

Received: 10 June 2024, Accepted: 22 July 2024

DOI:<https://doi.org/10.33282/rr.vx9i2.33>

## **How to Avoid International Expansion Mistakes – Archival Research on Starbucks' Failure in Australia**

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### **Abstract:**

This study examines the strategic challenges and opportunities Starbucks faced while expanding into the Australian market. Through archival and interpretative research methods, the study highlights the importance of local branding, cultural sensitivity, and customer-focused strategies. This study brings together the results of the analysis of strategic threats and opportunities for the Starbucks Company in the Australian market in the context of the historical development of the global coffee culture. The path describes the evolution of coffee houses from social and information-sharing centres through the emergence of Starbucks' stations to a worldwide image with many related props. Based on the archival research method, this study reveals the multifaceted nature of the phenomenon studied, coffee culture, and the need for local branding and changes in the global context. The research uses an interpretative research method, mainly inductive, to come up with patterns of Starbucks' challenges in Australia. The research wittingly identifies challenges Starbucks faced while seeking to expand its business to the Australian

market, which was not limited to the local environment. These are some of the challenges that originated from peculiar features of the consumption of coffee in Australia, pointing out where Starbucks' strategy went wrong. Based on these findings, this study provides managerial implications for global brands that target new markets. Such include the need for culturally sensitive plans, customer-oriented plans, and the need to partner. Also, it underlines the crucial role of the management of improvement programs in successfully adapting the company's operational and organizational factors in the foreign environment. This research contributes to combining the empirical data with theoretical models, which helps understand the nuances of market entry decisions. This enlightens the working interface of cultural, branding, and consumer decisions, which are immensely handy for multinationals.

**Keywords:** Starbucks failure, Archival Research, Starbucks Internationalization, Expansion Mistakes.

### **Introduction:**

The spread of coffee houses from the Middle East to Europe in the late 16th century marked a significant cultural shift. These establishments, which had their roots in cities like Constantinople, Cairo, Venice, and London, each developed its unique ambience and clientele. They became the epicentres of the culture and Enlightenment of their respective periods. During the Enlightenment, coffee houses served as platforms for exchanging ideas, playing a central role in the intellectual stimulation of European society (Tucker, 2017).

The Industrial Revolution boosted the extension of coffee houses' space even more. Industrial capital and urbanization produced a new middle-class person who sought a place other than work to leisure and mingle, and this best place was coffee houses. These places offered avenues for games, pro-Indo, conversation, and recreation, assuming an essential social place for city existence (Rudeen, 2018).

While the essence of coffee houses as social hubs remains, they have evolved to incorporate new dimensions and features. The emergence of specialized coffee shops like Starbucks and Costa Coffee represents a new era in coffee consumption, standardizing the beverage and transforming these spaces into more than just places to drink coffee. They now serve as venues for leisure, business meetings, teleworking, and community participation (McCook, 2019).

International business expansion raises new issues and potential in the business environment and consumer behaviour. Known for its coffee house products and services, Starbucks is one of the most famous and fast-developing coffee house chains internationally. Still, its handling of the strategy to attempt to wade into the Australian market is one of its more memorable failings, and there is much that can be learned from it regarding the nuances of international business (Patterson et al., 2010).

### **Research Objectives**

- **RO1:** Assess the nature of the entry modes chosen by Starbucks to evaluate the underlying contribution to its unwarranted international eviction.
- **RO2:** Analyze the strengths and weaknesses of Starbucks's strategies for cultural adaptation in the Australian context.
- **RO3:** Analyze the consumer attitudinal pattern and purchase intention towards Starbucks in the Australian market.

Starbucks's experience of entering the Australian market many years ago is an excellent example of how it is challenging to expand a business to different countries. However, while Starbucks is now one of the most successful firms in many countries, it has faced many problems when it tried to establish itself in the Australian market. It is essential to assess the cultural aspects of Australia that led to Starbucks's failure; thus, this research focuses on consumer attitude and behaviour. Thus, the study aims to contribute to the knowledge hypotheses so businesses interested in entering new markets can use cultural adaptability and flexibility as guidelines. It is very relevant to familiarize oneself with some of the peculiarities of the coffee market in Australia and key consumer trends in order to identify the correct entree tactics that will allow to achieve considerable success in the long term. This study shall assess and spread out the firm-specific factors involved in the unsuccessful operational strategies constructed by Starbucks in the Australian market by identifying and analyzing the strategic entry decisions made by the organization.

