



# STARBUCKS

## STRATEGY

Anupam Sanidhya

# BACKGROUND

Starbucks was founded in 1971 in Seattle's Pike Place Market and transformed into a global coffeehouse brand under Howard Schultz's leadership in 1987. Schultz introduced the "third place" concept—creating welcoming spaces beyond home and work. Starbucks expanded globally, becoming synonymous with premium coffee experiences and a strong community ethos.

## Mission Statement

"To be the premier purveyor of the finest coffee in the world while inspiring and nurturing the human spirit – one person, one cup, and one neighborhood at a time."

## Core Values

Creating warmth and belonging  
Acting with courage  
Transparency & respect  
Delivering excellence  
Embracing diversity



# KEY MILESTONES

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## Founding & Early Growth (1971-1987)

- 1971: Starbucks opens first store in Seattle's Pike Place Market
- 1982: Howard Schultz joins as director of retail operations and marketing
- 1983: Schultz visits Italy, inspired by Milan's espresso bars
- 1985: Schultz founds Il Giornale, using Starbucks coffee beans
- 1987: Il Giornale acquires Starbucks assets, rebrands as Starbucks Corporation

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## Expansion & Innovation (1988-1999)

- 1988: Offers full health benefits to full and part-time employees
- 1991: First company to offer stock options to part-time employees
- 1992: Completes initial public offering (IPO)
- 1994: Opens first drive-thru location
- 1995: Introduces Frappuccino blended beverages
- 1996: Expands internationally to Japan
- 1998: Launches Starbucks.com
- 1999: Partners with Conservation International for sustainable coffee-growing

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## Global Growth (2000-2010)

- 2001: Introduces ethical coffee-sourcing guidelines
- 2002: Launches Wi-Fi in stores
- 2004: Opens first Farmer Support Center in Costa Rica
- 2007: Eliminates artificial trans fat from food products
- 2008: Howard Schultz returns as CEO; adopts new mission statement
- 2009: Launches My Starbucks Rewards loyalty program and mobile payment app

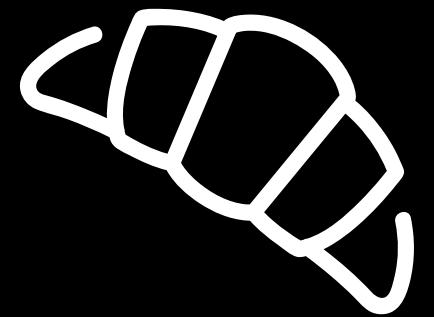
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## Digital & Sustainability Focus (2011-2024)

- 2014: Creates Starbucks College Achievement Plan with Arizona State University
- 2015: Reaches 99% ethically sourced coffee milestone
- 2018: Commits to phasing out plastic straws; forms Global Coffee Alliance with Nestlé
- 2020: Announces sustainability aspiration to become resource positive
- 2022: Launches "Reinvention" strategy under interim CEO Howard Schultz
- 2023: Introduces "Triple Shot Reinvention" long-term growth strategy
- 2025: Brian Niccol introduces "Back to Starbucks" strategy focusing on café experience revitalization



# TARGET CUSTOMER & VALUE PROPOSITION



Starbucks will deliver exceptional coffee experiences through streamlined operations, personalized services, sustainable practices, and revitalized café environments that foster authentic community connections.



## Pains

- Long wait times and crowded stores
- Lack of comfortable seating ("third place" experience)
- High prices without perceived added value
- Inconsistent product quality

Millennials & Gen Z (18-40), affluent urban professionals seeking quality coffee experiences.

Customers who value sustainability, personalization, and authentic community spaces



## Gains

- Quick service without sacrificing quality
- Comfortable spaces for work/socialization
- Unique premium coffee selections
- Personalized experiences

# PROBLEMS & KPI

- **Declining Brand Relevance:** Stock value down ~25% YoY, driven by operational inefficiencies, overcrowding (25% customers dissatisfied), premium pricing concerns (e.g., \$19 for latte/snack combo), and erosion of café experience due to drive-thru/mobile order prioritization.
- **Operational Complexity:** Overly complex menus causing increased wait times, operational inefficiencies, and customer dissatisfaction. Q4 2024 showed a 7% drop in global comparable sales and a 3% decrease in consolidated net revenue.
- **Employee Dissatisfaction:** Declining morale due to reduced career opportunities, unpredictable scheduling, elimination of programs like Coffee Master training, and union tensions.
- **Competitive Pressure:** Losing market share to local specialty cafés (Blue Bottle Coffee, Subko India, Blue Tokai) and global competitors like Luckin Coffee, which has overtaken Starbucks in China.



