

Environmental Analysis and Management Suggestions of Starbucks Based on SWOT Model

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Abstract: We analyzed the advantages and disadvantages of Starbucks environmental scanning. Its advantage is the high quality of the product, and the third aspect is the strong sense of experience, the advantage of social media, and localized marketing. The disadvantages are high product positioning, fast store opening, and the pressure of financial chain management and supply chain management. However, in our survey, we also identified opportunities to expand online sales and mobile payments to maximize benefits in today's globalized world. However, despite Starbucks' growth prospects, its position is now precarious due to low coffee acceptance and threats from coffee brands such as Lucky Coffee. According to the analysis, Starbucks can improve its current weakness by strengthening its market power, expanding its strategy, differentiating its strategy, and adopting a reasonable and flexible pricing system.

Keywords: SWOT model, environmental analysis, business management

1. Introduction

Founded in 1971, the company is headquartered in Seattle, Washington, and works for ethical business, purchasing and roasting the best arabica Coffee in the world. With more than 32,000 stores in 82 markets around the world, Starbucks coffee is the world's largest roaster and specialty coffee retailer. Subsequently, we established the China coffee grower support center in Yunnan province and opened seven flagship cafes in China. In December 2015, Timor flag shop opened, giving birth to the fourth offline space. I would like to study the Starbucks environment analysis of the SWOT model, which found that there were still problems in operational management as Starbucks became much stronger in the global market. We hope that our Suggestions will help Starbucks effectively to realize the maximization of effect. The second reason is that Starbucks has become the largest coffee brand in the world. Many small and medium-sized coffee companies will learn business strategies. If Starbucks follows our advice, it will also help more coffee makers and help the global economy and the globalization of the economy. Based on an analysis of Starbucks' working environment using the SWOT model, Starbucks suggests that improvements should be made to reduce differentiation strategies, flexible pricing systems, and production and operating costs.

2. Literature review

Based on the ideas and theories related to ritual communication, this paper uses participatory observation and case analysis to explain the significance of Starbucks and its coffee culture [1]. In addition, Starbucks offers consumers a unique experience based on emotional and psychological satisfaction. The success of this approach in attracting and retaining customers is the legend of business growth. This paper makes a series of analyses of the marketing model of Starbucks [2]. This paper analyzes the advantages and disadvantages of Starbucks' cross-cultural marketing strategy in China. It puts forward some suggestions for Chinese enterprises to carry out cross-cultural marketing to accelerate the development of multinational corporations in China [3]. In the context of entering the Chinese market, this paper analyzes Starbucks' strategies and effectiveness in channel selection, coffee planting promotion, cost control, and similar competition [4]. Product type has significant positive effects on Starbucks' functional value, social value, and purchasing behavior but has no positive effects on Starbucks' emotional value and purchasing behavior. From the perspective of perceived value, encourage the improvement of Starbucks' functional value, emotional value, and social three corresponding suggestions, including the development of new products, the establishment of a four-dimensional space strategy, the improvement of service quality, the optimization of Starbucks' selling price in the member states and the Chinese market, literature [5] is incorporated into this Agreement. According to the subjective feelings of the consumers, the physiological data and the psychological questionnaire of the experimenters were collected. The Carnot model analyzes the aesthetic factors that affect the consumer's psychological perception. The psychological perception of consumers is influenced by aesthetic factors of products. Using color, materials, and other aesthetic factors in product design can improve consumers' positive psychological perception. Finding the aesthetic factors that consumers are most concerned about can effectively arouse the resonance of consumers, thus further enhancing consumers' psychological perception, enhancing consumers' user experience, and providing reference guidance for designers [6]. Starbucks Select Shanghai Shenyuli store, the company's second concept store in China, has launched in Shanghai. This paper analyzes why coffee giant Starbucks opened the concept of non-historical stores in Beijing and Shanghai and the impact of the promotion of the concept of non-historical stores on its market revenue [7]. Starbucks China has launched a new banner: opening a new store every nine hours on average, adding 3,000 stores in the Chinese market in three years, doubling net profit and quadrupling operating profit. In the outside world, Starbucks, in a hurry to open stores, can feel the pressure of coffee novices, and the Chinese coffee market can provide more new space for Starbucks. As a result, Starbucks developed a plan to add 3,000 stores in the Chinese market within three years [8]. Based on OTO marketing theory, we investigated the WeChat public account of "Starbucks China" through literature, interviews, and questionnaires and analyzed its operating status. We found that the "Starbucks China" WeChat public account has some problems in the marketing process, such as weak marketing function, weak customer development ability, and insufficient marketing service. It is suggested to optimize the WeChat public account of "Starbucks China" to increase user participation, expand visibility, and improve marketing services. Its operational experience has provided a benchmark for WeChat's other public accounts in the catering industry [9]. This paper first analyzes the advantages, disadvantages, opportunities, and threats of Starbucks peripheral products in Zhejiang using a SWOT framework. Secondly, in the critical context of the novel coronavirus outbreak, the future marketing and product development direction of Starbucks [10]. Enterprise marketing should not only provide the ultimate marketing service experience but also continuously expand the consumption scene and business boundaries. In the age of mobile media, the script factor is more important than the scene [11]. Starbucks China announced that it will cooperate with Amap to offer street fundraising services. The service has been officially