### **Literature Review**

Recently, two areas of interest within the academies have emerged: coffee consumption, branding changes in coffee culture, and branding strategies for emerging markets. This literature review is devoted to these two interrelated ideas to determine how they influence present-day

coffee consumption and corporate approaches. As a literature review, this study also aims to review previous literature to summarize current research findings, reveal research limitations, and outline potential research avenues for future research (Tranfield et al., 2003).

The change of the coffee drink from a mere cuppa to a representation of lifestyle, social interaction, and culture has been extraordinary. Appreciating this shift is essential for making sense of the more significant trends emerging in consumption and branding. Likewise, the rivalry between local and international brands in emerging markets, especially coffee consumption, has received much focus among academics and business strategists. As organizations move operations into new markets, the dynamics of the consumers in new markets become more significant factors that need to be considered (Dawar & Chattopadhyay, 2002). This literature review presents an analysis of the existing literature on the development of coffee culture, the branding strategies in developing countries, and their application in branding. It thus provides promising research directions for academics and professionals.

### **Coffee Culture: The Past and the Present**

The last few decades of the twentieth century and the first decades of the twenty-first century have been characterized by a phenomenal transformation in coffee consumption. Once a mundane activity such as coffee in the morning could be considered an aspect of "coffee culture," this and the further development of speciality coffee shops became social and cultural places in the modern metropolitan environment (Barista, 2023).

To a radical degree, it moves away from a mere product to include social practices, and even arts reflect the modernity of coffee culture. Notably, this transformation of coffee culture is from the third wave of coffee. While the first and second waves are more concentrated on the professionalization of coffee making and turning coffee into a standard commercial product, the third wave is about distinct quality, conscious sourcing, and passing judgment on the actual specifics of coffee production. Coffee consumers stopped caring for coffee only as a stimulus that gives them an energy boost; they started looking for an experience that would help them appreciate the art of coffee making (Barista, 2023).

Key players are speciality coffee shops focused on the quality and uniqueness of their products. These outlets are not simply cafes but designed spaces serving a carefully chosen range of excellent coffee – often originating from sustainably managed farms that focus on independence

and sustainability. The fact that pour-over, siphon, and cold brew are so important are all ways to ensure that each bean is brewed to its full potential. Also, these coffee shops have changed the role of cafés as places that provide a ground for social interactions, relations, discussions, and partnerships (Victor, 2019).

Speciality coffee shops also have social roles, namely those of the educational and cultural kind. Some invite customers to the cup to learn where their coffee comes from and how it tastes, and brew demonstrations and other activities that submerge the customer further into the coffee culture. These spaces are the new important part of the urban landscape, created for the audience that demands quality and is actively searching for it. In recent years, coffee culture has experienced a rebirth, which has seen the industry transform and bring in delicious novelties in the marketplace and customer satisfaction (Victor, 2019).

### **Coffee Culture: Conceptual Framework**

The role of culture in consumption is prominent, but how this link works is still under debate. "Consumption and Culture" focuses on how consumption patterns emerge in the culture milieu. It studies how the local culture, values, practices, signs and sleeks, and belonging affect consumption activities and decisions. This framework also considers consumption practices' role in creating and sustaining cultural identities and social stratification systems in societies.

Coffee is not only about consuming beverages; it also offers a scenario of social interactions and conduct. Culturally, coffee is a juncture or a platform on which different people come together and engage in activities that enhance the development of solid and healthy relationships. Preparing a cup of coffee means sharing; it expresses social interaction and hospitality (Tucker, 2011; Jimenez Castro, 2013).

Coffee has a long history and has become a beverage consumed more than any other type. Some recent works have focused on the effects of coffee consumption, health, and disease and its relationship with human welfare. For instance, consuming moderate amounts of coffee and coffee ingredients reduced inflammation linked to several diseases such as coronary heart disease and Type 2 diabetes (Frost Andersen et al., 2006; Cornelis & El Sohemy, 2007). Furthermore, it has been found that taking coffee can positively affect the circulatory system's improved health and may be associated with reduced mortality from nonvascular-related causes (Siasos et al., 2013; Gardener et al., 2013).

