

IDENTIFYING EFFECTIVE STRATEGIES AND INDEPENDENTLY EVALUATING EACH ANALYSIS USING THE EXAMPLE OF THE PREEMINENT GLOBAL ENTITY IN THE COFFEE INDUSTRY, STARBUCKS

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ABSTRACT

In the article described two types of analyses that are evaluate strength and weaknesses of business, within external and internal factors each respectively. SWOT and PESTLE analyses are effective tools to assist with project and business development. Below will be considered Starbucks company with all the factors that are included in the light of two different analyses that helps to gain knowledge and reconsider some aspects that can be crucial in the company development.

Key words: *Analyses, PESTLE, SWOT.*

INTRODUCTION

The objective of this undertaking is to establish a framework that evaluates both external and internal variables that impact the advancement of the Starbucks customer enterprise. Starbucks is the preeminent global entity in the coffee industry. The goal necessitates a thorough examination of each analysis and the discernment of their respective strengths and weaknesses in isolation from one another.

The project offers several benefits, such as the identification of effective strategies and an independent assessment of each analysis. Additionally, the conclusions drawn from the evaluation of the analyses can greatly aid in brand development, income multiplication, and reputation enhancement.

The data used during the research will be sourced from reputable publications, including scholarly articles and books.

Strategic analysis is a procedure that entails analysing the business environment in which an organization runs. It is necessary to conduct a strategic analysis in order to develop strategic planning for decision-making and the efficient operation of a corporation. With the aid of strategic planning, the organization's objectives and goals can be accomplished. In particular, strategic analysis may involve:

- identifying strengths and weaknesses for subsequent strategies
- recognizing and comprehending competition
- understanding market fluctuations

- consumer trend analysis
- forecasting upcoming events using historical and current trends

Strategic planning's overarching purpose is to promote smooth and successful business operations while maximizing potential revenue. Strategies based on strategic analysis may also aid in the enhancement of customer and employee satisfaction.

PESTLE analysis, which is commonly referred to as PEST analysis, is a widely recognized tool used in business and strategic management. The term pertains to the various factors that impact a business, including but not limited to political, economic, social, technological, legal, and environmental factors. Organizations employ it as a means of assessing macroeconomic variables that impact their business activities. They offer expert insight into the external factors that impact organizations. The outcomes derived from this analysis can be utilized by individuals, experts, and executives to arrive at well-informed judgments.

Political factors define how government and policy affect an organization or sector. This includes commerce, fiscal, taxes, and political stability. Starbucks headquartered in the United States are currently facing heightened scrutiny regarding their business practices. It is imperative for the organization to oversee the level of political stability prevalent in the country.

Economic factors Economic variables significantly impact the economy and or business efficiency. Interest, unemployment, commodity, and exchange rates are determinants. Starbucks' key external economic factor is the ongoing worldwide recession, which contributes to a drop in the company's profitability. The corporation faces escalating labor and operational expenditures. Stress comes from inflation and diminishing profits. The local currency market, each country's economy, and taxes rate may also be decisive factors. (USDA, *Market segments* 2022)

Social Factors the primary emphasis is placed on the societal milieu and the detection of nascent trends. Healthy lifestyle becomes trendy and stays still for younger generation. Concerns have been raised about "green" and "ethical chic" buyers of Starbucks, who worry about brand social and environmental costs (*Contributor, 2022*) Due to the retirement age of baby boomers, whose expenses are being cut, the focus of Starbucks' attention is shifting to millennials and Gen x.

Technological Factors various factors may contribute to these, such as advancements in digital or mobile technology, automation, and investigation and development. Starbucks riding the mobile trend thanks to its Apple relationship for app-based discount vouchers, also company facilitating mobile payments. (*Contributor, 2022*)

Environmental Factors refer to the elements that are affected by the natural surroundings and ecological variables that affect them. Climate, recycling techniques, carbon footprint, waste disposal, and sustainability are all factors to consider. Raw material is a major issue. Therefore, the corporation follows social and environmental standards in order to find suppliers of material.

Legal Factors an organization has to comprehend what is legal and permissible in the countries in which it operates. Starbucks Coffee's labor market and coffee bean prices are threatened by labour rules, especially in emerging countries.

