

Tab 1



# Starbucks

James Tran, Evelyn Upchurch, & Shraddha Shinde, February 2025

**Methodology:** We conducted desk research about Starbucks so that we could gain an initial understanding of the mobile app, its user base, and the company's history. By consolidating information from multiple sources, we were able to establish our knowledge base about the topic. Our desk research outlines the Starbucks product space in 3 main categories: user base statistics (James), delight and pain points in mobile app functionality (Evelyn), and company business finances and history (Shraddha).

## Research Questions:

1. Who are the target customers?
2. What is the socioeconomic status of Starbucks mobile app users?
3. How many mobile users are there?
4. How are mobile app users changing over time and why?
5. Is the app available in other locations?
6. What percentage of Starbucks customers only go in person?
7. What is stopping customers from adopting the app?
8. What is the Starbucks experience?
9. User base of Dunkin Donuts: What's the history with this company?
10. What does the app do?
11. What are existing user frustrations?
12. What do people like about the app?
13. What is the customer satisfaction score/rating? How has it changed and why?
14. Why was the Starbucks app made?
15. Who are competitors of Starbucks?
16. What are other ways to access the app?
17. How do customers perceive the Starbucks brand? How has it changed?
18. What was the brand that Starbucks intended?
19. How is Starbucks integrated with other brands?
20. What is the financial situation of Starbucks? How has that changed and why?

**Data Sources:** Google Play Store, Apple App Store, Statista, Forbes, Numerator, CNBC, Starbucks Official Site, Modernretail.co, Investopedia, Eater.com, Google Finance, Fastcompany.com, thestreet.com, Medium, Placer.ai, Wikipedia

**Collaboration:** To begin, we all brainstormed research questions and came up with general themes that our questions fell under. Then we each chose a theme to research and report on, and finally worked together to create our final document report. We wanted to draw from both formal and informal sources so that we could gain insights from a variety of perspectives. This way, we could have a wider coverage about Starbucks and its customer experience.

# Key Takeaways

1. **Target Audience** – Starbucks' mobile app users are primarily Millennials and Gen Z, with a growing influence on Gen Alpha through family shopping habits at Target stores. The majority of users come from higher-income, urban areas.
2. **Mobile Ordering Growth** – Mobile orders account for 25% of total transactions in the U.S., with app usage increasing by 12.4% in 2022 to nearly 33 million users. More than 70% of Starbucks sales now come from the app and drive-thru.
3. **Customer Pain Points** – Users face issues with app crashes, slow loading times, inaccurate menu availability, and inconsistency in order fulfillment. Mobile pickup areas can be chaotic, creating a frustrating experience for both customers and baristas.
4. **Competition** – Starbucks is facing increased competition from brands like Dunkin' and Dutch Bros, which have successfully adopted mobile ordering. Dunkin' offers a more affordable alternative, while Starbucks positions itself as a premium brand.
5. **App Performance & Updates** – While the Starbucks app has a high rating (4.8 stars), seasonal updates sometimes introduce bugs. Users appreciate its minimalist design, seamless payment system, and rewards program but have requested better real-time menu updates and additional payment options.
6. **Overwhelmed Employees** – The dual-ordering system (in-store vs. app orders) is causing operational strain. Baristas struggle to keep up with demand, leading to long wait times and order inaccuracies, especially given Starbucks' complex menu with 170,000+ possible drink combinations.
7. **Curbside & Drive-Thru Expansion** – Starbucks is investing in drive-thru and curbside pickup, particularly in partnership with Target. This caters to busy parents and younger consumers but may divert focus from improving the in-store experience.
8. **Loyalty & Gamification** – The Starbucks Rewards program remains a key driver of engagement, incentivizing repeat purchases with its star-based system. Users enjoy the gamification aspect, but inconsistent execution across locations can impact satisfaction.
9. **Retention & Adoption Challenges** – Some customers resist using the app due to crowded pickup areas, inconsistent service, and occasional tech issues. Improving app performance, order fulfillment accuracy, and store workflow will be critical to increasing adoption and retaining users.
10. **Financial Situation** – Starbucks reported a 7% decline in same-store sales for three consecutive quarters in 2024, driven by weaker demand in North America. In Q1 FY2025, revenue remained flat at \$9.4B, with operating income down 23%. Mobile orders now account for 33% of total sales, but increased wait times and complex orders have caused operational inefficiencies.

