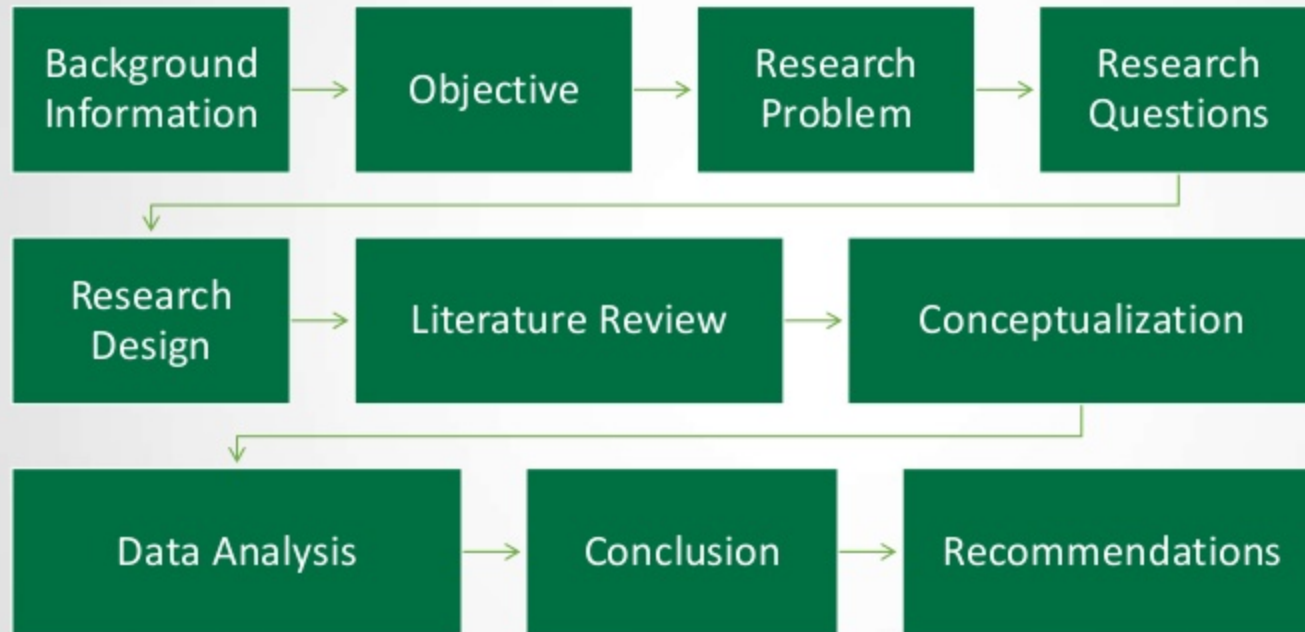




## HOW AND WHY A GLOBAL BRAND STARBUCKS FAILED IN AUSTRALIA

PRESENTATION BY: VIREN BAID | LOHITHA LEKKALA | RAM VIGNESH S | JAYESH SRIVASTAVA  
MENTOR: MS. ZEYNEP ROBERTS

# AGENDA



# BACKGROUND INFORMATION

- ☕ World's largest coffeehouse company
- ☕ Over 21,000 stores worldwide
- ☕ The Starbucks experience
- ☕ 2<sup>nd</sup> Most Valuable Brand in Fast Food Industry
- ☕ Brand Value of \$ 25.8 Billion



1971



1987



1992



2011

# RESEARCH PROBLEM & OBJECTIVES

**RESEARCH PROBLEM:** Failure of Starbucks in Australia

**OBJECTIVES:**

- ☕ Starbucks hasn't understood the coffee market in Australia
- ☕ Australians preference towards Australian brands
- ☕ Competition from McDonalds, Gloria Jeans & local coffee shops
- ☕ High Price – Low Quality
- ☕ Not enough stores to access
- ☕ Cultural Differences



