

THE SOUL OF STARBUCKS

A PARTICIPANT OBSERVATION OF STARBUCKS COFFEE

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Starbucks Coffee. World domination? Possibly. But will they lose their soul in the process? Howard Schultz, the current CEO of Starbucks is concerned that they will. In a memo written to his company, Schultz laments, *"Over the past 10 years, in order to achieve the growth, development, and scale necessary to go from less than 1,000 stores to 13,000 stores and beyond, we have had to make a series of decisions that, in retrospect, have led to the watering down of the Starbucks experience, and, what some might call the commoditization of our brand."*

I set out to observe if the coffee mogul's hunch is right. My goal was to develop an understanding of whether or not Starbucks is and can continue to be a 'coffeehouse' reflecting a passion for coffee or has it become another chain – a cookie cutter, sterile environment lacking a soul?

Often I'll come into a Starbucks for an espresso drink and immediately leave with 'liquid love' in hand, which is the equivalent of using the 'drive through' (without a vehicle). In many more instances though I will order and then grab one of the various seating options to engage in reading, studying, a meeting or a brief time of stillness and thinking. I am a "complete participant" in this participant observation as my credit card receipts will surely show. If that is not proof enough perhaps this quote from a current Starbucks Barista will establish my credibility: *"John, you spend more time here than anyone I know."*

On **November 23, 2006** I came into our local Starbucks at 4:15 am and stayed until 9:30 am. This was more than an experiment, it was an outreach to my community in that I was able to represent my church in buying the drinks of each person that came in and went through the drive through on that Thanksgiving morning. My observations varied extensively from that of other times in that 'everyone's happy when their drinks are free.' I found that even the most tired, grumpy and socially inept person would beam with joy in discovering the warmth and generosity of a local pastor. In many cases, conversations would strike up and pleasantries exchanged. The conversations between Barista and customer were even more animated than normal because there was something to talk about...not to mention, it was Thanksgiving Day.

In a subsequent visit, one employee of Starbucks told me that *'they had the best day of work ever on Thanksgiving Day.'* Could it be that the 'soul of Starbucks' (to quote Schultz) is to connect with and to give back to the community?

On **January 5, 2007** I threw a party for my wife's birthday by inviting many of our friends to our local Starbucks. Coffee was my treat in exchange for their presence (and presents) in celebrating my wife's 35th birthday. I observed that a cup of something in hand always paves the way for good conversation. (Incidentally, it's the reason that we serve tea and coffee at all our church services.) It was a delightful evening of laughing and playing board games on the Starbucks tables. However, there was something lacking in retrospect. It missed the warmth of the 'local coffeehouse' (ie: overstuffed couches, interesting art, outdated magazines, and worn chess pieces). What could have gone on for hours in such an inviting establishment was brief in comparison because of the seemingly sterile environment that lacked overall comfort.

On **February 15, 2007** I sat in a Starbucks from 8 am until 3 pm. Actually, I sat in three separate establishments in three cities for a long series of meetings that encompassed most of my workday. From each of these Starbucks I can summarize a stereotypical physical description, in that most of the stores have similar motifs.

I found that each store has:

- ❖ light music playing – often a mix CD with particular styles for each day of the week.
- ❖ 2 or more soft chairs or benches
- ❖ 10 or more tables (depending upon size of room)
- ❖ plenty of product for sale on spinners or stacked upon shelving
- ❖ hard wood or stone floors
- ❖ temperature is often cool to outright cold
- ❖ smell is clean, yet little to no smell of coffee
- ❖ fashionable décor/art – in one store local art was showcased
- ❖ 4 or more baristas behind the counter – predominately female

On **March 5, 2007** I pulled up a table at our local Starbucks to observe from 7:30 am until 9:30 am. On this particular morning I kept track of the demographics of those purchasing drinks and pastries. Because I began at 7:30 am I assume I just missed the rush of students getting their caffeine fix prior to class time.

Demographics:

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| ❖ Under 18 | 4 people |
| ❖ 19 – 35 | 8 people |
| ❖ 36 – 49 | 14 people |
| ❖ 50 – 65 | 6 people |
| ❖ 66 – older | 1 person |

Of the approximately 33 people that entered Starbucks between 7:30 and 9:30 am, the following observations were noted:

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| ❖ Customers that purchased and then left: | 24 |
| ❖ Customers that sat down: | 9 |
| ❖ Customers that interacted with the Baristas (beyond ordering): | 11 |

The following are the activities that the ‘sitters’ engaged in: One read a book. Two individuals worked upon their laptops. One filled out some paperwork. Two individuals (perhaps married) spent a few moments talking about their day and what they were doing that evening. One older couple sat for some time just ‘shooting the breeze’ about miscellaneous topics. A middle-aged woman was working on her computer and laughing to herself because of something she read or saw on the screen. She then talked to a Barista at length about the music that was playing over

the speaker system. One young gentleman not only worked on his computer but also engaged in a long conversation over his cell phone.

Conclusions & Recommendations

Is Starbucks losing its soul like Schultz fears? Yes and no. From personal observation, I have come to find that Starbucks continues to draw people in for relaxation, meetings, reading, studying, and to connect with friends. There seems to be no end to the flow of people that 'must get a cup of 'Bucks!' Any radical changes to their current business model will certainly drive away those that still want a quick cup of coffee. And yet, I see the demographics of concern. The clientele is aging. They have caught onto the Starbucks fad. The younger crowd, however, seems to be seeking out alternative hangouts. Perhaps ones that are more organic and less corporate.

I would recommend that the Starbucks Corporation diversify. Rather than trying to move the existing stores back to basics, I believe they should have an offshoot of Starbucks. One that is reflective of the classic coffeehouse, complete with hand-operated espresso machines and on-site brewing and grinding of beans. Each store should reflect the community in its art and décor. Each venue should not feel like a store because the main product is no longer music, books, movies, mugs, and machines but rather the coffee and the atmosphere. Isn't this how the whole thing got started anyway: one store in Pikes Place brewing really good coffee. I recommend that what IS should stay AS IS and that energy be placed into creating 'another place'. Perhaps Schultz' 800-word memo will spark the kind of discussion needed to get the Starbucks Corporation to 'wake up and **smell** the coffee'.