# FAQ Appendix

## Background

Starbucks used [personalization and gamification](#) to design a strong [loyalty program](#) and [mobile ordering system](#).

However, customer satisfaction with the mobile app has plateaued. [[Apple Store](#), [Google Play](#)]

To increase sales, senior leadership said there's a need to [increase adoption of mobile ordering and mobile payment](#).

## Project Research Question

What, if anything, could be improved about Starbucks current app experience to retain current customers and attract new customers?

## Prompt

Conduct a mixed method research project to identify opportunities to improve mobile app ordering and in-store payment experience.

In your final UXR report, include recommendations on how to streamline the ordering process, enhancing personalization, improve the app pre-ordering and in-store payment experience and address on how to retain current customers and attract new ones.

**Themes:** User Base Statistics (James), Delight and Pain Points in Functionality (Evelyn), Company Business Finances, and History (Shraddha).

## User Base Statistics

### Who are the target customers?

- “More than half our U.S. customer base is **Gen Z and Millennials** reflecting relevancy and brand love across generational cohorts, trends we see with diverse customer cohorts as well,” said Sara Trilling, Executive Vice President and President of Starbucks North America [[Source](#)]
- Target's core customer is the Millennial mom shopping with children (Generation Alpha), but much of Gen-Z also shops at Target. These are the core markets for Starbucks as well. The Starbucks curbside add-on appeals to this younger generation and trains Generation Alpha that they can get Starbucks treats when shopping with moms and

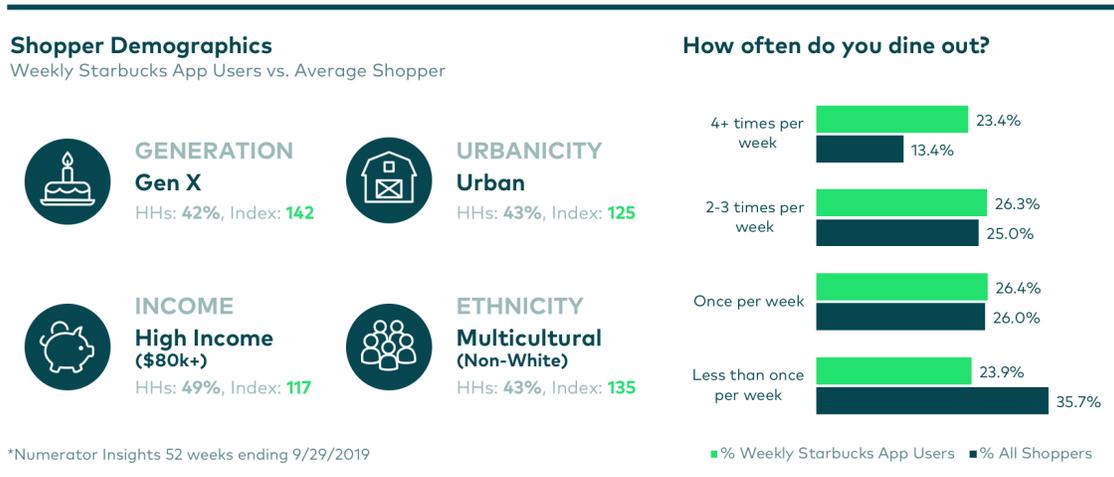
dads. Curbside pick-up allows busy parents to take advantage of efficient and convenient shopping and now includes the added perk of picking up a favorite café item. The Target Circle loyalty program has over 100 million members. [\[Source\]](#)

- As Starbucks continues to cater to these younger customers by offering plant-based drinks and cold brews, they are cultivating a very engaged shopper that grows up with the brand. Target began building the Drive Up with Starbucks app functionality in late 2021, which was very successful in pilot stores. The top-selling items are iced brown sugar oat milk shaken espresso, birthday cake pop, and iced caramel macchiato. [\[Source\]](#)

### What is the socioeconomic status of Starbucks mobile app users?

- Most Starbucks users tend to be of higher income from urban areas [\[Source\]](#)

