

University of Arkansas, Fayetteville

ScholarWorks@UARK

Marketing Undergraduate Honors Theses

Marketing

5-2023

From Espresso to Frappuccino: Analyzing Starbucks' Business Plan for Entering the Italian Market

Cameron DeMott

Follow this and additional works at: <https://scholarworks.uark.edu/mktguht>



Part of the [International Business Commons](#), [Marketing Commons](#), and the [Other Business Commons](#)

Citation

DeMott, C. (2023). From Espresso to Frappuccino: Analyzing Starbucks' Business Plan for Entering the Italian Market. *Marketing Undergraduate Honors Theses* Retrieved from <https://scholarworks.uark.edu/mktguht/69>

This Thesis is brought to you for free and open access by the Marketing at ScholarWorks@UARK. It has been accepted for inclusion in Marketing Undergraduate Honors Theses by an authorized administrator of ScholarWorks@UARK. For more information, please contact scholar@uark.edu.

From Espresso to Frappuccino: Analyzing Starbucks' Business Plan for Entering the Italian Market

by

Cameron DeMott

Advisor: Sarah Jensen

An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of Science in Business Administration in Supply Chain and Marketing

**Sam M. Walton College of Business
University of Arkansas
Fayetteville, Arkansas**

May 13, 2023

Table of Contents

Introduction	3
Starbucks' Early History	3
Start of the Company	3
Growth in the United States	4
Business Plan	4
Global Growth	5
Italy	
Culture and Business	5
Italian Coffee Culture	5
Italian Coffee History	6
Starbucks Entering Italy	6
External and Internal Competitive Environment	6
Italian Coffee Companies	7
American Companies Entering the Italian Market	7
Covid Impacts	8
Delivery and Convenience	8
Italians' Opinions	8
Starbucks' Actual Customers	9
Success or Failure	9
Personal Experience	9
My visit to the Reserve	9
Interviews	10
Personal Opinion	10
Conclusion	10

Introduction

Starbucks is a multinational coffeehouse chain founded in Seattle, Washington in 1971 (Starbucks, 2023). The company has become one of the world's most recognizable brands, with over 30,000 locations in 78 countries worldwide (Starbucks, 2023). The coffee house has a reputation for providing high-quality coffee, great customer service, and a unique in-store experience. Americans view Starbucks as the golden standard for coffee shops and admire the brand for its success. After establishing a strong presence in the market in the United States, Starbucks decided to go global. In 1996, the chain opened its first store overseas in Japan and then continued to expand in the Asia-Pacific region, and later in the United Kingdom and Europe (Lemus et al., 2015). Eighteen years later in 2018, Starbucks expanded to about thirty thousand total stores, and decided to venture into Italy and open a Starbucks Reserve in Milan (Starbucks, 2023). With the strict traditional structure of Italian coffee culture, this was a bold and daring move by Starbucks. Now, five years after the Reserve's opening, Starbucks plans to add more locations in Italy (Wanted In Rome, 2022). This paper aims to explore the background and business plan of Starbucks in the United States, and view insights into the complexities and strategies of the company's expansion into the traditional coffee market of Italy.

Starbucks' Early History

Start of the Company

In 1971, three friends named Jerry Baldwin, Zev Siegl, and Gordon Bowker started Starbucks in Seattle, Washington (Pereira, 2023). At the time, the coffee market in the United States was still in its early stages, and Starbucks faced competition from established coffee companies such as Peet's Coffee and Tea. However, the founders were determined to set themselves apart by offering a unique and superior product (Farr, 2017). They roasted the beans themselves and sourced their coffee beans directly from growers in Latin America, Africa, and Asia to ensure quality and freshness. With a great product and strategy, they knew they needed a great name to seal the deal. Sheila Farr (2017) explains best how they created the name:

“Bowker had teamed up with designer Terry Heckler to form the advertising firm Heckler Bowker. As Bowker, Baldwin, and Siegl struggled to find a name for their coffee business, Heckler suggested that names beginning with the letters "ST" had a bold, memorable character. One day Bowker, looking at an old mining map hanging in his firm's waterfront office, noticed a town called Starbo: "I immediately connected it to the character in Moby Dick and said 'Starbuck' ... And from that moment it became Starbucks. I didn't really have to convince Zev and Jerry very hard" (pg. 3).

