negotiating position to determine pricing, could integrate forward to secure retail margins	Input cost control and supply security key priorities
Bargaining Power of Customers	Customers have significant options with low switching costs. Buyer power increasing with more frugal consumer behaviors post-recession	Must focus on loyalty, brand differentiation and customer experience to retain base
Threat of Substitutes	Moderate - alternative beverage options perceived as healthier by consumers (tea, fresh juices), risk of at-home pod coffee as substitute	Emphasize premium positioning; opportunity to expand into substitute categories
Threat of New Entrants	Moderate barriers -	Must maintain brand

	saturated market deters entry but low-cost chains still breaching from periphery	loyalty and continue raising the bar on differentiation
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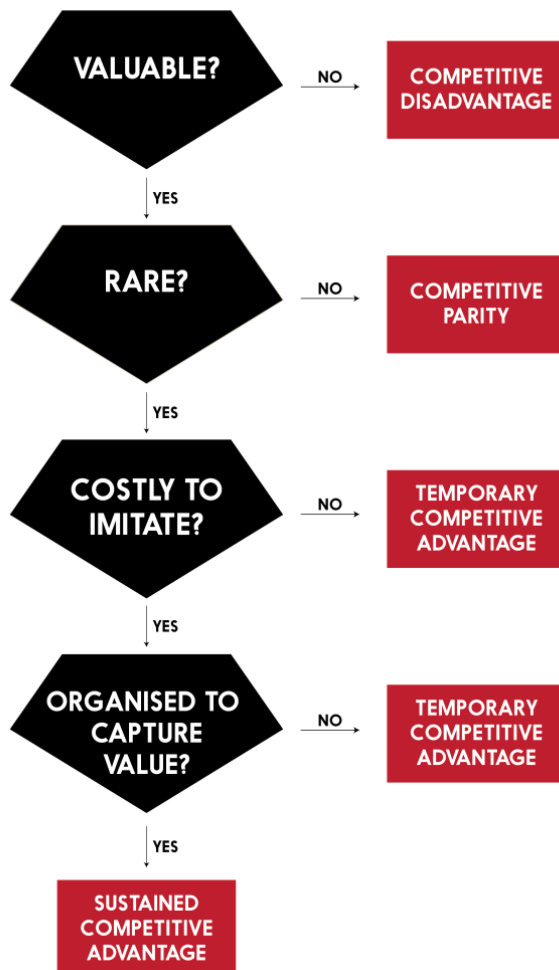
● Part 5: Resources and Capabilities Analysis

Suggested flow:

- In 2-3 sentences, explain purpose and importance of resources and capabilities analysis
 - Identify strengths internal to the company
 - Understand sustainable competitive advantages

Example: The purpose of this analysis is to identify Starbucks' internal strengths through its resources and capabilities. The VRIO framework assesses if these resources can sustain competitive advantage.

The VRIO analysis is an internal analysis that helps determine the quality and usefulness of a firm's resources and capabilities. VRIO is an acronym for: Valuable Rare Inimitable Organization (<https://thinkinsights.net/strategy/vrio-framework/>)



- **In 6-8 sentences, identify 2-3 tangible resources, assess VRIO**

- Tangible resources like property, equipment, finances, systems
- Do resources meet VRIO criteria to confer strategic value?

Example: Tangible resources - Starbucks' global retail footprint of over 34,000 stores represents a significant real estate investment that adds value. Meeting the rare and costly to imitate criteria, this extensive distribution gives unparalleled reach. However, individual stores face risk of imitation in attractive markets. Starbucks financial strength with over \$26B in annual revenues meets all VRIO criteria.

- **In 6-8 sentences, identify 2-3 intangible resources, assess VRIO**

- Intangible resources like brand equity, IP, partnerships, company culture
- Do resources meet VRIO criteria to confer strategic value?

Example: Intangible resources - Starbucks' brand value exceeds \$4B according to Interbrand, signifying strong customer associations with quality and experience. Meeting all VRIO criteria, the brand remains rare and a barrier to competition. Starbucks' ethical sourcing protocols and specialist coffee knowledge also add value. While imitable, the scale requires substantial capability building.

- **In 6-8 sentences, identify 2 key capabilities, assess VRIO**

- Capabilities combine multiple resources to accomplish an activity
- E.g. supply chain management, marketing, innovation processes
- Do capabilities meet VRIO criteria to confer strategic value?

