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Keys to Successful International Expansion: Lessons from Starbucks in Japan, Turkey, and Brazil

Abstract

This paper analyzes the key factors for successful international expansion through the case study of Starbucks. As domestic markets become saturated, companies seek growth by entering foreign markets, yet success is not guaranteed. This research investigates how Starbucks achieved success in Japan, Turkey, and Brazil. Using a review of relevant research and analysis of Starbucks's approaches, the study finds that adapting to local cultures, collaboration through partnership, and ethical branding and fair trade can strengthen brand loyalty and increase its profit. These strategies enable companies to build long-term relationships with customers and establish a stable presence in target markets. The findings offer practical directions for businesses to achieve growth and competitive advantage in the global market.

Introduction

In today's globalized world, international expansion is particularly important for companies considering long-term growth. Many companies face the limitations of domestic markets due to various factors such as market saturation and intensifying competition. Overseas expansion can revolutionize a company by opening up new customer bases and diversifying revenue streams. However, success in overseas markets is not easy at all. Cultural differences and unfamiliar regulations pose significant obstacles for new entrants.

Therefore, companies must maintain their core brand values while adopting strategies that align with local needs and customer interests to successfully pursue global expansion. Using Starbucks, a brand that continues to be loved worldwide and remains a thriving business, as a case study of international business success, we will explore approaches to achieving international business success. The focus of the discussion will be on how Starbucks achieved success in Japan, Turkey, and Brazil through cultural adaptation, strategic partnerships, and ethical branding. In this paper, “success” in international expansion refers to a company’s ability to establish a profitable presence in a foreign market while maintaining its core brand direction. Specifically, for Starbucks, success is measured by indicators such as strong revenue growth and expansion of store networks.

Cultural Adaptation

First of all, cultural adaptation is very crucial when a company expands its products or services abroad by making them responsive to local cultural values and each specific customer's expectations. **Figure 1** shows the growth in Starbucks’ store count by region from 1999 to 2023. While the number of stores in North America has steadily increased, the most significant growth has occurred in international markets, highlighting the importance of global expansion to the company’s overall success. This is not only the thing that involves translating language, but also requires understanding and accepting the customer's preferences, communication styles, and traditional values of each country. By using this knowledge base and information in their analyses, companies can produce business marketing strategies in the international market. In today’s world, globalization is taking place all over the world, and many companies are expanding their business across diverse cultures. One of the most important factors is the need for cultural adaptation in order to build trusting and strong relationships in various countries with different cultures and customs.

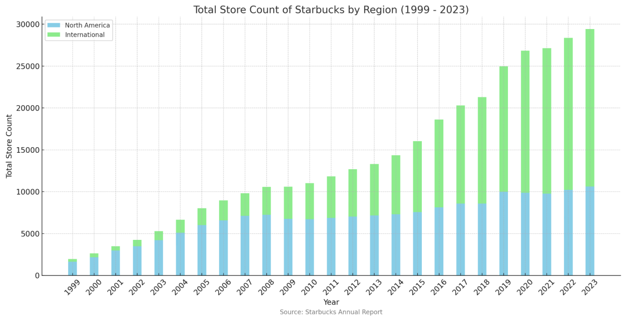


Figure 1. Growth in Starbucks Store Count by Region (1999–2023).

Imposing a brand's original values without attempting to adapt culturally risks failure to expand in the local market and even social criticism in the home country. Consumers tend to like companies that respect and adapt their culture and value their brands, according to Willige (2021). Therefore, companies need to tailor various factors of their business to the local culture, including menus, product design, store interiors, advertising, and customer service. On the other hand, if it does not adapt to these factors, the company might not be able to be accepted by local people. Therefore, cultural adaptation is not just a marketing strategy, but also a crucial step toward successful international expansion.

Starbucks is known as a major American coffee chain and one of the best examples of success in international markets through cultural adaptation. The company has adapted its products and store designs to fit in with the local area while maintaining brand quality. When Starbucks was founded in 1971 in Seattle's Pike Place Market, it collected freshly roasted coffee beans, teas, and spices from around the world for customers to take home. Later, Starbucks adopted the style of Italian coffee houses and tried to bring warmth to its coffee culture to Starbucks. After it expanded internationally into Canadian markets for the first time, Starbucks opened its first store across the Pacific in Japan, and then in Europe in 1998.