Baldwin, Siegl, and Bowker initially planned for the store to only sell roasted coffee beans, teas, and spices (Pereira, 2023). They never envisioned the community and restaurant that it would eventually become in the future. It was not until a decade later, in 1982, that Starbucks decided to open its first coffee bar where they sold their own brewed coffee (Farr, 2017). In 1984, entrepreneur Howard Schultz bought Starbucks because he was impressed by the company's commitment to quality coffee (Le, 2022). Schultz had a different vision for Starbucks than the original owners, and he gained his vision and inspiration from a visit to Italy in 1983 (Bondarenko & Petruzzello, 2023). While in Milan, he observed that when Italians went to a café, they did not just go to drink coffee, but rather they went to talk with friends and interact with other customers. He was then heavily influenced to drive Starbucks in a different direction and make it a social hub that customers can visit while enjoying their coffee (Le, 2022). Thus was the very start of the ever-increasing global brand because Schultz wanted to turn this small

coffee bean store into a chain of stores that would connect people and bring high-quality coffee to people across the United States.

Growth in the United States

Under the leadership of Howard Schultz, Starbucks experienced explosive growth in the United States. Schultz was passionate about bringing high-quality coffee to as many people as possible, and he believed that Starbucks could be a cultural force that would change the way Americans thought about coffee (Larimore, 2013). In pursuit of this goal, Schultz embarked on an aggressive expansion campaign, opening new stores across the country and introducing new products (Quarterly, 2011). One of the keys to Starbucks' success during this period was its focus on creating a consistent brand experience. No matter where you were in the country, a visit to Starbucks would feel familiar and comforting, with the same menu, design aesthetic, and customer service (Starbucks, 2023). This consistency helped to build customer loyalty and made Starbucks a trusted and reliable destination for coffee drinkers. Schultz also created the concept of the "third place," a social gathering space that was neither work nor home, but provided a sense of community and belonging (Smith, 2021).

Overall, the expansion of Starbucks in the United States under Howard Schultz has been a story of success. By the end of the 1990s, before Starbucks opened chains outside of the country, there were more than 1,000 stores in the United States (Starbucks, 2023). Its distinctive green and white logo had become a universal symbol of high-quality coffee and a modern, upscale lifestyle. While Schultz would later face criticism for the company's rapid expansion, there is no denying that his vision and leadership transformed Starbucks into a global powerhouse and a cultural icon in the United States.

Business Plan

Starbucks experienced tremendous growth in the United States due to many key components that were integral to the company's business plan and strategy. Those components include rapid store expansion, brand loyalty, product innovation, and a focus on quality coffee. In the late 1980s, there were fewer than 20 stores, and by the early 1990s the company expanded to over 100 locations nationally (*About Us*, 2023). In 1992 the company went public and that is when store openings around the country started to skyrocket (Bondarenko, P., & Petruzzello, M., 2023). Before Starbucks expanded globally in 1996, the company had already grown to include more than one thousand stores throughout the United States (*About Us*, 2023). This aggressive expansion was a central part of Starbucks' growth strategy and helped the company to establish a significant presence in the U.S. market. To build brand loyalty and create a consistent customer experience, Starbucks developed a standardized menu, store design, and customer service training program that was implemented across all locations (Kahn et al., 2014). This emphasis on consistency helped Starbucks to build a loyal customer base that knew what to expect when they visited any Starbucks location. Product innovation was also a key component of Starbucks' growth strategy. The company regularly introduced new products and variations to its menu to keep customers engaged and interested (Kahn et al., 2014). This approach helped Starbucks to stay relevant and meet changing customer preferences over time. Finally, Starbucks emphasized the importance of quality in its coffee and customer experience. The company aimed to differentiate itself from competitors by offering high-quality, premium coffee and emphasizing the importance of the coffee-making process (Kahn et al., 2014). This commitment to quality helped to establish Starbucks as a leader in the coffee industry and a trusted brand for customers.

Global Growth

Starbucks' success in the United States paved the way for the company to expand internationally and become a global brand. Over the years, the company has continued to expand its reach and establish itself as a leader in the coffee industry worldwide. The first store that Starbucks opened internationally was in Tokyo, Japan, in 1996 (Szabo, 1996). Despite facing fierce competition, Starbucks generated significant excitement and interest, with approximately 100 people waiting in line at 6:30 am on the morning of the opening (Starbucks, 2023). Every single year since then, Starbucks has opened a store in at least one new country (Starbucks, 2023). They have been able to succeed in international markets due to adaptations and localization without compromising their brand and values. Before entering a new foreign market, Starbucks extensively researches the culture, consumer preference, and history of the new location they are considering (*Day Translations*, 2019). The company will change and adapt items on the menu to better suit the local area's culture and people. An added part of this strategy is to even change the overall look and design of the store on the inside and out. Starbucks will often hire local designers to “create the right atmosphere” for the new store ((*Day Translations*, 2019). Even the websites for Starbucks become localized to the local language of the culture. Doing so helps Starbucks’ brand as seen as more approachable and welcoming in a new location, and consumers don’t feel as if an outsider has infringed on their local area. Despite making new adaptations to the menu and physical store, Starbucks remains loyal to its core values. In every new location, the company maintains its dedication to offering high-quality coffee and providing customers with a distinctive in-store experience (Starbucks, 2023).