## Profile of a Starbucks Mobile App User



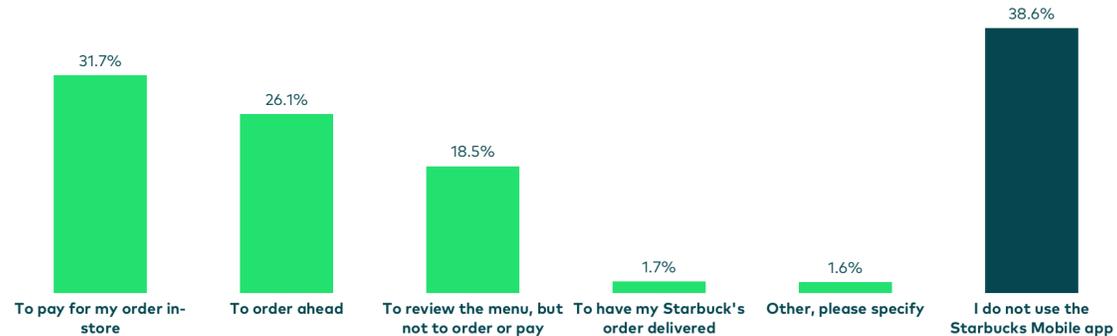
### How many mobile users are there?

- Younger reward members are keen to use the mobile order and pay option, which accounted for 25% of total transitions in the U.S. market last year. The Starbucks [mobile](#) app usage increased by 12.4% in 2022 to nearly 33 million users. [\[Source\]](#)
- According to Numerator [survey data](#), nearly two-thirds (61.4%) of Starbucks guests use the Starbucks app. [\[Source\]](#)

## Starbucks Mobile App Reasons for Use

### Starbucks App Usage

Please confirm how you use the Starbucks Mobile App. (Select all that apply)



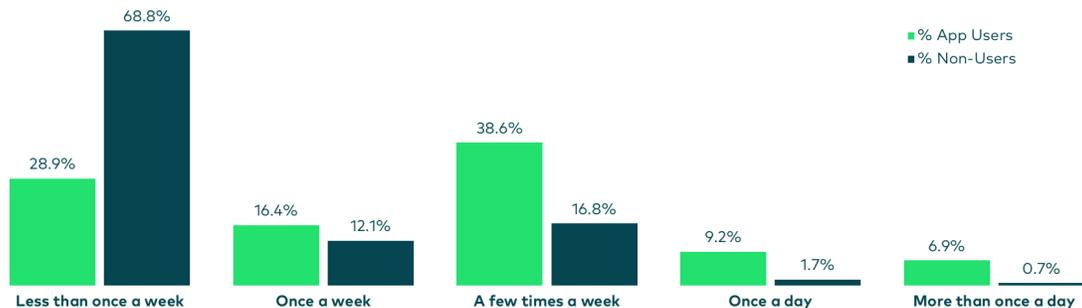
\*Numerator Survey Data



## Starbucks Visit Frequency x Mobile App Usage

### Starbucks Visit Frequency

% of Starbucks App Users vs. Non-Users



\*Numerator Survey Data



### How are mobile app users changing over time and why?

- Starbucks's mobile app was once core to the company's growth plan. Only three years ago, Starbucks was the second most-used mobile payment app in the U.S., right after Apple Pay, [per eMarketer](#). Back then, the world was still in the throes of the pandemic, and like other food and beverage companies, Starbucks had to adapt. It [invested more](#) in curbside pickup and drive-thru and increased its UberEats delivery windows. Out of

necessity, Starbucks focused more on convenience. In doing so, it placed less emphasis on its in-person experience. [\[Source\]](#)

- Now, people worldwide are back to buying drinks in stores and online. But if Starbucks's app isn't making it easy for customers to grab their coffee or tea, it's creating more problems than solutions, sources say. And there are plenty of other competitors — like Dunkin' or Dutch Bros — that are finding success with mobile ordering and would be happy to take Starbucks's customers. [\[Source\]](#)
- Starbucks has admitted to having issues with its app. In July, Narasimhan — who joined Starbucks as interim CEO in 2022, then full-time CEO in 2023 [\[Source\]](#)
- Now, [more than 70% of Starbucks's sales](#) come from its mobile app and drive-thru. [\[Source\]](#)