However, of course, coffee has its challenges. Varicose vein patients, pregnant women, those with high blood pressure, or those with problems managing their sugar levels should limit their consumption. Nonetheless, some people do not consume coffee because of old knowledge or ignorance of the new findings on its benefits (Vega Jimenez, 2006). It can be appreciated that such finer details are crucial when seeking to derive the cultural and health benefits of coffee consumption.

### **Globalization**

The process of globalization has disrupted the production and consumption of coffee, most especially in emerging market EMs. Initially, only the big international corporations from the advanced economies considered the EMs unknown territories they could not understand or predict. Such firms brought into EMs products, brands, and marketing techniques that had succeeded in their home markets, expecting the latter to mimic the former (Dawar and Chattopadhyay, 2002). However, this was not successful as EMs continued to preserve their identity; this led global firms to devise new strategies to penetrate the market (Bhattacharya & Michael, 2008).

Businesses across the globe saw competition from local companies since the latter had a better perspective on what the local consumers wanted and how they operated. Consequently, these global companies started to "leverage" and "localize" their products and services; that is, they sell global products around the world every day, yet adjust to local demand (Keegan & Green, 2013). McDonald's was no exception because it also changed its successful strategies, which it had applied in other countries to venture and succeed in EMs (Luigi & Simona, 2010; Harish, 2008).

The reasons are that local companies in EMs can provide products at lower prices, with greater flexibility, and with a better understanding of their customers. These companies have come up with measures to combat the big international players by creating and effectively communicating brand images that are trustworthy to consumers (Ger, 1999; Dawar & Frost, 1999). As stated by Slocum with partners, future competition in EMs will be likely linked to the development of brands and innovations – both domestic and international companies will have to satisfy the needs of consumers in transition (Slocum et al., 2006, p. 320).

### **Domestic Brands vs International Brands**

In this regard, the comparative study on local and global brands in emerging markets is of great scholarly concern. Knowing which branding and marketing techniques best influence consumers' perceptions and behaviours is critical to business in these markets. International brands that people from different countries crave and seek are usually perceived as having prestige and are often linked to quality (Özsomer et al., 2012). However, as Schuiling and Kapferer (2004) noted, compared to global brands, local brands that are familiar with the local culture may appeal more to the region's public.

These include the cultural characteristics, the characteristics of the products, and the consumers in a specific EM. Other factors present in particular markets include the social desirability of owning global brands (Batra et al., 2000). On the other hand, local brands are preferred in other situations because they are more cultural, as they associate more with the local cultures (Bhardwaj et al., 2010). Brand managers desirous of managing these markets efficiently should preserve these dynamics in the EMs' world.

### **Branded Coffee Houses: The MVCs of Consumptions in Australia**

Australia has a robust coffee culture and vibrant taste, which distinguishes it from other countries. Cafes in Australia prefer their coffee light and less bitter than those in the United States of America and have a caramelized touch (Watson, 2019). This distinction manifests the rising quality of coffee Australians indulge in, coupled with higher-class coffee culture. Several aspects contributed to the growth of coffee consumption in Australia. After World War II, Italian immigrants introduced several cafes in Australia to install espresso machines. They transformed the espresso business by providing a means by which professionals could create even smoother and augmented flavour. Another factor that should be mentioned is the liberal nature of Australia's culture, which does not reject novelties and is ready to try new opportunities, including in the sphere of caffeination (Watson, 2019).

In 2000 and the years that followed, coffee shops had become additional to Australian city life, the non-franchise stores striving to make the best coffee experience. Discussed below is the idea of competition that was dominant in this culture. The culture of competition to produce the best cup of coffee led to innovation, and high standards of Coffee preparation and flavour enhancement were highly developed by the competition culture. Considering that Australian-

style coffee has succeeded in overseas markets and such products as the flat white prove its worth, one can state the impact of Australian coffee culture.

## **Methodology**

### **Research Philosophy**

The interpretive research philosophy is paramount in studying Starbucks' market difficulties in Australia. This approach, which focuses on understanding the subjective dynamics of social processes, is particularly suitable for our objective. By examining people's perceptions of occurrences, we can delve into a society's cultural and behavioural constellations. This aligns with our use of qualitative methods emphasizing the context and perception of events, such as Starbucks' failure (Berger and Luchman, 2007; Putnam and Banghart, 2017; Potrac et al., 2014).

