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- Latest News
- Agency News
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- Digital
- Global News
- Hispanic Marketing
- Madison+Vine
- MediaWorks
- TalentWorks
- This Week's Issue

- COLUMNS
- Jonah Bloom
  - Rance Crain
  - The Media Guy
  - Teresa Tezzi
  - Al Ries
  - Lenore Skenazy
  - Guest Columnists

- BLOGS & PODS
- Adages
  - The Big Tent
  - Bob Garfield
  - Campaign Trail
  - DigitalNext
  - GenNext
  - GoodWorks
  - Power 150
  - Small Agency Diary
  - Songs For Soap
  - Top Work
  - Video



- WHITE PAPERS
- Winning Consumers In China
  - The Marketing and Media Opportunities in Recession
  - How Commercial Ratings Changed the \$70 Billion TV Market

- RESOURCES
- Jobs
  - Ad Age Events
  - Industry Events

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- Custom Programs
  - Marketing Information Channels
  - Ad Network + Exchange Guide
  - 2009 Cable Guide

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- Subscriptions
  - Media Kit
  - Help Center
  - List Rental
  - Share & Save
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## Starbucks Continues Food Push With Overhauled Menu Items

Coffee chain's Largest Rollout to Date & Backed by Newspaper Campaign

By Emily Bryson York  
Published: June 29, 2009



NEW YORK (AdAge.com) -- Starbucks is unveiling a raft of new products tomorrow that represents the largest food launch in the company's history. The chain is staying with its tactic of long-form newspaper ads in The New York Times, The Wall Street Journal and USA Today to support this push.

"There are few things good enough to go with Starbucks coffee," says the ad, from BBDO, New York. "Luckily we now have them all in our bakery case." Starbucks has readily acknowledged that its food offerings failed to stand up to its premium beverages, and CEO Howard Schultz has made upgrading the chain's eats a top priority.

Starbucks has made sweeping changes to its food offerings in the past year, however, with items such as oatmeal, naturally sweetened baked goods, and smoothies with protein and fiber. Some of those efforts paid speedy dividends. Starbucks' oatmeal, released last spring, became the chain's top-selling food item within a few weeks. But the company vowed that healthful food offerings would proliferate. As of tomorrow, Starbucks will have overhauled 90% of its bakery case.

"We heard time and time again from baristas and customers that they weren't getting a consistent experience," said Starbucks spokeswoman Lisa Passe. She added that this food launch, the company's biggest, is the result of a three-year project to remove artificial flavors, dyes and trans fats. Starbucks has also removed high-fructose corn syrup from its baked goods, a concern consumers have made loud and clear on the chain's virtual suggestion box, MyStarbucksIdea.com.

Starbucks is, of course, in the midst of a long and complicated turnaround. Last quarter the chain's same-store sales fell 8% and earnings dropped 77%. Since then, rival McDonald's has launched its massive McCafe push, which is expected to hurt Starbucks in the short term. However, Starbucks' chief marketing officer, Terry Davenport, argued that the exposure will bring new consumers into the coffee category, and Starbucks should be able to snare them when they have more cash to spare.

As part of tomorrow's revamp, Starbucks is also introducing two lower-calorie salads, two egg-white breakfast sandwiches and a strawberry-banana flavor for its Vivanno smoothie platform. But there are also new items for splurges, such as the Indulgent Chocolate Cookie. Ms. Passe said the idea is to have tasty items on the menu but make sure every bite is worth the caloric plunge.

Some bakery-case items are getting pure-and-simple overhauls. For instance, the chain's reduced-fat blueberry coffee cake will be pulled and replaced with a reduced-fat "very berry" version, with blueberries, blackberries and raspberries. Starbucks is also keeping banana bread on the menu, but the item in the case will now be about 30% fruit. As part of the changes, Starbucks is also bringing in Kind's whole fruit and nut bars, a substantial break for the upstart brand.

Starbucks has also rolled out new pastry bags to support the new food, which say, "Real food. Simply delicious." The bag also proclaims, "Your food not only tastes better, it is better."

8 Comments

By Rodney33 | FRISCO, TX June 29, 2009 11:02:35 pm:

Good operational moves and message by Starbucks. They still have a large footprint. If they deliver on the execution of the food and position it as a value, they have shot.

But I have to ask, "what coffee pipe are they smoking?" The chain is bringing to the category will bring new consumers and Starbucks should be able to snare them when they have more cash to spare," can only ring true if Starbucks is relevant enough to warrant the premium when they have the extra money.

The majority of their customers read those news sources on-line, not in print. Sure those publications still have a circulation and Starbucks will get exposure from them. But isn't Starbucks interested in maintaining some semblance of relevance with their core customer?

Do they not see all the people in Starbucks comfy chairs sucking up the free wi-fi and flipping through their smart phones?

Perhaps this report was missing details to the planned campaign. If the roll out just consists of long form print ads in newspapers, all anyone can say is, "WAKE UP AND SMELL THE COFFEE!"

In the same way that it would have been much better to have gotten food right a few years ago when people were knocking down their doors for their coffee, so too would it have been better to fix their approach to selecting appropriate media.

Success breeds complacency. The "we'll get to it when we need to," always bites you in the ass. Starbucks is playing catch up, but they're still living in the past.

McDonald's is rolling out more premium coffee, Dunkin' is pushing out beyond their core markets, Starbucks is left with no choice, this has to work for them.