## KPIs

- Same-store sales growth (target: 5-7% growth)
- Average wait time per order (target: ≤4 mins)
- Customer satisfaction scores (NPS)
- Percentage of returning customers
- Increase in afternoon/snack sales revenue
- Digital engagement metrics (target: double 75M global Starbucks Rewards members within 5 years)

# SWOT

Strengths

- Strong global brand recognition
- Extensive loyalty program (75M members)
- Robust financial resources (\$36B revenue)
- Ethical sourcing reputation

Opportunities

- Growth in niche experiential offerings
- Sustainability & healthier product trends
- Premiumization & experiential branding
- Global expansion (eg. target: 55,000 stores by 2030)

Weaknesses

- Declining café experience
- Operational inefficiencies
- Premium pricing limits appeal
- Complex menu causes confusion

Threats

- Intense competition from convenience chains
- Union tensions & labor dissatisfaction
- Price-sensitive consumer behaviors
- Market saturation in key regions

# FUTURE STATE VISION



## Northstar

Re-establish Starbucks as the world's premier experiential coffee brand by revitalizing café culture, simplifying operations, prioritizing customer connections and sustainability.



### OKR 1

#### **Revitalize Café Experience**

- Increase customer satisfaction scores by 20%
- Reduce average wait times by 30%
- Restore seating capacity and comfort in 75% of stores
- Reintroduce community-focused events in flagship locations

### OKR 2

#### **Premiumization & Personalization**

- Launch premium niche coffee offerings with  $\geq 15\%$  adoption rate
- Increase personalized beverage sales by 20%
- Improve customer perception scores related to quality by 25%
- Target unhindered markets in APAC.

### OKR 3

#### **Employee Experience & Career Development**

- Reintroduce the Coffee Master Program with  $\geq 50\%$  barista participation within first year
- Increase employee satisfaction scores by 25%
- Reduce turnover rate by 20% year-over-year
- Establish clear career progression paths with 30% of store management positions filled through internal promotion



# STRATEGIC PLAN & INITIATIVES



Initiative	Priority	Cost Estimate	Value Estimation
Café Experience Revitalization	Must Have	\$2M - \$2.5M	High (Customer Retention)
Menu Simplification (30% reduction)	Must Have	\$1M - \$1.2M	High (Operational Efficiency)
Premium Coffee Line Expansion	Should Have	\$1.5M - \$1.8M	Medium/High (Market Differentiation)
Employee Development Program	Must Have	\$1.2M - \$1.5M	High (Service Quality & Retention)
APAC Expansion & Operational Efficiency	Should Have	\$800K - \$1M	Medium/High (Customer Loyalty)

## Key Initiatives

### 1. Revitalize Café Experience

- Reintroduce comfortable seating arrangements and community-focused events in select flagship locations
- Pilot community engagement programs such as local artist showcases and book clubs
- Reintroduce ceramic mugs and free refills for in-store customers

### 2. Operational Efficiency & APAC Expansion

- Leverage market research and employ localization strategies to develop products and experiences that resonate with consumers while exploring partnerships to accelerate store openings.
- Clearly distinguish between "to-go" and "for-here" service models

### 3. Simplify Menu Complexity

- Remove bottom-performing 30% of menu items by late 2025
- Focus on high-margin beverages and core coffee offerings

### 4. Employee Development Program

- Relaunch Coffee Master Program with enhanced training and certification
- Implement clear career progression paths from barista to management
- Introduce predictable scheduling and improved work-life balance initiatives