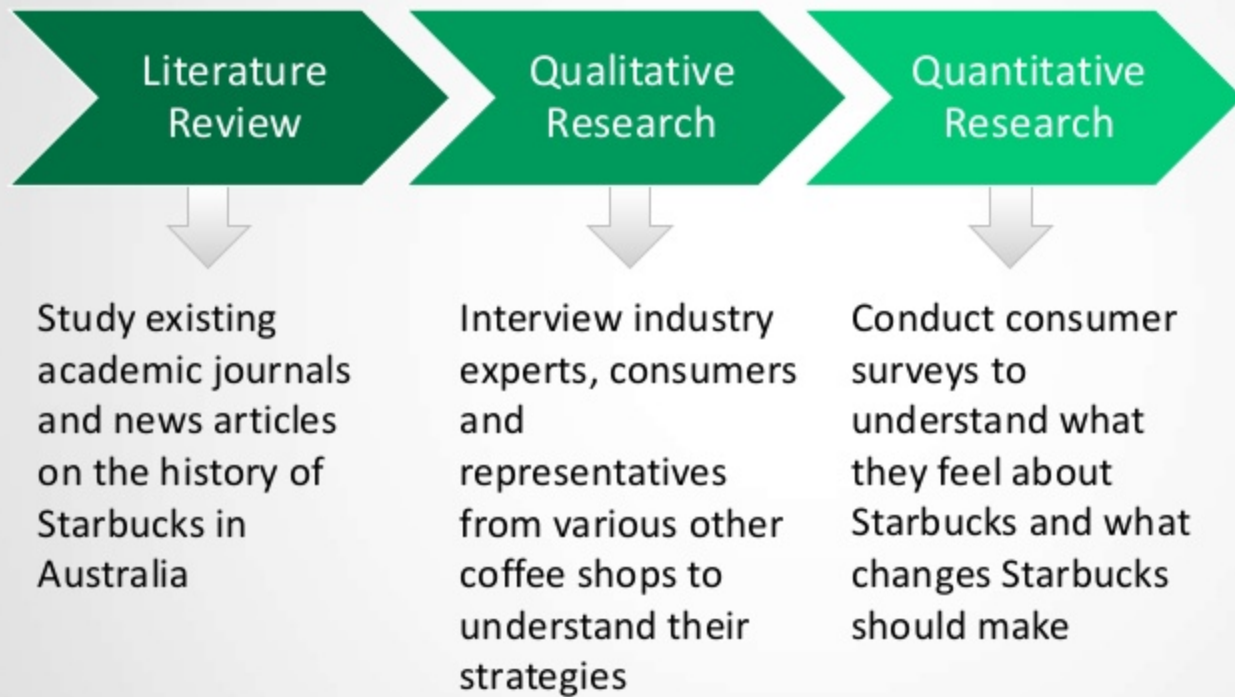
# RESEARCH QUESTIONS

- ☕ Starbucks Australia : What went wrong
- ☕ Understand the Australian Coffee Market
- ☕ Is Starbucks delivering what consumers need ?
- ☕ What do consumers like & dislike about Starbucks?
- ☕ How willing are consumers to buy from Starbucks?





# RESEARCH DESIGN



# LITERATURE REVIEW

- ☕ Culture included smaller boutique type coffee shops
- ☕ Coffee was more about relationships than a product
- ☕ Australians like their coffee stronger without any flavoured sugary syrups, unlike Americans
- ☕ Highest consumption of instant coffee in the world
- ☕ 14,000 cafés generating income of \$9.7 billion per year
- ☕ Gloria Jean's dominates coffee retailing market



## LITERATURE REVIEW (CONTD.)

	Number of stores in Australia	Year established in Australia	Business Model	Price of an espresso (similar sized cup)
Gloria Jeans	500	1996	Franchise	\$3.25
McCafe	488	1993	Store-owned	\$3.25
Coffee Club	220	1989	Franchise	\$3.40
Wild Bean Café	105	2004	Franchise	\$3.40
Hudson's	45	1998	Franchise	\$3.10
Starbucks	23	2000	Store-owned	\$3.60

Figure: Competition in the Australia speciality coffee chain market (2008)



## LITERATURE REVIEW (CONTD.)

What went wrong in the Australian market?

