

SUSTAINABILITY

Starbucks™: being a responsible company in the era of globalization

According to the world-famous coffeehouse chain, company responsibility does not mean just buying and serving quality, ethically sourced coffee, but also acting within the social context, thinking about the community's health and wellness, developing human relationships and, of course, safeguarding the environment. A global conception with an often local approach, always keeping business development in mind.

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Starbucks™ is considered one of the most innovative and modern companies of recent decades, and their far-sightedness in the realm of sustainability is really most impressive. Why? Surely because the issue is dealt with using a local-global (glocal) approach and undoubtedly at 360°. Since the first Store was opened (1971) "responsible" choices have been made, aimed at earning the trust and respect of customers, partners and of the community, without ever losing sight of the planet and of humanity, but also of their business, because: "business must have a positive impact on society".

But what does being responsible mean for Starbucks™? Let's start by putting the concept of "responsibility" in the company's business context – which is mainly coffee, but not only – connecting it to the different environmental and ethical aspects (divided into 5 macro categories), and then applying creative "social" marketing solutions so as to associate their brand not only to the idea of a modern and winning brand, but also to what is healthy and fair. It is important not to act in isolated fashion but rather to sensitize public opinion and the institutions with the aim of involving as many people as possible.

ETHICAL SOURCES. According to Starbucks™, it is not enough to purchase the best quality coffee: it is also important that this coffee comes from those markets where it is grown responsibly and sold according to morally correct principles. All suppliers are selected based on standards of responsibility so as to guarantee the ethical provenance not only of the food, but also of the furnishings up to the aprons worn by their partners (as they like to define their employees) in the stores. In this realm, support projects are developed to improve the conditions of growers of the coffee, tea and cocoa sold in the stores, as well as training projects for selected suppliers in order to create a network of the most qualified ones. "We aim to have 100% of our coffee certified."

SOCIAL SERVICES. Enormous is the commitment and involvement of the company in the community it is part of, whether this community be far away – where it purchases the coffee – or the one near the coffeehouse itself. Part of this scenario are simple activities like volunteer work and youth support, up to more organic programs organized through the Foundation. "With the Starbucks Youth Action Grants, we use our spirit of innovation to inspire and support young people". A highlight of this mission is their fight against AIDS in Africa thanks to proceeds from the sale of (RED)™ brand products and the fund raiser to bring clean water to developing countries, through the Ethos® bottles sold in the coffeehouses.

WELLNESS. "Starbucks™'s commitment to wellness and health begins with the foods and beverages we offer in the stores", thus answering customer demands not only for what concerns the quality of the coffee, milk and tea, but also the freshness of the fruits and vegetables, offering low-fat sweets and being careful of unhealthy elements such as colorings and preservatives. A menu acknowledged by the National Menu Labeling standards that safeguard consumer protection and care. Also, total support for food and health campaigns that sustain wellness, fitness, weight loss and smoke prevention.

DIVERSITY. "Aside from extraordinary coffee, Starbucks™ has made a business out of human connections, community involvement and the celebration of cultures." Social and cultural differences drive the world and society. From this apparently abstract concept, several things develop: a diversified offer based on market needs, the choice of employees from different cultures, the selection of suppliers among ethnic minorities, and the full support to economic

development projects in the various communities experiencing difficulties.

ENVIRONMENTAL POLICY. In this category fall most of the activities that we generally think of when we define something as sustainable and translate it simply with the concept of safeguarding the environment. Starbucks™ outlines 5 sections: recycling, energy sources, hydraulic resources, climate changes and “Green Store”. The commitment of Starbucks™ in regards to the environment is extremely active and translates into the intent to minimize their environmental footprint and to involve and invite others to do the same, whether they be suppliers or customers. “We share our customers’ commitment to the environment.”

Having a low environmental footprint means first of all engaging in waste collection and recycling in order to optimize the process and reduce wastes. Most of the coffeehouses already manage one type of waste, sending it to be recycled. Often commercial recycling is not something easy to organize, since this activity is tied to local laws and infra-structures and to a series of bureaucratic quibbles. Hence Starbucks™ works side-by-side with authorities of many countries, above all in the USA, to streamline these procedures and promote selected waste collection – residential and non – in an attempt to increase not only its own level of recycling. According to Starbucks™, recycling is the area where people and customers can be more easily involved; by feeling part of the project, they actively participate in the initiatives to the point where they enjoy finding 100% recycled products such as napkins or cups in the stores.