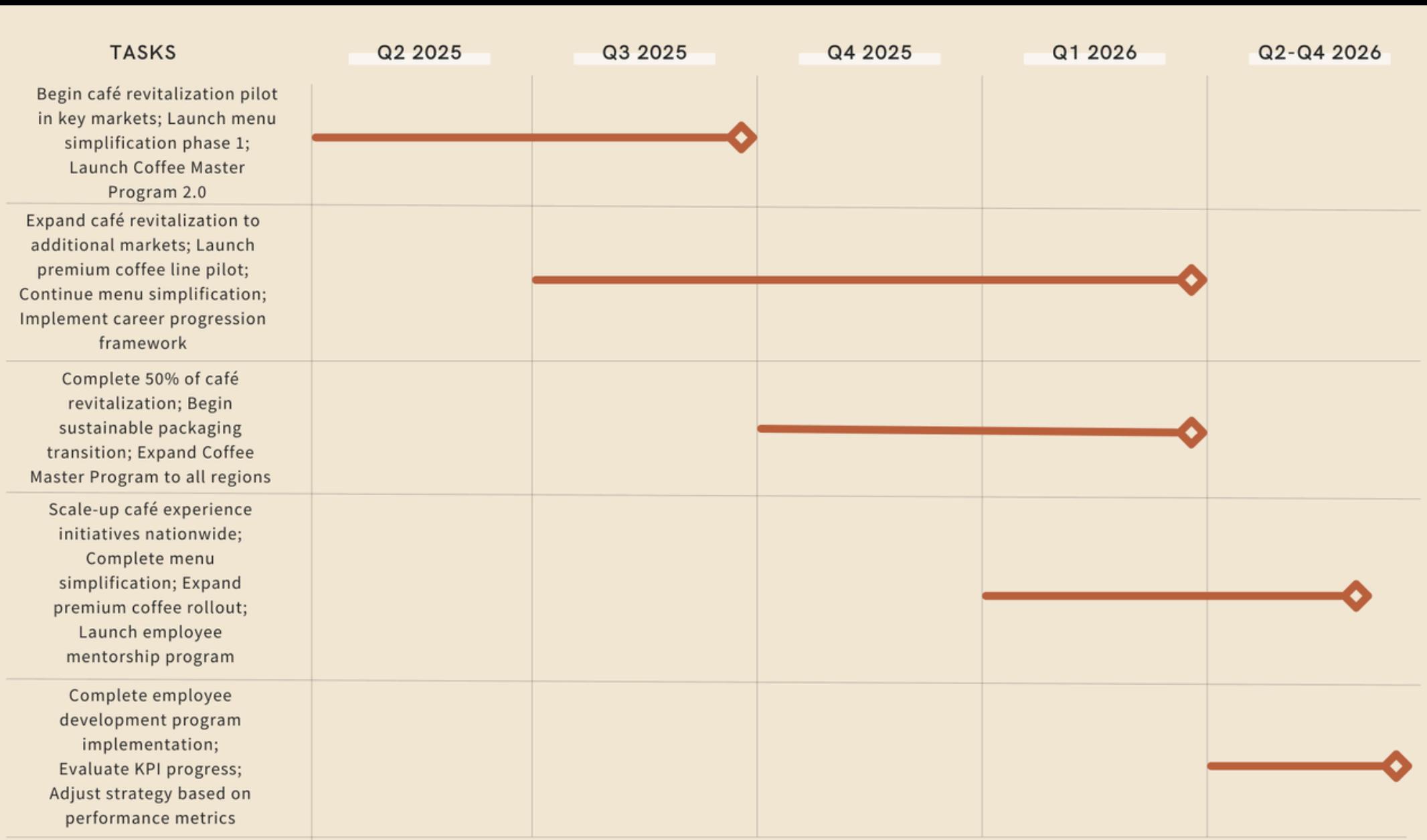
### 5. Premium Coffee Line Expansion

- Curate limited-edition single-origin coffees sourced ethically
- Enhance marketing storytelling around coffee quality and sourcing

Initiative	Budget Allocation	Rationale
Café Experience Revitalization	\$2 million	Highest impact on customer satisfaction and brand differentiation; requires physical store modifications
Menu Simplification	\$1 million	Critical for operational efficiency; requires training, menu redesign, and inventory management
Employee Development Program	\$1.5 million	Essential for service quality and reducing turnover; includes training materials, certification programs, and career path development
Premium Coffee Expansion	\$1 million	Drives brand perception and attracts high-value customers; includes sourcing, marketing, and barista training
APAC Expansion & Operational Efficiency	\$1 million	Improves customer experience while maintaining operational efficiency; includes tapping restricted markets
Contingency	\$500K	Buffer for unexpected costs and opportunities



# BUDGET & ROADMAP



# CLOSURE

This strategic investment of **\$7 million** will help Starbucks reclaim its position as an experiential leader in the coffee industry—driving profitability through improved customer retention, operational efficiency, employee engagement, expanding market and premium product differentiation.