Italy

Culture and Business

The culture in Italy is vastly different from that in America because of their deep appreciation for personal relationships and love for life. In the United States, many people would say that they live to work and have a mindset that their work controls their life. In Italy, they say that they work to live. Whenever one leaves their place of work for the day, they do not think about it at all until they show up the next morning. This way of life helps them to enjoy the other simple pleasures that life has to offer on a day-to-day basis. Italians also emphasize personal relationships, which are essential for building trust, loyalty, and mutual respect (Evason, 2017). Family and close friends are considered the most important relationships. Personal connections are also key to successful negotiations and partnerships in business settings. Italians often take the time to get to know their business partners on a personal level, and building a relationship based on trust and mutual respect is often seen as more important than a specific outcome (Evason, 2017). This value on personal relationships adds to Italy's high-context culture, which means they emphasize nonverbal communication and physical cues rather than explicit language (Buchanan, 2022). This reliance on nonverbal communication can be challenging for outsiders to understand, but it is an essential part of Italian culture and plays a significant role in building strong personal and business relationships.

Italian Coffee Culture

Italian coffee culture is deeply ingrained in everyday life and is more than just a morning caffeine boost. During a food tour of Florence with Devour Tours, I learned about the Moka Pot, an Italian espresso maker that many households use to make coffee every morning. This traditional method of coffee brewing uses steam to extract the flavors of the coffee grounds and is a practice that has been passed down through generations (Wahn, 2022). Traditionally in most

households, the youngest family member has the chore of making the morning coffee using the Moka Pot. It is also common for children as young as five years old to start drinking small sips of coffee, and by the time they reach their teenage years, they are starting their day with a full cup of coffee. After adults have their morning coffee at home, it is not unusual to stop again at a café for more coffee throughout the day. Taking a quick break at a café for a shot of espresso is a ritual that is deeply ingrained in the Italian workday, sometimes going up to five times a day (Kirchgaessner, 2016). When ordering an espresso shot at a café, the routine is quick and casual. Customers walk up to the counter, order their espresso, make friendly conversation, pay only one or one and a half euros, and then sip their espresso right there at the counter. The regularity of visiting the café creates a sense of community, and baristas often get to know the local people, adding a friendly and familiar touch to the café environment (Hough, 2021). The culture of coffee in Italy is more than just a beverage, it's a way of life. It's a tradition that is steeped in history, and the Italian coffee experience is unlike any other. From the morning coffee made using a Moka Pot to the quick espresso shots at the café, Italian coffee culture is an integral part of Italian life.

Italian Coffee History

Coffee culture is deeply ingrained in Italian society, and its history starts all the way back in the 16th century (Lavazza Team, 2022). Venice is home to the most ancient operating coffee house in the world, which was founded in 1720 after Venetian merchants imported coffee from the Middle East. However, it wasn't until the 17th century that coffeehouses started to appear all over Italy. These coffeehouses became vital meeting places for artists, writers, and intellectuals, and began to create a social setting that coffee shops in Italy would later follow (Lavazza Team, 2022).

In 1884, Angelo Moriondo, an Italian businessman, presented a new machine capable of producing a short and concentrated drink, the espresso (Lavazza Team, 2022). In 1901, an engineer named Luigi Bezzera revised the machine, which helped spread the espresso machine's popularity throughout Italy (Lavazza Team, 2022). His revisions and improvements enabled the creation of a single serving for each customer by “forcing pressurized water through a handful of coffee powder to produce a short, concentrated drink: the *espresso*, so called because it could be prepared *expressly* for each customer and because the water had to be *expressed* through the coffee” (Bizzarri, 2017). The use of espresso machines rose in “American bars,” where customers would stand at the counter while ordering and drinking coffee (Lavazza Team, 2022). The first “American Bar” was established in Florence and gained the nickname Caffè de Ritti. This nickname was due to the standing action of its customers because the term “Ritti” in Italian means “upright” (Bizzarri, 2017). The rich history of Italian coffee has contributed tremendously to the traditions Italian families continue to follow centuries later.

