



Exploring the Unique and Sustainable Practices of Starbucks

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Abstract

Corporate sustainability has become an important topic in today's society. Fifteen years ago, corporations did not face the same societal pressures to be sustainable and environmentally responsible as they do today. Demands from the young consumers, (i.e. Generation Y) have influenced the way companies operate. Sustainability is becoming a key part of the criteria for firms to be successful. Starbucks has been a leader in the corporate sustainability space. The following paper illustrates Starbucks' endeavor to make the massive coffee industry more sustainable and ethically responsible.

Background

Starbucks was founded in 1971 by two teachers and a writer who all shared the love of high quality coffee beans and the classic tale of Moby Dick. Starbucks is named after Starbuck, Captain Ahab's first mate in Moby-Dick. In 1981, Starbucks was originally opened in Seattle selling only roasted whole coffee beans. The original founders of Starbucks welcomed Howard Schultz to the team as director of retail operations. Schultz took a trip to Italy in 1983. While in Milan he was captivated with culture of the Italian coffeehouse. He returned to Seattle with a vision to change the coffee house experience. He was inspired and captivated by the Italian style cafés. He wanted to recreate the tradition and sense of community atmosphere back in the States. Schulz presented the idea of implementing and testing the coffeehouse concept. . In 1984 the first Starbucks Café Latte was served, and the success of the experiment led Schultz to open his own company called Il Giornale which offered espresso, lattes, and brewed coffee, all made with Starbucks coffee beans.

In 1987, Il Giornale bought Starbucks and changed the name to Starbucks Corporation. Within the first year of acquiring Starbucks, Schultz opened a Starbucks in Chicago and established the first international venture in Canada. Within three years Starbucks had 84 stores, and in 1996 Starbucks opened its first store in Japan. By 2006, Starbucks had a total of 12,440 stores around the world.

Starbucks creates an experience for its customers. It is more than just a cup of coffee—it is a mid-day escape, or a place to catch up with good friends. Starbucks has successfully transformed from a business into a globally recognized brand. Starbucks is the largest name in the coffee industry, with over 20,000 stores in over 64 countries worldwide. Starbucks prides itself on being a different kind of company. Starbucks company mission is “To inspire and nurture the human spirit—one person, one cup and one neighborhood at a time” (Starbucks, 2014).

Starbucks Ethical Sourcing

Coffee and Farmer Equity Practices

Starbucks' mission is “to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time,” and they have done exactly that. Starbucks is devoted to offering high quality coffee that customers love, while being committed to improving society and the environment. In 2000, Starbucks collaborated with Conservation International, promoting coffee practices which conserve the planet and maintain the ecosystem while supporting economic and social development within the communities where Starbucks' coffee is produced.

In 2004, Starbucks realized that to ensure the sustainable production of high-quality coffee, they needed to improve the environment in which the coffee is

grown. Conservation International and Starbucks created guidelines, known as Coffee and Farmer Equity, or C.A.F.E. These guidelines helped create a sustainable future for coffee farmers and the communities, making Starbucks the first in the industry to attempt these buying practices. The C.A.F.E. practices program tracks 249 indicators to assess the social and environmental performance of coffee production and processing (SCS Global Services Results, 10). Starbucks relies on SCS Global Services to assure the quality of the third party verification process for C.A.F.E. Practices (SCS Global Services). Indicators are evaluated and conclusions are made through field visits by approved third-party organization.

In 2008, Starbucks set an organizational goal so that all of the coffee they purchased would be through ethical sourcing by 2015. Every year since, Starbucks has continuously made progress to making their goal a reality. In 2013, 95.3% of Starbucks coffee was ethically sourced (SCS Global Services).

Starbucks and Conservative International are dedicated to continuously improving and supporting coffee production partners as well as progressively decreasing their global footprint. Since 2008, Conservative International has assessed the results of the C.A.F.E program. These assessments measure which practices at a country and a global level have been implemented and adopted best, distinguish where there is room for improvement, and how the C.A.F.E. program is benefiting coffee farmers and improving environmental health.