### **Is the app available in other locations?**

- From the beginning, Starbucks set out to be a different kind of company. One that not only celebrated coffee and the rich tradition, but that also brought a feeling of connection. [\[Source\]](#)
- Today, with more than 32,000 stores in 80 countries, Starbucks is the premier roaster and retailer of specialty coffee in the world. And with every cup, we strive to bring both our heritage and an exceptional experience to life. [\[Source\]](#)

### **What percentage of Starbucks customers only go in person?**

- According to a 2019 survey, 38.6% of customers only go in person. This percentage is lowering since then because of the app's growing popularity [\[Source\]](#)

### **What is stopping customers from adopting the app?**

- The product can end up being inconsistent from store-to-store, and the mobile pickup areas have become crowded and hectic. Some have even compared it to being a mosh pit [\[Source\]](#)
- Occasional app crashes, slow loading times, or issues with payment processing can deter users [\[Source\]](#)
- Heavy mobile order volume at busy stores can lead to longer wait times for pickup, negating the initial intent of skipping the line [\[Source\]](#)

### **What is the Starbucks experience?**

- Now, Starbucks has two lines for ordering. There's the line of people physically in the store or drive-thru, and then there's the line of people who have ordered ahead of time via the app. The second line is essentially invisible, which can be overwhelming for baristas because lines serve as "visual cues" that tell workers to "up their game," [\[Source\]](#)
- In the past, customers used to camp out at Starbucks to read, check their email or chat with friends. [\[Source\]](#)
- Employees are overwhelmed with the onslaught of in-person and digital orders, many of which register in Starbucks's system at the same time. Orders are coming in quickly, but

there [aren't enough baristas](#) behind the counter to prepare drinks. Wait times are climbing [\[Source\]](#)

- Starbucks now has [more than 170,000 possible drink combinations](#), making everything more complicated. [\[Source\]](#)

### **User base of Dunkin Donuts: What's the history with this company?**

- Starbucks Corp. ([SBUX](#)) and Dunkin' Brands are the two largest eatery chains in the U.S. that specialize in coffee. Both companies offer similar coffee options—although different food options—and both have similar overall strategies. [\[Source\]](#)
- **TLDR** [\[Source\]](#)
  - Starbucks is a bigger company in terms of market capitalization and the number of stores globally.
  - Despite being founded 20 years after Dunkin' Donuts, Starbucks grew aggressively and is a substantially larger company. Starbucks generated over \$23.5 billion in 2020, while Dunkin' Brands' 2019 annual revenues were \$1.3 billion (Dunkin' was sold to Inspire Brands in 2020 and no longer reports stand-alone financial statements).
  - Starbucks has a larger footprint, with over 30,000 locations worldwide, compared to Dunkin' Brands' 13,000 locations.
  - Starbucks has also built a more premium brand, has stores that look more like a comfortable coffee house, has a more extensive menu, and greater product customization.
  - Dunkin' stores resemble more traditional fast-food eateries and they offer more competitive pricing relative to Starbucks.
- It wasn't always quite so competitive between the brands. Dunkin' Donuts and Starbucks co-existed for years back when Dunkin' really was all about the donuts. [\[Source\]](#)
- Dunkin' Donuts started putting more emphasis on growing its coffee business, introducing the Dunkaccino in 2000 and then bringing on a whole “espresso revolution”—as the brand describes it in press materials—in 2003 with a new line of espressos, lattes and cappuccinos. Dunkin' Donuts was slowly but surely creeping into fancy coffee drinks territory, and in 2006, declared its intention to go head-to-head with Starbucks [\[Source\]](#)
- What's especially interesting about this long-brewing rivalry, is how differently Dunkin' Donuts and Starbucks have approached the act of marketing themselves. **Yes, the two companies have two very distinct brand identities—the average Joe brand with its friendly pink and orange logo vs the more upscale-seeming west coast player** [\[Source\]](#)
- Both began as regional brands, with **Dunkin' Donuts starting in 1950 in the Northeast and Starbucks launching in 1971 in the Northwest**, and both built a devoted following among locals before expanding their empires across the United States and all around the globe. [\[Source\]](#)