Until today, Starbucks continues to bring smiles to many people's faces through its stores around the world.

1. **Cultural Adaptation in Japan**

Starbucks has expanded to many countries around the world. What it has done with its expansion into Japan is a perfect strategy, as can be seen from the number of stores in Japan. Starbucks decided to expand its stores to Japan as the first country in Asia. Moreover, tea culture is deeply rooted in the ancient tradition in Japan, especially matcha and sencha. Although coffee consumption in Japan is small when compared to other countries, according to the research ("Coffee Consumption by Country 2025: Lifetime Data & Statistics"), Starbucks has steadily spread its brand in Japan.

Since opening its first store in Ginza, Tokyo, in 1996, Starbucks has actively introduced unique Japanese flavors such as matcha latte and yuzu tea. It obtained mixed reviews; however, the strong citrus flavor and low sweetness have been well-received, according to the reviews ("Reddit - Dive into Anything" 2024). Furthermore, Starbucks has capitalized on the Japanese market's affinity for seasonal and limited edition products. The company regularly launches limited-edition beverages related to local holidays and regional trends, such as Halloween drinks, which have become particularly popular among the younger Japanese demographic. Halloween limited-time drinks boosted Starbucks's sales, and in fact, for the full fiscal year, Starbucks's revenue rose 11.6% to $35.9 billion, according to *Mainichi Daily News* (2023). It often has striking designs and is widely spread across social media platforms, making it a very effective marketing tool for young people.

This approach closely aligns with beverage consumption trends in Japan, which differ by age group. According to *How to Use the Manual*, understanding industry trends is the first step before creating strategies ("Manyuaru"), the number of cups of coffee consumed per person per week by age group, both men and women in particular, the 40-59 age and

60+ group had the highest average consumption, with 13.5 cups per week for men and 13 cups per week for women. On the other hand, younger age groups, particularly those in their teens to 30s, consume only an average of 6.8 cups per week for men and 5.1 cups per week for women.

To bridge the generational gap, Starbucks has introduced special Japanese menu items for younger consumers who do not drink coffee regularly. According to a survey by Wensma, young people in Japan tend to favor flavored beverages like matcha lattes and sweet teas (2025). Starbucks has successfully attracted this age group by offering visually appealing, limited-edition drinks such as matcha Frappuccinos and yuzu tea, while it still provides traditional coffee options for older customers who prefer classic brews. This strategy has helped Starbucks maintain a balanced customer base and expand its reach across different age groups in Japan.

2. Cultural Adaptation in Turkey

Another example of successful international brand development by Starbucks is its entry into the Turkish market. Turkey is a country located between the Middle East and Asia, with a long tradition of coffee culture. Among these, "Turkish coffee" (Türk kahvesi) is registered as an intangible cultural heritage by UNESCO, and its historical value is highly valued worldwide. The history of Turkish coffee is older than the common way of making coffee, and its origins are said to date back to the Ottoman Empire in the mid to late 16th century ("The History of Turkish Coffee – a Journey through the Ages - Hamwi Coffee" 2024). Since then, coffee has been consumed in Turkey as a space for enjoying conversation with their people. Traditional Turkish coffee is prepared by combining ground coffee, cold water, and sugar in a small pot called a cezve. One of the most traditional and popular as their culture involves placing the cezve in hot sand. Alternatively, the coffee can also be prepared over a low direct flame, and this is more common in modern coffee shops.

In addition, Turkish coffee also plays a symbolic and cultural role, as the dregs left at the bottom of the cup are interpreted in traditional divination. Thus, in Turkey, coffee is not just a daily indulgence drink, but also an important factor that represents strong cultural and social connections.

Although Turkey has a strong and deeply rooted coffee culture, Starbucks did not enter the Turkish market until 2003. When it was founded in Istanbul as the first store, the American-style, fast service, and to-go orders stood in contrast to Turkey's culture of more relaxed and socially oriented coffee traditions. In response, Starbucks adapted its store design to align with local expectations by creating comfortable environments where customers can stay longer and socialize with their people. An effective example is the Starbucks store located on Istiklal Street, which is in the heart of Istanbul's new city center. It is located in an area that is surrounded by restaurants and cafés, and the store features an open layout with terrace seating and a historical Turkish architectural style. This design shows Turkey's cultural adaptation to hospitality and communal gathering. The café not only respects Starbucks' original concept of a quiet third space, but also represents the Turkish tradition of enjoying conversations in a shared setting.