PESTLE analyses offer perspective for business orientation, company positioning, growth targets, and productivity hazards like another pandemic. It can validate current items and specify future inventions, however rapid change of factors can lead to incorrect pattern of analyse. (Smithson, 2021)

The Porter's Five Forces framework is a theoretical model that aims to identify and evaluate the five competitive forces that influence and effect any given industry. This model is utilized to assess the strengths and weaknesses of an industry. The Five Forces framework is commonly employed in order to ascertain the structure of an industry and subsequently devise company's approach.

Competition in the industry The initial force among the Five Forces pertains to the quantity of rivals and their capacity to cause a damage. The greater the quantity of rivals, coupled with the quantity of comparable products and services they provide, the lower the level of influence a company possesses. Starbucks competes fiercely with rival coffee chains, that serve coffee and other products. To stay successful, Starbucks keeps adding products, which can enhance market rivalry.

Threat of New Entrants Fresh competitors affect an organization's strength. An established company's position might be eroded if a rival enters quickly and cheaply in the industry and becomes a strong competitor. Starbucks' dominant market share can deter potential competitors. Starting a coffee shop is expensive, which may prevent newcomers. The coffee sector is quick to enter, and countless tiny separate coffee houses can compete with Starbucks.

Bargaining Power of Suppliers The Porter model's next feature covers suppliers' ability to raise input prices. It depends on the quantity of providers of critical inputs of the product or service, how special they are, and how much it expenses for an organization to transfer vendors. Companies rely more on suppliers when there are less of them. Due to its enormous volume of sales and powerful logo, Starbucks may negotiate with its suppliers. Starbucks also uses ethical sources and ensures the standard of its goods

Bargaining Power of Customers The Five Forces include buyers' capacity to cut prices. It depends on the amount of clients a business has, how important every client is, and how much it costs to search for prospective consumers or places for its output. With intense competition and costly prices, consumers of Starbucks have medium to high bargaining power. If Starbucks' prices or quality disappoint, buyers can move to alternatives.

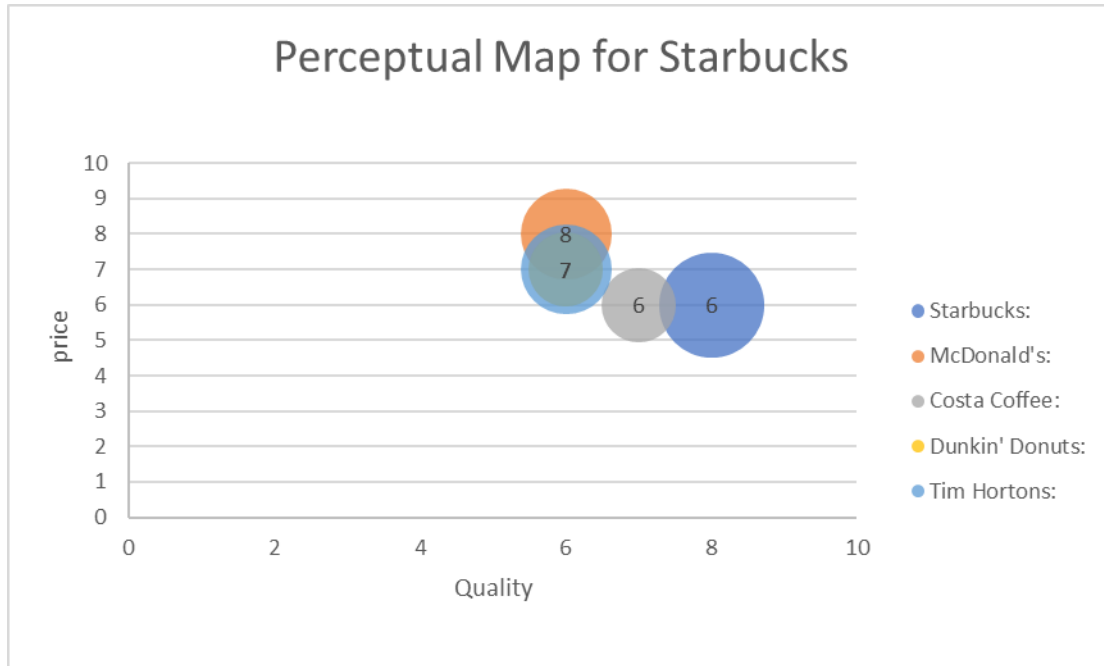
Threat of Substitutes Alternative products and services might threaten a corporation. Firms with no near substitutes can charge higher prices and negotiate better conditions. With near replacements, buyers can choose not to purchase a company's goods, weakening its strength. Starbucks faces a significant challenge from replacements such as beverage corporations. Buyers can shift to alternative options if they believe Starbucks' pricing are too exorbitant, or if they want healthier or more unusual selections.