Starbucks Entering Italy

External and Internal Competitive Environment

Starbucks made its entry into the Italian market by opening a storefront in 2018, prompting the need to evaluate its competitive environment through the analysis of the core competencies and strategies of its competitors, mainly through a SWOT analysis (Starbucks, 2023). While scanning and analyzing the environment that a firm plans to enter, it is also important to understand the strengths and weaknesses of its own company before expanding. In terms of strengths, Starbucks has had exceptional financial performance, with yearly revenues reaching over 20 billion dollars (Pereira, 2023). Starbucks's well-known brand name and

reputation might be one of its primary strengths, as it is one of the most popular firms in the global food and beverage industry. The quality and standardization of coffee at every location, except for the localization of a few products, is another strength. Additionally, Starbucks has an extensive supply chain and global reach through networks of multiple coffee bean suppliers from Africa, Latin America, and Asia (Pereira, 2023). With the various strengths that Starbucks holds, there are some weaknesses that could hinder its growth and profitability. For instance, the prices of Starbucks' products are higher than those of other coffee competitors (Pereira, 2023). While standardization is a strength in ensuring consistent quality, it can become a weakness when it does not fit the local culture and preferences (Nichols, 2018). Lastly, the imitability of Starbucks' products is a concern. Competitors can easily replicate or recreate the resources and competencies that Starbucks has developed for its products (Pereira, 2023).

Italian Coffee Companies

Italian brands Lavazza and Illycaffè pose as significant competitors to Starbucks (Landini, 2017). These brands have gained a reputation for their quality coffee and established their presence across Europe, already having storefronts in Milan close to where the Starbucks Reserve is located (Landini, 2017). Lavazza has a well-known brand name, a good reputation, and a strong financial position (MBA Skool Team, 2020). However, Lavazza is seen as an expensive brand and is in constant competition with other coffee companies in the industry (MBA Skool Team, 2020). To combat these challenges, Lavazza has the opportunity to create cheaper coffee products and open stores in smaller towns and cities. Its threats come from the increasing competition in the market, like Starbucks and Illycaffè (MBA Skool Team, 2020). Illycaffè, another big Italian name brand, also poses a significant threat to Starbucks. By charging a premium to its customers, the company receives high-profit margins which are then reinvested into research and development (Carroll et al., 2022). Illycaffè has a strong brand image and brand awareness, but it is also seen as expensive, costing up to three times the price of local cafes (Landini, 2017). Additionally, its products can be easily imitated. Like Starbucks and Lavazza, Illycaffè faces the constant threat and possibility of increasing coffee bean prices. While Starbucks faces stiff competition from these Italian name-brand coffee companies, they also face a portion of competition against smaller cafes that the area's locals visit regularly.

American Companies Entering the Italian Market

The success of American companies in Italy, like Domino's and McDonald's, may have influenced the decision for Starbucks to enter the Italian market. In 2015, Domino's opened a storefront in Milan (Povoledo, 2023). Their choice to enter the Italian market was considerably bold because of the cultural significance of pizza to Italians. However, Domino's was confident in their decision due to their expertise in home delivery, which Italy lacked, and the fact that Italy has the second-largest market for pizza eaters in the world (Povoledo, 2023). After six successful years and the opening of 34 new locations, Domino's had made American-style pizza a hit in Italy, with customers even embracing unusual pizza toppings like pineapple. However, due to the pandemic's lasting effects, Domino's has now closed all of its Italian restaurants (Povoledo, 2023).

McDonald's opened their first store in Italy in 1986, even while enduring heavy protests from the people of Rome (Suro, 1986). Many protestors complained of "significant and constant noise and an unbearable smell of fried food fouling the air" (Suro, 1986). Despite the negative press, McDonald's waited patiently for the right time to expand throughout the country. They bought out their biggest competition, added healthier menu options, and eventually became a great success (Ferrari, 2018). As of 2021, there were 680 operating McDonald's stores all over

Italy, a true testament to how an American food brand can become embraced by Italian consumers (Neely & Segreti, 2021).

Covid Impacts

The Covid-19 pandemic created challenges for various industries, and the food and beverage sector is no exception. Restaurants, bars, and cafes had been forced to shut down, operate with limited capacity, or shift to delivery and takeout services to comply with social distancing guidelines. In addition, almost all supply chains had been disrupted, causing shortages and increased prices for some food items. The pandemic has also changed consumer behavior and preferences, leading to a shift towards online ordering and contactless payment. These impacts have opened new challenges and significant changes to Starbucks and the global food and beverage industry.