The previous comment by Starbucks' Chief Marketing Officer, Terry Davenport, arguing that, "the exposure McDonald's is bringing to the category will bring new consumers and Starbucks should be able to snare them when they have more cash to spare," can only ring true if Starbucks is relevant enough to warrant the premium when they have the extra money.

McDonald's has significantly more locations, especially with Starbucks closing stores, and a better price. What McDonald's doesn't have is the ambiance and the relevancy with the core Starbucks customer.

Rodney Mason, CMO  
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By jkantori | St. Petersburg, FL June 30, 2009 08:38:43 am:

They have become a reactionary company. They aren't setting trends any more - they are following them.

Permalink

By msalup | Coral Gables, FL June 30, 2009 08:39:14 am:

That's odd.

1. By all accounts, Starbuck's major flaw is that they do not deliver on the coffee-house experience. They are really not fixing that at all.
2. Customer service certainly fell like a stone in the past years. I haven't seen that they fixed that.
3. The new frugality certainly put \$3.50 or more per coffee in a dangerous position. They are not fixing that.
4. Oatmeal was their one shining product. They are not expanding that.
5. Food was at the bottom of their "to fix" list. They are fixing that.

Really odd.

Permalink

By Craig | Wichita, KS June 30, 2009 10:26:43 am:

Very interesting. And, like the coffee, very robust comments. Here is how I see it. Don't panic. Starbucks... is still setting the trends...or MickyD's and Dunkin's wouldn't still be reacting to them. This is a blip in the marketing universe. Big Payout. Bigger bucks coming for the 'star'.

Now, can Starbucks finesse and improve the in-store experience? Sure. Can they (will they) limit themselves to big print venues for advertising? Doubtful. It gives me some confidence that print isn't dead. Banner, search engines, et al, are areas they could keep a few billion of ad 'bucks', to subtly finesse and give the warm cozy to the core. Don't dispare. Chill. Order another latte.... boot up the mac. Enjoy. —CD—visionMarketing

Permalink

By dbrakhage | INDIAN SPRINGS, AL June 30, 2009 10:33:46 am:

A national company using its limited cash to advertise in national newspapers makes perfect sense. The CPM of newspaper advertising is low, and readership is high among consumers with upper-tier household income and education.

Like to see the customers for the comment above source. The majority of their customers read those news sources on-line, not in print." If that is true, then Starbucks should be taking advantage of the online advertising options offered by all three of those national newspapers. That is probably the case. It would be informative to learn the complete details for this Starbucks' media campaign.

Permalink

By seanjordan | St. Louis, MO June 30, 2009 10:40:59 am:

As usual, I agree with Rodney Mason. His comment about Starbucks' poor choices in communication strategy is dead on.

The real question that needs to be asked is, "Is Starbucks perceived as a bubble trend?" and, if so, "How can Starbucks escape that stigma?"

The problem is in thinking of coffee and food as being the product. They're not — they're what you'd call the "physical evidence." Retail is a service business. Despite what customers may think, they're not wandering into Starbucks for coffee; they're going in for the experience, the convenience, and the (supposed) expertise of the baristas.

McDonald's has this figured out. They've realized that they sell value. As a McDonald's franchise owner once said to me, "People come to McDonald's because they want decent food that's cheap and quick." McCafe beverages taste terrible. The mochas taste like burnt chocolate milk with a lot of sugar added in. But they're cheaper than the ones you get at Starbucks, and you can get them in 90 seconds or less. That's value.

Dunkin' Donuts has figured out that they sell breakfast. People go in to Dunkin' Donuts because they want quick, convenient breakfast food. The prices are decent, and the service is OK, but the real draw is that you can walk into Dunkin' Donuts and feel like you're getting breakfast-type food. Ironically enough, Krispy Kreme has not figured this out, and its "Kool Kreme" line has not been doing very well because it is not a logical brand extension where customers are concerned.

So, what can Starbucks do? It's hard to say. The "coffee shop experience" is not such a draw for people in a tight economy, and Starbucks is never going to match McDonald's volume because it isn't focused on speed. Maybe what Starbucks needs to do is focus on educating people about coffee so that there is a perception of superior quality in their brand. I'm sure they've got rooms full of research about why people consume coffee; it's probably time to focus on putting that to use.

I'd also suggest that they define their target market more broadly. Right now, they seem to be shooting for the upper middle class. That's great, but it's a dwindling group that isn't spending as much right now. One company that does seem to be doing well is Panera Bread, which is largely focused on marketing towards women. Most of the women I know love the Starbucks brand, but don't love the experience. They really should look into that.

But honestly, I don't expect good things here. Howard Schultz constantly wants to shoot from the hip, but you can't run a large organization that way. It's time for careful research and strategic planning, not rapid reactions to competitors. Ultimately, Starbucks has to win back its customers by appealing to them, not just offering what Schultz considers a superior product.

—Sean J. Jordan  
The Research & Planning Group  
[sjordan@researchplan.com](mailto:sjordan@researchplan.com)  
Permalink

By reelWebDesign | New York, NY June 30, 2009 11:55:35 am:

I totally agree with Rodney. They should be finding ways of serving their core customers better. I thought the Starbucks Gold card was a good move until I learned that you can get free WiFi if you get a starbucks gift card and just keep reloading it once a month. So if you're a Starbucks junkie already why would you bother getting the gold card.

Having healthy and organic foods would be a step in the right direction because the people that go to Starbucks believe they are better than McDonald's customer. Personally I like both. :)

Peter Marino  
NYC Search Marketing and WebDesign Firm  
Follow me on Twitter  
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By reelWebDesign | New York, NY June 30, 2009 11:57:06 am:

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