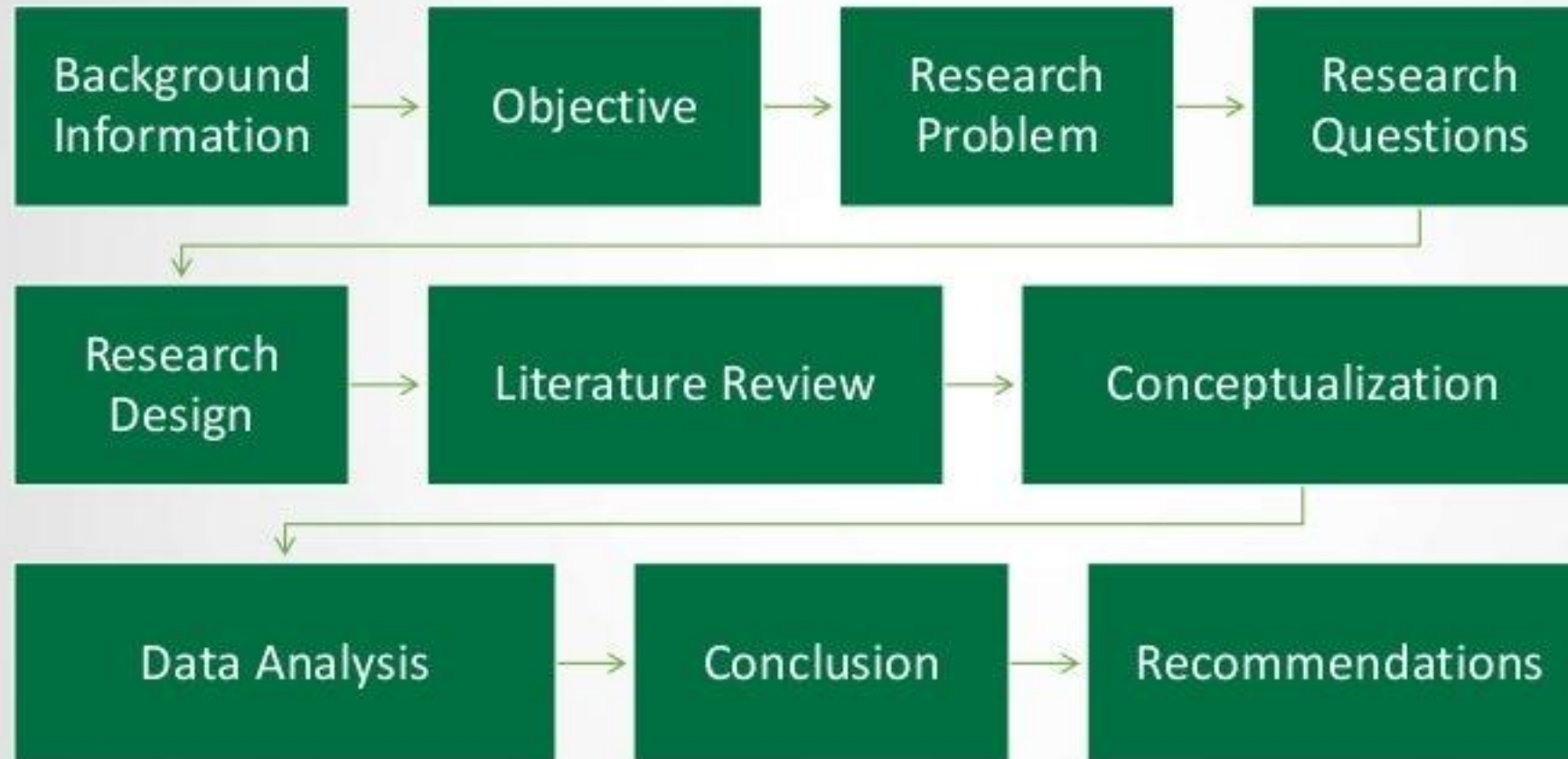




HOW AND WHY A GLOBAL BRAND STARBUCKS FAILED IN AUSTRALIA

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
- 2nd 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