### **Research Approach**

The inductive approach is always employed and ideal for developing new theories and perspectives from the qualitative data collected. Inductive reasoning differs from deductive reasoning because it does not involve testing theories; themes emerge from the data. This is especially true when identifying the research gaps regarding the constituent drivers of Starbucks' difficulties in Australia. Thus, the study's research question is to identify novel patterns and associations in the systematic qualitative data analysis (Liu, 2016; Thomas, 2006; Thomas, 2003; Liu, 2016).

### **Research Strategy**

One of the essential research methods is the systematic literature review, which analyzes literature concerning Starbucks' market entry in Australia. This method draws from the richness of literature produced by academic and business circles regarding the operations of Starbucks around the country and globally. As a result, the researcher can understand themes, trends, and insights. Historical research is also used to place patterns that affected Starbucks in perspective and to understand its market performance. That is why this strategy is effective and inexpensive; it enables the comprehensive analysis of the topic without conducting primary research (Poole, 2020; Langham-Putrow et al., 2021; Downey et al., 2017; Booth et al., 2021; Waldchen and Mader, 2018).

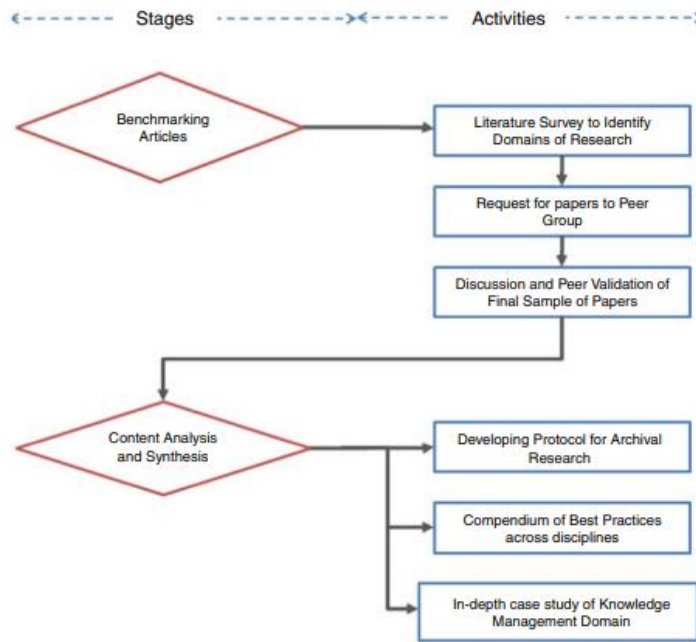


### **Time Horizon**

The study uses the cross-sectional approach to only analyze data collected at one particular time. This approach provides a picture of variables of interest that contributed to Starbucks' entry failure in Australia and enables one to manoeuvre through various potential relationships and patterns that existed when Starbucks was operating in the Australian market. Even though this approach does not allow for exploring temporal dynamics, it is valuable and appropriate for the goals of the study, as it unveils the factors that led to Starbucks's market entry and difficulties (Goyal and Jegadeesh, 2018; Kesmodel, 2018; Pandis, 2014).

### **Techniques and Procedures**

Conducting archival research successfully, a researcher must apply several primary skills and techniques. They are conducting electronic-based searches, where the use of specific search terms, search operators, and queries is essential in locating sources that can be useful. Critical evaluation skills are also employed in critical reading. The sources' credibility, reliability, and relevance are determined using critical factors such as the authors and publication date. The systematic categorization of data is a critical, effective way of managing data, hence analyzing it efficiently and comprehensively. To make sense of extensive archival collections, one has to be well versed in a form of analysis, including content analysis, thematic coding, and compare and contrast studies.



**Figure 1: Archival Research Process**

### **Benchmarking Articles**

Given the limited material on Starbucks’ failure in Australia, the literature search strategy is customized. The researcher uses an iterative process to isolate the final sample and consult relevant libraries, disciplinary databases, and interdisciplinary databases. The involvement of interdisciplinary discussions and peer consultation is pivotal in broadening the search and conducting a comprehensive literature review. This strategy not only overcomes the challenges of finding literature on the topic but also enriches the study with diverse perspectives (Cook et al., 1997; Lewis, 2017; Honack and Waikar, 2017; Das et al., 2018).

