

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.