



Three Wise Kangaroos

Starbucks' failure in Australia

Lead-in

1. Do you drink coffee for the taste or the caffeine?
2. Is there a strong coffee culture in your country?

Video

Now watch the video and answer the questions.

<https://www.youtube.com/watch?v= FGUkxn5kZQ>



1. How often does a new Starbucks coffee shop open in China?
2. When did Starbucks open its first coffee shop in Australia?
3. What was the wrong assumption Starbucks made when opening their outlets in Australia?
4. What was wrong with the way Starbucks entered the Australian market?
5. How big a profit did Starbucks make during the first 7 years of their operation in Australia?
6. How popular is coffee in Australia?
7. What has Australian coffee culture been shaped by?
8. How does the Australian coffee culture differ from the American one?
9. What were the two aspects of Starbucks coffee that put Australians off?
10. What made Gloria Jean's Cafe more successful than Starbucks in Australia?
11. What was Starbucks going to do in Italy in 2018 to stand out from its competitors?
12. Who was Starbucks going to target as their customers when they made a come-back in Australia?

Over to you

1. Did Starbucks' failure in Australia come as a surprise to you?
2. Does Starbucks operate in your country? Is it successful?
3. When Starbucks first entered your country's market, did they open a lot of locations at once or did they let the business grow organically? Did they adapt the menu to meet the market's expectations?
4. Do people in your country see coffee as a commodity or as a social experience?
5. Who are Starbucks' biggest competitors in your country? Are they foreign international brands or domestic ones? What are their points of difference?
6. What do you think about the coffee giant's idea to open a roastery in Italy? Do you think this is enough to win customers over in a place with a very strong coffee culture?
7. How risky is targeting tourists as your prime consumers? Do you agree with the statement that when people travel, they look for brands that are familiar to them?



Three Wise Kangaroos

8. Can you think of an international company who tried to break into your market and failed? What did they do wrong? How can a company prevent a downfall when expanding into other markets?

Vocabulary - useful collocations

Match the halves to make useful collocations. Watch the video again and check your answers.

| | |
|-----------------------|-----------------------------|
| 1. To break into | a) by a thread |
| 2. To roll out | b) a downfall |
| 3. To hang | c) a new market |
| 4. To be spoilt | d) to speciality menu items |
| 5. To grow accustomed | e) the company afloat |
| 6. To prevent | f) the same business model |
| 7. To keep | g) for choice |

Now match the collocations with their meaning.

| | |
|--|--|
| 1. To develop a liking for particular products | |
| 2. To adopt the same business strategy | |
| 3. To enter a new market | |
| 4. To keep the company in business | |
| 5. To stop sth from failing or falling | |
| 6. To have many options to choose from | |
| 7. To be in a very difficult position, to be close to failure or death | |

Finish the sentences so they are true for you.

1. We are spoilt for choice these days when it comes to ...
2. It's difficult to keep a company afloat when ...
3. ... is hanging by a thread.
4. When you enter a new market, you must always ..., to prevent a downfall.
5. I don't think I will ever grow accustomed to ...



Three Wise Kangaroos

Challenge

An international coffee shop - **Koala Coffee** - is thinking of expanding into your country's market. They have asked you to help them do some market research. They must decide on:

1. Target customers: students, business professionals, parents, seniors, shoppers, tourists
2. Location: university campuses, business precincts, parks, community centres, shopping centres, places attended by tourists
3. Menu: coffee only, coffee and cake, cake and lunch options
4. Other merchandise: coffee beans, mugs, etc.
5. Other aspects: loyalty cards, discounts, etc.

Based on what you know about the coffee culture in your country and your own experience, offer the best advice on all the aspects mentioned above.