Example: Capabilities - Starbucks' efficient global supply chain meets coffee demand across diverse markets. Orchestrating complex logistics worldwide, this capability is valuable, rare, and imitable only at great cost. Similarly, Starbucks' renowned customer experience capability is deeply embedded in corporate culture. Valuable and rare, organic replication would require sizable investment. These identified resources and capabilities address opportunities surfaced in earlier analyses.

- **In 4-6 sentences, discuss resources/capabilities alignment with macro and industry analyses**

- Do identified resources/capabilities address opportunities/threats raised earlier?
- Will they confer advantages against industry competition?

Example: The global footprint supports continued international expansion into new regions. Specialty coffee expertise addresses rising demand for premium beverages. Brand strength and experience capabilities serve as differentiation against competitors. While individual stores and sourcing knowledge face imitation risks, Starbucks overall meets VRIO criteria through financial strength, established brand, and embedded supply chain/experience capabilities. No competitors fully replicate this integrated system. The capability-based advantages of supply chain management and experience further sustain differentiation.

- In 4-6 sentences, conclude if company resources and capabilities can sustain competitive advantage
 - Which pass the VRIO assessment? Are any at risk of imitation?
 - What resources need further organizational support?

Example: In conclusion, Starbucks' extensive retail network, financial reserves, and intangible brand equity confer competitive advantages meeting VRIO assessment. Core capabilities in supply chain optimization and customer experience also provide strategic differentiation not easily duplicated. With continual organizational support, these resources can help Starbucks capitalize on industry opportunities while defending against threats in diverse markets globally.

Note:

- Sources:

1. [Statista, "Number of Starbucks stores worldwide from 2003 to 2022"](#)
2. [Interbrand, "Best Global Brands 2022"](#)
3. [Starbucks FY22 Annual Report](#)
4. [Statista, "Starbucks revenue worldwide 2022"](#)
5. [Starbucks' legendary CEO Howard Schultz shares the secrets of Starbucks' Success](#)
6. [Starbucks Reports Q1 Fiscal 2023 Results](#)
7. [The Secret of Starbucks' Success in the Chinese Coffee Market: Pricing and Marketing Strategies Analysis | Atlantis Press](#)
8. [Analysis of Starbucks in China](#)

❖ **Example format & extra ideas:**

Resource/ Capability	Value	Rarity	Inimitability	Organization	Implications
Brand image & loyalty	High value with very recognizable brand	Declining rarity as competition now mainstream	Difficult to imitate emotional connection with brand	Well leveraged with large marketing budget	Sustain brand building efforts
Store atmosphere	Valuable ambiance and "3rd space" for customers	Less rare as others emulate	Challenging for low-cost chains to copy at scale	Aligned to operational model	Defend through continuous store design innovation

Coffee product expertise	Important to produce quality premium coffees	Now widely available know-how in industry	Access to best roasting tech and sustainable supplies key	Appropriate roasting and product R&D infrastructure	Prioritize direct trade sourcing practices
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● Part 6: Stakeholder Analysis

Suggested flow:

- **In 2-3 sentences, explain purpose and importance of stakeholder analysis**
 - Identify groups impacted by or able to impact the company
 - Understand their needs and potential influence on strategy
 - Typical stakeholders are shareholders, employees, customers, suppliers, community, regulators
 - Identify stakeholder groups with highest strategic relevance

Examples: Stakeholder analysis identifies groups impacted by or influencing company strategy. This helps understand perspectives and incorporate them. Key Starbucks stakeholders include shareholders, employees, customers, suppliers, communities and regulators. Shareholders and employees represent the highest relevance to strategy.

- **In 6-8 sentences, analyze shareholders**
 - Alignment with company objectives
 - Level of influence on governance and strategic decisions
 - Assessment of risks or opportunities associated

Examples: Shareholders and employees represent the highest relevance to strategy. Shareholders primarily seek long-term stock appreciation and dividends. Recent performance delivered consistent returns, aligning shareholders. As major owners, their interests significantly influence governance and strategic choices. Short-term shifts could pose reputational risks.