launched in more than 150 Starbucks stores in Beijing and Shanghai. The acquisition can be seen as an expansion of the scene after Cafe Express entered the store in May 2019. It is not difficult to see that Starbucks China wants to continue to look for a third space to find new growth points. According to analysts, from the perspective of the current coffee market, Starbucks should stick to the price and maintain profit margins [12].

3. Environment analysis of Starbucks based on the SWOT model

3.1. Advantage

The first is the product advantage of Starbucks, which guarantees the quality of the product, so Starbucks is very keen to be ready at any time to provide coffee to customers with the required raw materials transportation, baking raw beans, and related requirements, the most stringent standards you need to comply with. In addition, product duplication and innovation are fast, catering to the trend of healthy living, producing seasonal, limited drinks, collaborative drinks, and low-calorie drinks to attract consumers to try new products and consume them. Increase the frequency. A wide variety of foods such as sandwiches, breakfast, cakes, Christmas cups, etc., and popular decorations. The second benefit is that the brand provides great emotional value. Starbucks stores have a comfortable environment, quiet music, and a strong sense of design that allows consumers to enjoy a comfortable environment. In addition, Starbucks will also provide free Wi-Fi, music, and other value-added services to further meet consumer demand. Opening the central business district and office buildings crowded with shops, recommending consumers to choose Starbucks to pursue fashion and taste, is seen as a symbol of Starbucks' entry and exit and low level of economic strength. Starbucks' businesses include gift cards, social media, and local marketing. Starbucks gift cards can be kept and spent in Starbucks stores or given to friends and family. It communicates with consumers through Instagram, Facebook, Twitter, and other platforms to promote brand messages and events. This allows many young consumers to keep buying and spending. Starbucks offers discounts and marketing information to consumers through mobile apps and mail, enabling consumers to stay up-to-date on the status of Starbucks products in real time, and increasing customer loyalty. In addition, Starbucks can adapt the design of products, services, and stores to other countries and cultures. For example, in the Chinese market, Starbucks, Starbucks in Japan, Starbucks tram in Switzerland, and Starbucks in the French Starbucks Palace, etc., are selling points with coffee-colored designs and rich traditional cultural characteristics. Success also requires careful selection and manufacturing partners. Starbucks' experience has taught us that even large companies need others to achieve their goals. In 1993, it teamed up with bookstore chain Burns & Noble to showcase coffee to customers. To further expand the bookstore market, Starbucks formed a partnership with a Canadian bookstore chain in 1995. In 1996, Starbucks and Pepsi formed the North American Coffee Association joint venture and began selling canned Starbucks cappuccinos. That same year, Starbucks partnered with the largest ice cream manufacturer in the United States to launch Starbucks Ice Cream and Starbucks Ice Cream bars, which became the best-selling ice cream in the United States. Established a partnership with Hyatt Hotels in 2001. Starbucks has also demonstrated and lived its social commitment to Conservation International, CARE, and even "Magic". We have partnerships with many groups, including Jensen's Jensen Development Company. By forming strategic partnerships with the right businesses, Starbucks can achieve its goals, open new markets, and expand its results. For small businesses to succeed, they must recognize that Starbucks alone cannot meet the needs of this market. Every business needs the help of other entrepreneurs and businesses. While not as big as Hyatt and Pepsi, Starbucks must help Starbucks enter new markets and bring products and services to market as quickly as possible. In addition, Starbucks has found a lot of survival and marketing methods because Starbucks knows that good businesses don't put all

