



The Ultimate Starbucks Strategy Guide



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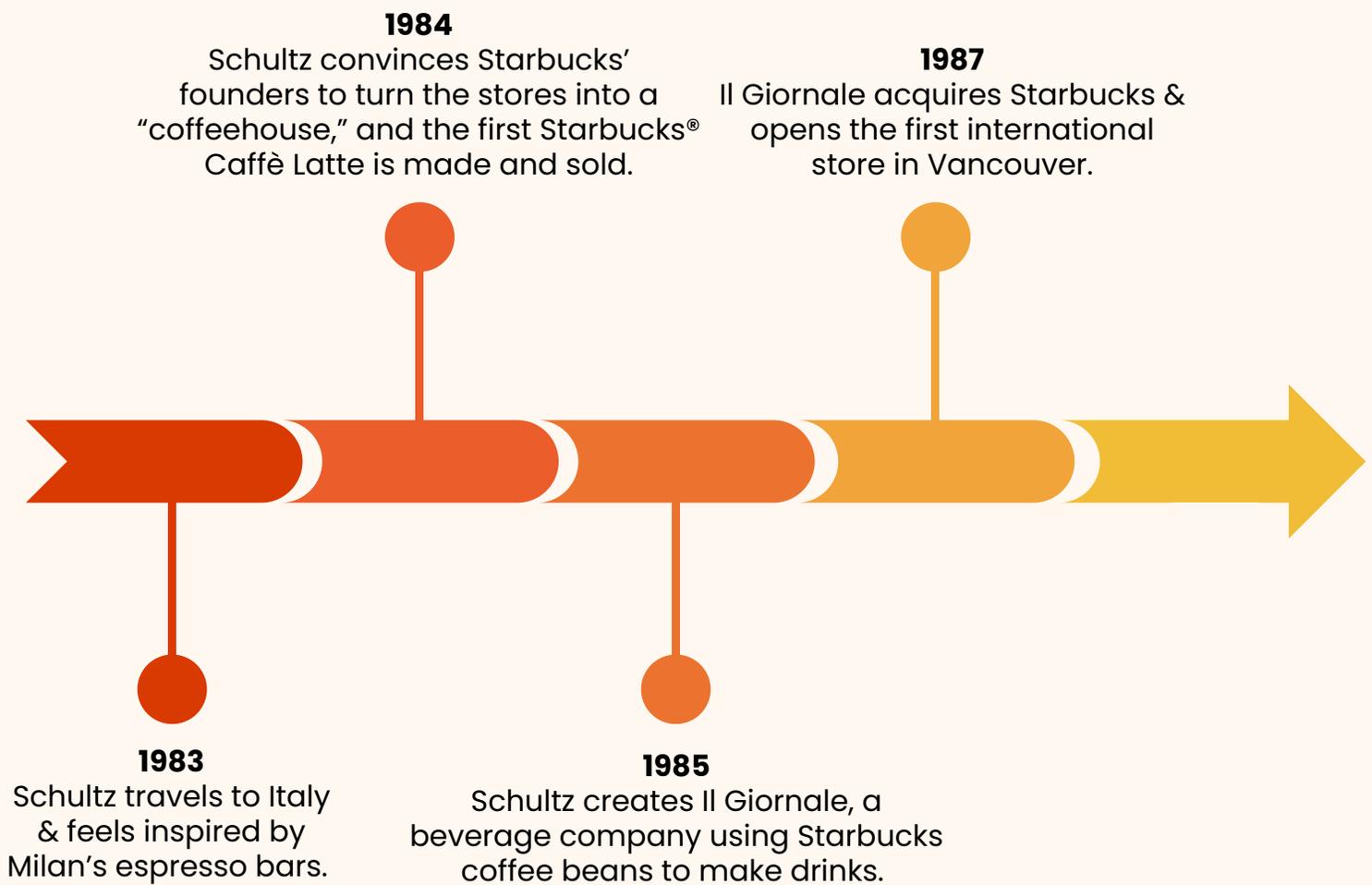
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A Brief History of Starbucks

Starbucks opened its first, thousand-square-foot, single-employee store in Pike Place Market on March 30, 1971. Then, after a successful first year — the brand opened its second University Village store in 1972.