- **In 6-8 sentences, analyze employees**
 - Employee needs and labor relations considerations
 - Dependencies on employee skills and retention
 - Risks associated with low engagement or turnover

Examples: Employees number over 350,000 globally, relying on Starbucks for income stability. Frontline staff play a crucial role delivering the distinct experience. Engagement risks offset through competitive benefits, training programs. Remaining an 'employer of choice' requires strategic investments. High employee turnover could jeopardize operations.

- **In 6-8 sentences, analyze customers**

- Analysis of target customer segments
- Customer needs, satisfaction levels, and brand loyalty
- Switching costs and risks from competitors

Examples: Customers encompass diverse target segments worldwide. While affluent urbanites form the main base, regional adaptation studies lower-income needs to fuel further growth. Consistent quality and accessibility shape loyalty but competitors challenge brand switching costs. Suppliers jointly pursue stable commodity pricing but also exert negotiating power.

- **In 6-8 sentences, identify key opportunities, risks, and influences**

- Which pose the greatest opportunity or risk factors?
- Who will influence the feasibility of strategic decisions?

Examples: Responsible sourcing programs address risks to quality and supply reliability. Community programs strengthen localization reputations. Regulatory compliance on wages, taxation mitigates adversity. Key opportunities involve deeper understanding of rising customers from emerging markets. mid-long term grRisks center around shareholder pressure for short-term profits conflicting with investments that support growth. Employees as experience ambassadors and their communities as reputation shapers will most influence feasibility of strategic moves.

- **In 2-3 sentences, summarize key stakeholder needs identified**

Examples: In conclusion, balancing stakeholder priorities demands ongoing consultation. While shareholders dominate strategic steering, maintaining trust with employees and customers as primary value creators remains paramount to sustained success. Understanding localized societal impacts also strengthens strategic legitimacy and social license to operate globally.

Note:

- **Sources:**

1. [Starbucks SEC Filings](#)
2. [Statista, "Starbucks revenue worldwide 2022"](#)
3. [Starbucks 2017 Annual Report](#)
4. [Fortune The World's Most Reputable Companies 2018"](#)
5. [Starbucks Espresso Drinks: More than the Average Cup of Joe](#)
6. [Starbucks' marketing communications strategy on Twitter](#)
7. [A comparison of Starbucks between South Korea and USA through big data analysis](#)
8. [Measuring Generation Y consumers' perceptions of green practices at Starbucks: An IPA analysis](#)

- **Part 7: Current Strategy Analysis**

Suggested flow:

- **In 2-3 sentences, explain purpose of identifying current strategy**

- Understand company's present strategic approach
- Sets baseline to assess strategy changes
- Define Porter's generic strategies
 - Cost leadership: Lowest cost producer in industry
 - Differentiation: Offering unique products/services
 - Focus: Targeting a narrow segment

Examples: Identifying a company's current strategy establishes the baseline for assessing potential changes.

- **In 6-8 sentences, determine current generic strategy**

- Analyze aspects like pricing, R&D spend, marketing messages
- Does company prioritize low costs or differentiated offerings?
- Is company focusing on a particular customer segment?

Examples: Porter defined three generic strategies: low cost, differentiation, and focus. Starbucks primarily pursues a differentiation strategy. It prioritizes specialized coffee sourcing expertise and an elevated customer experience over low prices. Advertising highlights quality rather than value. Premium pricing reflects differentiation based on brand image and store ambiance rather than costs. Extensive R&D and farmer support programs ensure a distinguished product pedigree. Starbucks also employs aspects of focused differentiation by targeting affluent demographic segments attracted to its upscale image and atmosphere. Rather than competing on low costs or appealing to mainstream consumers solely on price, it strategically focuses on cultivating an exclusive specialty coffee culture.

- **In 6-8 sentences, assess fitness given external analyses**

- Align findings on company's strategy with earlier macroenvironment, industry, and stakeholder analyses
- Does current strategy address key opportunities and threats?

Examples: International expansion selectively enters new regions to build this focused market worldwide. This differentiation and focused strategies align well with earlier external analyses. Opportunities exist to capitalize on specialty coffee culture growth globally by distinguishing Starbucks as the dominant brand. Industry rivalry requires differentiation to remain competitive against low-cost chains. Resource strengths like brand equity and capabilities support differentiation over a low-cost approach. While current strategies address key success factors, continued fine-tuning may be required. Growing too rapidly or standardizing too much risks diluting the differentiated experience. Local adaptation in various international markets merits review to balance consistency and relevance. Rising input costs threaten margins if not offset through premium pricing or efficiency.