# Functionality: Delight and Pain Points

## What does the app do?

The Starbucks app offers a range of features designed to enhance customer experience:

[\[Source\]](#) [\[Source\]](#) [\[Source\]](#)

- **Mobile Payment and Rewards:** Customers can pay using various methods, including credit and debit cards, PayPal, Venmo, and Starbucks gift cards. The app also supports campus cash for participating schools
- **Online Ordering:** Users can place orders ahead of time for pickup, reducing wait times at the store.
- **Gift Card Management:** The app allows users to manage and consolidate their Starbucks gift cards.
- **Gamification:** Through the Starbucks Rewards program, customers earn "Stars" for purchases, which can be redeemed for free upgrades, drinks and food, and when maxed out, a free item (take-home coffee, reusable cup, etc). The app also offers personalized offers and the ability to participate in events with rewards, depending on the location.

## What are existing user frustrations?

Despite these features, users have reported several frustrations: [\[Source\]](#) [\[Source\]](#)

- **App Performance Issues:** Some users experience crashes, bugs and glitches, leading to an inability to make an account or sign in.
- **Seasonal Updates:** Updates, particularly during seasonal promotions, have occasionally introduced bugs affecting app functionality.
- **Menu Updates:** The app's menu doesn't always reflect real-time changes, causing discrepancies between available items and what's displayed.
- **Limited Payment Methods:** While the app supports various payment options, some users have expressed a desire for additional methods like Apple Pay or Google Pay.
- **Brightness Issues:** There have been reports of brightness errors within the app, affecting visibility.

## What do people like about the app?

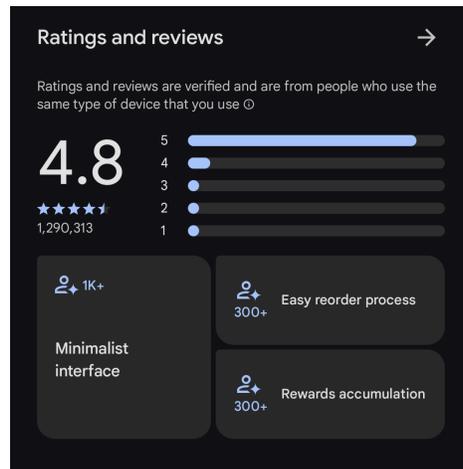
On the positive side, users appreciate:

- **Minimalist Design:** The app's simple and elegant layout makes navigation intuitive
- **Rewards Program:** The integrated rewards system incentivizes repeat purchases by offering tangible benefits
- **Ease of Payment:** The app streamlines the payment process, allowing for quick transactions

## What is the customer satisfaction score/rating? How has it changed and why? [\[Source\]](#)

- The American Customer Satisfaction Index (ACSI) provides insights into Starbucks' customer satisfaction over the years. In 2024, Starbucks achieved an ACSI score of 80, an improvement from 78 in 2023 and 77 in 2022. [\[Source\]](#)

- These scores indicate a positive trend in customer satisfaction. However, it's important to note that these figures reflect overall customer satisfaction with Starbucks as a brand and may not specifically pertain to the mobile app experience.
- For a more detailed analysis of the app's performance, user reviews and ratings on app stores can be insightful. As of October 2023, the Starbucks app maintained high ratings: 4.8 stars from 978,000 ratings on the Google Play Store and 4.8 stars from 257,000 ratings on the Apple App Store. Despite these high ratings, there was a notable increase in user complaints regarding login issues, especially following forced updates. [[Source](#)]



- In summary, while Starbucks' overall customer satisfaction has shown improvement, specific aspects of the mobile app, such as login stability, have faced challenges that may impact user experience.

