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Dec 5, 2025

Final Project - Report: “Back to Starbucks” Strategy

1. Brand Overview

Starbucks Coffee Company started back in 1971 in Seattle, just selling coffee beans, tea, and spices. It has since grown into the premier roaster and retailer of specialty coffee globally, operating over 40,000 stores worldwide. The company’s identity is built around providing the unique “Starbucks Experience” and establishing its physical stores as the “third place” for customers, a space separate from a customer’s home or office that encourages connection and collaboration.

Even the most well-established brands face challenges, and Starbucks is no different. They started 2024 facing shifting consumer habits, operational complexity, rising inflation, and intense competition. The preliminary Q4 Fiscal Year 2024 results showed difficulties in the customer experience, with net revenues down 3% and customer frequency declining across all segments (Starbucks Coffee Company, 2024). This downturn signaled a massive need for change and the company appointed former CEO of Chipotle, Brian Niccol, as CEO in August 2024 and launched the comprehensive “Back to Starbucks” strategy.

The “Back to Starbucks” plan focuses on reviving the U.S. business and returning to the brand's core identity of exceptional craft, genuine connection, and welcoming coffeehouses. Niccol established four filters for all company decisions: Is it good for the partner? The customer? On brand? Executable? Some key mandates included implementing an updated mobile-ordering algorithm, menu simplification, and reinstating the name “The Starbucks Coffee Company.” He also introduced the “Green Apron Service” initiative, designed to foster a welcoming environment and accelerate order delivery, aiming for orders ready in four minutes or less.

Starbucks has always targeted a diverse customer base, but lately, the primary focus has been on Millennials and Gen Z, who are tech-savvy and love coffee, as well as working professionals who prioritize convenience. The primary goal is to appeal to younger consumers, who tend to be more careful with their money, at least when it comes to coffee.

The brand is also facing some intense competition from established coffee chains and emerging local cafes. Internationally, particularly in China, local rivals such as Luckin Coffee have significantly lower prices, around half the cost of Starbucks, challenging their long-standing premium pricing strategy (Read, n.d.).

Overview of Recent Communication Efforts

The “Back to Starbucks” plan came with new communication efforts. Marketing fundamentally changed to prioritize the brand, highlighting handcrafted products with the “Hello Again” campaign, which serves as a public reintroduction celebrating the daily coffee ritual (Starbucks

Stories EMEA, 2025). Niccol intentionally shared the “Back to Starbucks” plan online with a video, highlighting the new changes: the Green Apron Service, getting back to their roots, and maintaining that their partners are in fact partners. To help with the value perception, Starbucks eliminated the upcharge for non-dairy milks starting November 7, 2024 (Starbucks Coffee Company, 2024). And marketing changed to prioritize the brand with the “Hello Again” campaign to reintroduce the public to the daily coffee ritual again. (Starbucks Stories EMEA, 2025).

2. Strategic Brand Analysis (CBBE Model)

The concept of Customer-Based Brand Equity (CBBE), as defined in *Strategic Brand Management*, states that the power of a brand resides in what customers know and feel about it (Keller & Swaminathan, 2020). Using the four steps of the CBBE model: Identity, Meaning, Response, and Resonance we can evaluate Starbucks’ equity.

Brand salience relates to the depth and breadth of brand awareness. Starbucks maintains high brand salience globally by having a huge physical footprint and its iconic visual identity, particularly the mermaid logo. The brand’s presence is everywhere, spanning traditional retail locations, airports, and grocery stores. The recent strategic move to realign with its core identity as “The Starbucks Coffee Company” serves to reinforce the basic, foundational association of the brand with high-quality coffee.

Brand meaning is established by forming and linking strong, favorable, and unique associations to the brand, categorized as performance (functional needs) and imagery (extrinsic properties).

Starbucks is known for its high-quality Arabica coffee, with 99.75% of its coffee ethically sourced (Starbucks Coffee Company, 2024). The CEO has reiterated the “unmatched expertise” in sourcing, roasting, and preparation of coffee by its baristas. Operationally, the “Back to Starbucks” plan mandated efficiency improvements like the Green Apron Service model, aimed at accelerating order delivery and achieving service times of four minutes or less and maintaining genuine connection with customers (Starbucks Coffee Company, 2024).

However, the intended performance of this new service model is totally undermined by persistent operational problems. A September 2025 survey revealed that 91% of Starbucks workers report understaffing at their stores. Ninety-three percent of workers agreed this understaffing resulted in long wait times for customers, failing to deliver the promised “premium” experience (Strategic Organizing Center, 2025). This performance shortcoming is a major challenge, as product performance is at the heart of brand equity.

On the other hand, Starbucks’ core imagery revolves around the “Third Place” concept, fostering associations of belonging, community, and an aspirational, modern lifestyle. The company operates based on core values including Craft, Results, Courage, Belonging, and Joy (MarcomCentral, 2025). This focus reinforces a favorable brand image, particularly appealing to increasingly conscious consumers.