- **In 4-5 sentences, conclude if strategy needs to change**

- Determine if present approach remains viable
- Would a different generic strategy be more suitable?
- Set up rationale for strategy recommendations in next section

Examples: In conclusion, Starbucks' differentiation and focus strategy generally remains viable given supportive analyses. However, optimizing the integration of global expansion goals with differentiated experiences represents an ongoing strategic challenge. Recommendations should consider how to reinforce differentiation advantages while adapting to macro trends.

Note:

● **Sources:**

1. [Starbucks 2017 Annual Report](#)
2. [Statista, "Starbucks revenue worldwide 2022"](#)
3. [AN ANALYSIS ON BRAND LOYALTY: A CASE STUDY ON STARBUCKS](#)
4. [Starbucks Espresso Drinks: More than the Average Cup of Joe](#)
5. [An Analysis of the Problems and Countermeasures in the Application of Experiential Marketing-A Case Study of Starbucks](#)
6. [An extension of neutrosophic AHP–SWOT analysis for strategic planning and decision-making](#)
7. [Analysis Method of Transfer Pricing Used by Multinational Companies Related to Tax Avoidance and Its Consistencies to the Arm's Length Principle](#)
8. [The Secret of Starbucks' Success in the Chinese Coffee Market: Pricing and Marketing Strategies Analysis | Atlantis Press](#)
9. [Analysis of Starbucks in China](#)

● **Part 8: Recommendations**

Suggested flow:

- **In 2-3 sentences, summarize need for strategy change**
 - Restate why existing strategy no longer fits external environment
 - Transition into recommended strategy changes

Examples: “While Starbucks' differentiation strategy was viable, macro changes require alterations. Globalization and low-cost rivals pressure margins; varying consumer needs challenge scale. Recommended changes position Starbucks for continued success.”

- **In 6-8 sentences, provide recommendations on corporate level strategy**
 - Recommend whether to consolidate, integrate vertically, or diversify
 - Use framework like BCG matrix to analyze business units and products
 - Identify opportunities to add or divest units based on analyses

Examples: “Corporate-level: Though diverse, Starbucks' specialty coffee expertise remains its greatest strength. The company should focus core competencies by divesting some

non-coffee ventures tested recently. Divestment improves focus on core competitive advantage according to BCG matrix analysis.

- **In 6-8 sentences, provide recommendations on horizontal integration**

- Recommend whether expansion into new segments along the value chain is viable
- Use prior analyses to assess opportunities or need for capabilities development

Examples: “Horizontal integration: Moving downstream, acquired joint distribution channels should expand to capture more consumer purchasing power. Earlier analysis showed distribution influence; integration strengthens control. Pursuing opportunistic acquisitions of emerging regional coffee chains complements global footprint.”

- **In 6-8 sentences, provide recommendations on vertical integration**

- Recommend whether downstream or upstream integration recommended
- Use prior analyses to determine if control of more value chain activities would be beneficial

Examples: Followed by “Vertical integration: Backward integration of premium green coffee sourcing strengthens supply security per prior analysis. Partnering experienced origin processors extracts more value and assures quality control. Monitoring new upstream technologies like experiential retail enables competitive advantages.

- **In 8-10 sentences, recommend ideal future positioning on Porter's map**

- Detail whether cost leadership, differentiation, or focus strategy recommended
- Support recommendation by connecting to external analyses performed
- Provide ideas on improving cost structure, differentiation uniqueness, or focus
- Ideas should be actionable and realistic based on company's capabilities

Examples:

- **Future positioning:** Reinforced differentiation via optimized global consistency with local relevance remains recommended. Leveraging brand as accessibility broadens while proprietary coffee knowledge deepens experience. Retail innovation cultivates experiential retail leadership to satisfy varied consumers.
- **Cost efficiencies:** Optimization of scale through technology, partnerships reduces costs while experience standardization systematizes differentiated service. Streamlined benefits, centralized procurement lower operating expenses. Outlet format innovation tailored to densifying markets captures growth.