### **Content Analysis and Synthesis**

Using the lens of content analysis, the researcher can analyze themes and patterns in the literature. A mixed plan is worked out; procedures for different fields are included to analyze the data logically. The researcher categorizes the results depending on the field of study and shows how the discipline can approach the problem and the obstacles it may encounter. This method

does not only help to understand the reasons for Starbucks' failure but also creates ideas for further research (Das et al., 2018).

## Results and findings

### Local Competition Triumphed a Global Brand

From the archival data, one learns that among the significant causes of Starbucks' poor performance in Australia is the firm's inability to challenge established local coffee brands. In contrast to many other markets in which Starbucks managed to enter successfully, Australia already had a robust and well-developed coffee market, which Starbucks was to enter. Most specialities and international brands, including Gloria Jean's and McCafé, had already made their first move and secured a pretty good market by offering good quality coffee that the locals prefer.

Author(s)	Key Insight
Kapferer (2004)	A "local" brand is limited to one country or a specific geographical area.
Batra et al. (2000)	Success of local versus global brands depends on context, product, and culture.
Keller (2008)	Brand image and associations influence consumer perception and choice.
Merino & Gonzalez (2008)	Perception of global brands varies significantly by region.
Özsomer et al. (2012)	Competition between local and global brands is shaped by market-specific factors.

**Table 1: Comparison of Local vs. Global Brand Perception in Australia**

Cafes in Australia were not just places to grab a coffee; they were integral to the culture, priding themselves on their service and the art of crafting great coffee to suit the local drinkers' preferences. This understanding of the local market and the quality of their products and services were areas where Starbucks fell short. For instance, Australian customers favoured high-quality

espresso-based beverages like flat whites and long blacks, which were not part of Starbucks' standardized menu (Özsomer et al., 2012).

The archival data suggest that Starbucks could have anticipated the intensity of local competition, and everyone has considered the company's global brand appealing in Australia. The Australian market was different as the company attempted to bring its success formula from other markets. It wanted quality, authenticity, and, most importantly, local utility, which local competitors had already addressed effectively. Kapferer (2004) and Batra et al. (2000) believe local brands have solid competitive signals in regions where cultural values and purchasing practices deviate from global means. Keller (2008) also emphasizes that brand image and consumer associations are critical to success. This resolved the opposite for Starbucks in Australia, where the local culture was preferred to Starbucks's global presence.

### **Growing Big While Staying Small**

"Growing Big While Staying Small" is the problem that means the ability to develop the company and become international while still keeping the atmosphere of the small business and being a close-knit community. Moreover, while Starbucks claimed that it did not want to turn its establishments into offices, it wanted to provide people with a third space – a space between home and work- the same across the globe. However, in the case of Australia, this strategy provoked a specific problem

<b>Author(s)</b>	<b>Key Insight</b>
Johnson & Scholes (2002)	Global expansion requires balancing efficiency with flexibility.
Schultz & Yang (1999)	Starbucks' global growth aimed to maintain a local atmosphere in each café.
Blumenthal (2000)	Rapid expansion can dilute brand image and customer experience.
Bass (1990)	Effective leadership is crucial in managing growth and maintaining culture.

**Table 2: Strategic Challenges of Global Expansion**

Starbucks's Growth strategy also saw the firm expand to all parts of Australia, mainly concentrating on the major cities, such as Sydney and Melbourne, where the culture of taking coffee was already deeply entrenched. What the company had tried to do was keep the

experience consistent across its operations around the world. This was different from what the locals expected—a personalized experience. Australian customers who believed in homemade and unique Australian cafes ordered a multinational mass production and sales Starbucks (Blumenthal, 2000).

Furthermore, the research based on archival data points out that Starbucks' attempts to create the feeling of a connection to the local environment needed to be more convincing. The company's issue could have been better positioning the products and the store to match Australians' expectations and requirements. Lack of cultural adaptation of the coffee and the perception that Starbucks is an 'American' company also hinder it from fitting into the Kenyan market.

### **Effect of Coffee Consumption in Australia**

Coffee consumption in Australia is a unique experience deeply rooted in social and cultural history. The influence of Italian immigrants, who introduced the aroma of espresso coffee after World War II, is still evident. This culture values high-quality coffee, skilled baristas, and social interactions, leading to a thriving café culture. Starbucks' standardized products and services, which are not aligned with these cultural values, may have contributed to its struggle in the market.