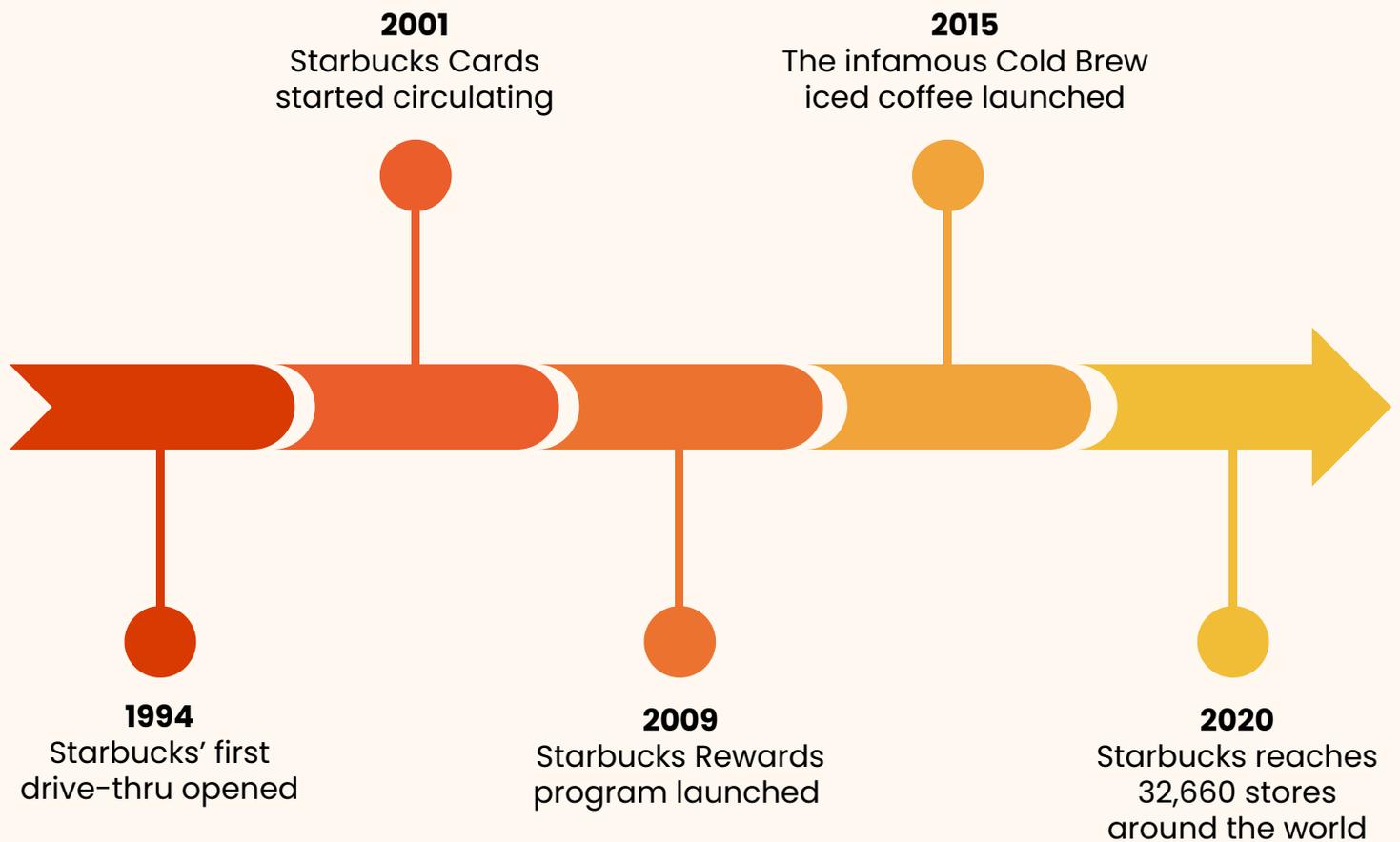
Two stores in two years? An incredibly respectable start, for sure. But here's the kicker: *neither of these stores sold any drinks.*

Starbucks started out selling “whole bean coffee, tea, and spices” for the first decade of operations, without selling a single cup of brewed coffee until 1982. That same year, **Howard Schultz** joined Starbucks as Director of Retail Operations and Marketing, turning the brand's business strategy completely on its head... in a really, really profitable way.



A Brief History of Starbucks

With Schultz behind the wheel, Starbucks continued on its upward trajectory, straight into the next century:



... and the rest is, as they say, history.



Starbucks Business Strategy



Starbucks Business Strategy

Cold, customized drinks

Since the early 2000s, bloggers, journalists, and coffee lovers alike have been talking about Starbucks' seemingly impossible number of **drink combinations** – which, at the time, was “over 87,000” (but is now over 170,000!).

In May 2010, Starbucks launched their However-You-Want-It Frappuccino Blended Beverage, allowing customers to choose their milk, coffee type, syrups, and toppings. The results? A 37% increase in profits, stats higher than Starbucks had seen in years.

By 2015, Starbucks' customization efforts were in full swing.

In Q4 2022, Starbucks announced that 60% of all drinks sold in the US were customized, contributing to an incredible \$1 billion in sales generated just by modifiers.

