

# Top 20 Issues Facing Starbucks (Late 2025) – Quick, Digestible Summary

## 1. Leadership Shake-Up

Starbucks replaced its CEO with Brian Niccol (from Chipotle) after poor performance and investor frustration. The market loved the move, but it shows how urgent the turnaround is.

## 2. Activist Investor Pressure

Elliott Management forced leadership and board changes. Starbucks had lost investor confidence after declining sales and poor customer experience.

## 3. Slumping Sales and Traffic

For almost two years, Starbucks saw dropping traffic and falling sales, both in the US and China. The company appeared disconnected from customer needs.

## 4. Recovery Signs – But Profits Still Weak

Sales are finally stabilizing, but profits are still down sharply because of layoffs, store closures, and heavy spending to fix operations.

## 5. Rebuilding the “Third Place”

Starbucks is trying to bring back the cozy café feel (warm seating, relaxing vibe) after years of stores feeling more cold and transactional.

## 6. Mobile Ordering Overload

Mobile orders flood stores beyond capacity, stressing baristas and hurting the in-store experience. Starbucks is testing AI systems to slow and sequence orders.

## 7. Drive-Thru Surge

Almost 60 percent of US coffee purchases now happen at drive-thrus. Starbucks is shifting new store development toward drive-thru locations, even though it threatens the classic café identity.

## 8. Third-Wave Coffee Competition

Boutique coffee shops offer more “artisanal,” higher-quality experiences. Younger consumers especially see Starbucks as more mass-produced. Starbucks is trying to regain its craft credibility.

## **9. China Struggles**

Luckin Coffee and Cotti Coffee are beating Starbucks on price, convenience, and local appeal. Starbucks has had to cut prices and change leadership in China.

## **10. Pricing Fatigue**

After multiple price hikes, many customers now see Starbucks as too expensive. Budget-conscious drinkers are shifting to Dunkin', convenience stores, or home brewing.

## **11. Menu Complexity**

Constant new drinks create buzz but overwhelm baristas and slow down operations. Some items (like Oleato) flopped. Starbucks is now simplifying the menu.

## **12. Merch Madness (Bearista Cup Chaos)**

Limited-edition merch created huge hype – and huge problems. Lines, fights, employee accusations, and resale prices hitting \$1,000. Great for buzz; bad for operations and customer trust.

## **13. Brand Identity vs. Hype Culture**

The merch-drop culture risks turning Starbucks into a hype-driven brand instead of a reliable café. Starbucks must balance virality with long-term loyalty.

## **14. Retail Partnerships (e.g., Target)**

Starbucks is finding growth through exclusive beverages with partners like Target and expanding ready-to-drink products in grocery and convenience stores.

## **15. Store Closures and New Formats**

Hundreds of underperforming stores were closed. Starbucks is shrinking some cafés, adding pickup-only stores, and prioritizing drive-thrus. Good for efficiency, but hurts community presence.

## **16. Unionization and Labor Disputes**

More than 600 stores have unionized. Strikes, stalled bargaining, shutdowns, and PR battles have created major tensions and operational interruptions.

### **17. Staffing Shortages and Low Morale**

Most baristas say stores are understaffed, overworked, and overwhelmed. Turnover is high. Meanwhile, CEO pay headlines have worsened morale.

### **18. Social Media Boycotts (Middle East Conflict)**

Misinformation online triggered boycotts in the Middle East that hurt sales. Starbucks is now more vulnerable to global political controversies spreading through social media.

### **19. The “Third Place” vs. Convenience Tug-of-War**

Customers want speed and contactless pickup; Starbucks wants to preserve a cozy hangout atmosphere. The tension is redefining the brand.

### **20. Training and Service Consistency**

High turnover and complex drinks have led to inconsistent service. Starbucks is investing in new training tools but still struggles to deliver the same quality across all stores.