Delivery and Convenience

The impacts of Covid-19 considerably altered the traditional Italian activity of visiting a local café. Due to strict lockdown rules and regulations, visiting a local café was no longer an option. Coffee breaks during the day turned into a solitary activity in one's own home, with many Italians using their Moka Pot (Hough, 2021). What was once a friendly and spontaneous interaction with baristas and neighbors, turned into a lonesome experience. As restrictions loosened, some cafes began offering a takeout option which was previously not normal for the Italian culture. Pre-pandemic, it was not typical that cafés and restaurants would ask the consumer if they preferred to have their food and drink to go. Locals or tourists would never carry around a to-go cup with food or drink because it was always customary to enjoy their meal or coffee at the café counter (The Local It, 2022). After Covid shifted the way in which businesses had to operate, Italian cafes and restaurants adopted the necessary change of offering takeout. Italian consumers were so joyous to start drinking their favorite coffee again, one person even claimed that coffee from their favorite café had saved their life (Hough, 2021). Starbucks benefitted greatly from this cultural adoption of takeout and to-go cups, considering they have always been operating their business that way.

Italians' Opinions

The arrival of Starbucks in Italy was not well received by the Italian people due to their strong coffee culture. Prior to the opening of the Starbucks in Milan, an Italian news network conducted a poll on Twitter to gauge the residents' opinions about their arrival. The results of the poll were overwhelming, with 87.3% of the respondents expressing their disapproval of the idea (Nichols, 2018). Many took to social media to voice their outrage, criticizing Starbucks coffee as "over-roasted crap," "too hot," "burnt," and "acidic" (Nichols, 2018). Some also commented on the high prices and joked about the names of the cup sizes. Italians are accustomed to their small espresso shot portions, so many speculated that Starbucks' maxi sizes and prices would not be well received (Povoledo, 2023). Additionally, some made fun of the way tourists would order a cappuccino later than 4 pm, which in Italian culture is considered very unconventional (Nichols, 2018).

Although many Italian residents are not keen on the arrival of Starbucks, some individuals are excited about the new store opening. Raimondo Ricci, the owner of Sant 'Eustachio, a very popular cafe in Rome, believes that Starbucks' arrival will benefit both customers and competitors by introducing a different way of doing business (Kirchgaessner, 2016). He acknowledged that although Starbucks offers more expensive coffee and a space that is more traditional to American coffee shops, it will not "replace the traditional Italian bar" (Kirchgaessner, 2016). Ricci gave credit to Starbucks for having a good variety of products and

food, and he even linked the similarities between Starbucks and 17th-century Italian coffeehouses through their shared history as “literary places where educated people discussed politics” (Kirchgaessner, 2016). Meanwhile, some local Italians on Twitter admitted that they wouldn't mind having a Frappuccino occasionally (Nichols, 2018).

Starbucks' Actual Customers

Despite many Italian locals opposing the opening of Starbucks in Milan, the coffee house isn't necessarily aiming to attract this particular demographic. Many Italians predicted that only “millennials, tourists, and people looking for free Wi-Fi and a place to sit” would be the ones to walk in and order from Starbucks (Nichols, 2018). Local cafes and bars were not fearful of losing business to this well-known brand, as they believed there was enough room for both types of businesses (Maffei, 2017). Locals would continue to go to their small regular cafes while Starbucks would attract tourists and likely many Americans. After a few years of successful business, the best-selling beverage turned out to be a solo shot of espresso, the same order that local Italians enjoy at their traditional cafes (Ngo, 2022). Whether this is because tourists are trying to act Italian or Italians are buying from Starbucks is still up for debate. However, this success shows that maybe Italians have embraced what Starbucks has to offer. Data also suggests that when a foreign brand enters a new country, people's bias toward their own culture only affects how they perceive the quality of the brand and not how they view the brand overall (Magno and Cassia, 2019). Italians prefer the quality of their own local cafes and bars but still view Starbucks as a successful global brand and could be open to the idea of occasionally visiting for a shot of espresso.

Success or Failure

Starbucks' first store in Milan is not only thriving, but the company also opened another nineteen stores by 2022 (Starbucks, 2022). They have plans to continue expanding their footprint across Italy, with a goal of opening twenty-six new stores by the end of 2023 (Starbucks, 2022). Many factors have contributed to this success, but the main one is likely the vision and intention behind the brand. Decades ago, Howard Schultz was inspired by local European cafes, and that experience shaped the way he built the chain (Bizzarri, 2017). He did not want to take over the coffee industry in Italy, but rather because of his deep respect for the Italian culture and people, he wanted to bring what he had to offer to their country (Maffei, 2017). He wanted to provide them with the third place he had pioneered, knowing that even the “multiethnic, hyper-connected population needs a place to rest, read, work, and use the bathroom while on the go” (Bizzarri, 2017).

