International Journal of Finance and Investment
ISSN: 3078-6002 (Print), ISSN: 3078-2295 (Online) | Vol. 6, No. 1, 2026

A Comparative SWOT Analysis of Espresso Royale's Campus Locations at the University of Illinois Urbana-Champaign

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Abstract: Small business coffee shops have increasingly faced challenges to stay open amid competition and varying customer preferences. Espresso Royale, a well-established coffeehouse chain with multiple locations serving students, faculty, and staff at the University of Illinois Urbana-Champaign, has gone through significant difficulties throughout the years. With the presence of several locations on campus, there are potential differences in business operations, customer experience, and overall performance. Understanding these differences through a comparative analysis of the two big locations on campus will allow for data-driven recommendations aimed at optimizing business strategy. This research seeks to explore the internal and external factors influencing each location's success and propose actionable solutions to enhance their performance and competitive standing.

Keywords: SWOT analysis, Espresso Royale, campus coffee shop, customer experience.

1. Introduction

Espresso Royale is a locally based coffee chain with a robust presence in the University of Illinois Urbana-Champaign area. Among its campus-facing stores, the Daniel Street location in Champaign and the Urbana-side location serve different groups of students, residents, faculty members, and employees. Although they are within the same business and offer the same menu, they operate in different ways because of their different set-ups, their customer bases, and the environment in which they are located.

Espresso Royale as a brand in general possesses certain strengths. It has famous weekday drink specials like $3.50 mochas on Mondays, $3.00 lattes on Wednesdays and chai tea lattes on Fridays, all of which are offered in any size. These deals are planned by a large number of customers and help ensure a constant flow of traffic all week long. Nevertheless, the company does not have a robust presence on social media, and its marketing is minimal. A significant number of customers do not know about these deals or new offers as they are not explicitly promoted in-store and are difficult to find online.

The Daniel Street location is located in the core of campus town, near student housing, classroom buildings and other high-traffic locations. It caters to many students during the day, particularly in between classes. Its interior is modern and compact. Since the space is very small, it is subject to the limitations of a small number of seats and a large amount of foot traffic, which determines the type of customer experience that it can provide.

On the other hand, the Urbana-side location lies on the quieter side of campus, near academic departments, residential areas, and cultural facilities such as the Krannert Center for the Performing Arts. It is less crowded inside; there is more seating available and the environment is less noisy. It is more likely to draw customers who have a tendency of prolonged stay. The interior of the coffee shop with its aged furnishings and more traditional design leads to a relaxed atmosphere.

This analysis compares the two locations through a SWOT framework based on customer reviews, industry studies, historical records and digital presence data to gain a more comprehensive knowledge of how Espresso Royale can enhance its individual stores and its overall business approach.

2. Literature Review

The Strengths, Weaknesses, Opportunities, and Threats (SWOT) framework has been widely applied in the strategic management literature as a useful means of assessing internal organizational capabilities and the external environment. SWOT analysis has become one of the most widely used strategic planning models in many industries, including food and beverage services. Its flexibility and ease of use make it especially applicable to small businesses and local enterprises that would like to understand their competitive position without the resources of large-scale market research [1].

In the coffee shop and restaurant business, previous studies point out the importance of location, ambience, and price in the establishment of customer loyalty and the number of visits. Ryu, Lee, and Kim found that the material setting of a cafe or restaurant, such as interior design, ambient setting, and spatial configuration, has a direct relationship with customer satisfaction and behavioral intentions [2]. The same notion was applied to the servicescape, as Bitner proposed, stating that the physical environment of the service setting is influential on customer behavior and employee performance [3]. The two sites in this research have very different servicescape features that seem to appeal to various groups of the campus population.

