

# Starbucks

## Ethical, caring, passionate and transformative



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**As the world's leading retailer, roaster and brand of specialty coffee, Starbucks is committed to offering the highest quality coffee possible while contributing social, environmental and economic benefits to the communities in which it does business.**

It all began in 1971 when three friends from Seattle were inspired by the quality and artistry of the coffee encountered on their travels through Europe. The trio's first store, in Pike Place Market, Seattle, sold coffee beans and spices. Its 'raison d'être': to offer the experience of drinking great coffee in a fashionable European-style store. It was a success, and caught the attention of Howard Schultz, who joined the company in 1982. Five years later, with the backing of local investors, Howard purchased the company – which had grown to encompass 17 stores at that stage.

Starbucks Coffee Company now has over 11,000 coffee houses globally and made its debut in the UK market in 1998. In eight years, it has grown to over 500 coffee houses in the UK and Ireland and employs over 7,000 'partners'.

The company philosophy has contributed significantly to this phenomenal growth. Howard Schultz (who had grown up on one of New York's 'projects') set out to build a company that valued people and ethics. At the heart of the brand lie two important cornerstones: coffee and people. Starbucks believes that the health and well-being of its 'partners' is central to their values; in 1991 Starbucks introduced

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'Bean Stock' – a stock option scheme for all employees, who from this point onwards became known as partners and all had a stake in the company.

The same principles have been applied to Starbucks' external interaction. Historically, the coffee market has been susceptible to price fluctuations. In 2001, prices hit a 30-year low, adversely affecting many coffee growers. Regardless of market fluctuations, Starbucks has always been committed to purchasing high-quality coffee in a socially responsible manner but decided it could do more and so adopted a more integrated and sustainable purchasing model, Coffee And Farmer Equity (C.A.F.E) Practices. This practice is based on six fundamental principles: paying premium prices to help farmers make profits and support their families; purchasing conservation, certified organic and Fairtrade Certified coffees; providing access to affordable credit to coffee farmers; working with farmers through the Farmer Support Centre; and investing in social development projects in coffee-producing countries.

In 2005 the Gold Medal Award from the World Environmental Centre was presented to Starbucks, recognising the company's leadership in the development of C.A.F.E. Practices. Additionally Starbucks UK was recently voted by the Financial Times, the UK's 34th Best Place to Work and has been awarded the 'Big Tick by Business in the Community' for excellence in local community programmes in both 2005 and 2006.

Starbucks continues to innovate whilst staying true to its guiding principles. In 1989, it introduced the FlavorLock™ bag, ensuring that its coffee could be drunk across the world while retaining freshness. There are regular innovations such as the Gingerbread Latte (at Christmas), the Frappuccino® Ice Blended Beverage, as well as the much loved premium muffins.

Recent product innovations also include the introduction of a wheat and gluten free range. Furthermore, it was Starbucks who coined the contemporary phrase, the 'third place' – which reflects a comfortable, relaxing environment somewhere between home and work.

Partnerships with T-Mobile, to provide WiFi hotspots, and The Times newspaper further enhance the in-store experience. Recently Starbucks has begun innovating around entertainment with the introduction of Hear Music CDs to its stores enabling customers to discover and purchase music in store, further developing the Starbucks experience.