<b>Aspect</b>	<b>Australian Coffee Culture</b>	<b>Starbucks' Offerings</b>
Coffee Type	Preference for espresso-based drinks (e.g., flat white, long black)	Focus on flavored lattes, Frappuccino's, sweetened beverages
Café Experience	Community-focused, locally owned cafes	Standardized, corporate café experience
Consumer Expectations	High-quality, artisanal coffee, skilled baristas	Consistency, convenience, global brand recognition
Cultural Perception	Coffee as a social ritual, part of daily life	Coffee as a commercial product

**Table 3: Characteristics of Australian Coffee Culture vs. Starbucks Offerings**

From the archival data, Starbucks never researched the local culture of coffee consumption in Australia. The company's problem was its positioning associated with the flavoured and sweetened products and its global brand image, and it needed to satisfy the Australian consumers' needs who wanted simple and classic coffee instead of preferring local baristas (Moser, 2010;

Watson, 2019). Also, the social side of coffee in Australia, with people embracing cafes such as Starbucks, did not exploit social places well. Local coffee houses continued to serve coffee from metal flasks, listened to customers' stories, and formed 'local' relationships, thus being anathema to Starbucks' uniform, franchised model, an alien concept in a country that embraced localism and individuality (Watson, 2019).

## **Discussion**

### **Local Competition: A Parable of Misfit**

From the results derived from the archival data analysis, it emerged that Starbucks needed to be in a position to compete well with the local playback coffee shops in Australia. This failure can be attributed to market imperativeness, inadequate knowledge, and reliance on a solid global brand image. Several scholars have explored brand management in EMs to argue that the strategies of global brands must fit the market dynamics of specific EMs Batra et al. (2000), Keller (2008). In Australia, Starbucks also experienced failure because of the application of standard procedure; hence, customers were not willing to endure the professionalism of the Starbucks brand as compared to locally grounded cafes.

Consequently, the research evidence would imply that for global brands to initiate operations in culturally diverse and competitively saturated markets such as Australia, more than a global strategy is required. Instead, they require a high level of penetration into the communities, know the peculiarities of the consumers, and provide the products and services that mirror these aspects.

### **Growing Big While Staying Small:**

This model of aggressive internationalization, while trying to sustain the element that contributed to Starbucks' success in the United States, was a two-edged sword. On the one hand, this helped Starbucks create a vast number of outlets worldwide and, thus, reach economies of scale. However, it ultimately leads to the decline of the brand's distinctiveness and detachment from the domestic context. Johnson and Scholes' (2002) analysis of Starbucks' outlet expansion strategy and Blumenthal's (2000) shows that the company needed to sustain the quality and personalized services that made Starbucks outlets famous in other markets. The Australian experience

highlighted the reality where rapid expansion results in substantial market penetration; however, it erodes those aspects that made that brand unique in the first place, especially where consumers place a premium on genuine and personal experience.

### **Australian Coffee Culture**

It is crucial to stress that Australia's coffee culture was one of the factors that contributed to Starbucks' failure. The evidence suggests that Starbucks failed to fully understand the nature and texture of the local coffee culture – the antecedents are caked in artisanal values that proffer high-quality and complex drinking experiences. This culture was an inevitable hurdle that Starbucks' formulaic model could not surmount. In this study, the authors underscore the issues with cultural adaptation for international brands, specifically for markets in which the product is considered culturally significant. As Moser (2010) and Watson (2019) highlighted, the Australian coffee experience is centred on the coffee's quality, artistry, and sociability, but Starbucks did not cater well to these areas. This area has had cultural misconnection to the extent of failing to create a strong brand image in Australia.

### **Conclusion and Recommendations**

This study uses the case of Starbucks' operation in the Australian market as a good example, illustrating the challenges of expanding operations to new and culturally different markets. The case of Starbucks' business operations in Australia is a prime example of the complete lack of understanding of local consumer behaviour, inadequate market analysis, and inadequate adaptation to the local culture. Still, looking at the cases of Starbucks' global dominance, its tactics in Australia were not subtle enough to remain sensitive to the native sceptical coffee culture and its demand for quality and personal experience. This disparity between Starbucks' international strategy and the local market needs gives other MNEs a paramount lesson that success in one country does not necessarily translate to success in another.