Pro Tip: Offer customizations to your drinks, (milk, coffee type, syrups, and toppings) to cater drinks to customer preferences.



Starbucks Business Strategy

Going viral with UGC

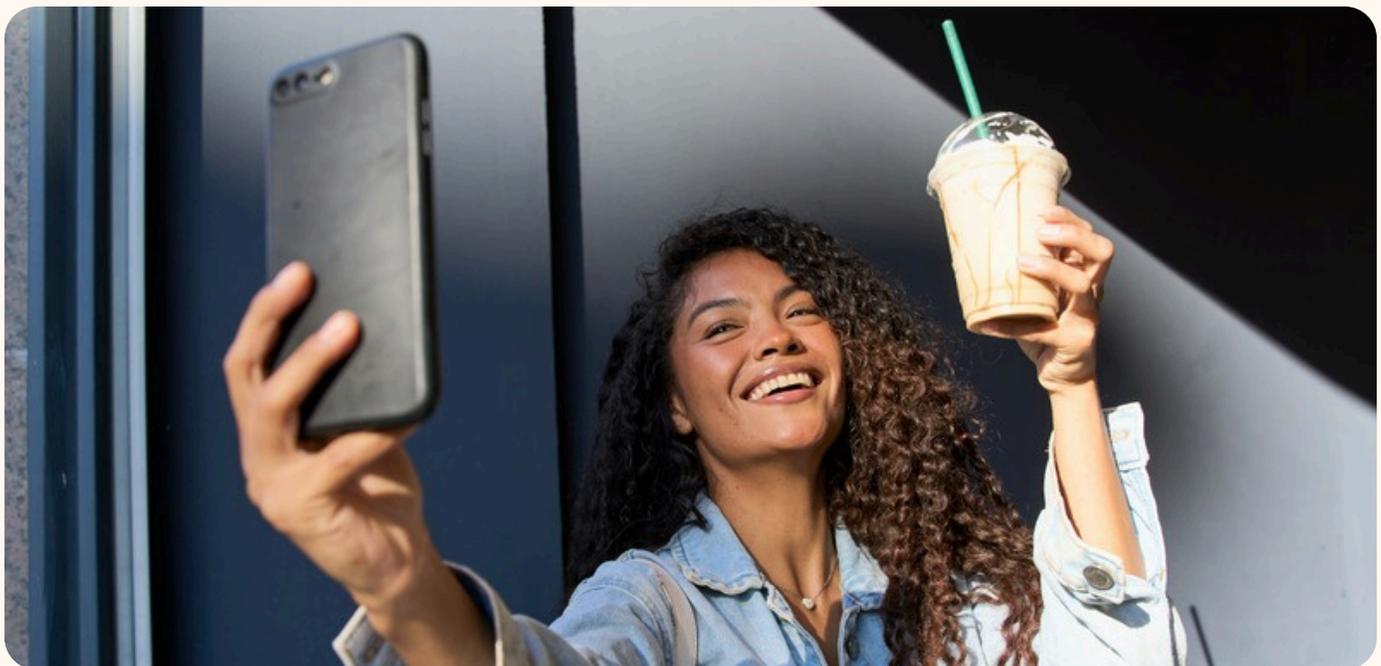
Social media has always been a part of Starbucks' business strategy. But, in reality, Starbucks isn't on social media just to create their own content — they're there for user-generated content (UGC).

UGC is "content created by social media users" that they post on their own channels for the world to see. From a brand's perspective, UGC is free advertising, free market research, and free hotspots for consumer engagement.

Starbucks generates a ton of UGC around their **cold drink customizations** and hacks as customers love to express their individuality and feel "in the know" by sharing something unique that others might want to try.

A TikTok search of "Starbucks secret menu," for example, will pull up thousands of highly popular, UGC videos

Pro Tip: Create drinks that encourage customers to share them online.





Starbucks Marketing Strategy



Starbucks Marketing Strategy



Brian Niccol, the current CEO and Chairman of Starbucks, **“Back to Starbucks” marketing strategy** is based on three key areas, each designed to make the biggest marketing impact possible.

1. Focusing on quality coffee

Starbucks emphasizes its commitment to high-quality coffee by creating content that highlights specific drinks like the Cortado across multiple platforms.

Pro tip: Highlight the quality and story behind your coffee beans and brewing process to make customers feel connected to your craft.

2. Limiting discount-driven offers

Starbucks focuses on marketing its straightforward pricing, consistent service, and enhanced customer value without relying on discounts.

Pro tip: Simplify pricing and emphasize value in your marketing instead of overusing discounts.

3. Looking beyond Starbucks rewards members

Starbucks spends marketing on audiences beyond its Rewards program, using broad-reach media like TV to attract new customers. These campaigns focus on the experience of high-quality coffee rather than loyalty programs.

