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Final Case Report

Starbucks Coffee Gets Roasted for New Initiative

Starbucks is a publicly owned corporation that is well known all over the world. Since its origin, it has enacted many positive public relations campaigns that have shown their prominent role in society. In March of 2015, Starbucks began a public relations campaign called “Race Together.” This campaign was created to combat the prevalent gun violence and racial tension in the United States at the time. This unique initiative proved Starbucks’ devotion to bettering the world around them by fearlessly addressing social issues, despite negative public opinion.

To fully understand Starbucks’ “Race Together” initiative, the history of the well-known coffee shop must be discussed. According to Starbucks’ website, the first Starbucks opened in 1971 in Seattle’s historic Pike Place Market. In 1981, Howard Schultz joined the Starbucks team and became the chairman and CEO. After travelling to Italy a few years later, Schultz became captivated with what he calls “the romance of the coffee experience” (Company Information). Schultz wanted to turn Starbucks into a place for conversation within the community rather than merely a place for customers to get their caffeine fix, “a third place between work and home,” the Starbucks website calls it (Company Information).

Starbucks’ mission is “to inspire and nurture the human spirit – one person, one cup, and one neighborhood at a time” (Company Information). This mission inspires their activity in the community. They consider themselves a company that strikes a balance between profitability and

a social conscience. Starbucks has always been a company that addresses social issues head-on. They are vocal on issues such as global warming, gay marriage and gun control. Since its creation, Starbucks has been awarded one of the “Most Admired Companies in America” by Fortune every year since 2003, one of Ethisphere’s “World’s Most Ethical Companies” since 2007 and many other awards recognizing the character of the organization (Company Information).

Because Starbucks has always been vocal on social issues, it came as no surprise when they reacted to the gun violence occurring in the United States in 2015. Within a month, two black men, Eric Garner and Michael Brown, were killed by white officers in New York City and Ferguson. These cases created a great deal of controversy, caused protests across the United States and heavily motivated Starbucks to launch this initiative.

Prior to his death, Eric Garner was notoriously known among officers for selling untaxed cigarettes and had been charged twice with circumventing state tax law. On July 17, 2014, officers Justin Damico and Daniel Pantaleo approached Garner on the street and accused him of selling untaxed cigarettes. As the scene intensified, a friend of Garner began recording “the struggle that would soon be seen by millions” (Baker, Goodman and Mueller, 2015). Although forbidden by the New York Police Department, Officer Pantaleo held Garner in a chokehold in order to arrest him. The chokehold was initially not included in the police report on Garner’s death but was later found as the cause of death. “Garner’s final words — “I can’t breathe” — became a rallying cry for a protest movement,” especially when a grand jury decided not to criminally charge the officer responsible in December 2014 (Baker, Goodman and Mueller 2015). Not only was the method of arrest under scrutiny, but so was the medical response from Richmond University Medical Center. Garner was clear that he was struggling to breathe, but the

medical staff failed to quickly provide him with oxygen and even walked away with the oxygen equipment at one point. Ms. Allen, an eyewitness who spoke openly to the grand jury, stated that “when medical workers arrived, they casually asked Mr. Garner to wake up, appearing to believe he was faking it” (Baker, Goodman and Mueller, 2015). Weeks of demonstrations followed the grand jury’s decision. The Garner family filed a lawsuit against New York City and settled for \$5.9 million a couple days before the anniversary of his death. For the past couple of years, “federal authorities have been investigating whether officers violated Mr. Garner’s civil rights” (Apuzzo, Goldman and Rashbaum, 2016). With enough evidence, the Garner family hopes that officer Daniel Pantaleo will be charged with a federal crime. Just a month after Garner’s death, another incident occurred that would create racial tension across the nation.