their eggs in one basket. Therefore, to ensure a healthy financial position and steady revenue growth, we do not become overly dependent on one product. Starbucks is looking for new opportunities in its own merchandising channels, such as food service, grocery stores, franchisees, and syndicates. Starbucks' strengths and weaknesses lie in spotting opportunities and sometimes even breaking retail rules. Starbucks' ability to break the mold is a common feature of other growth companies. This is reflected in the legendary Starbucks property development model. The golden rule of retail is not followed when choosing the location of individual stores. Not only the population, the flow, the location of the competition, but also the spacing of the branches. Instead, stores are concentrated in designated areas, and Starbucks stores can be found everywhere. The traditional view of the retail industry is against centralized distribution to a single store to reduce sales at existing stores. Starbucks reneged on the agreement and continued centralizing sales to increase total sales and market share. This approach, while risky, has its rewards: the carpet-bombing factory model quickly gives it a market advantage. The strategy also reduces purchasing and administrative costs at each store. The company's size can offset the impact of new stores on sales at other stores. In the short term, it can increase profits, but in the long term, it can cause operational problems, such as a break in the capital chain.

3.2. Disadvantage

There are drawbacks, too. First of all, the high price of the product may affect the purchase decision of some consumers. In 2013, China Central Television (CCTV) compared Starbucks coffee prices in China, India, Europe, and the United States and found that coffee prices in China were the highest. Security cameras criticized Starbucks for charging \$27 for lattes that averaged less than \$5. Second, due to the erratic performance of our stores in China, we mainly rely on the US market to support our core business. Running Starbucks is also a burden. For example, in the management of financial chains, Starbucks is located in the gold zone because it opened too early. It is understood that Starbucks China will open a new store every 9 hours, 3,000 new stores covering 300 cities in China, which will have more influence on the company's cost control and financial decisions. This brings very big risks and uncertainties to Starbucks' future profits. Supply chain management also makes it difficult to change suppliers and transportation to Starbucks integrated logistics center. This is a very big issue for Starbucks logistics center. The problem is the efficiency, accuracy, and professionalism of the group's operations, as well as the pressure to integrate various inventory management methods into the local market. Therefore, under this pressure, it is difficult for Starbucks to ensure sustained profitability and profit maximization.

3.3. Opportunity

Of course, Starbucks also has some growth opportunities. First, it should further develop its online sales and mobile payments operations to gain a bigger position in the e-commerce market. It is predicted that sales of the delivery service industry will more than double in 2025. Starbucks Coffee Service stores in office buildings, hotels, and other areas will be doubled to 5,000, while 550,000 supermarkets and convenience stores will provide instant Starbucks coffee. Besides, China's coffee market also has huge potential. China will become the world's largest consumer of coffee in the future, with annual growth of 30 percent, experts analyze. The Chinese market is not saturated yet, and it is an imperfect market, which is conducive to expanding the brand influence of Starbucks and increasing its customer base. However, as most coffee shops are currently concentrated in single-track or double-track cities, the market is gradually saturated and competition is gradually entering the white-hot stage. Now 75% of coffeehouses are in first - and second-line cities, and only a quarter are in third-line or lower cities, according to Deloitte. The inventory in the third and fourth

line cities of small towns with the right to dispose of young people has already grown into the consumption potential coffee and coffee consumption market. In the third and fourth line cities, young people in small towns have become coffee consumption conscious as they operate. In addition, globalization increased the scope and frequency of Ryutong with regions and countries and thus increased international trade. This provides Starbucks with a huge opportunity to expand its international brand presence.