Personal Experience

My visit to the Reserve

In the summer of 2022, I spent five weeks studying abroad in Florence, Italy, where I fully immersed myself in the local culture. This included going to cafes, ordering a shot of espresso, drinking it at the bar, and making casual conversation with the barista. I even became a local at one café and the barista would bring my drink to my table without having to place an order. Although I loved the quaint little spaces that made each café unique, as an American used to large dining areas, I found them quite cramped. My roommates and I spent a weekend in Milan our first stop was to visit the Starbucks Reserve. Having been to a Reserve in New York, I knew that this store would be enormous, with an operating roastery and plenty of open space. However, when we arrived, I was shocked by the crowd. Though the store was giant and had two levels of retail, people were everywhere, the line to order coffee was winding and long, and the

line to purchase merchandise was even longer. We got in line to order food and coffee, and as we waited, I noticed that most of the customers were speaking English and were probably tourists. Finally, after a 35-minute wait, we ordered our coffee and pastries. The coffee was the same as it is in America, which is part of the appeal of Starbucks having consistent and quality coffee, and the pastries were very fresh and flavorful. Overall, the experience was what I expected, except for the overcrowding of the store due to its popularity among tourists.

Interviews

My great cousin, Star Meyer, has been living in Milan, Italy for almost two decades after falling in love with an Italian man while studying abroad to achieve her master's degree. She frequently visits her favorite cafes around town, enjoying espresso like the locals do. When she heard that Starbucks was opening a location in Milan, she wrote numerous letters and emails to both the city of Milan and Starbucks persuading them not to open a store as she believed it didn't belong in Italian culture. Four years after its opening, Star has still not visited any Starbucks locations in protest to the global chain.

While studying abroad, my roommate Olivia Richardson and I visited the Starbucks Reserve in Milan, and she was pleasantly surprised. The architecture and the roastery's scent made a jaw-dropping experience. Olivia, a self-proclaimed coffee connoisseur, found it unique and elevated compared to Starbucks in America. She appreciated that everything was house-made, and the French vanilla coffee was “the best coffee” she ever had. The seating options were limited due to the high number of people in the store, as Starbucks encouraged visitors to shop around, get their coffee, drink it, and go. Though primarily Americans were observed visiting the store, Olivia believes it is a worthwhile addition to Italy's coffee culture. She understands how in Italian culture they place a high emphasis on quality coffee and what goes into making it, so she appreciated how Starbucks demonstrated its detailed process and enhanced the menu to adapt to Italian culture.

Personal Opinion

In my opinion, Starbucks made a well-informed and calculated business decision by entering the Italian coffee market in the manner that they did. The intention behind their entry was one of the most significant aspects to me. Howard Schultz's appreciation for Italian cafes was the reason and inspiration for building Starbucks, and he has the utmost respect for the Italian coffee market. Instead of forcing their way into Italy and disrupting their coffee industry, they entered cautiously and respectfully. Starbucks recognized that the coffee industry in Italy was well-established and mature, and they had no intention of replacing it. They only wished to offer their own unique products to the culture. After my visit to the Reserve, I realized the importance of Starbucks localizing to better fit in with the area and culture. I appreciated the familiarity of the store, which reminded me of America. As an American in Italy for five weeks, halfway through my trip, I missed anything that remotely reminded me of home. I believe that many tourists, whether American or not, appreciate this store because they know that it provides a consistent experience with quality coffee no matter where they are in the world. With plans to add twenty-six new stores by the end of this year, I fully support Starbucks, as the Italian culture seems to have adopted this global brand to some extent.

Conclusion

After exploring the background and business plan of Starbucks in the United States, and viewing insights into the complexities and strategies of the company's expansion into the traditional coffee market of Italy, the global chain had created monumental success in such a

mature market. Starbucks has become a global brand after only being founded by three friends in Seattle, and starting as a small store selling roasted coffee beans, teas, and spices. The company later expanded into a chain of coffee bars under the leadership of Howard Schultz, who bought Starbucks in 1984. Schultz was passionate about bringing high-quality coffee to as many people as possible, and he believed that Starbucks could be a cultural force that would change the way Americans thought about coffee. The company's success also extended to international markets, where Starbucks adapted and localized its menu and store design to suit the culture and people of each new location. Starbucks' expansion into Italy required extensive research and adaptation to the Italian culture. The Italian coffee market is a mature and well-established market with a rich history of traditional espresso culture. Entering this market successfully was a great obstacle for Starbucks, as they faced strong competition from local cafes, Italian coffee brands, and a population that is deeply rooted in their coffee traditions. While making adaptations to the menu and store design, Starbucks remained committed to its core values of providing high-quality coffee and a unique in-store experience. While controversial, their success in Italy cannot be undermined as they continue to expand and attract customers in the birthplace of espresso.