- ☕ Unsustainable business model
- ☕ Failure to communicate the brand
- ☕ Late entry into a highly competitive market
- ☕ Quick expansion
- ☕ Declining service quality



## EXPERT OPINION

### Gloria Jeans

- ☕ Straighter and Stronger coffee (less flavors)
- ☕ Use only Soymilk
- ☕ Franchise based model



# EXPERT OPINION

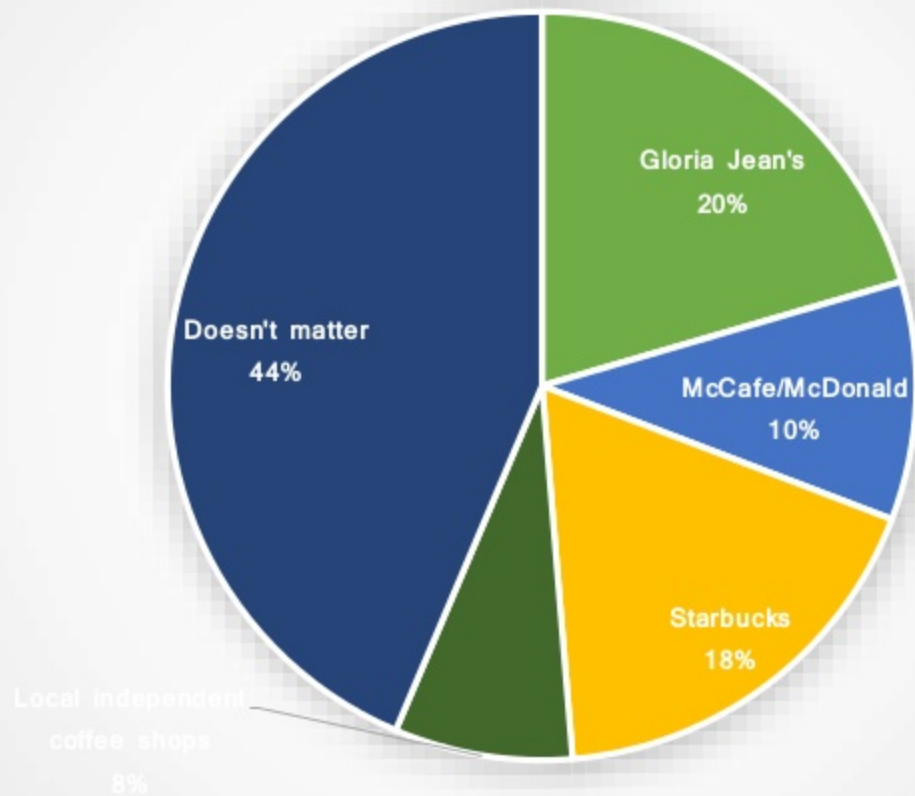
## Starbucks

- ☕ Flavor based coffee
- ☕ Use Soymilk, skim and regular milk
- ☕ Most selling coffee:
  - ☕ Frappuccino
  - ☕ Caramel Macchiato
  - ☕ Flat latte
- ☕ Owned by 7/11
- ☕ New stores to open