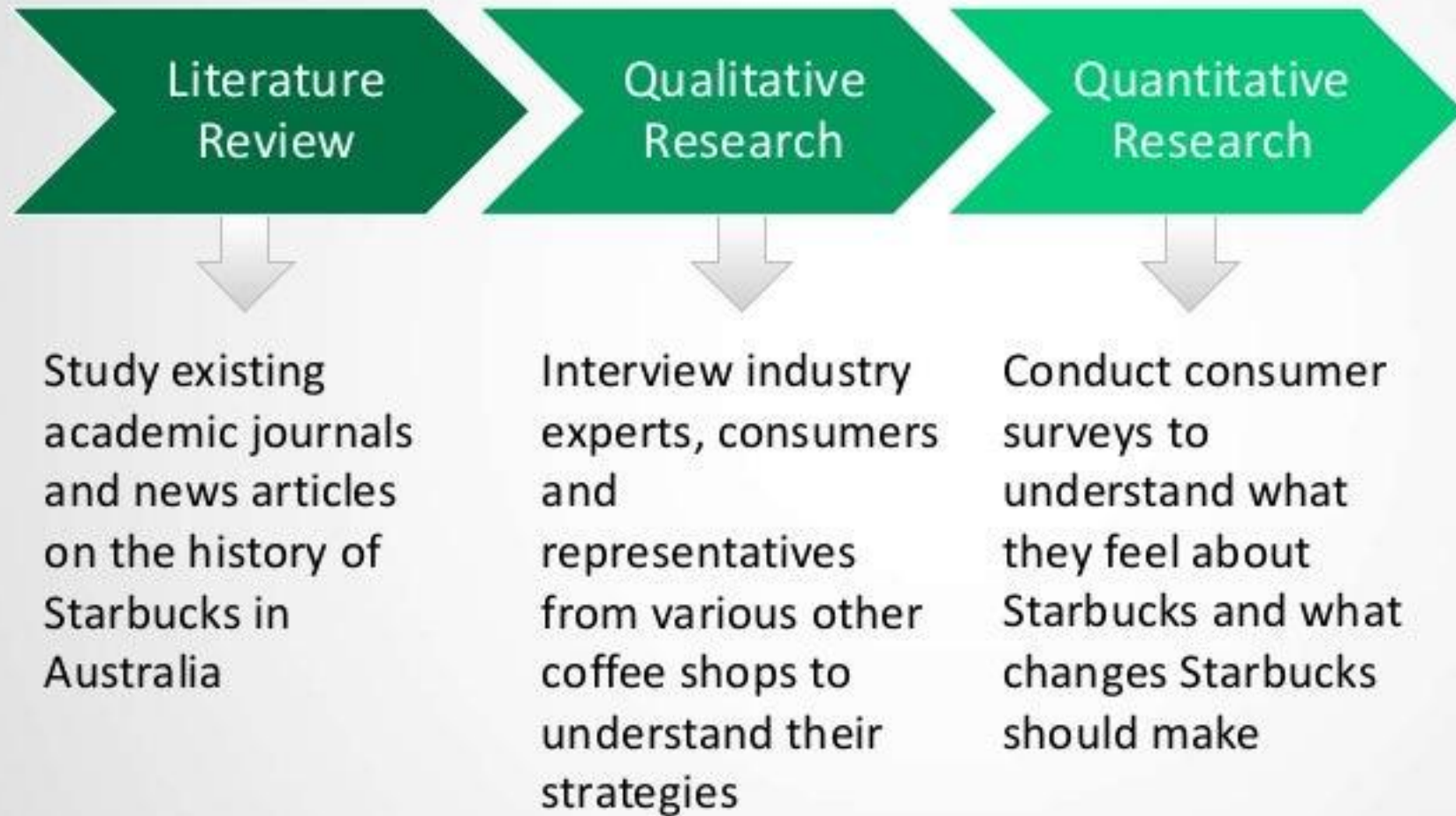


RESEARCH QUESTIONS

- ☕ 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

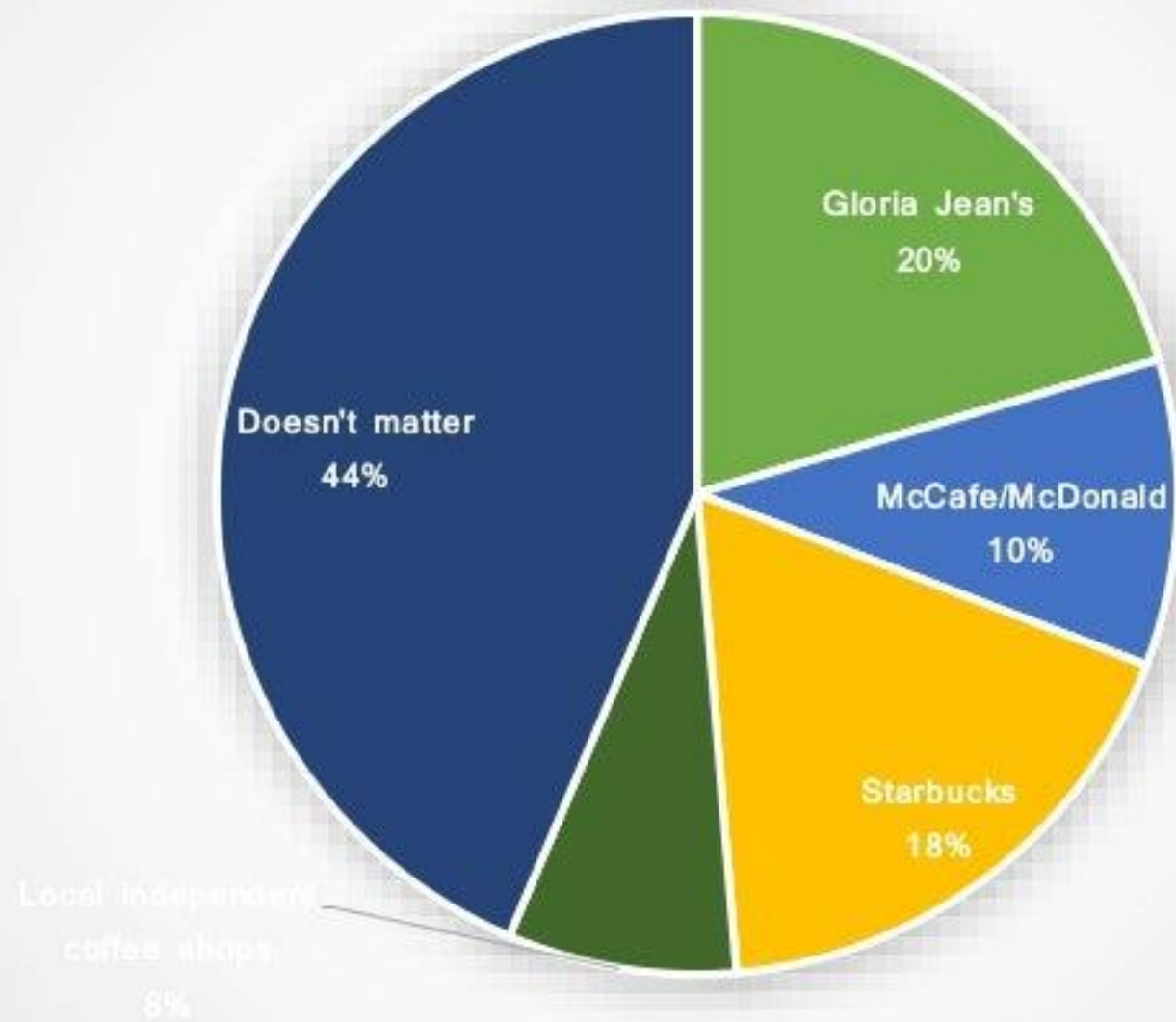
- ☕ Flavor based coffee
- ☕ Use Soymilk, skim and regular milk
- ☕ Most selling coffee:
 - ☕ Frappuccino
 - ☕ Caramel Macchiato
 - ☕ Flat latte
- ☕ Owned by 7/11
- ☕ New stores to open



