

# Business: Coffee with your tea?; Starbucks in China

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## ABSTRACT

Starbucks, the Seattle-based coffee-shop chain, is the latest symbol of American consumer culture to make its mark on China's rapidly changing urban landscape. Starbucks' penetration is remarkable, given that China is a country of devoted tea drinkers who do not take readily to the taste of coffee.

## FULL TEXT

Learning to love a strange brew

IF THE postings that have flooded China's Internet bulletin boards since September 11th are any guide, there is not much sympathy among the nation's educated youth for the plight of Americans. Yet as Starbucks can testify, hot-headed anti-American nationalism in China has remarkably little impact on consumer preferences.

The Seattle-based coffee-shop chain is the latest symbol of American consumer culture to make its mark on China's rapidly changing urban landscape. First came Kentucky Fried Chicken, which pulled off the extraordinary coup of opening a huge outlet next to Tiananmen Square in 1987, and now has nearly 500 sites across China. Next came McDonald's, which first erected its golden arches in Beijing in a prominent central location in 1992. It now has more than 370 outlets around the country and, like KFC, has big expansion plans.

Starbucks' penetration is perhaps most remarkable of all, given that China is a country of devoted tea drinkers who do not take readily to the taste of coffee. Its first outlet in China opened in January 1999 at the China World Trade Centre in Beijing. It now has more than 35 shops, mainly in Beijing and Shanghai. "When we first started, people didn't know who we were and it was rough finding sites. Now landlords are coming to us," says David Sun, president of Beijing Mei Da Coffee Company, which owns the Starbucks franchise for northern China.

Chinese nationalism can be curiously selective. After the bombing of the Chinese Embassy in Belgrade in May 1999, hundreds of thousands of enraged Chinese took to the streets to denounce the Americans and hurl stones at their diplomatic missions. But KFC and McDonald's outlets escaped largely unscathed, apart from a brief downturn in custom.

In September last year, Starbucks touched a nationalist nerve when it opened a small outlet in a souvenir shop in Beijing's Forbidden City, a symbol of Chinese pride. A flurry of critical articles appeared in the local media, and more than 70% of some 60,000 people who replied to an online survey opposed the move. Yet the outlet is still serving coffee, and there are no plans to close it. "The management of the Forbidden City is 100% with us," says Mr Sun, who hopes to open five more outlets by the end of the year.

## Illustration

Caption: A refreshing change

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