Cups constitute another interesting aspect where the protagonist is not only Starbucks™ but also the final customer. The reduction in environmental impact connected with the cups also concerns their re-use. “In 2009, 4.4 million more beverages were served in reusable cups than in 2008.” Hence, the demand for ceramic cups and the reuse of people’s own cups or of thermos bottles has increased. Protagonists are the users who, thanks to simple promotional incentives (for example, a 10% discount applied in the USA and in Canada for coffee in one’s own cup or in thermos bottles) have turned out to be extremely sensitive to this issue and want to commit themselves personally to it. Regarding “green” cups, for over ten years now, Starbucks™ has been working on its mugs and glasses, proposing environmentally-friendly solutions. In 1997, their hot cup sleeve in recycled carton was proposed – and is still used today – and the significant developments of the last few years tied to paper and plastic cups have led – with the Summit Cup organized in Seattle in 2009 – to the definition, together with administrative organs, suppliers and companies involved in recycling, of agreements and criteria for the production of 100% green cups.

THIS MODERN APPROACH BY STARBUCKS™ can be found in other curious but useful initiatives, such as the one concerning composting of coffee grounds to enrich the soil of its gardens. This initiative, too, was born with the purpose of stimulating and involving customers. When speaking of a global approach, we cannot forget the most important energy sources and natural resources such as water (optimizing its use, reducing consumption, finding alternative, renewable solutions), as well as the problem of climate change – a serious threat for coffee plantations – trying to find the right strategies to combat this phenomenon.

All this “talk” is applied in practice in its “Green Stores”, an all-encompassing, ambitious project that since 2001, following the principles of eco-sustainable construction, has allowed the company to attain important objectives. “Green Stores” are shops having a low environmental impact starting right from the design phases to the actual construction work, up to the operational management of the shop. Everything must be green: the choice of building materials, the furnishings and the hydraulic and energy sources. Starting with 10 pilot “Green Stores” in 2009 and following a US certification program called LEED®, which regulates ecological construction design, they have set the aim of “obtaining this certification for all new stores opened after 2010.”

Five macro-categories, the many activities and numerous useful, intelligent and creative initiatives merge into the Starbucks™ Shared Planet™, that defines priorities, regulates objectives and certifies the progress attained.

“If you want to arrive first, run alone. If you want to walk far, walk together” recites an African proverb. It really sounds like the principle at the base of the articulated responsibility of Starbucks™ which, with Shared Planet™, “divides the planet” into thematic slices, confronts these themes through a glocal approach, autonomously or by stimulating the collaboration of others, looking at a horizon that spans well beyond the planet! •

Useful concepts:

1 Glocal: modern marketing concept used by those multinationals that choose not to flatten the cultural differences caused by a global offering, but rather to enhance local differences. “Think global, act local”: think global, keeping into account the dynamics of inter-relations among populations, of the cultures and the markets, and act locally, keeping into account the particularities and the dynamics of the specific field.

2. Customer Relationship Management: glocalization is generally associated with a business model that aims at

fostering customer loyalty by creating a relationship that envisages an even more important objective: it is not possible not to love someone who answers our needs and respects them; so much understanding and generosity is always repaid!

3. Brand democratization: it is based on the brand-audience interaction, very strong and productive in terms of message and contents: a “working with” in order to avoid “working against”. The message that the brand wants to strengthen is the extreme nearness to its audience. Due to the new “popular” media (see Internet), the brand is so close to the people that it is often more conditioned and controlled by them than by the company itself. Vicinity increases product affinity and awareness by the target, and becomes a new promotional ally for the company which, in order to avoid losing complete control of their brand, must seek to have greater control of its target; and it obtains this by involving the target (interactivity) and making itself loved for this.

4. Love brand: these are brands that strengthen substantially through their interactive initiatives – in addition to their standard offer – by fostering trust with their audience and obtaining its unconditioned love. Besides allowing to detect important key factors of the purchasing process and to elaborate effective communication strategies and strategies for the management of the marketing mix, this brand aspect generates a strong and long-lasting customer/brand relationship.