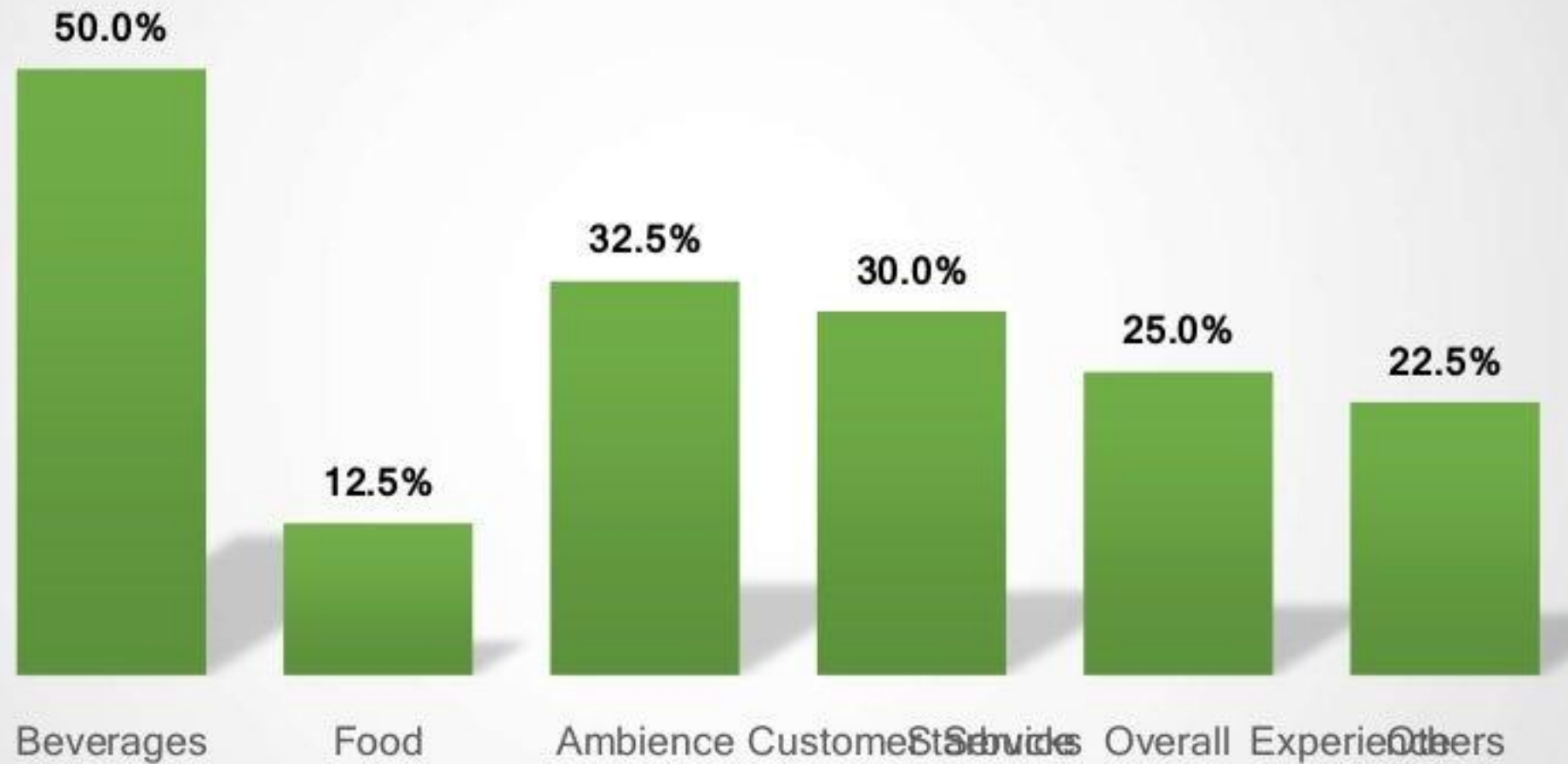
TM

CONSUMER SURVEY

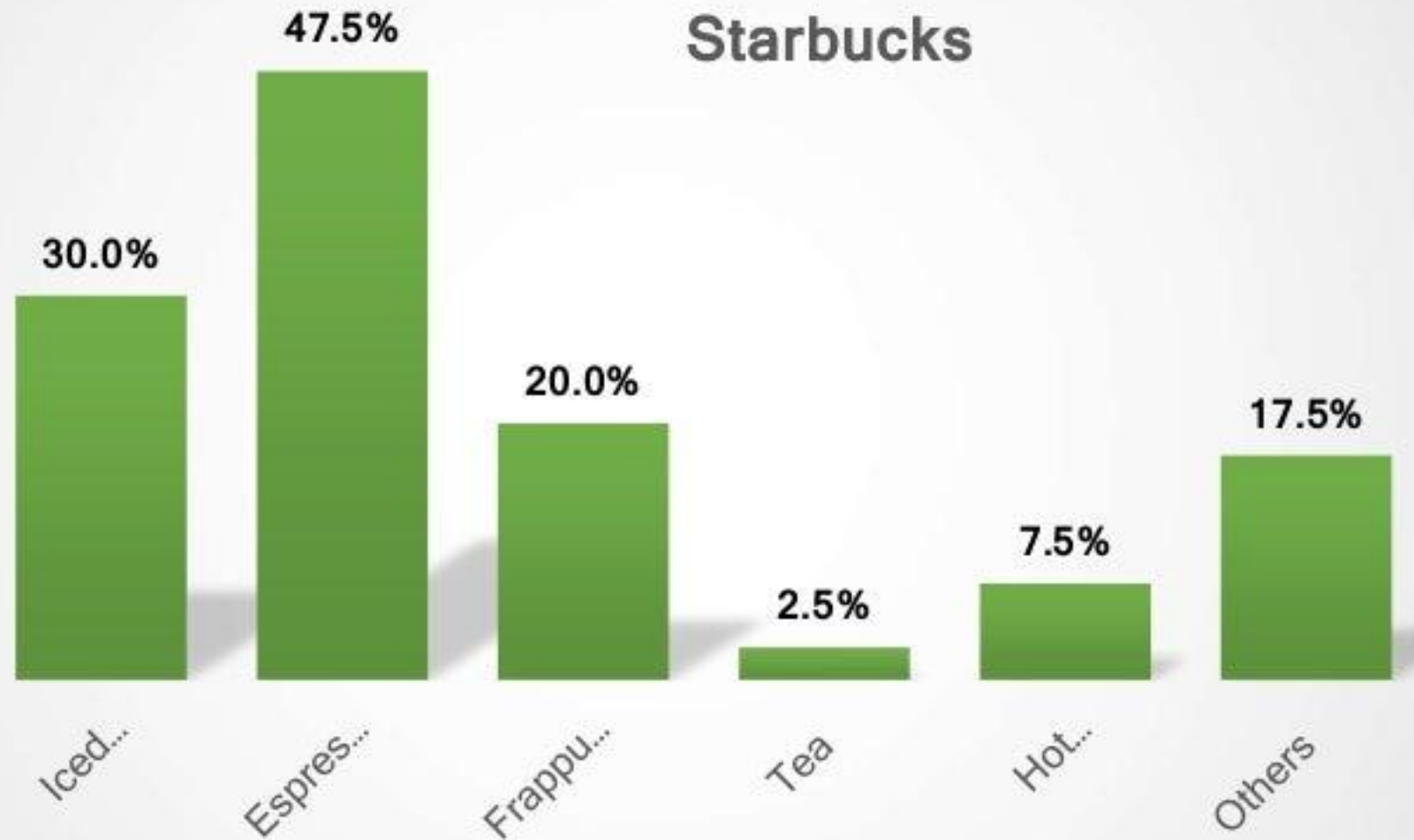