## Company Business Finances, and History

### Why was the Starbucks app made?

- The Starbucks app was developed to enhance customer convenience and streamline the purchasing process. Initially **launched in 2011** as the Starbucks Card Mobile App, it **enabled customers to pay for their purchases using their mobile devices**. In 2015, Starbucks introduced the Mobile Order & Pay feature, allowing customers to locate the nearest store, customize their favorite beverages, and pay in advance, thereby reducing wait times and eliminating the need to stand in line upon arrival. [[source](#)]
- Additionally, the app supports Starbucks' strategy of opening stores that focus primarily on carryout and pick up orders, with layouts designed to facilitate efficient mobile order pickups. [[Source](#)]

### COVID-19 Impact on Starbucks Mobile App:

- Surge in Mobile Orders: Mobile orders rose to 25% of U.S. transactions (up from 17% pre-pandemic). [[source](#)]
- Operational Shift: Starbucks closed café-only stores and focused on drive-thru and delivery services, highlighting the importance of mobile ordering. [[source](#)]

## Who are competitors of Starbucks?

- Dunkin Donuts
- Zigi's coffee
- McDonalds
- Peet's coffee
- Dutch bros
- Scooters (indirect)
- Caribou coffee
- Corner bakery (indirect)
- 7/11 (indirect)

## What are other ways to access the app?

The Starbucks app is accessible through:

- iOS Devices: Available on the [App Store](#).
- Android Devices: Available on Google Play.
- Web Access: Manage your account and order via the [Starbucks website](#).
- The app can be accessed through third-party payment apps like: **Apple Pay, Google Pay, Samsung Pay, PayPal** (linked to the Starbucks Card)
- Voice Assistants & Smart Devices: Customers can place orders using Alexa or Google Assistant through integrations with Starbucks' mobile ordering system.
- In-Store Kiosks: Some Starbucks locations feature self-service kiosks, where customers can log into their Starbucks account and order directly.

## How do customers perceive the Starbucks brand? How has it changed? What was the brand that Starbucks intended?

- **Starbucks Brand Identity:**
  - Starbucks has been perceived as more than just a coffee brand; it provides a **"third place"** between home and work where customers can relax and enjoy a unique experience.
  - This concept has been central to its brand identity since its founding in 1971. [\[source\]](#)
- **Evolving Customer Perceptions:**
  - The introduction of **mobile ordering** and a focus on **efficiency** shifted the brand to a more **transactional** experience.
  - This change led some to feel that Starbucks had lost the **personal connection** that initially defined the brand. [\[source\]](#)
- **CEO Brian Niccol's Response:**
  - To restore the **community-centric atmosphere**, Niccol has introduced:
    - Writing **personalized messages** on cups.
    - Reintroducing **in-store elements**, such as condiment stations and free refills for in-store beverages.

- These changes have received **mixed reactions** from both employees and customers, with some employees finding them **stressful**. [\[source\]](#)
- **Original Brand Intent:**
  - Starbucks initially aimed to create a brand that emphasized **high-quality coffee** and a **distinctive experience** that fostered a sense of **community and belonging**.
  - This strategy was meant to **differentiate Starbucks** from other coffee shops by making each visit a **unique and personal experience**. [\[source\]](#)
- **Current Brand Perception:**
  - The brand's shift towards **efficiency-driven changes** and **mobile ordering** has altered how customers perceive Starbucks.
  - The company is now working to **balance operational efficiency** with the **original community-focused experience** that was the foundation of the brand. [\[source\]](#)

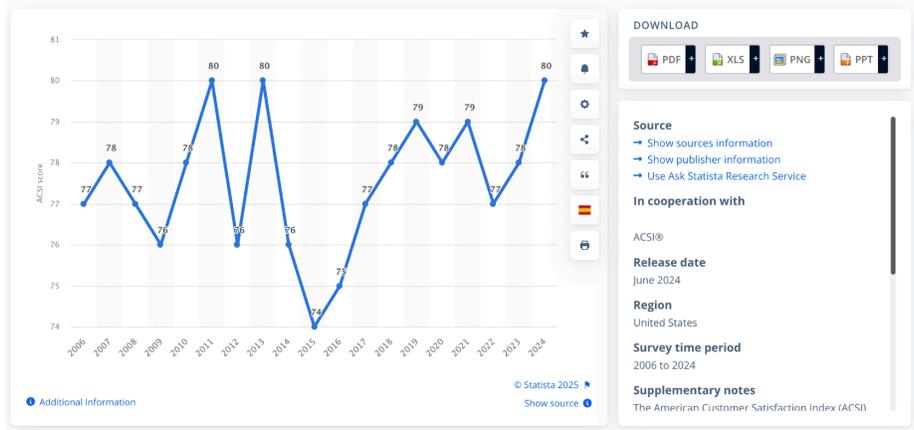
#### How is Starbucks integrated with other brands?