Pro tip: Market the experience and enjoyment of your coffee to attract new customers, not just your regulars or loyalty members.



Starbucks Sales Strategy



Starbucks Sales Strategy

Ever wondered why a Starbucks latte can feel worth \$7 – and why you keep going back for more? It's not just the coffee. Starbucks bakes **psychology** into every part of your experience, from the smell when you walk in to the way the menu is priced.

1. The Decoy Effect:

Starbucks uses size tiers (Tall, Grande, Venti) to make the largest size feel like the smartest value.

Pro Tip: Offer the most savings on higher priced items to incentivise bigger purchases.

2. The Customization Effect:

Starbucks leans into infinite customizations to make every drink feel personally crafted.

Pro Tip: Add customization options or add-ons to your menu.

3. Artificial Constraints:

Starbucks' seasonal drops like the Pumpkin Spice Latte or holiday cups create urgency and FOMO.

Pro Tip: Embrace seasonal or trending moments with limited-time menu items.

4. Endowment Effect:

Writing your name on the Starbucks cup gives customers a sense of personal ownership before they even take a sip.

Pro Tip: Let customers "save" their favorite drinks in your app with their name on it ("Alex's Oat Vanilla Latte"). They now "own" the digital version, increasing the likelihood they'll reorder.

5. Sensory Branding:

The warm lighting and signature cup design at Starbucks make every store feel familiar and comforting.

Pro Tip: Consistency is the key to sensory branding, like a signature coffee cup colour or in-store playlist.



Starbucks Rewards Program



Starbucks Rewards Program

Starbucks Rewards is one of the most successful coffee shop rewards programs ever. Bringing in 40% of their total sales, the coffee shop chain's rewards program has over 24.2 million members in the US alone.

It's all about earning stars—spend a dollar, earn two stars. You can redeem these stars for Rewards—like free food, drinks, and more.

Here is what makes the Starbucks Reward Program so successful.

1. Convenience

The rewards program is integrated into Starbucks' mobile app, making it easy for guests to join, track their rewards, and make payments. This seamless integration encourages regular use and engagement.

2. Personalization:

Starbucks utilizes guest data to offer personalized recommendations and rewards. This makes guests feel valued and encourages repeat visits.

3. Point-based rewards system:

The program motivates users to spend more to earn more stars (points) to reach better rewards. This gamification aspect adds an element of fun and challenge.

4. Frequent updates and innovations:

Starbucks regularly updates its rewards program, keeping it fresh and engaging over time.

Pro Tip: Get a coffee shop **mobile app** with a built-in rewards program to make guests feel valued and encourage repeat visits.



Starbucks Hiring & Staffing Strategy



Starbucks Hiring Strategy



Starbucks creates their strong, employee-centric culture through inclusive, empowering, and uplifting strategies and initiatives. Here are a few of Starbucks' best methods for hiring success.

1. Partners vs. Employees

Starbucks doesn't use "employee" to describe staff – they use "Partners" instead. Using Partner promotes the brand's belief that everyone has equal "ownership in the future success of the business."

Pro tip: Position your staff as valued contributors.

2. Education and Development

Starbucks Partners have access to impressive development and education opportunities, including the Starbucks Global Academy and time-limited assignments for exploring new career paths.

Pro tip: Support employee education and development opportunities.

3. Perks and Benefits

Starbucks does a great job at offering perks and benefits people actually enjoy, including in-store discounts and free Spotify subscriptions, with helpful benefits like health coverage and retirement plans.

Pro tip: Offer fun perks and benefits for your team.

Starbucks Staffing Strategy

Starbucks has dealt with staffing issues for over a decade — and in recent years, employees have only gotten louder about them.

Starbucks leadership made the following improvements:

1. Adding a new Green Apron Labor Model

- New operating standards in coffeehouses centered on customer service
- A refreshed staffing and deployment model including additional hours to ensure the right partners are in the right place at the right time
- Smart Queue technology designed to help Starbucks consistently meet a four-minute service commitment across both café and drive-thru

Pro tip: Prioritize your people with small improvements—like clearer training or better scheduling—creating happier employees, which directly leads to better service and more loyal customers.

2. Hiring more Assistant Store Managers

- Intended to provide a more “consistent leadership presence” during Starbucks’ operating hours

Pro tip: Give managers relief valves by regularly evaluating staffing levels, and add help when the shop gets busier.

3. Creating a better internal promotions pipeline

- More career opportunities with a clear path to management and leadership internally

Pro tip: Listen to your team by asking them what’s not working, test changes on a small scale, and adjust based on their experience. They see operational issues faster than anyone else.



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