Brand Loyalty



What do Consumers Like about Starbucks



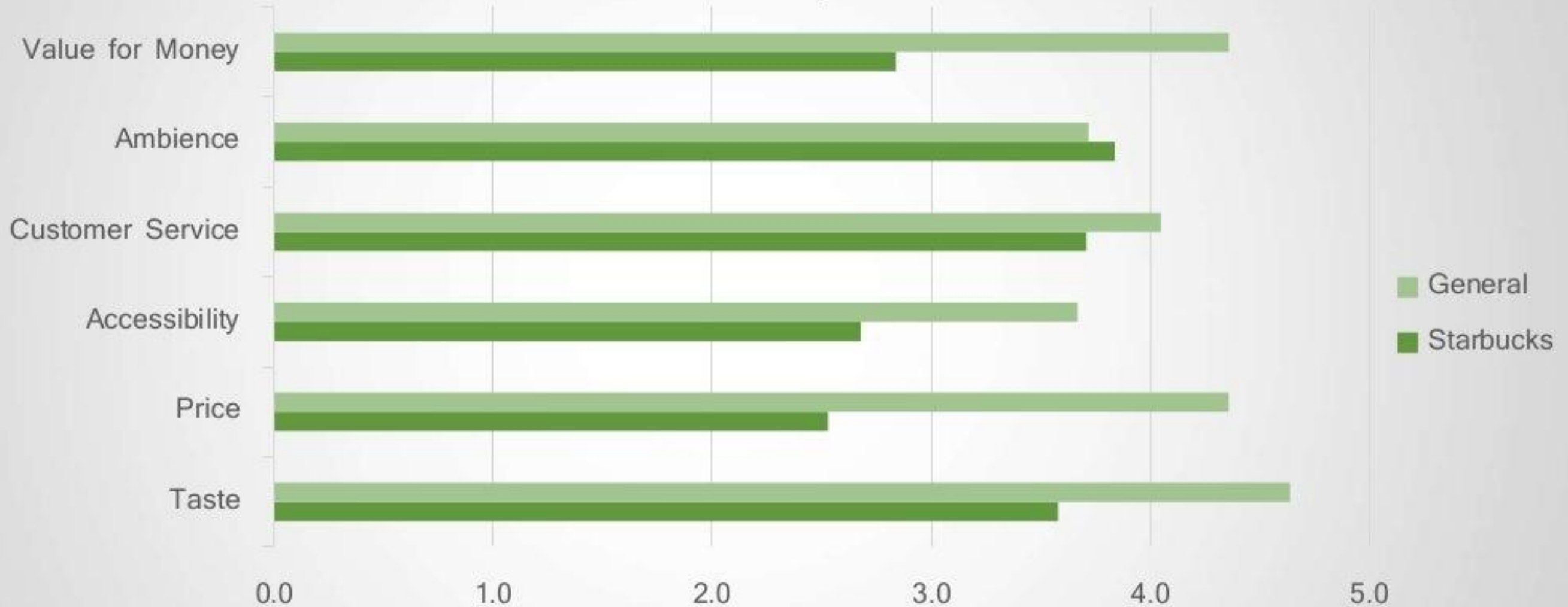
Consumer Beverage Consumption : Starbucks