Studies of college campus coffee shops identify the individual consumer purchasing behavior of the student demographic. Students are price-sensitive, time-conscious, and are highly influenced by peer recommendations and social media [4]. Research has shown that promotional pricing, including offering drinks at a discount on certain days, can help drive student traffic, especially around midterm and final exam time when the demand to study in a favorable environment is high. In this aspect, Espresso Royale's

weekday specials are in line with the practices identified in the literature for attracting a cost-conscious student market.

The problem of competition between independent coffee stores and multinational companies such as Starbucks has also been examined extensively. Thompson and Arsel argue that even though global chains have the benefit of brand familiarity and economies of scale, locally based coffee shops can form competitive advantages through community identity, personal service and a sense of place [5]. However, to maintain such advantages, there is a need to invest in customer experience and marketing in a conscious manner. This is particularly relevant for Espresso Royale, which must compete directly with a Starbucks store within the same campus setting while remaining local.

Finally, evidence on digital marketing and social media among small businesses implies that a consistent and active online presence is emerging as essential in the modern retail landscape. Kim and Ko demonstrated that the social media marketing activities of a brand are positively related to customer equity, purchase intention and brand loyalty [6]. For a locally owned coffeehouse like Espresso Royale, using platforms such as Instagram to reach the campus population and communicate deals may be a relatively low-cost but high-payoff strategy.

3. Research Methodology

3.1. Consumer Sentiment Analysis

Online platform reviews, especially Yelp reviews, were systematized and analyzed to identify patterns in service quality, atmosphere, store layout, and customer satisfaction [7, 8]. These consumer-created reviews and open-access photos are the basis of the descriptions of physical ambiance and layout used in this report, instead of firsthand observation.

3.2. Industry, Market, and Digital Presence Materials

The macro environment, such as industry trends, competitive standards, and consumer behavior patterns in the coffee shop industry, was examined through open-access industry and market materials. Historical and media records were also used to understand Espresso Royale's position in the Champaign-Urbana campus market. The brand's Instagram and Facebook presence was reviewed in terms of post frequency and engagement to evaluate its online marketing strategy with reference to industry standards.

3.3. Data Analysis Procedure

All gathered secondary data were categorized and coded in terms of the four quadrants of the SWOT framework. Data points were classified as internal strengths, internal weaknesses, external opportunities, or external threats. The coding process also distinguished between brand-wide factors and location-specific factors. This structured approach allowed for a direct comparison of the Daniel Street location and the Urbana-side location despite the lack of primary on-site data. The results were then discussed in the context of relevant literature to draw strategic implications and actionable recommendations.

4. Comparative SWOT Analysis

The SWOT framework provides a structured way to compare the two campus locations. Table 1 summarizes the main strategic factors:

Table 1. The main strategic factors

SWOT Dimension	Brand-Wide Factors	Daniel Street / Champaign Location	Urbana-Side Location
Strengths	Affordable weekday drink specials; local brand familiarity; campus customer base.	Central campus-town location; connection to nearby student housing and high foot traffic; variety of seating options.	Warm ambience; quieter study environment; more relaxed physical layout; stronger sensory appeal.
Weaknesses	Limited social media presence; customer service complaints; insufficient promotion of deals.	Small and cluttered space; uncomfortable waiting area; more grab-and-go than lingering experience.	Lower foot traffic; less central location; weaker spontaneous student visits.
Opportunities	Extend late-night hours; strengthen social media marketing; improve review response strategy.	Reorganize store layout; create a clearer waiting area; improve first-time visitor experience.	Build a quiet study and community identity; host low-profile events such as open mic nights or poetry readings.
Threats	Rising coffee import costs and price sensitivity among students; strong chain competition.	Nearby Starbucks inside the campus bookstore; pressure on sales and profit margins.	Competition from independent cafes and bakeries; lower traffic during academic breaks.

