**-Australian customer base and socioeconomic causes**

**Australia looked like a golden opportunity for Starbucks. The country’s GDP is**[**1.3 trillion**](https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AU)**, making Australia the**[**13th largest**](https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AU&most_recent_value_desc=true)**economy in the world. The country has a thriving coffee culture. In fact, the Australian coffee industry was worth**[**$5.8 billion**](https://www.statista.com/topics/4615/coffee-market-in-australia/#dossierKeyfigures)**USD in 2021. The first Starbucks opened in Australia in**[**2000**](https://www.starbucks.com.au/Starbucks-in-Australia.php#:~:text=Starbucks%20opened%20the%20doors%20to,sourced%20from%20across%20the%20globe.)**. By 2008, Starbucks was operating**[**87 locations**](https://www.cnbc.com/2018/07/20/starbucks-australia-coffee-failure.html#:~:text=Starbucks%20didn%27t%20fit%20Australians%27%20tastes.&text=In%20its%20first%20seven%20years,more%20locations%20in%20the%20country)**across the country, which translates to roughly 11 openings per year**

**American and Australian coffee cultures have subtle differences that have important ramifications for American coffee brands trying to enter the market.**

**-What went wrong**

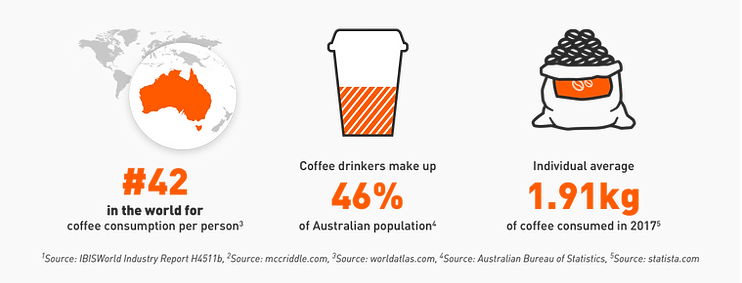
**The beginnings of Australian coffee culture is**[**credited**](https://www.youtube.com/watch?v=_FGUkxn5kZQ)**to Italian and Greek immigrants that began emigrating to the country during the mid 20th century and introduced Australians to espresso. By the 1980s, Australians had developed their own**[**distinctive**](https://www.youtube.com/watch?v=_FGUkxn5kZQ)**coffee drinks, like a**[**flat white**](https://www.washingtonpost.com/news/morning-mix/wp/2015/01/07/the-disputed-history-of-the-flat-white-the-coffee-drink-starbucks-just-introduced-in-north-america/)**or Australian macchiato.**

**Born from these immigrant communities, Australia’s coffee culture is also unique because it places such a high value on socialization at coffee shops. Starbucks’ convenience and**[**to-go focused**](https://www.youtube.com/watch?v=_FGUkxn5kZQ)**cafes were the wrong approach for the Australian market. Fundamentally, Starbucks struggled in Australia because it approached the market with an American coffee culture, which places more emphasis on coffee as a commodity or quick source of caffeination. The Starbucks menu, with a wide selection of sugary drinks, also didn’t appeal to the local Australian tastes.**

**In its first 7 years in Australia, Starbucks accumulated $105 million in losses. By 2007, Starbucks Australia was hanging on by a thread, taking big loans from the US (totaling up to $54 million)**

**In 2008, the company was forced to close “more than**[**two-thirds**](https://www.youtube.com/watch?v=_FGUkxn5kZQ)**of its stores on the continent.” Today, Starbucks still has some remaining locations, but primarily targets internationals, like students, living in Australia. They “want to be a familiar face in the crowd” for Chinese and American**[**tourists**](https://www.youtube.com/watch?v=_FGUkxn5kZQ)**.**

(some relevant pics I found online)



Chart

Description automatically generated

Chart, waterfall chart

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