In this way, Starbucks has retained the original Starbucks concept while adopting the Turkish culture of valuing communication through the distinctive Turkish coffee, and continues to be loved by the local people while maintaining its original form. Through this fusion of adaptation, Starbucks has succeeded in a country where coffee transcends being a mere beverage and has become a symbol of community and tradition.

3. Cultural Adaptation in Brazil

Entering the Brazilian market is also another example of Starbucks's success in international expansion. Brazil boasts over 300,000 coffee farms across 13 of its 26 states, according to "Brazil's Coffee Farm Regions and Best Brazilian Coffee Beans" (2025).

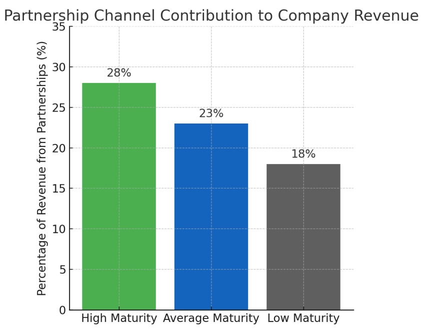
Brazil has been the world's largest coffee producer and accounting for about one-third of global coffee production in 2023 ("Coffee Producer Country Profile: Brazil," n.d.). While many countries produce only one type of bean, Brazil produces two types of beans called "Arabica" and "Robusta." Brazilian coffee has a feature of its low acidity and is enjoyed with caramel and chocolate. In Brazil, coffee is consumed regularly throughout the day, with cafézinho, a very strong and sweet black coffee. This also has the meaning of a common greeting "Aceita um cafézinho?" ("Would you like some cafézinho?"), much like saying "Hello" or "Let's chat," and serves as a social icebreaker. Due to its small size, it is enjoyed multiple times a day by local people. Moreover, they also enjoy snacks such as pão de queijo (cheese bread) and coxinha (chicken croquettes) with the coffee.

How has Starbucks incorporated these Brazilian cultural features into its business? While Starbucks maintains its own concept, it offers menu items like pão de queijo and coxinha as well. In addition, Starbucks uses 100% Brazilian Arabica beans in their Starbucks Brazil Blend and promotes the "Pausa do Cafezinho" (coffee break) concept. Furthermore, it has launched a strategy to respect regional flavors, such as the limited-edition drink "Brigadeiro Frappuccino," inspired by Brazil's beloved chocolate confection. According to"Reddit - the Heart of the Internet" (2024), Brazilian customers have expressed strong appreciation for Starbucks's local menu. One user said about *coxinha*, "The coxinha is the best hot snack Starbucks ever made, and it's only in Brazil." Another user commented, "*Carrot cake with chocolate* and *brigadeiro drinks* are better than most countries." These comments reflect Starbucks's strong strategy of local adaptation and contributed to its cultural relevance in the region.

In summary, cultural adaptation is a very important strategy for companies when they expand their business internationally. Understanding and respecting local customs and the values of the people there helps companies build stronger relationships with consumers in local markets and have greater value, and by adapting to the culture, they can learn about the culture and characteristics of that place, which will be helpful when starting their next business. While adapting to culture is one important pillar, Starbucks also relied on partnerships to successfully enter and grow in new markets.

A. Strategic Partnership

Secondly, partnerships played a crucial role in Starbucks's success in international marketing. But first, what exactly is a partnership? A partnership is basically a formal arrangement between two or more parties to manage and operate a business together and share its profits. As shown in **Figure 2**, companies with highly mature partnership programs generate, on average, 28% of their total revenue from partnerships, compared to 23% for companies with average maturity and only 18% for those with low maturity (Impact.com, 2019). This data highlights the substantial role partnerships can play in business performance and the reason why Starbucks used partnerships when it entered international markets. Moreover, there are several types of partnership structures, each with different roles, responsibilities, and levels of investment. Starbucks utilized two types of partnerships when it entered three countries: Japan, Turkey, and Brazil.