4.1. Strengths

4.1.1. Brand-Wide Strengths

One of the key areas of strength of both Espresso Royale locations is their cheap weekly drink deals. Espresso Royale has specials on mochas, lattes, and chai on Mondays, Wednesdays, and Fridays. These deals appeal to customers and enable Espresso Royale to increase its sales. Research conducted showed that half of the population would wish to spend twenty dollars or less in coffee shops monthly [9]. This indicates that most individuals are aware of the amount they are paying on coffee, particularly college students. This is the reason why Espresso Royale selling twenty-four ounces of coffee at as low as three dollars has proved such a successful tactic.

4.1.2. Daniel Street / Champaign Location Strengths

One of the strengths of the Daniel Street location is that it is located close to the core of the UIUC campus. The store is found near 6th Street and Daniel Street and therefore it is only a few strides away from the main quad and the Transit Plaza. This is ideal for students who want to stop for coffee or are looking for a place to study in between classes. Easy access to the bus system also makes it accessible for students from different parts of campus. Another strength of the Champaign location is that it is connected to nearby student housing. This connection allows students to access more seating and other

facilities offered in the apartment building, making Espresso Royale an attractive studying environment. Finally, one major strength of the Champaign location is the seating options. Students can sit at low tables, high tables, the coffee bar, and on couches, allowing customers to choose the seating that works best for them and their needs.

4.1.3. Urbana-Side Location Strengths

A study of coffee shop atmosphere indicates that sensory stimuli can influence customer experience and sales [10]. The Urbana location has found such success by appealing to customers' sensory perceptions. The smell of coffee brewing, the soft sound of music playing, and the natural lighting from the big windows are examples of how the Urbana Espresso Royale has appealed to customers' sensory perception.

4.2. Weaknesses

4.2.1. Brand-Wide Weaknesses

A weakness for Espresso Royale would be the several customer complaints about poor service or unfriendly staff. One Yelp reviewer complained that when they stopped at the Champaign location to grab a coffee and lunch, the store was out of almost all food options and did not have the ingredients to make the usual drink [7]. Another customer left a Yelp review stating that the staff had treated them with less respect than other customers because they were a person of color [8]. Though some reviews show that customers have had great experiences with the Espresso Royale staff and their customer service, it only takes a few negative reviews to harm a brand's reputation.

4.2.2. Daniel Street / Champaign Location Weaknesses

A weakness of the Champaign location is the physical layout of the shop. Though there is a variety of seating options for students, the layout of this seating makes the space feel awkward and cluttered. After ordering coffee at the register, there is no appropriate place for customers to stand and wait for their coffee without feeling like they are in the way. Customers either find themselves standing near people who are sitting down trying to study or standing directly in the line of traffic of people coming and going. Additionally, since this location gets so busy, if a customer does wish to grab a seat here, they will probably have to arrive early in the day to find one. Because of how crammed this space can feel, the Champaign location has become more of a grab-and-go coffee shop, rather than a space for people to sit down and linger.

4.2.3. Urbana-Side Location Weaknesses

A weakness of the Espresso Royale in Urbana is the physical location of the shop. This location does not experience nearly as much foot traffic as the Champaign location since it is not located in the middle of campus. With most student housing being located on the Champaign side of campus, students are more likely to visit the Champaign location to grab a coffee than the Urbana location. The Urbana location has had to focus more on other elements of its coffee shop, such as drink deals and environment, to combat the decreased foot traffic.

4.3. Opportunities

4.3.1. Brand-Wide Opportunities

A major opportunity for both locations would be to extend their hours by staying open past 10 p.m. Some discussion of college-area cafes has suggested that students often need late-night study spaces and that cafes near colleges could benefit from later hours [11]. With college students being the main target audience for both Espresso Royale locations, staying open even two additional hours until midnight could boost foot traffic and revenue. This could be especially beneficial since the main library on campus closes at 10 p.m. during the week, and even earlier on weekends. Students are often in the main library right until it closes for the night, and they could venture to Espresso Royale to continue their studying and grab a coffee if it extended its hours.