3.4. Threat

As a pacer in the coffee industry, Starbucks also has a threat. First, juice and milk tea are more popular than coffee. China is still a decaf culture. Most Chinese are familiar with low-caffeine products and dislike high-caffeine products. The 2020 study, which used metabolic data from more than 10,000 Chinese people, showed that slightly fewer Chinese have a high natural metabolic capacity for caffeine and more have a moderately low metabolic capacity compared to other ethnic groups. The fruit is out. Therefore, if the concentration of Starbucks coffee is too high, it is not suitable for Chinese people to drink, so it should be properly reduced. In addition, luckin is Starbucks' biggest threat. Many Chinese do not like the bitter taste of coffee, so it is necessary to neutralize it with other flavors. Thus, the boom in coffee milk tea began with packaging scorned by old coffee lovers, which made the domestic coffee market suddenly shine. luckin also knows what young people like. For example, it is participating in the common brand of a variety of young brands to consolidate its position. They can do a good job with personal domain names. They can often buy luckin from consumers. But not for a few days. luckin can push information to you. Reminds me of myself and want to push. Coupled with low prices compared to Starbucks, even if there is no money to burn, prices will rise, sales will increase, and profit prospects are completely open. According to luckin's financial report for the first quarter of this year, the profits of these enterprises reached 16.1 million yuan, and the second quarter showed an explosive growth momentum, with operating profits exceeding 240 million yuan. The popularity of "rising cafes" has widened the scope of openness. There are many problems in the purchase of coffee beans, such as price changes, stock shortages, quality problems and other supply chain risks. First, there is insufficient transparency in the supply chain. The information asymmetry between Starbucks and its suppliers lacks the transparency of the supply chain, and the discovery and resolution of the problem is delayed. Insufficient economies of scale. Starbucks has a low market share in the world and relatively low negotiation ability with suppliers, so it cannot gain scale advantage. Supply chain risk management is not perfect. Supply chain management has not established a risk management system, and its ability to deal with emergencies is weak.

4. Starbucks operation improvement suggestions based on the results of environmental analysis

Starbucks has done everything it can to deal with these threats and inconveniences. First of all, we must expand our market share and expand our strategy. Financial stress can be removed by strengthening finance, using the equity system or brand power for licensing deals. Securing products, actively launching new businesses, and also leaving a green mamade logo on the logo means that Starbucks is not just a coffee-selling group. In addition, the combination of cakes, tea, ice cream, etc., according to market demand, modifies the commodity structure to meet the new requirements. Instead, we should try to attract and bring in new people to help the company grow. At the same time, it strengthens internal learning and training and comprehensively improves the quality of employees. Of course, you can change Starbucks' strategy. Differentiation strategy refers to the strategy that distinguishes the company's goods or services from those of the same industry. For example, specific

products, cakes, or mocha coffee without foam. The company uses differentiated technologies and services, such as a system where all coffee is cooked indoors and sold in one stop. We don't use the power of chain stores. We use Starbucks itself. To reduce Starbucks' production and administrative costs. It is not too late to solve the problem, though it has fallen into the trap of unprofitable store closures and brand expansion. The reduction of stores and product lineup shows that the dilution of "Starbucks experience" and "brand commoditization" are weakening Starbucks brand value. As we all know, the basic value of Starbucks brand has always been the "third space," and the real customer base of Starbucks is the small bourgeoisie and middle class with high consumers and loyalty. Their actions and experiences are the most important part of the Starbucks brand value.

5. Conclusion

Using the SWOT model to analyze the operating environment of Starbucks, it is found that Starbucks is facing great pressure in positioning, capital chain, and supply chain management. Buying coffee beans carries more supply chain risk than rival Luckin, which understands Chinese consumers better. In addition, Starbucks has struggled to increase Chinese acceptance of coffee compared to drinks. Therefore, it is suggested that Starbucks should solve the financial pressure by strengthening financial financing, equity ownership, brand influence, and authorized operation, and implement a differentiation strategy to build core competitiveness. Of course, even if Starbucks enters smaller cities, it must adopt a flexible pricing system. This is because the income level and consumption level of residents in China's small cities are limited. From the perspective of production and management costs, Starbucks must find suppliers with lower prices and close stores, which can also avoid the problem of diluting the consumer experience and "brand marketing."

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