"Company Revenue from Partnerships by Partnership Maturity Level"

1. Joint Venture

One of them is a joint venture partnership. It is a strategic partnership where two or more companies develop a new entity to collaborate on their project or venture. This partnership allows both companies to combine their resources, knowledge, and money to work toward a goal. Furthermore, it also allows them to divide both the risks and the benefits. Hence, joint ventures are usually used to take on projects that might be too costly or risky for one company to handle alone. Joint ventures are widely utilized in all industries and enable collaboration with both domestic and international partners. This collaboration of two companies allows them to access new markets and technologies, and consequently, they are likely to succeed in the new markets. In contrast, there are several disadvantages to this type of partnership. One of the main risks is liability issues and conflicts between partners. When the purpose of the business is unclear, communication is insufficient, or partners have different expectations, this problem occurs. In addition, differences in corporate culture and management styles can also eschew cooperation, especially when they make a deal with a foreign company. If leadership or support is lacking in the early stages, the partnership may not succeed and may lose enormous money. Hence, although there are advantages, there is also a huge risk if they do not have great communication.

2. **License Agreement**

Another type of partnership is a license agreement. A license agreement is a formal contract where one company allows another to use its brand name, logo, products, and technology. The licensee uses these rights to run its business and pays royalties to the licensor in return. This agreement is commonly used when companies expand into international markets, when partnering with local companies that understand the local culture and market. The benefit is that it allows companies to tap into the local company's network and brand, and allows them to spread their brand more quickly than if they started from scratch. It is also a more affordable way to expand their business internationally, and it helps reduce risks. On the other hand, there are also several disadvantages to this partnership. Since the headquarters of the brand cannot directly control the policy, there is a risk that the local company may lose its initial qualities of service or products. Furthermore, they had little direct influence over store management or the quality of customer service. Additionally, the company is able to receive only royalties, not the full profits from sales; therefore, the financial upside from the brand's success is limited (CFI 2022).

3. How Starbucks Utilized These Partnerships

Starbucks leveraged partnerships to drive international expansion with the Szabay League when it entered into the Japanese market as its first operation outside of North America in 1996. To avoid the risks of entering a foreign market with totally different consumer cultures and business systems, Starbucks used a 50-50 joint venture with Sazaby League, a Japanese company with extensive experience in retail and restaurant management. Through this partnership, Starbucks learned about Japanese culture, including their preference for local networks through the Sazaby League, and it had been doing business in Japan for many years to increase the number of stores. By sharing financial and operational responsibilities with Sazaby League, Starbucks mitigated the risks of international expansion. Over time, as Starbucks gained confidence and learned its system to manage operations independently in Japan, Starbucks acquired full ownership of the joint venture in 2004. As of 2025, Starbucks operates more than 2,000 stores across Japan and continues to be a beloved brand across a wide generation.

Another strong example of how Starbucks used the partnership is when it entered the Turkey and Brazilian markets. When Starbucks entered the Turkish market in 2003, Starbucks decided to make a licensing partnership with the Kuwait-based Alshaya Group rather than establish a joint venture as in Japan. Similarly, when it entered the Brazilian market in 2006, it also used a licensing partnership with Cafés Sereia do Brasil. It chose to take this type of partnership, unlike when it did it in Japan, because when Starbucks first entered Japan, the company had little experience and needed someone like Sazaby League to help it navigate unfamiliar cultures and business practices. However, it had already gained enough knowledge and experience when it decided to go into these two countries; therefore, the company was ready to trust a reliable partner like Alshaya or Cafés Sereia do Brasil to manage its Turkish and Brazilian operations on its own. The licensing agreement allowed Alshaya and Cafés Sereia do Brasil to operate Starbucks-branded stores in Turkey and Brazil while it paid for royalties to Starbucks.

There were several advantages to this model. First, since Alshaya and Cafés Sereia do Brasi assumed responsibility for investment, store operations, and hiring in Brazil, Starbucks was able to expand quickly with minimal financial risk. Second, because it already had experience operating in the international markets and had deep knowledge about local business, Starbucks could easily adapt to Turkey's and Brazil's unique coffee culture.

However, the strategies eventually diverged. In Brazil, Starbucks acquired full ownership of its operations in 2010, and it shifted from a licensing model to a company-operated model. This allowed Starbucks to directly control its brand store experience in Brazil. However, in recent years, the strategy changed again. After the Brazilian operator SouthRock filed for bankruptcy in 2023, the rights to operate Starbucks in Brazil were sold to Zamp, a major food service company also responsible for Burger King Brazil. It shows how Starbucks continues to adjust its international approach based on local business conditions. In contrast, the Turkish market continues to operate under the Alshaya partnership, which has enabled the company to open over 700 stores and contribute to a broader plan of reaching 3,000 stores in the MENA region by 2028 (Pearce, 2025).