- A key area of focus is expanding digital convenience, and the new service with Target falls into this goal. Target and Starbucks have had a licensing agreement for over twenty years. [\[Source\]](#)

#### What is the financial situation of Starbucks? How has that changed and why?

- Starbucks' Q1 FY2025 results showed flat revenue of \$9.4 billion, with operating income down by 23% to \$0.69 per share. The company faced challenges, with a 4% decline in comparable store sales, primarily driven by a 6% drop in transactions. They opened 377 new stores, totaling 40,576 globally. Operating margin contracted by 390 basis points due to investments related to the "Back to Starbucks" strategy. [\[Source\]](#)
- In Starbucks' fiscal year 2024, revenue grew by 12% to \$45.5 billion. The operating income rose by 8%, with a margin of 18%. International markets, especially China, saw strong growth, and digital programs significantly boosted customer engagement. The company's focus on premium products and sustainability initiatives contributed to improved profitability. [\[source\]](#)
- **Sales Trend :** In October 2024, Starbucks reported a 7% decline in same-store sales for the third quarter in a row, mainly due to weaker demand in North America. New CEO Brian Niccol aims to reverse the slump by simplifying the menu, improving customer experience, and targeting both loyalty and non-loyalty customers. [\[source\]](#)
- Starbucks' mobile orders make up about 33% of its total sales. The company struggles with long wait times due to an influx of mobile orders, frustrating both customers and employees. Mobile orders also lead to more complicated requests, causing operational delays. Under former CEO Howard Schultz, the app was criticized as Starbucks' "Achilles heel." Niccol's key task is to streamline these processes to reduce wait times and improve barista efficiency. [\[source\]](#)

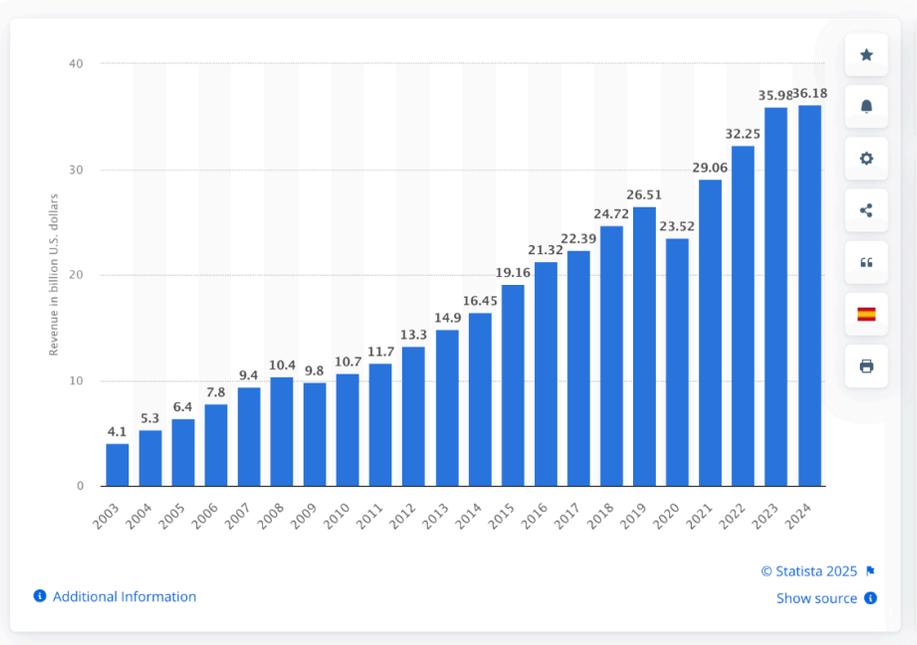
### American Customer Satisfaction index scores of Starbucks in the United States from 2006 to 2024



Travel, Tourism & Hospitality > Food & Drink Services

### Revenue of Starbucks from 2003 to 2024

(in billion U.S. dollars)



# Sources

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Apple App Store [\[source\]](#)

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