Five forces analysis helps companies analyze industry profitability and make decisions about entering, expanding, and establishing competitive strategies, therefore orientated backward and internationalization makes its findings useful only in the short run. (*Team, 2023*)

Strategic group will be considered in the following paragraphs

Strategic groups refer to a cluster of firms operating within a specific industry that share a common business structure or strategic approach. Firms belonging to a strategic group experience greater competitive pressure from fellow participants compared to external competitors.

A strategic group map, also known as an organizational map, is a visualization tool that includes data from competitors in the same sector with similar traits and market share to the organization. This tool will assist in determining how a business compares toward its competitors. A strategic group map could contain information such as business size, product or service pricing, product or service attributes, target market, and distributors or networks.



From this map it's obvious that Starbucks have leading position among others, and have the highest scores from the quality of beans as follows from the taste too, but from the line of price it's inferior to other coffee brands as like Tim Hortons, Costa Coffee. Tim Hortons and McDonald's have leading positions slightly above than Starbucks, towards to preferable price and interior. Dunkin' Donuts and Tim Hortons going parallel to each other in every term except price.

SWOT analysis (strengths, weaknesses, opportunities, and threats) is a framework for evaluating a business's position in the market and developing strategic plans. SWOT analysis evaluates internal and external elements, along with present and possible future opportunities. (Kenton, 2022)

Strengths contribute to an organization's competitive advantage include a robust brand, a devoted customer base, a healthy financial position, distinctive technological capabilities, among other distinguishing features. Starbucks exhibits robust brand recognition and image, together with a broad global reach and a variety of products. Additionally, there exists a solid supply chain.

Weaknesses prevent a business from operating at its highest level. Starbucks has some weaknesses, such as high costs that may alienate consumers who are price-conscious, dependency on the US market for a substantial percentage of its income, and restricted menu alternatives for clients with specific dietary needs or preferences.

Opportunities defined as advantageous external circumstances that may provide a corporation with a competitive edge. Starbucks could potentially capitalize on many possibilities, including expanding into emerging markets such as China and

India, diversifying its range of goods to include more nutritious and plant-based alternatives, exploring potential for development in the ready-to-drink beverage market, and pursuing possibilities for collaboration with other food and beverage companies. There has been a growing emphasis on ecological sustainability and environmental projects.

Threats are defined as elements that possess the capability to cause harm to a company. The potential risks or challenges faced by Starbucks are... The coffee industry faces various challenges, including intense rivalry from both established coffeehouses and detached coffee shops, changing customer tastes towards more nutritiously and non-coffee beverages, recessions that may result in reduced consumption, shifts in the prices of coffee and other commodities, and adverse effects of political and social factors, such as trade wars and demonstrations.

The SWOT methodology possesses advantages, including its versatility in addressing diverse company problems, rendering it a desirable tool for facilitating certain discussions of ideas. Nevertheless, the drawbacks of the aforementioned tool, such as its tendency towards subjective analysis of a given matter, render it less appealing to certain individuals. (Team, 2023)

CONCLUSIONS AND RECOMMENDATIONS

In summary, it is essential to consider all analytical methods when devising a brand development strategy. However, it is important to note that a prolonged review of these strategies, exceeding a year or even less, may not be advisable due to the influence of various factors, including political, economic, and consumer trends, which are subject to change. It should be noted that Porter's analysis lacks external factors in order to add two by two, while PASTEL can be considered for a shorter-term development perspective due to the need for constant updating of information. SWOT analysis is good because it provides an analysis of external and internal factors, while strategic group analysis helps to identify the dynamics of the industry while not guaranteeing the effectiveness of the strategy. Given the above arguments, one can come to the conclusion that it is important for such a large organization as Starbucks to adhere to a certain strategy throughout the year, and constantly identify weaknesses and strengths.

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