



## **STARBUCKS GOES TO WAR WITH MAIN STREET AMERICA**

**BY THE BRAND COACHES**

You live in a town with a population of less than 10,000. There are only two coffee houses in town and yours is one of them-for now. Starting tomorrow all the Main Street specialty coffee businesses in small town America have just been put on alert-Starbucks will be opening up near you soon.

Leaman Abrams, Starbucks director of civic and community affairs, at a late March 2007 National Trust Main Street Conference in Seattle that his company plans to globally open a new Starbucks every 3 ½ hours (that's seven a day) for the next four years. Abrams told 150 representatives from cities around the country that Starbucks "helps keep dollars in local communities and gets involved in civic events."

Abram's comments came a week after the company's annual meeting, during which Chairman Howard Shultz said the chain would open 10,000 more stores in the next four years. That's nearly seven a day! At this minute we are writing Starbucks has 13,168 stores (changing daily) in 39 countries.

So what's new.... right?

Everything! Abrams, a former director of economic development in San Francisco, underscored that the evolving growth strategy at Starbucks includes building in smaller communities and non-traditional communities. (Non-traditional is code language for no matter where you live, you will soon be wrestling with the mermaid to hold on to your current customers).

Currently independent coffee chains collectively have a larger market share (57 percent) than chains such as Starbucks (40 percent). Micro chains, companies with four to nine stores, have 3 percent of the market.

Abrams acknowledged that Starbucks is seen as "an agent of change" in many smaller communities, adding that "small vocal minority" can shape a hugely negative debate in some cities.

A final note on this highly revealing announcement was that during a panel discussion at the conference it was pointed out that some communities have passed restrictions to limit or virtually keep national chains like Starbucks off their main streets.

Now you can begin to fill in the blanks...or expletives!

Does the word cannibalize come to mind?

How about market share?

As the not-so-jolly green giant comes to your "non-traditional" town you can be sure if there are any strip mall

or main street downtown revitalization plans, they will be the first at the door with a check and a long list of conditions that promise to put a stranglehold on any plans you might have near them.

There is no doubt about it, for Starbucks to continue to skyrocket in growth in the U.S. market there will have to be cannibalizing as a prime strategy besides continuing to create new legions of specialty coffee drinkers of all ages.

In our consulting travels from coast-to-coast as The Brand Coaches, we don't need to tell you that building a thriving retail specialty coffee business is getting tougher by the day. It is becoming as clear as it was for independent hamburger stands when McDonalds rolled across America, that only the strong independent coffee houses and drive thrus will survive.

Don't panic! There is cause for hope-even a wry smile if you are ready to jump into the game with both feet and a heart full of passion.

In the October 2006 issue of the Tea & Coffee Trade Journal we wrote a cover story and column entitled Beyond Starbucks-Battling the Big Green. We encourage you to go to [www.thebrandcoaches.com](http://www.thebrandcoaches.com) and download a copy of our column as well as seek out the major feature in that same issue.

In short, we gave you a checklist of the coffee house "must haves" to be at parody with Starbucks. We addressed:

- Music;
- Color
- Seating/Tables;
- Lighting;
- Indoor/Outdoor fireplaces;
- Customer service counter height;
- Home-styled conversations areas;
- Professional barista certification and retraining;
- Barista uniforms;
- Signature and seasonal menu board accompaniment;
- Tabletop merchandise;
- Floor, wall and ceiling branding touch points;
- Exterior design considerations.

Once you have crossed the threshold as the kind of coffee house or drive thru that can instill a "corporate confidence" in the consistent quality of your product and facility we are ready to take on the secret to Starbucks and your future success: a genuine customer relationship-driven business.

In the recently released book entitled *The Starbucks Experience*, the customer service mantra is:

1. Engage;
2. Involve;
3. Leave Your Mark.

The Brand Coaches highly recommend this totally honest and highly instructional and motivational book to every specialty coffee retailer in America. Drink it down deep-then build on it like no national chain could ever hope to make a daily reality.

If you want to survive and thrive in the 21st Century as an independent specialty coffee retailer you have to make a huge educational and emotional investment in the journey of the human heart. Start with your own. You instinctively know what a unique customer service relationship should and could be like to keep you coming

back. Knowing a customer's name and regular drink is no different than a doctor who only knows you by your first name and your condition-Steve is the prostate problem. Erica is the bladder infection. Is that the kind of caring bedside manor and interest we all hope we can expect from our family doctor?

So what is so different when all your barista's pride themselves in knowing that Mark is the sugar-free, non-fat vanilla latte? Sally is the caramel mocha?

Dive into reading any books on customer service you can get your hands on. Read Ken Blanchard's Raving Fans to stir your blood. One of our favorites is Customer Satisfaction is Worthless-Customer Loyalty is Priceless authored by Jeffrey Gitomer. Stop by any Borders or Barnes & Noble and you can find over twenty books on customer service, each contributing a special slant on how you can make it as unique as your own name.

The time is right now to make a huge paradigm shift by realizing that your baristas have only one mission: create fiercely loyal regular customers. Hire, train, review, and give promotions and raises based on these sole criteria. (Stop and reread this critical secret to success).

If you are one of the few independent coffee businesses with a formal employee handbook, turn to your "customer service" section and reread it using the above barista job description. Don't feel bad, barely a handful of independent and small retail specialty coffee retailers are hiring, and training and most importantly rewarding baristas for creating loyal customers.

Perfect drink preparation and a standard smile with blank eyes and comments like "How is your day" will never get you or your staff past standard customer service.

In our next Tea and Coffee column we will provide our readers with a 21st Century Barista hiring/training/rewarding system to go to war with Starbucks-and win.

For now, your war plan needs to be committing today to dig in and start researching, thinking and redefining what customer relationship marketing means in your business.

A final thought. One of our favorite sayings in building magic memories for customers: head for the heart and their wallets will quickly follow.