Based on the Starbucks experience in Australia, one of the main lessons that can be drawn is the need for effective market research before venturing into a new market. International business personalities and multinational companies must devote ample time and effort to studying the new advertising environment, including consumers' choices, rivals, and culture. In Australia,

Starbucks management needs to be fully aware of domestic consumers' preferences for coffee and their sensibility to local coffee service providers that deliver a distinctive and premium experience. Performing additional research in the markets of intended operation could have unveiled such observations and allowed Starbucks to adapt its strategy to be more fitting for the Australian markets. Hence, it is critical to underscore that managers in global organizations should refrain from taking a hubris view of their competitive success in other markets. Instead, they should try to educate themselves on the new market they wish to penetrate.

Another significant concern that international marketing businesses cannot neglect is Cultural adaptation. One of the significant strategic gaps that Starbucks exercised in its Australian market was that it heavily relied on the universal brand appeal and failed to appeal to the Australian consumers and their needs, respectively. Coffee consumers in Australia today expect to find a rich coffee culture, that is, well-brewed coffees made with an artisan touch. For instance, Starbucks, which mostly adopted a globalization standardization strategy feasible in most other global locations, did not capture the hearts of Australians through their so-called 'authentic' need for Starbucks's comfortable coffee ambience, which is significantly closer than the international chain stores. While establishing a brand, one must pay much attention to the images used, as these images must reflect a company's brand globally. On the other hand, the images must also reflect the mentality concerning imagery on the local level. This may involve changing the products sold, the format of stores, and even advertisement techniques to respond to the region's culture.

A third intervention is, therefore, the need to embrace customer orientation. This study examines how Starbucks strategies its business operations in Australia, focusing on placing the customer at the heart of operations. This goes beyond appreciating that customers have needs and preferences that need to be met. However, building relationships with them to update the products and services to suit their expectations goes a step further. Thus, there is nothing like the global market of Australian consumers with their preferences and high expectations – here, companies have to be able to adapt swiftly. Regrettably, Starbucks could not have had better ways of receiving and responding to the customers' feedback, which could presumably have assumed the place of helping the company alter its plans so that a reverse in fortunes would not ambush it—creating as much value for the customers as possible results in the brand maintaining its



relevance and competing well for the customers by retaining them due to high customer switching costs.

Thus, the ability to adapt and flexibility are other critical success factors in new markets. Global markets are characterized by constant change, which means that any firm must be ready to respond to new challenges or capitalize on the opportunities likely to emerge. The lessons illustrated by Starbucks' early failures, notably its lousy experience in Australia, was that the firm needed to be more responsive to the conditions on the ground. A possibly more effective behaviour might have been trial and error about store layouts, menu offerings, or promotion and advertising appeals to uncover the best way to appeal to the Australian clientele. Global brands must incorporate manoeuvrability in their global expansion strategies to quickly adapt to feedback and changes. This agility can be a strong point, especially when the market is from a different culture or is very competitive.

### **Practical Implications**

Why Starbucks Failed in the Australian Market is not just Starbucks' problem but also one of great use for other international brands planning to venture into the Australian market. The most promising implication derived from the study is that understanding local market conditions is paramount. Global companies have a standardized approach that needs to be changed to specialize in each global market. Market research is therefore conducted to provide deeper insight into the culture and customs of the given country and its citizens, as well as the competition. The findings generated from this research should reflect every strategic decision the company makes, including the products manufactured, promotion, and customer relations.

The other essential aspects of globalization for global firms are cultural sensitivity and the necessity to adapt to the various cultural environments of the world. The case of Starbucks describes what may happen when the organization fails to consider the local people's cultural differences. Firms should be prepared to change their products, services, and operations to suit the market in a given country. It can include altering the product, changing the feel of the store to fit the cultural standards, or even changing the advertisements to match the culture of the community. Thus, a global brand needs to respect the local culture and the desire and ability to learn and adapt to the wishes of the local customers.

Another helpful lesson learned from Starbucks is the principle of a customer-oriented approach. Multinational companies should, therefore, place much emphasis on the customer and should always be in touch with the customer. This means putting appropriate feedback systems in place and being sensitive to customers' feedback. When the customer's need is the guiding principle, it becomes less critical for the company to provide a given good or service and to throw resources away because it needs to maintain a certain level of quality to meet the consumer's high standards.

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