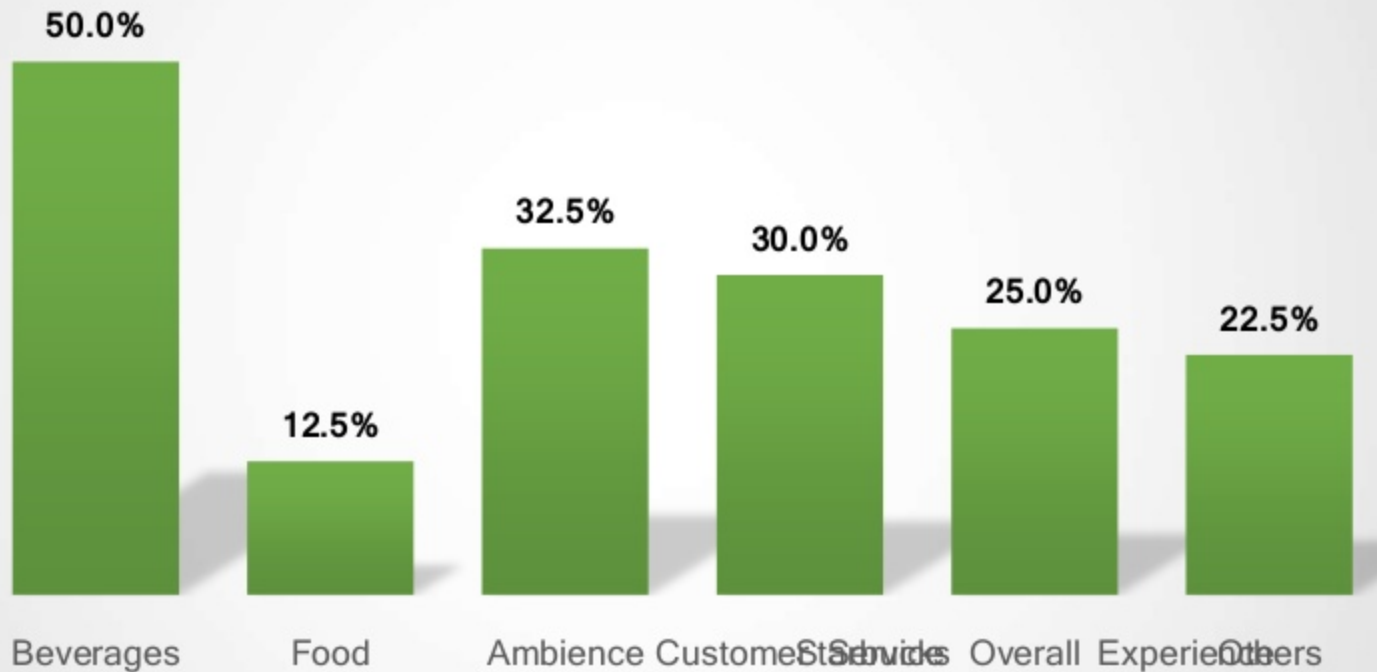
# CONSUMER SURVEY

## Brand Loyalty

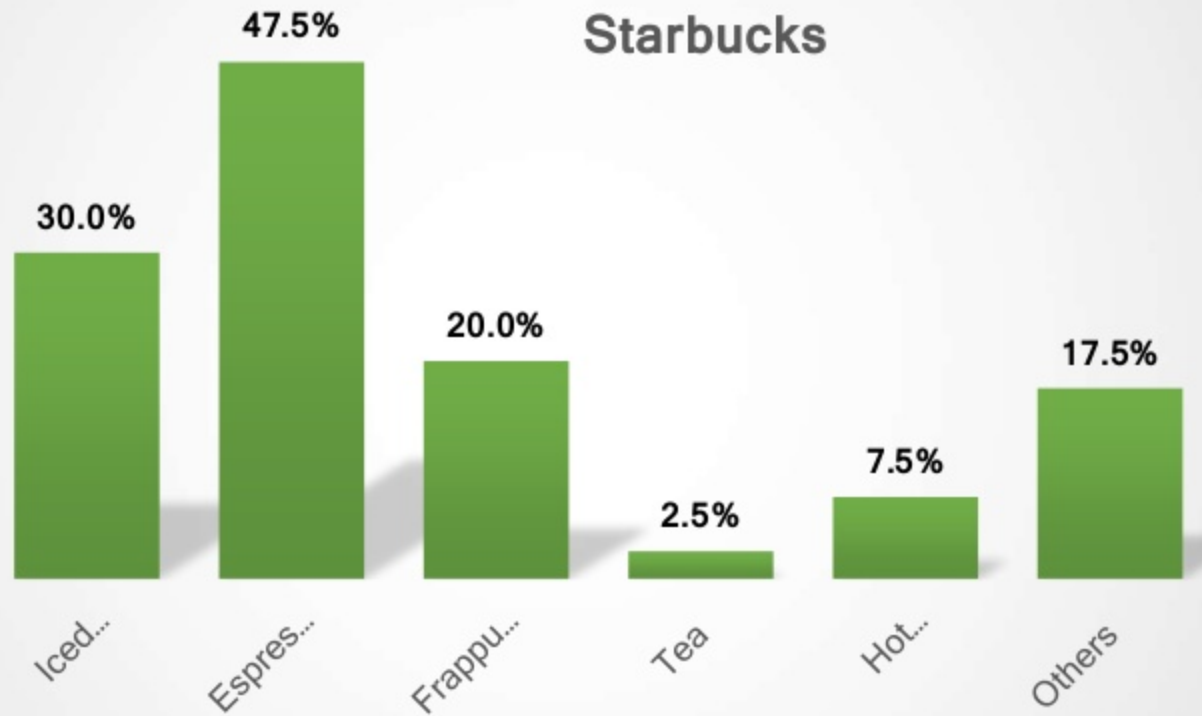