On Aug. 9, 2014, not even a month after Eric Garner’s death, an unarmed black teenager named Michael Brown was shot and killed by a white officer named Darren Wilson. On the night of his death, Brown was seen on surveillance video stealing some cigarillos from Ferguson Market and Liquor. Officer Wilson stopped Brown on the street with his SUV because “he [saw] that Mr. Brown fit the description of [the] suspect in [the] convenience store theft” (Buchanan, 2015). Moments later, there was an altercation between Brown and Wilson at the vehicle. In his testimony, Officer Wilson said that Brown “reached into the vehicle and fought for his gun” (Buchanan, 2015). Wilson fired two bullets during this altercation. One was found lodged in the door of the police car and the other grazed Brown’s thumb. Most eyewitnesses confirm there was an altercation at the vehicle and DNA evidence supports the officer’s testimony. After this altercation, Brown ran down the street and Wilson pursued him on foot. Wilson and a credible witness both stated that Brown turned and charged at him, however, the positioning of his hands is disputed among witnesses. Brown sustained six bullet wounds from Wilson. Brown was an

unarmed black teenager killed on the street. Although unknown, many people believe he was surrendering to the officer when he was shot. Because of this, protests broke out. “As early protests turned increasingly violent, the police responded with heavy-handed tactics,” which only seemed to build more tension between the people and the police force (Tracking the Events, 2014). The use of tear gas and rubber bullets only aggravated the protesters. Just a couple of days after the shooting, the F.B.I. opened a civil rights investigation. Gov. Nixon tried to enforce a curfew in St. Louis and schools were cancelled for safety purposes. When the curfew did not seem to help, Nixon brought in the National Guard for four days. Before the grand jury’s decision in November, Nixon “declared a state of emergency” and again activated the National Guard (Tracking the Events 2014). When the grand jury decided not to charge Wilson, violent protests broke out. Crowds gathered outside of the police department, “buildings were set on fire, and looting was reported in several businesses” (Buchanan, 2015). This grand jury decision is said to mark the beginning of the black lives matter movement and has created racial tensions in St. Louis as well as throughout the United States.

With all of the racial tension that followed the deaths of Michael Brown in Ferguson and Eric Garner in New York City, Starbucks did not want to remain a silent bystander. Harvard Business Review explained Schultz’s way of thinking as something called “CEO activism.” In March 2015, with Schultz as the leader, Starbucks began their “Race Together” campaign in an attempt to speak out on race relations in the United States. “We at Starbucks should be willing to talk about these issues in America,” Schultz said. Starbucks launched the campaign, “not to point fingers or to place blame, and not because we have answers, but because staying silent is not who [they] are” (What ‘Race Together’ Means 2015). Starbucks hosted an all-hands meeting at the Starbucks Support Center where various partners of all ages, genders and races came to

share personal stories. It was at this meeting that they decided to launch the “Race Together” campaign.

Schultz is the main reason for Starbucks’ pro-discussion attitude when it comes to controversial issues. According to the Wall Street Journal, “people who know Mr. Schultz say he is driven by a genuine desire to achieve change on important issues, which he believes is part of Starbucks’ core identity” (Kesmodel, 2015). Before beginning the “Race Together” campaign, Schultz sent a letter to his employees discussing the issues of gun violence. In this letter he said, “an issue as tough as racial and ethnic inequality requires risk-taking and tough-minded action” (Kesmodel, 2015).

The “Race Together” campaign was not an attempt to solve the problem of race relations in the United States. It was a way to begin a conversation. Baristas all around the country began writing “Race Together” on Starbucks coffee cups where they would usually write the customer’s name. This was to encourage the customer to strike up conversation with the barista about race relations and their opinions. Starbucks promoted this campaign through various advertisements in newspapers including a full-page advertisement in USA Today on March 16, 2015, as well as YouTube videos shared on their social media accounts.

Starbucks baristas throughout the nation opened shop and expected to engage in intelligent and opinionated conversation. They certainly received a lot of opinion, but not in the thoughtful and inspiring way they had anticipated. Customers did not understand why Starbucks felt the need to push such a controversial topic at them, especially in the early morning when they just want to get their morning coffee and head to work. An article from the Chicago Tribune

notes, “when people are paying hard-earned money for coffee, they just want coffee” (Kleinberg, 2015).

