**Starbucks**

**Factors that give Starbucks a competitive advantage**

* Capabilities
  + Reliable creation of the “3rd space” – the clean, welcoming community gathering place
  + Expertise in creating decent coffee/espresso drinks that permeates the organization
* Resources
  + Tangible
    - World-wide network of physical locations
    - Lots of capital
  + Intangible
    - Brand
    - Recipes
    - Supplier contracts & relations

**Potential threats to Starbucks ability to sustain this competitive advantage**

* Threats to rarity
  + Imitation
    - Much of what makes Starbucks special is either publicly visible or is shared knowledge among employees, making it vulnerable to outright copying
  + Replication
    - A competitor could create a widely effective “3rd space” without directly copying Starbucks, but rather surpassing Starbucks by providing a new vision more in tune with quickly-changing consumer preferences.
* Threats to value creation
  + Durability
    - Many of Starbucks’ intangible assets and capabilities require constant attention to avoid decay. Ex: Brand, supplier contracts & relations, excellent customer service
  + Relevance
    - Consumer preferences change quickly. Starbucks’ recipes may cease to match consumer preference
    - COVID – the “3rd space”, the community gathering place, no longer so attractive.

**Specific recommendations to help address these threats**

* Monitor closely and maintain positive public brand perception
* Continuously experiment with improving the “3rd space”, the community gathering place. Establish continuous A/B testing scenarios involving nearby stores to evaluate new ideas. Measure effectiveness and implement effective ideas widely.
* Follow consumer preferences. Evolve the Starbucks offering to match changing consumer preferences. Consider adding products or services that match the community “3rd space” concept. Ex: craft beer, kombucha, expanded wine selection, more “small bites” food selection.
* To further differentiate from competition and leverage large physical network of locations, consider adding electric vehicle chargers at all Starbucks locations with parking lots. Provide free charging for X minutes with any purchase.