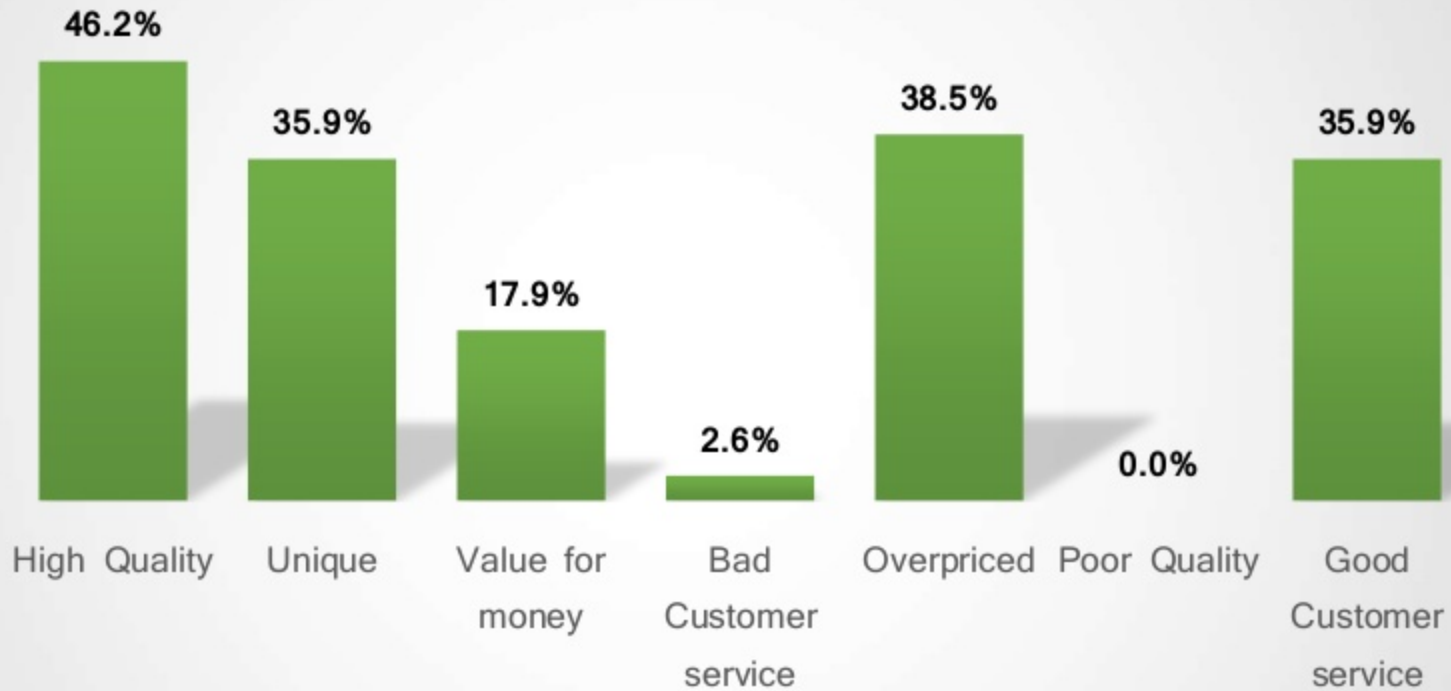
## What do Consumers Like about Starbucks