Customers judge a brand based on its quality and credibility. Starbucks’ decision to remove the non-dairy milk upcharge enhances its perception of fairness (Starbucks Coffee Company, n.d.). Even with the non-dairy change, the company faces a major negative judgment tied to its premium pricing strategy. High prices are the top issue identified by Starbucks consumers, with over 70% stating they plan to visit less because of cost concerns (Strategic Organizing Center, 2025). This shows that for many customers, the perceived quality and experience simply do not justify the premium pricing model.

Starbucks' loyalty is anchored by the Starbucks Rewards program, which boasted 34.2 million members in Q4 FY25. This program enables deep engagement and personalized offers to its members. However, the shift toward maximizing digital efficiency, which often just means "self-service," presents a real challenge to the brand's resonance. Relying too heavily on online marketing limits face-to-face sales scenarios, which are necessary for sharing the love and emotion of the brand through real people set forth in the company's roots and new service model (Starbucks Coffee Company, 2024).

3. Assessment of Communication Strategies

The "Back to Starbucks" strategy hoped to address lagging sales by re-grounding the brand on craft and connection and returning to strong growth. In Q4 FY25, Starbucks achieved a major milestone: positive global comparable store sales growth for the first time in seven quarters. Global revenue was up 5% and the company reported record-low turnover, and management attributed this recovery to the effectiveness of the strategy (Starbucks Corporation, 2025).

It seems like the renewed emphasis on the core coffee experience and partner support is actually resonating with stakeholders. Even the CEO stated that the plan is "centered on customers and fueled by partners" (Niccol, 2025). Plus, the digital marketing strategy continues to thrive, enabling convenience for consumers. In fact, the U.S. delivery business saw nearly 30% growth year-over-year in Q4 FY25, surpassing $1 billion in sales for the fiscal year (GuruFocus News, 2025). Starbucks also skillfully used its digital channels to extend brand stories into the at-home channel through collaborations with companies like Nestle and PepsiCo.

While the overall communication strategy shows a strong thematic focus on "Back to Starbucks," the internal execution of operational components like staffing and speed has created damaging negative associations. The perception of a rejuvenated brand conflicts with the stark reality reported by its partners (Starbucks Coffee Company, n.d.). While the company claims its turnaround plan focuses on employees, 88% of surveyed workers reported that the new corporate mandates, taken together, worsened their work experience (Strategic Organizing Center, 2025).

The sources also say that applying technology prematurely to a complex work system can erode some of the company's points of difference in the customer experience (Xu, 2024). When brand claims are not actually experienced by the customer, the brand equity becomes vulnerable and can easily be torn apart. This type of inconsistency negatively impacts brand judgments, acting as a correlational point-of-parity that hinders the success of its positive points-of-difference.

4. Recommendations

To continue the momentum gained in the last fiscal year and address the deep inconsistencies uncovered during the new plan, Starbucks has to focus on strengthening its weakest link: operations.

Recommendation 1: Fortify Brand Performance by Stabilizing the Staffing Foundation

Since the main issue threatening Starbucks' brand equity is the documented failure of its operational model to deliver the promised speed and experience at premium prices, it needs to be better supported by its foundation, or should I say better support its foundation. *Strategic Brand Management* emphasizes that businesses must take a long-term view of marketing decisions, reinforcing the brand consistently, which might mean focusing on having fewer strikes (Keller & Swaminathan, 2020), (Starbucks Workers United, 2025).

Starbucks needs to quickly resolve the understaffing crisis, as 76% of workers identify increased/stabilized staffing as the most effective solution to in-store issues (Strategic Organizing Center, 2025). This requires more investment and commitment than what has been seen so far by the company. They must ensure that their investments in the Green Apron Service model translate directly into sufficient labor hours to manage peak demand and complex customization, higher wages for partners to maintain life under current and future economic conditions, and standard fair labor practices. These changes would directly impact Brand Performance by cutting down customer wait times, which currently detract from visits, and creating a less stressed "third place." By solving the bottleneck and keeping its partners happy, Starbucks solidifies its core claims, making the premium price feel justified and strengthening positive Brand Judgments. This also helps restore the image of Starbucks as a place where partners are supported, a crucial element of its legacy as the "best job in retail."

Recommendation 2: Harmonize Digital Engagement with the "Third Place" Ethos

Starbucks is a digital leader, but its digital strategy needs to be carefully used to support, not shy away from, the core brand identity. The global push for automation and efficiency ("informate up") risks severing the human connection Starbucks requires to maintain their "third place." Sources show that digital communication risks limiting user "stickiness" due to the loss of face-to-face scenarios, meaning the company could lose customer loyalty and active engagement, the highest level of a brand relationship (Xu, 2024).

Starbucks needs to shift from using the digital platform purely for transactional efficiency to a tool that enables and enhances genuine human connection. So much data can be captured in the Rewards program and Starbucks apps, like preferences, behaviors, and some personal details, that could help Green Apron partners personalize each interaction. This would address the complexity of designing marketing programs by integrating communications to maximize brand equity across touchpoints (Keller & Swaminathan, 2020). By using these digital insights to inform baristas (an "informate down" vision) to deliver tailored experiences, like knowing a regular's order or wishing them a happy birthday, the company connects the speed and convenience of its digital channel directly to the feelings of belonging and warmth. This reinforces the idea that the power of the brand lies in what customers learn, feel, see, and hear, ensuring that technology assists with rather than replaces the customer experience.

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