References

- (2019). How Starbucks Adapts to Other Cultures. *Day Translations*. Retrieved from <https://www.daytranslations.com/blog/how-starbucks-expands-abroad/>
- (2022). How Italy has changed in two years of the Covid-19 pandemic. *The Local It*. Retrieved from <https://www.thelocal.it/20220223/how-two-years-of-the-covid-19-pandemic-has-changed-italy>
- (2022). Starbucks opens first outlet in Rome. *Wanted in Rome*. Retrieved from <https://www.wantedinrome.com/news/starbucks-opens-first-outlet-in-rome.html>
- (2023). About Us- Company Timeline. *Starbucks*. Retrieved from <file:///Users/camerondemott/Downloads/AboutUs-Company-Timeline-2.6.23.pdf>
- Bizzarri, Cosimo. (2017). The curious story of how transatlantic exchange shaped Italy's illustrious coffee culture. *Quartz*. Retrieved from <https://qz.com/992879/the-curious-tale-of-how-italy-became-the-world-capital-of-coffee>
- Bondarenko, P., & Petruzzello, M. (2023). Starbucks. *Britannica*. Retrieved from <https://www.britannica.com/topic/Starbucks>
- Buchanan, Lindsey. (2022). Communication Styles. *Travel Guide to Rome, Italy*. Retrieved from <https://blogs.uww.edu/travelguide/communication-styles/>
- Carroll, G., Chang, V., Hoyt, D., Rao, H. (2022). Illycaffè and Gruppo illy (A): Expanding Beyond Gourmet Coffee SWOT Analysis & Matrix / MBA Resources. *EMBAPro*. Retrieved from <https://embapro.com/frontpage/swotcase/14583-illycaffa-gruppo>
- Evason, Nina. (2017). Business Culture. *Cultural Atlas*. Retrieved from <https://culturalatlas.sbs.com.au/italian-culture/italian-culture-business-culture>
- Farr, Sheila. (2017). Starbucks: The Early Years. *History Link*. Retrieved from <https://www.historylink.org/file/20292>
- Ferrari, Glauco. (2018). The History of McDonald's In Italy. *Life In Italy*. Retrieved from <https://lifeinitaly.com/mc-donalds/>
- Hough, Richard. (2021). How has the coronavirus crisis changed Italy's coffee culture? *The Local It*. Retrieved from <https://www.thelocal.it/20210309/how-has-the-coronavirus-crisis-changed-italys-coffee-culture/>
- Kahn, N., Koehn, N., Legris, E., & McNamara, K. (2014). Starbucks Coffee Company: Transformation and Renewal. *Harvard Business School*. Retrieved from <https://nationalparalegal.edu/uploads/19Starbucks.PDF>