Backlash on social media began popping up everywhere. The people were not happy. Very few tweets were made admiring Starbucks attempt to address this social issue. People were tweeting pictures of Dunkin Donuts coffee with facetious comments made about how they were given a normal cup of coffee and nothing else. Many comments were made to Starbucks advising them to get the names on drink orders right before they begin to talk about race.

Much of the tweets made to Starbucks about the campaign looked a lot like these; “Not sure what @Starbucks was thinking. I don't have time to explain 400 years of oppression to you & still make my train. #RaceTogether” (April, 2015). “Being a barista is hard enough. Having to talk #RaceTogether with a woman in Lululemon pants while pouring pumpkin spice is just cruel” (Oluo, 2015). “So do I just go into Starbucks, walk up to the cashier, and ask them about the sentencing gap between whites and blacks? #RaceTogether” (Walcott, 2015).

A week into the “Race Together” campaign, Starbucks President, Howard Schultz, recognized the massive backlash and took a pause on the campaign. Schultz informed employees that this would not be the end of the campaign and that it would continue until March 22. As the campaign continued, so did the negative comments. A statement made by Schultz to employees reads, “While there has been criticism of the initiative — and I know this hasn’t been easy for any of you — let me assure you that we didn’t expect universal praise. The heart of Race Together has always been about humanity: the promise of the American Dream should be available to every person in this country, not just a select few. We leaned in because we believed that starting this dialogue is what matters most” (Morrison, 2015).

Though the campaign received harsh backlash via social media, “Race Together” had no negative business impact on Starbucks. According to an article from CNN Money by Paul La Monica, “Starbucks reported sales and profits for its fiscal second-quarter that were up nearly 20 percent from a year ago and ahead of Wall Street’s forecasts” (La Monica, 2015). Even a month after the “Race Together” campaign was halted, Starbucks’ stock rose by 4 percent. For many customers, it was not about what was written on the cup but rather what was inside them. Customers were not willing to give up their morning coffee. La Monica explains that these increases are not necessarily due to the campaign (La Monica, 2015). Throughout that period, new stores were opening and new products were being offered. This production was not put on pause during the “Race Together” campaign.

Starbucks stopped writing “Race Together” on their cups, however, the campaign was not over. Schultz partnered with USA Today to continue the campaign that was started on coffee cups (Cooper, 2015). Starbucks team members held open forums for anyone who wished to discuss the topic further. Starbucks also “committed to hiring 10,000 disadvantaged youth over the next three years and open new stores in communities with large minority populations” (Cooper, 2015). Media sources such as Time Magazine and the Huffington Post began to commend Schultz for his perseverance regarding the issue (Cooper 2015).

The ‘Race Together’ campaign led the company to focus their attention and goals on important social matters. Starbucks has always had the mission to be a place of conversation and to address social issues, and the ‘Race Together’ campaign did just that. Despite the negative reactions from customers on social media, Starbucks proceeded with the campaign to make a change and state their voice. By opening team forums for conversation, planning to build new stores in new areas, and setting goals for hiring future employees, the Starbucks team feels as if

the campaign was a success. The social issue was important enough to the company that they would not let negative feedback stop them.

From our point of view, Starbucks stood up for what they believed in, and that made them look admirable. The campaign itself had good intentions, as people throughout America were affected by what was going on. Most of the public would not assume that a coffee shop would be one to speak out about such a controversial issue, but Starbucks did. The negative feedback the company received from the campaign came mostly from customers who did not understand why Starbucks would bring this up or force this topic upon customers. But, Starbucks has always been known to state their opinion on social issues and stand for them. It would have been preferred to receive more positive conversation and enhance more lively discussion in the shops during the campaign, but the campaign was not a total failure. Starbucks accomplished what they wanted to by opening forums of discussion and standing up for what they believe in, while still improving on sales. Overall, Starbucks remained true to what they believe in being: not just a coffee shop, but a place to find community.

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