- **In 8-10 sentences, highlight challenges, feasibility analysis, and mitigations**

- Identify potential stakeholder, budgetary, talent barriers
- Assess feasibility of implementing recommendations
- Provide ideas to mitigate identified challenges

Examples: “Challenges include franchise resistance to standardization, capital requirements of retail expansion plans, difficulty sustaining differentiation at scale, and over-reliance on US market. Careful communication emphasizes partnership with franchise owners. Prudent managed growth leverages joint ventures, reinvestment. Experiential retail innovations reinvigorate differentiation. Portfolio diversification offsets geographic concentration risks.”

- **In 4-6 sentences, reiterate key recommended changes and expected outcomes**

- Recap 2-3 top recommendations on corporate and business level strategy
- Project outcomes if recommendations successfully implemented

Examples: “In summary, divesting non-core assets and pursuing selective horizontal/vertical integration concentrates competitive advantages. Reinforced differentiation positioning via optimized consistency and retail innovation capitalizes on opportunities while addressing differentiation preservation concerns as Starbucks scales. Focus on strengths, pragmatic growth, and innovation repositions Starbucks for sustained success.”

Note:

- **Sources:**

- [Starbucks SEC Filings](#)
- [Revolutionary Technology and Innovation in the Coffee Industry: How it's changing the Way We Brew, grow and enjoy our Favorite Drink.](#)
- [The Future of Coffee: Trends and Innovations to Watch](#)

- **Part 9: Conclusion**

Suggested flow:

- **In 3-4 sentences, restate strategic dilemma the company is facing**

- Briefly summarize the key strategic challenge identified at beginning of report that recommendations aim to address

Examples: “Starbucks faces the strategic dilemma of balancing global scale, consistency, and localized relevance.”

- **In 5-6 sentences, recap analyses performed**

- High-level list analyses were conducted to examine the external environment, industry context, internal resources, stakeholders
- Note 1-2 key insights from each analysis

Examples: “To address this, analyses examined Starbucks' external, industry, internal, and stakeholder contexts. Key insights include specialty coffee demand growth globally but also intense industry rivalry. While resources like brand strength conferred advantages, differentiation preservation amid scale posed risks. Stakeholder analyses showed tradeoffs between consistency and cultural adaptation.”

- **In 8-10 sentences, review primary recommended strategy changes and describe expected outcomes of recommendations**

- Touch on 2-3 top recommendations on corporate strategy and business-level positioning
- Connect recommendations back to strategic dilemmas and analytical insights
- If recommendations are implemented, what would the anticipated positive impact be?
- Improved KPIs to highlight like revenue, market share, growth

Examples: “Primary recommendations center around reinforcing a differentiation strategy through focused implementation. Divesting non-core assets to concentrate expertise is proposed. Selective integration aims to strengthen control in the value chain per industry analysis. Targeting consistency optimized for relevance addresses macro trends while preserving stakeholder satisfaction. The reinvention of retail experiences is suggested to continuously reinvigorate differentiation advantages against low-cost challengers. Streamlined operations and partnership-led growth optimization aims to sustainably reduce costs.”

- **In 4-6 sentences, conclude the report**

- Final thoughts on whether analyses substantiate and recommendations address the strategic dilemma
- Close by reiterating the most compelling recommendations

Examples: Overall, the recommendations strategically position Starbucks at the intersection of global accessibility and premium locally-relevant differentiation. If implemented, KPIs like global revenue growth could strengthen year-over-year as opportunities like complementary acquisitions and innovative retail fulfill rising demand. Tighter supply chain management may bolster profit margins indicated as under pressure. Continued brand strength through revitalized stores promises further growth. In conclusion, rigorous analysis substantiates that navigating scale while sustaining differentiation poses Starbucks' central strategic dilemma. If realizing core recommendations through focused strategic change, Starbucks is positioned to optimally capitalize on the immense opportunities ahead in its industry globally while mitigating risks to profitability and brand. Careful execution is paramount.

- **Sources**

1. [An analysis of Starbucks using Game Theory](#)
2. [Strategic Analysis of Starbucks](#)
3. [Critical Analysis of Strategic Issues faced by Starbucks](#)
4. [Strategic Analysis Of Starbucks Corporation](#)
5. [Starbucks Strategic Analysis](#)
6. [Starbucks Annual Report 2019](#)
7. [Strategic Analysis of Starbucks](#)