



BUILDING AN ENDURING COMPANY: INNOVATION AT STARBUCKS

Starbucks announces major investment into new foodservice technology.

At Starbucks' largest ever shareholder meeting earlier this month, the company revealed not only a rosy fiscal year in 2018 but also a major new investment plan.

Vertical innovation

Consultant Arlene Spiegel FCSI, founder and president of Arlene Spiegel & Associates, sees the investment in VSV as a fundamental reflection of Starbucks' corporate culture. It's a culture that thrives on a connection to the customer, she says.

"It mandates that they encourage exploration into the fulfilment of the brand's promise – to be an integral part of the lives of the people they serve internally, their employees, and externally, their guests and partners. This investment adds to their toolkit in fulfilling their promise," Spiegel points out.

She leaves no doubt, though, that the fund will also facilitate significant insight into the industry competition. "It keeps them focused, and aware of

the exponentially growing competition," says Spiegel. "Starbucks is simply doing the responsible thing and leaving no stone unturned."

Redefining the third place

Spiegel points out that an ambitious push for a modern and brand-defining third place is a tangible goal for Starbucks: "It's a realistic and necessary effort because most people have had a 'real, high-touch' experience at an actual Starbucks location that they emotionally connect with when thinking of the brand. This can be seen in the K-Cup arena, where Starbucks Pods are sold everywhere retail."

The store itself is a vital element of the brand. Spiegel references, as an example, a moment when former CEO Howard Shultz was leading the company. Walking into a store and realising that the 'cooked on premises' food was obliterating the smell of coffee, he refreshed the entire store to put coffee back to front and center. ■