Partnerships are also crucial strategies in successful international business expansion. Collaboration with local companies gives businesses access to local knowledge, networks that are generally difficult to develop alone. Especially as Starbucks developed, Joint ventures and licensing agreements also help reduce entry risks and grow the business in the local area quickly. For this reason, companies that plan to expand globally should form strategic partnerships for success.

B. Fair Trade and Ethical Branding

Third, Starbucks' global success can be attributed not only to its branding and product quality, but also to its strong passion for Fair Trade and ethical sourcing. First, as a premise, what is Fair Trade and ethical branding? Fair Trade is a global initiative that supports producers in developing countries, ensuring they receive fair compensation. In many cases, companies and consumers in developed countries purchase products from small farms and workers in developing countries at fair prices, and they also aim to improve their quality of life and local economies. Moreover, Fair Trade aims for environmental policy like the prohibition of child labor and environmentally friendly cultivation methods, and safe working conditions. As examples of Fair Trade products, they include coffee, cocoa, and cotton products. On the other hand, Ethical branding is used by companies to convey the impression that they are acting ethically through their products and services as part of their brand image. For example, they actively promote actions such as using environmentally friendly materials, developing products that do not involve animal testing, incorporating fair trade certified products, and making efforts to reduce CO_2 emissions through advertising or websites.

These efforts also serve as important criteria for consumers. According to the research (PWC 2024), although there are concerns over inflation and the cost of living, customers are increasingly prioritizing sustainability. On average, they are willing to pay 9.7% more for ethically or environmentally sourced products. This survey shows the importance of international businesses to align their branding and product strategies with environmental values. Therefore, ethical branding has become a big key for companies to build trust and establish themselves as reliable brands as a marketing strategy.

1. **Starbucks's Own Fair Trade and Ethical Branding**

Starbucks is known for one of the strongest brands in fair trade. Starbucks is a brand that has expanded its business internationally through cultural adaptation and partnerships. However, this fair trade has also allowed it to expand its business. In 2004, Starbucks created its own standards called "C.A.F.E. Practices (Coffee and Farmer Equity Practices)." These standards care about the living conditions of farmers, the fair treatment of workers, and the environmental impact in the process of making coffee. Through this standard, Starbucks reported that 99% of its coffee beans were ethically sourced by 2022. Additionally, some Starbucks products carry official Fair Trade certification that supports producers through fair pricing. Starbucks does not treat this standard and system as separate from its core business expansion. Starbucks has integrated them into the core of its brand. For instance, its strategies, such as limited-edition drinks and seasonal products, often support local economies, and it encourages its customers to make good choices ethically. Therefore, its consumers feel like they have done something good and want to buy that product. By implementing this strategy in different countries, Starbucks adapts local flavors while expanding its global brand image in each country. Starbucks truly demonstrates that responsible action leads to success in business internationally.

In short, one of the important strategies is to bring fair trade and sustainability into the core of the brand. By adapting social responsibility into its business model, Starbucks has also built a strong trust with consumers and can lead them to purchase its products. This strategy shows how ethical strategies can strengthen brand loyalty. Therefore, companies that aim for international expansion should incorporate ethical branding and social responsibility into their international business strategies.

Conclusion

Just as Starbucks has succeeded, international expansion should be carried out based on careful calculation and planning. First, a business model that works in their home country may not necessarily work in the global market. That is why it is important to thoroughly research the local lifestyle, preferences, values, and purchasing behavior before entering a new market, and to provide brand-specific services and products tailored to those factors. Additionally, building partnerships with reliable local companies is essential. This not only reduces risks and costs but also enables swift responses to local customer preferences and trust. Furthermore, initiatives such as environmental protection and labor condition improvements can enhance brand appeal, even if prices are higher, thereby strengthening customer trust. These three factors, cultural adaptation, partnerships, and ethical branding, enable companies to avoid half-hearted “global expansion” and instead establish deep roots in target markets, achieving stable growth and a strong global presence.

The biggest lesson is that going global is not just about putting a brand in more places. It is about connecting with people in a way that makes the brand feel like part of their daily lives. If they take the time to understand people and take responsibility, they can do more than just survive in a new country. It can actually belong there. When they do these things, growth is not only building a relationship that lasts, but they also strengthen their ability to increase revenue over time.

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