Another opportunity for both Espresso Royale locations would be to improve or expand their marketing efforts. Currently, there is one Instagram page for all Espresso Royale locations in Champaign-Urbana. This Instagram page makes posts about once a week, and these posts do not receive much engagement. Additionally, there is a Facebook page for each Espresso Royale location in Champaign-Urbana, which receives even less engagement than the Instagram page. Having a strong social media presence could be especially helpful for Espresso Royale since most college students use social media. By posting more content on Instagram, such as behind-the-scenes footage, daily deals, and new menu items, Espresso Royale could generate leads, improve engagement, and overall increase revenue [12].

4.3.2. Daniel Street / Champaign Location Opportunities

A major opportunity for the Champaign location to improve its strategy and increase its revenue would be to improve its store layout. As mentioned previously, the current store layout is awkward and overwhelming. Creating a more welcoming layout is especially important for first-time visitors, so that customers are enticed to explore further and create repeat purchases. Creating a comfortable space for customers to wait while the staff is preparing their drinks would be one of the most important changes to make the space feel more inviting. This would benefit customers just stopping in to grab a coffee but also make the students who are sitting down to do their work feel less crammed. Creating a welcoming environment, similar to that of the Urbana location, could greatly increase the dwell time of customers at the Champaign location and help create more repeat purchases to increase revenue.

4.3.3. Urbana-Side Location Opportunities

The Urbana spot can work toward becoming a quiet, relaxing spot among students and residents in search of a peaceful place to read, study, or relax. It is located close to residential quarters and the arts and humanities buildings, which is the reason why it is ideal to nurture a welcoming and reflective environment.

4.4. Threats

4.4.1. Brand-Wide Threats

The tariffs associated with imported coffee are one of the largest external threats that Espresso Royale is experiencing in both of its locations. These new taxes on imported coffee are between ten and forty-six percent and are impacting some of the largest coffee-producing countries in the world [13]. This directly threatens the Espresso Royale supply chain and pricing model. Espresso Royale obtains its coffee beans through the Crop to Cup program, which procures coffee beans from some of the largest coffee-producing nations. Increased tariffs may lead to Espresso Royale having to raise the prices of its drinks. Because college students are typically money conscious, increased drink prices could drive Espresso Royale's main customer base away. Students may be more likely to switch to a larger chain, such as Starbucks, which is

able to keep prices relatively low because it has more resources to absorb the costs of tariffs.

4.4.2. Daniel Street / Champaign Location Threats

A threat facing the Champaign location is its competitor, Starbucks, located just down the street. Starbucks is directly competing with Espresso Royale by having its own menu of coffee drinks, food, and pastries. Additionally, Starbucks is located inside the campus bookstore, leading customers who are already visiting the bookstore to grab a coffee from Starbucks rather than Espresso Royale. Though Champaign Espresso Royale has been able to keep up with Starbucks so far, there is always the threat that Starbucks will reduce Espresso Royale's sales and profit margins.

4.4.3. Urbana-Side Location Threats

The Urbana site is particularly vulnerable since it is less centralized, has less foot traffic, and is in a quiet area of campus. Its position close to residential areas and the arts buildings implies that fewer students walk past it on a daily basis, particularly during low academic seasons. Consequently, the Urbana branch might not be able to ensure steady traffic, especially during evenings or academic holidays. Also, local independent cafes and bakeries are becoming increasingly competitive in Urbana, attracting the same niche market with warm environments, vegan or specialty dishes, and an interest in sustainability. Students in the humanities and arts communities usually find themselves drawn to these spots and might seek a more curated or community-driven experience. Unless Espresso Royale further develops and differentiates itself, it may lose its foothold in this competitive arena.