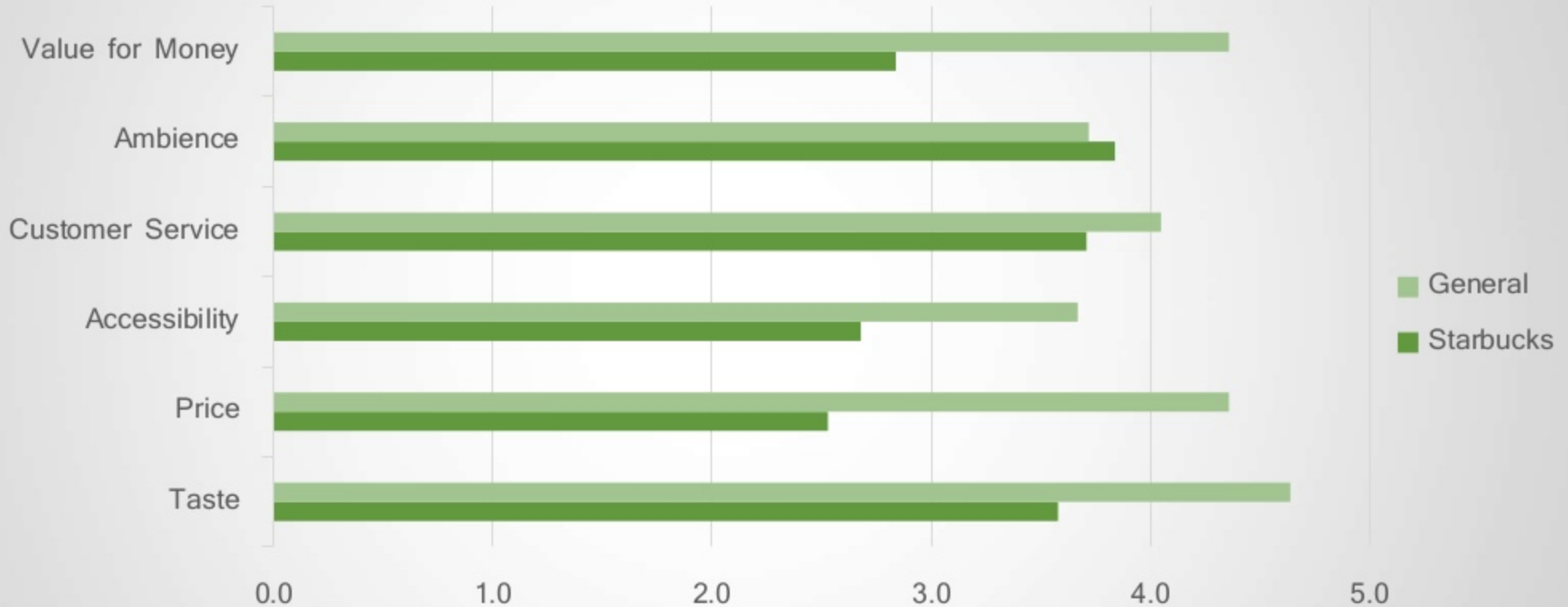
## Consumer Beverage Consumption : Starbucks



