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Starbucks Expanding to Southern Russia

By The Moscow Times

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Starbucks, the world's largest coffeehouse chain, is planning to expand its brand to the south of Russia.

The American company's expansion to the south will begin with Sochi, Rostov-on-Don and Krasnodar, where new shops are expected in the next 12 months, Vedomosti reported.

Starbucks was drawn to Russia's south by the high demand for quality coffee and dynamic development in the region, Mojtaba Akbari, general director of Starbucks' Russian management company Coffee Sirena, said.

Now, the company is looking for space for the coffee shops in those cities.

The coffee chain will need to invest about $250,000 for each new store, without counting the cost of real estate, said Mikhail Burmistrov, CEO of research company Infoline-analytiki.

While the southern region might become a lucrative market for the brand, the downside is

that local cafes and restaurants could make it difficult to gain a foothold in the area.

However, experts say that bringing the brand, ubiquitous in many Western countries, to Sochi before the 2014 Winter Olympics virtually guarantees success if the stores are placed correctly. Sochi, Rostov and Krasnodar each have high per capita incomes and attract a large number of tourists from cities where Starbucks is already popular.

Since Seattle-based Starbucks opened its first store in 1971, the company has opened 17,000 shops worldwide.

The brand currently controls only 1.7 percent of the Russian cafe market, operating 57 cafes in Moscow and three in St. Petersburg.

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