5. Discussion

5.1. Leveraging Strengths

The findings of this SWOT analysis provide a clearer picture of the strategic position of Espresso Royale within the competitive campus coffee market. Despite the similarity in brand name and product offered by the two locations, they are in two different circumstances that require differences in strategy. The most powerful brand-wide asset of Espresso Royale is the system of weekday drink specials. The student consumer segment is sensitive to price, as the literature attests, and promotional pricing could be an effective tool to produce a continuous flow of customers [4]. However, this is not fully effective nowadays because of the absence of appropriate communication. A high proportion of customers who are unaware of these deals because of poor in-store signage and limited social media promotion suggests that there is a gap between the promise made by the brand and the perception of the promise that the brand makes. Bridging this gap through more conscious marketing communication is likely to result in measurable improvements in traffic and revenue at the two locations.

The individual strengths are represented by the special physical climate of the two places, and should be improved tactically. The Urbana location is mostly in line with what Bitner calls a good servicescape because it encourages lingering and returning due to its warm and sensory-based ambience [3]. Comparatively, the Champaign location is prime-campus-positioned and therefore provides unmatched access to high foot traffic. Each place will have to capitalize on its selling point: Urbana as the place to study and community, and Champaign as a convenient and high-energy base for students on the run.

5.2. Addressing Weaknesses

Both locations have weaknesses that reflect operational and experiential gaps that can be addressed. The bad design and the absence of waiting space at the Champaign site make customer experience frictional and are likely to send away students who might want to hang around. A slight redesign, such as the establishment of a special waiting area and an improved circulation of the seating space, would make a positive impression on both grab-and-go customers and individuals who wish to study there.

Negative customer service feedback identified during secondary research is a weakness in terms of reputation that Espresso Royale needs to take seriously. A small number of negative reviews that are visible in the digital era can exert a disproportionately large effect on the choices of potential customers. This threat may be reduced through investing in employee training programs, customer service excellence and inclusive, welcoming service behavior. Also, the brand needs to work on an active review monitoring and response strategy to prove its responsibility and willingness to improve.

5.3. Capitalizing on Opportunities and Mitigating Threats

The opportunity to increase operating hours may be a low-risk and potentially high-reward strategic alternative that both locations can apply. Since the demand of students who want to study in a quiet environment is high during evening and late-night time, especially during midterms and finals, extending hours until midnight might tap a previously untapped market segment. The closing of the main university library at 10:00 p.m. during weekdays provides a natural gap that Espresso Royale may be able to occupy. Although extra staffing expenses will have to be taken into account, a pilot project may be conducted to determine the economic viability of longer working hours before taking a permanent position on the matter.

The threat of import tariffs on coffee is mostly extraneous and beyond the ability of individual shop operators. However, the effect can be reduced by Espresso Royale by proactively communicating with its customer base about the need to make any price adjustments and positioning these changes as an industry-wide impact instead of a brand choice. By emphasizing the brand as a local brand, ethical sourcing through the Crop to Cup program and community responsibility, Espresso Royale may hold on to price-conscious customers who view these attributes as better than the low-price convenience of chain stores like Starbucks.

6. Conclusion

This SWOT analysis demonstrates that as a local chain coffee brand, Espresso Royale has favorable geographical factors and well-liked marketing techniques at UIUC. The quality of services, store layout and marketing of the brand, however, still have some flaws. The Champaign store has a strong location in the school neighborhood with high traffic flow, but the space is crowded and the waiting area is not designed well, resulting in lower customer satisfaction. The Urbana store has a good environment but lacks the advantages of location and high foot traffic, which affects turnover.

To improve its overall competitiveness, Espresso Royale should seize several key opportunities. Firstly, extending the opening hours until late at night can be a good way to attract college students studying at night. Secondly, strengthening

social media and online publicity can let more customers know about promotion information and new products, which can enhance the brand's influence and customer stickiness. In addition, the Champaign store can enhance customer satisfaction by re-planning the layout and widening the waiting area, while the Urbana store can attract more customers by organizing community events to compensate for the shortcomings of its location. All in all, by capitalizing on the brand's existing strengths and improving on its weaknesses, Espresso Royale will be able to secure its position in the competitive coffee market and achieve long-term growth.

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