- Kirchgaessner, Stephanie. (2016). Arrival of Starbucks may have its perks, say Italy's coffee traditionalists. *The Guardian*. Retrieved from <https://www.theguardian.com/world/2016/mar/04/arrival-starbucks-may-have-perks-italys-coffee-traditionalists>
- Landini, Francesca. (2017). Coffee rivals square off in Italy ahead of Starbucks invasion. *Reuters*. Retrieved from <https://www.reuters.com/article/us-italy-coffee/coffee-rivals-square-off-in-italy-ahead-of-starbucks-invasion-idUSKCN1BT1MM>
- Larimore, Rachel. (2013). The Starbucks Guide to World Domination. *Slate*. Retrieved from <https://slate.com/business/2013/10/starbucks-business-strategy-how-ceo-howard-schultz-conquered-the-world.html>
- Lavazza Team. (2022). Italian Style Coffee: From The Espresso to Cappuccino. *Lavazza*. Retrieved from https://www.lavazzausa.com/en/recipes-and-coffee-hacks/italian-style-coffee-history-types-culture#preference_title
- Le, Tri-Tam. (2022). The competitive advantage and serendipity in the case of Starbucks and Howard Schultz. *Research Gate*. Retrieved from https://www.researchgate.net/profile/Tri-Le-26/publication/357883787_The_competitive_advantage_of_serendipity_in_the_case_of_Starbucks_and_Howard_Schultz/links/61e56df35779d35951b54371/The-competitive-advantage-of-serendipity-in-the-case-of-Starbucks-and-Howard-Schultz.pdf
- Lemus, E., Feigenblatt, O., Orta, M., & Rivero, O. (2015). Starbucks Corporation: Leading Innovation in the 21st Century. *Journal of Alternative Perspectives in the Social Sciences*, 7(1), 23–38. <https://deliverypdf.ssrn.com/delivery.php?ID=87211909112411203002411100012108308704907307006402502111111306410207108810111712100012003206200600602700211311010709707102501000002902604901912707008303108909301712401805204206710100072107120064064030000117079095126125110065120125083126101092113095104&E XT=pdf&INDEX=TRUE>
- Maffei, Lucia. (2017). Starbucks To Open In Italy, Home Of Espresso, In 2018. Italian Cafes Say Bring It. *NPR*. Retrieved from <https://www.npr.org/sections/thesalt/2017/02/28/517783805/starbucks-to-open-in-italy-home-of-espresso-in-2018-italian-cafes-say-bring-it>
- Magno, G., & Cassia, F. (2019). Domestic vs. foreign consumer attitudes toward global retail brands: the case of Starbucks in the US and in Italy. *Excellence in Services International Conference*. (pp. 143-150). Retrieved from <https://sites.les.univr.it/eisic/wp-content/uploads/2019/11/26-Magno-Cassia-1.pdf>
- MBA Skool Team. (2020). Barista Lavazza SWOT Analysis, Competitors & USP. *MBA Skool Team*. Retrieved from <https://www.mbaskool.com/brandguide/food-and-beverages/661-barista-lavazza.html>

- Morris, Jonathan. (2013). Explaining changes in European coffee preferences from a production of culture perspective. *European Review of History: Revue européenne d'histoire*. 20 (5), 881-901. Retrieved from <https://www.tandfonline.com/doi/full/10.1080/13507486.2013.833717>
- Neely, J., & Segreti, G. (2021). McDonald's to hire 12,000 people, open 200 restaurants in Italy by 2025, exec says. *Reuters*. Retrieved from <https://www.reuters.com/business/mcdonalds-hire-12000-people-open-200-restaurants-italy-by-2025-exec-says-2021-12-13/>
- Ngo, Hope. (2022). The Basic Drink That's Starbucks' Top Seller In Italy. *Tasting Table*. Retrieved from <https://www.tastingtable.com/1087643/the-basic-drink-thats-starbucks-top-seller-in-italy/>
- Nichols, Daisy. (2018). Italians Are Furious That Starbucks is Coming to Milan. *The Daily Meal*. Retrieved from <https://www.thedailymeal.com/drink/italians-furious-starbucks-milan>
- Pereira, Daniel. (2023). Starbucks Business Model. *The Business Model Analyst*. Retrieved from <https://businessmodelanalyst.com/starbucks-business-model/>
- Povoledo, Elisabetta. (2023). In Italy, Where Pizza Was Born, Domino's Bows Out. *New York Times*. Retrieved from <https://www.nytimes.com/2022/08/09/world/europe/dominos-pizza-italy-closes.html#:~:text=The%20company%20entered%20the%20Italian,desire%20for%20more%20artisanal%20pies.>
- Quarterly, McKinsey. (2011). Starbucks' quest for healthy growth: An interview with Howard Schultz. *McKinsey and Company*. Retrieved from <https://www.mckinsey.com/featured-insights/employment-and-growth/starbucks-quest-for-healthy-growth-an-interview-with-howard-schultz>
- Smith, Benedict. (2021). The third place: What is it & how does it relate to coffee shops? *Perfect Daily Grind*. Retrieved from <https://perfectdailygrind.com/2021/06/the-third-place/>
- Starbucks. (2022). Verona Store Opening: The Connection of a City and a Coffee. *Starbucks Stories*. Retrieved from <https://stories.starbucks.com/emea/stories/2022/verona-store-opening/>
- Starbucks. (2023). Retrieved from <https://www.starbucks.com/about-us/>
- Suro, Mary Davis. (1986). Romans Protest McDonald's. *New York Times*. Retrieved from <https://www.nytimes.com/1986/05/05/style/romans-protest-mcdonald-s.html>
- Szabo, Liz. (1996). Launching Starbucks In Japan -- First Of 15 Stores To Open. *Seattle Times*. Retrieved from <https://archive.seattletimes.com/archive/?date=19960729&slug=2341589>

Wahn, Megan. (2022). No Espresso Machine? A Moka Pot Will Get You Close. *Bon Appetite*.
Retrieved from <https://www.bonappetit.com/story/best-moka-pots>