In 2012, Conservative International conducted field surveys in Guatemala, Colombia and Brazil to assess results of the C.A.F.E. and the effect the program had on improving sustainability. In Guatemala, the survey results presented a strong correlation between the C.A.F.E. Practices and the healthy/stable natural habitat on coffee farms. The findings also found a decrease in herbicides, pesticides, and chemical fertilizers, much lower than other farms not involved with Starbucks and C.A.F.E. program (SCS Global Services Results, 5). In Colombia, the survey results showed that C.A.F.E. farmers had a higher productivity level, which is directly related to overall income (SCS Global Services, 5). In Brazil, the survey found that Starbucks affiliates received a five percent higher price on average, as well as a higher minimum sales price than non-participants (SCS Global Services,5).

Starbucks Farmer Support Center

In 2004 Starbucks embarked on a journey committed to producing high-quality products while improving quality of life for their partners and surrounding communities. Starbucks opened its first of many Farmer Support Centers in Costa Rica. A team of coffee quality and sustainability experts joined directly with farmers in Costa Rica. Starbucks team members collaborated with farmers to implement sustainable growing practices meeting the C.A.F.E guidelines (Global Responsibility Report,2013).

Starbucks provided technical support and training to ensure that quality and sustainable expectations were met. Working hand and hand, Starbucks and Costa Rican farmers built a relationship that could benefit both parties. Following the success in Costa Rica, Starbucks expanded the support center to cover Honduras, Nicaragua, El Salvador, Panama, Guatemala, Mexico, and South America. Since 2004, Starbucks now has Farmer Support Centers in Rwanda, Tanzania, Colombia, and China (Global Responsibility Report, 2013).

Ethical Tea Partnership

Much like the coffee sourcing and purchasing, Starbucks is committed to improving the quality of their tea, while also improving and supporting partners and their local communities. In 2005, Starbucks collaborated with the Ethical Tea Partnership to ensure that Starbucks' tea is produced in a socially and ethically responsible way (Starbucks, 2014).

In efforts to support tea production communities, Starbucks has collaborated with Mercy Corps with the Community Health and Advancement Initiative project. Starbucks support has positively impacted over 80,000 people from tea farming communities in India and Guatemala (Starbucks, 2014).

Environmental Responsibility

Green Stores

In 2001, Starbucks joined the U.S. Green Building Council to create a LEED Retail strategy. The strategy allows a commercial LEED model that all retail business can implement (Starbucks, 2014). Starbucks opened its first LEED-certified store in 2005; currently in 2014 Starbucks has 373 stores in 18 different countries that are LEED-certified. The LEED store include the use of recycled coffee ground in table tops, low emitting materials for adhesives, sealants, paints, and over 45% lighting power savings by using LED fixtures (Starbucks, 2014).

Renewable Energy

On top of building more efficient and environmentally friendly stores, Starbucks continues to strive to improve the impact it has on the environment. In 2008 the company set a goal to purchase Green-E certified Renewable Energy Certificates (RECs) equivalent to 50 percent of the electricity used in our U.S. and Canada company-operated stores (Starbucks, 2014). Starbucks reached this goal by 2010. The company set another goal of 100 percent of electricity used in Starbucks stores globally to be supplied by RECs by 2015.

Product Material and Cups

The majority of Starbucks products offered all have some sort of packaging. The majority of products offered are served in some sort of cup, varying in size. By the end of 2014, Starbucks plans to have over 20,000 retail stores on six different

continents (Starbucks Corporation, 2012). Every Starbucks store each day is estimated to have around 650 customers, although this numbers expected to rise in coming years (Trefis, 2014). In effort to decrease waste and global footprint, in 2006 Starbucks offered a cup with 10% post-consumer recycled paper. In 2012, North America and Canada Starbucks introduced the EarthSleeve. Earthsleeve is a hot-cup sleeve is made with fewer raw materials and more of recycled materials, saving around 100,000 trees a year (Starbucks, 2014).

Since 1985, Starbucks has offered customers who bring in their own cup or purchase a reusable up from a retail store a discount. In January of 2013, Starbucks launched a new innovative, eco-friendly product, the \$1 reusable cup. This product is Starbucks way of trying to engage their customers to help reduce waste, at a very low price point. As of 2013, the number of times customers brought their own tumbler/cup to the store was 46.9 million, 10 million more times than the prior year in 2014 (Starbucks). Starbucks plans to continue promoting the use of reusable tumblers and also plans on implementing the use of ceramic mugs for in-store customers in the future in efforts to decrease waste (Starbucks, 2014).

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