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Shunned Starbucks in Aussie exit

By Phil Mercer
 BBC News, Sydney

The mighty Starbucks coffee empire has been handed a heavy defeat by thousands of small Australian cafes in the fight for a nation's taste buds.

Eight years after it began selling its espressos and frappuccinos in Australia, the US giant has succumbed to powerful financial and cultural pressures and has closed 61 of its 85 shops across the country.



Not all Starbucks in Australia have failed

Savouring a morning cup of coffee has become a ritual for millions of Australians - yet one that Starbucks failed to capitalise on, in spite of the way the chain had become a global cultural phenomenon during the 1990s.

"It was maybe too standardised," says Michael Edwardson, a consumer psychologist in Melbourne.

"Early on it was unique and different, but as it became a global chain the standardisation made it lose some of that coolness and edginess. It was quickly copied and lost its lustre."

Not unique

In America, Starbucks became an icon very early on.

There, it represents this "third place", which is not home and not work, but somewhere to hang out, according to Mr Edwardson.

"Towns would want to have a Starbucks," he says. "Australia was never like that. We were curious about it. We'd read about it. It was something to try.

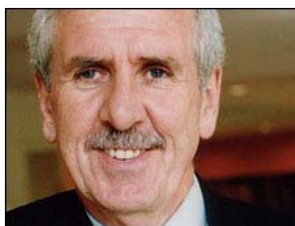
"But once tried I don't know that it offered a particularly fantastic or unique experience that wasn't offered by other chains."

In the end, Starbucks' Australian adventure was undermined by countless High Street cafes, each striving to carve out a sustainable niche.

Soon it became clear that the US coffee juggernaut, with its frothy, milky brew, was unable to meet the challenge of the local stores' homespun hospitality and boutique qualities.

"The coffee experience is two things," says John Roberts from the University of New South Wales.

"Firstly, it's the product and the taste and secondly the place and the service.



"We have the most cosmopolitan society in the world"
 Barry Urquhart, retail consultant

"It's much easier for the local store to differentiate itself as being local whereas Starbucks had this slightly schizophrenic positioning where it wanted to be the global, local store," he said.

Starbucks management said it is refocusing its business in Australia's

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- Americas
- Asia-Pacific
- Europe
- Middle East
- South Asia
- UK
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Cosmopolitan society

While the company is blaming underperforming stores, analysts say it expanded its operations in Australia too quickly and accumulated too much debt.

Hence, Starbucks never managed to build solid foundations in a cut-throat trade, according to Barry Urquhart, a retail consultant based in the Western Australian state capital Perth.



“ There’s no question Starbucks in many ways is an admirable company ”
 John Roberts
 University of New South Wales

"It is a competitive marketplace," he points out.

"The American, Seattle-based coffee of Starbucks was never going to resonate and penetrate Australia's very big coffee drinking community.

"We have the most cosmopolitan society in the world."

With more than 235 ethnicities speaking more than 270 languages and dialects, companies wanting to get ahead in Australia should be aware that they are not dealing with one monolithic block, Mr Urquhart explains.

"You have to recognise that and service differing needs."

Success for some

Starbucks may be on the retreat in Australia but marketing experts see a brighter future elsewhere.

"There's no question Starbucks in many ways is an admirable company," says Mr Roberts.

“ Starbucks is one of the nicest coffees that I've tried ”
 British backpacker Gemma Morris

"Starbucks has done very well in international markets where there has not traditionally been a coffee drinking culture," he adds, pointing to how it has done well in Japan and China.

"Starbucks has shown its skill at developing new markets," Mr Roberts says.

And even in Australia, there are those who will miss it when it is gone.

"Starbucks is one of the nicest coffees that I've tried," says British backpacker Gemma Morris.

"It's a stronger taste, which I like. It's a unique experience and it's renowned for being good which is why people love it."

Others though felt somewhat underwhelmed by Starbucks.

"It's okay, but there are privately owned cafes that I'd rather go to," says Peter, 32, who works for a landscape design company in Sydney.

"This whole big chain thing doesn't really do it for me. The coffee's pretty ordinary."

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