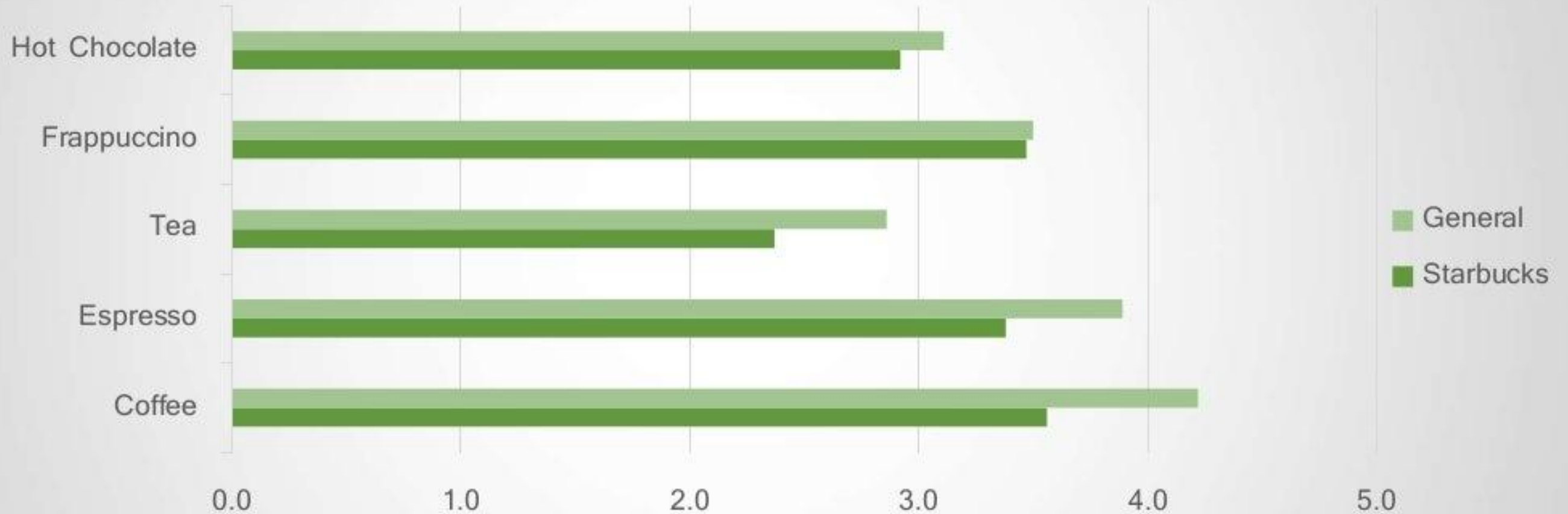
Consumer Feedback on Starbucks



Consumer Expectation Vs Starbucks

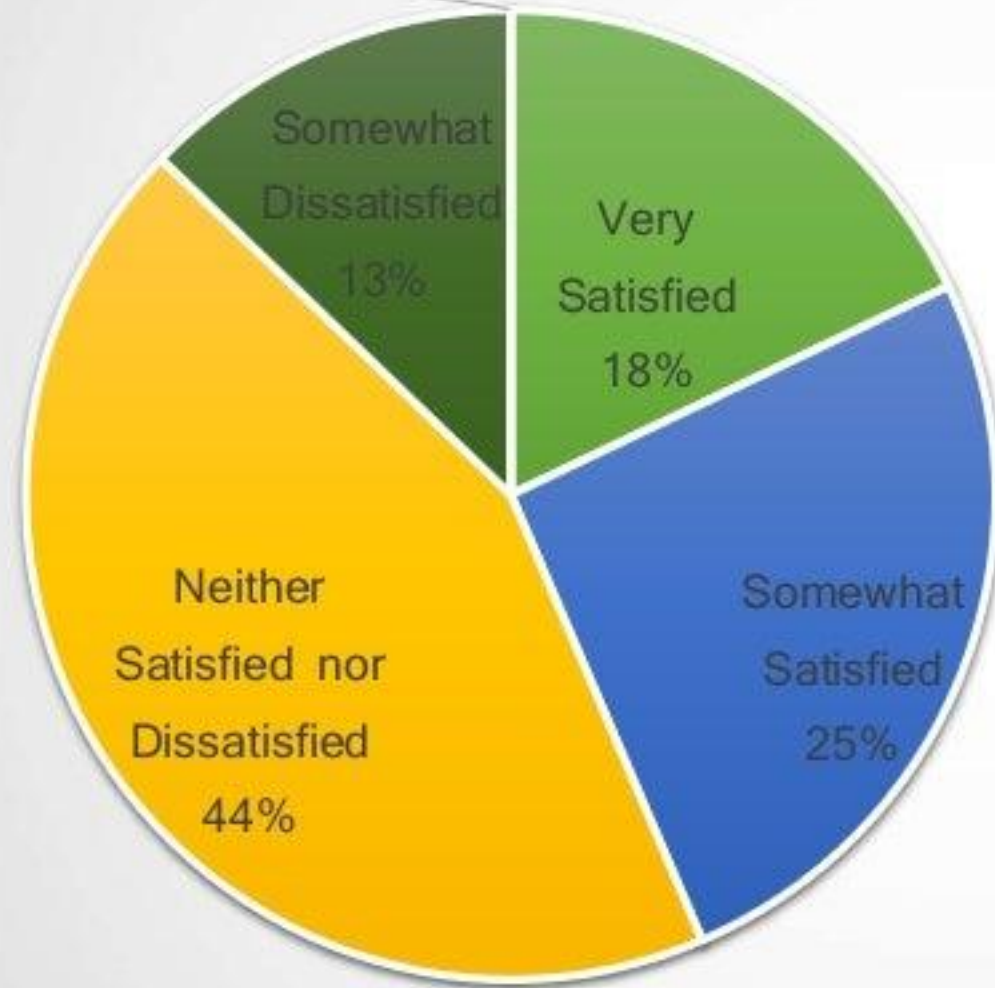