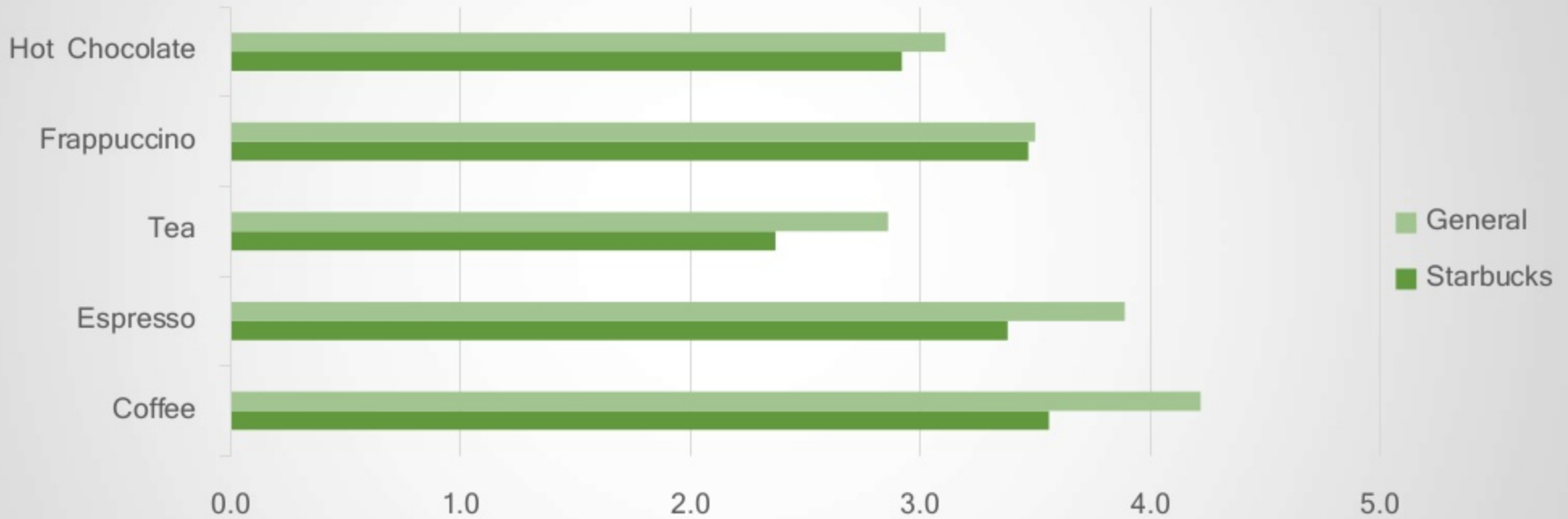
## Consumer Feedback on Starbucks



## Consumer Expectation Vs Starbucks



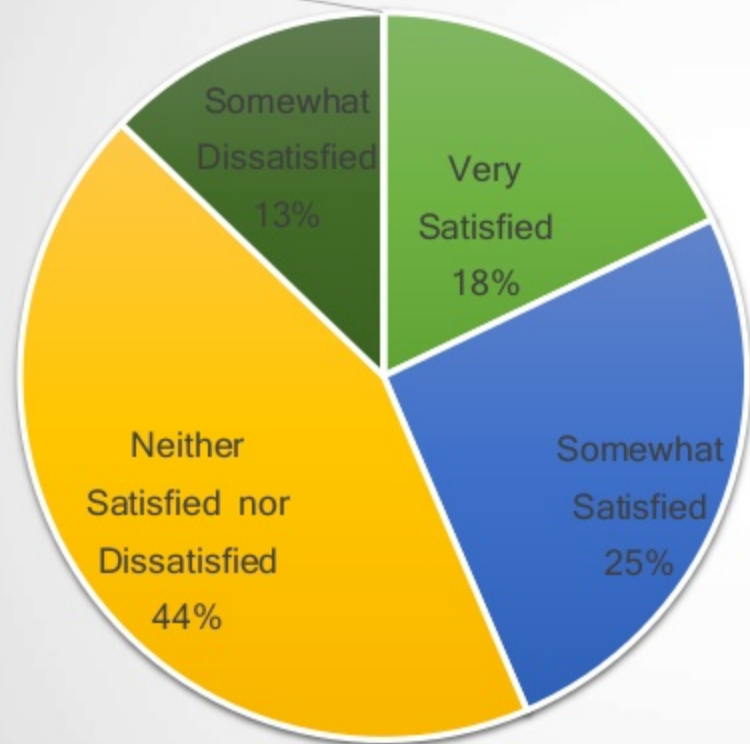
## Consumer Preference Vs Starbucks



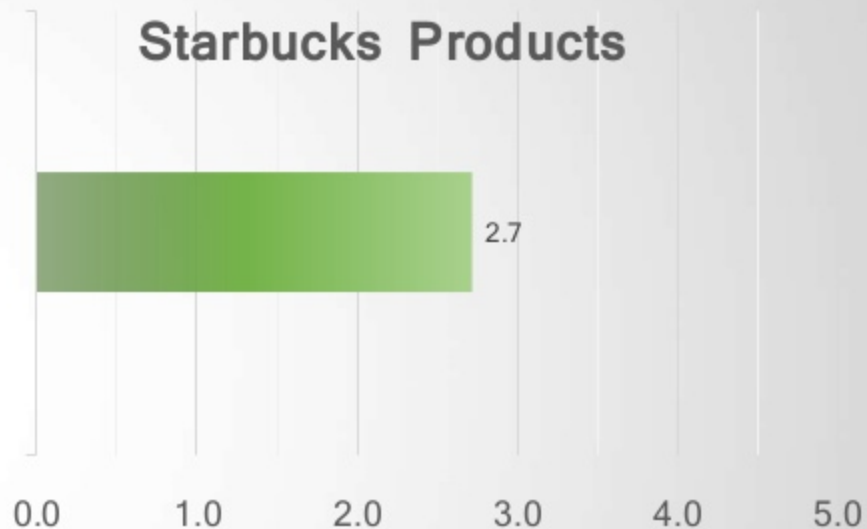


## Starbucks Overall Satisfaction

Very  
Dissatisfied  
0%



## Willingness to Buy : Starbucks Products



# CONCLUSION

- ☕ There is NO Brand Loyalty
- ☕ 50% of consumers like Starbuck's Beverages (47% liked Espresso/Coffee)
- ☕ Consumer Feedback
  - ☕ 46% - High Quality
  - ☕ 38% - Overpriced
- ☕ Consumer Expectation
  - ☕ Taste (Espresso & Coffee)
  - ☕ Price & Value for Money
  - ☕ Accessibility

