

Marketing

Unbranded Starbucks stores attempt to come up with a new brew

LONDON - Will the coffee chain's trial of unbranded shops bolster the core brand or backfire?



Starbucks

At the end of this week, global coffee chain Starbucks will begin trials of an unbranded store in its US home-town of Seattle.

One of three such outlets planned, the first shop will be called 15th Avenue Coffee and Tea. An attempt to revert to Starbucks' original positioning as a quirky, local coffeehouse, it will run poetry events and sell unbranded coffee as well as wine and beer.

It is hard to think of another brand that has done anything similar. This has led to speculation as to whether it is a simple exercise in reconnecting with consumers. Alternatively, is it a fresh format which, if successful, will be rolled out elsewhere, or a reaction to critics who oppose globalisation? Perhaps the reasons for the launch are more complex than they first appear.

A statement from Starbucks did not give much away, and says only that the new shops are a return to the way the company operated before its global expansion.

As well as being unbranded, the fresh format will have 'flexibility' in the form of different opening hours from the regular Starbucks branches, and a licence to sell alcohol.

If the activity is a way of reconnecting with lost customers, it is certainly needed. This year, the recession-hit coffee chain closed more than 700 stores and cut thousands of jobs after a drop in sales.

Question of motivation

Nicola Mendelsohn, chairman and partner at ad agency Karmarama, which works with Starbucks' arch-rival in the UK, Costa Coffee, is sceptical of the venture, and labels it as Starbucks' 'mid-life crisis'.

'Consumers are not stupid,' she says. 'They know Starbucks bought a lot of independent shops out of the market when it started its global operations. It is a wolf in sheep's clothing.'

Size may have brought success to Starbucks, but it has also led to issues of brand depersonalisation. As Starbucks grew, it had to become more efficient. It introduced automated coffee machines, with the result that arguably its outlets became more like fast-food restaurants than places customers could relax.

Some experts therefore believe its unbranded stores initiative is not only logical, but necessary. David Hutchinson, sales and marketing director at Paramount Restaurants and a former global marketing director at Costa Coffee for more than four years, argues that Starbucks is experiencing what all successful brands do when they move from being a small, niche firm to a global entity.

'It is a phenomenally successful company that started off as a local brand but grew incredibly quickly,' he says. 'The brand was originally loved and respected by everyone, but the corporate world decided it had become too big.'

Phillip Davies, managing director of business brands at branding agency Dragon Rouge, believes that Starbucks' debranding is a positive step.

'The company is returning to the business model it always intended to have,' he says. 'It wants to regain a community personality and the image of the neighbourhood coffee shop.'

However, Davies warns that the business might find it difficult to return to its roots. 'It needs to focus on the inherent values of being local; it needs to employ local staff; it needs to be suitably different from Starbucks' corporate image.'

However, David Anderson, director of Cada Design Group, argues that most consumers don't have issues with the brand. 'I know I just passively accept Starbucks,' he says, adding that consumers are looking for a home away from home, and 'want it in an environment that isn't so heavily corporate branded'.

Anderson, who has worked on café concepts for brands including Pret A Manger and Caffè Italia, believes the motivation for Starbucks may have been that it had hit a developmental dead end.

'In this sector, too many companies focus on product innovation,' he says. 'They think customers are brand loyal or product loyal, but they are not. It comes down to convenience and providing a space people want to be in.'

This may well be true, but there is concern about whether Starbucks' decision will further marginalise independent coffeehouses - one reason why its popularity has dwindled.

Nonetheless, if handled well, the unbranded stores could sharpen the core brand. The shops will allow Starbucks to trial fresh approaches to the business it might not want to try in branded outlets. Conversely, if handled badly, they may be more akin to an Irish-themed pub that bears no relation to the real deal.