Consumer Preference Vs Starbucks

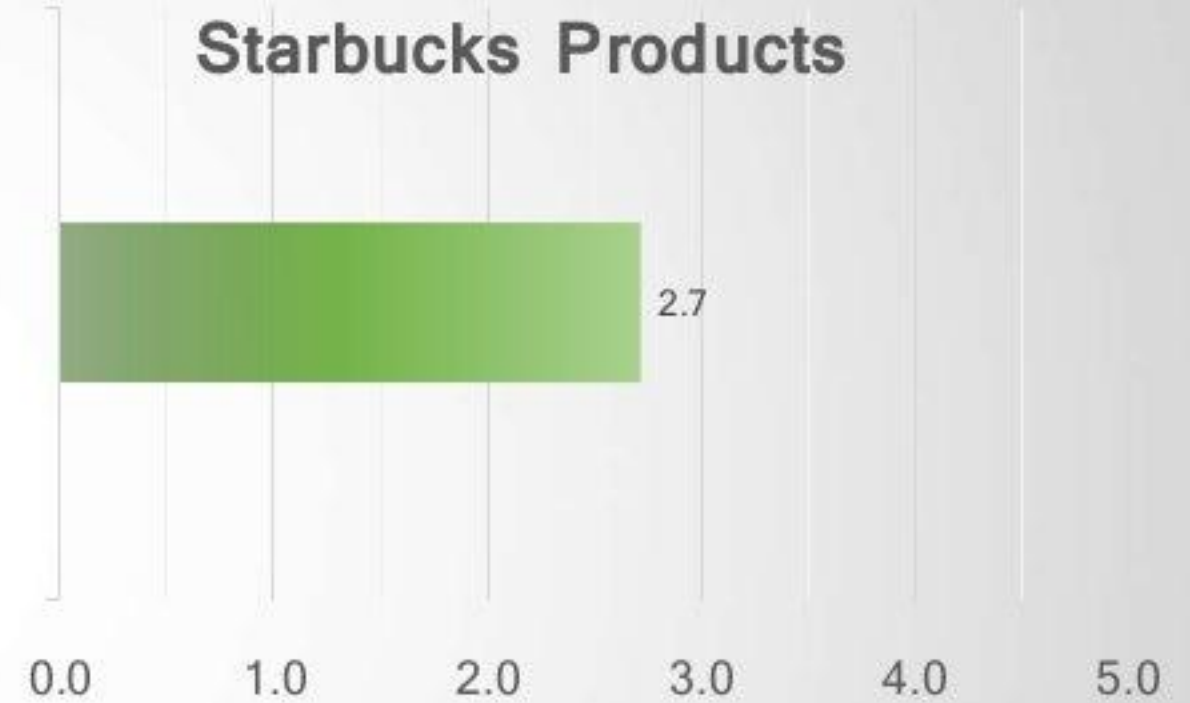


Starbucks Overall Satisfaction

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

