



Starbucks Corporation: Can Customers Breastfeed in a Coffee Shop?

TEACHING NOTE

Purposes of the Case Study

1. to teach students to identify a potential crisis.
2. to help students determine the appropriate level of response to a potential communication crisis.
3. to protect stakeholders when outsiders target the brand.
4. to give students an understanding of how to manage a corporate brand when constituents are divided.
5. to help students understand the importance of developing effective channels for communication policy changes in response to new laws.

Identify the Business Problem

The main business problem in this case is determining the appropriate level of response to community activists who demand policy changes which are not supported by all customer segments.

This case was prepared by Research Assistants Jenny E. Bailey, Shannon J. Rainer, and Cameron A. McHale under the direction of James S. O'Rourke, Concurrent Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Information was gathered from corporate as well as public sources.

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Forecast the Most Desirable Outcome

The most desirable outcome is for the Starbucks brand to remain untarnished. The nature of the attack makes determining the appropriate response problematic. The company does not want to draw further attention to the situation, which is what the breastfeeding group desires. In addition, the agitators do not represent Starbucks' core constituents, who would dislike a child-focused coffee shop.

The company has promised to abide by all state laws regarding breastfeeding; in an ideal world, this would satisfy Lorig and her supporters. Starbucks most desirable outcome is to maintain control over its corporate policies and the atmosphere within its stores. However, breastfeeding advocates are demanding corporate policies which would make Starbucks the driving force to reshape the retail community in the United States.

Identify the Critical Issues

The issues at the heart of the case:

- Determining the appropriate level of response to the breastfeeding activists.
- Identifying the costs associated with satisfying the demands of one customer segment while alienating others.
- Determining the corporate stance on public breastfeeding and communicating that stance and resulting policy changes throughout the organization.
- Remaining aware of changes in legislation which affect corporate policies at the store level and communicating those changes to the store employees.
- Developing a consistent corporate policy regarding breastfeeding when the laws of different states are in conflict.

Stakeholder perspectives include:

- Starbucks' managers and employees;
- Breastfeeding advocates;
- Starbucks' customers;
- Other corporate retailers;
- State legislators.

Identify and Discuss Possible Solutions to the Problem

1. Implement corporate breastfeeding policy and post signs to that affect in stores.
2. Abide by state laws and ignore protesting advocates in hopes that the problem disappears.
3. Make store changes that provide special accommodations (e.g. separate sitting areas) for breastfeeding mothers.
4. Maintain accurate records of customer complaints by topic within each coffee shop.
5. Flag national media relating to breastfeeding policies in retail establishments.

Explain How to Communicate the Solution

Starbucks' main focus should be internal communication. It must relay state legislation and corporate policies regarding breastfeeding in all of its coffee shops in a clear, concise manner.

Starbucks must also have a spokesperson available for comment externally when needed. The company has already commented on the breastfeeding issue and its company's promise to abide by all legislation. It must also determine how to communicate breastfeeding legislation to non-breastfeeding customers who may complain about breastfeeding mothers in the store.

Potential Difficulties

1. Understanding how an apparently small issue can develop into a company crisis.
2. Understanding that this case is not a result of any wrongdoing on Starbucks' part, but is rather a case of activists attempting to hijack the brand for their own ends.
3. Developing a corporate policy that does not alienate customer segments but which still abides by all state and local laws.

Teaching the Case

Assign the case reading in a timely manner to allow students to prepare for class discussion. Tell students to brainstorm about several of the following items:

- Key business problems;

- Issues to address;
- Stake holders;
- Potential solutions.

Class Discussion

First Few Minutes

Use the first few minutes to give a brief overview of the focus of the case.

Remainder of Class Time

Use included PowerPoint slides (or some equally effective means) to discuss the following:

- Case facts: company, background, etc.;
- Critical issues;
- Stakeholders;
- Solutions.

Also available for class discussion: A Summary of Breastfeeding Legislation in the United States. (Can be used as an ice breaker or additional discussion when case is complete.)

Some points for student consideration may include:

Breastfeeding Policy: Starbucks may want to consider breastfeeding policies established by other companies within its industry. Several other companies (e.g. Burger King) have been faced with similar protests by breastfeeding advocates. It may prove beneficial to see how these companies handled breastfeeding demands and how corporate policies and brand images were affected.

Health Benefits of Breastfeeding: In Starbucks' case, the breastfeeding protesters have demanded company-wider changes regarding breastfeeding based on the health benefits created by the act. Students may want to consider these benefits to help develop a solution that does not belittle the importance of breastfeeding.

Alienating Customers: The decision to implement a policy supporting breastfeeding in Starbucks cafés will be extremely difficult because of conflicting views held by different customer segments. Some customers would prefer to enjoy their coffee without the view of a breastfeeding mother while other customers and mothers support the right to breastfeed in public. Starbucks

must consider solutions that will satisfy both groups, or determine which party is more essential to the success of the business.

Conflicting State Laws: As noted in the case, breastfeeding legislation differs by state. Starbucks must decide how to implement a corporate policy which obeys each state's laws without the burden of implementing separate policies in each store. Students should consider whether a company-wide policy is feasible or if Starbucks should develop a system to satisfy each state's law on an individual basis.

Future Disputes with Breastfeeding Advocates: Starbucks must decide if a reaction to breastfeeding advocates is needed. In making that decision, students must consider the potential effects on Starbucks if advocates remain focused and are able to draw media attention to their cause. If the breastfeeding conflict does not subside on its own, there may be future disputes with advocates. Students must assess the affects of those disputes, if any, on the Starbucks image.

Next, identify the stakeholders in this case and their separate interests; review the pertinent assumptions made by each of the stakeholder groups.

Starbucks' Managers and Employees: These stakeholders want to see Starbucks succeed and do not want the brand image to be damaged. This crisis has the potential to diminish the company's customer base and create policy changes and conflicts within the states that may affect day to day managerial responsibilities.

Breastfeeding Advocates: These stakeholders want Starbucks' breastfeeding problem to resolve in a manner which enhances the creditability of their cause and pushes in the direction of changes across retailers.

Customers: This group of stakeholders may have conflicting views. On the one hand, there is a group of customers (e.g. breastfeeding mothers) which wants to see company-wide policy changes at Starbucks. On the other hand, there are many customers who would like to see policies remain the same and who would like to enjoy Starbucks products without feeling uncomfortable. The outcome of the breastfeeding crisis will affect each group's future experiences at Starbucks.

Other Retailers: The stakeholders want to see Starbucks resolve the breastfeeding issue without drastic changes to its corporate policies and procedures. They realize that Starbucks has been chosen to set the precedent for all retailers. If Starbucks loses control of its corporate policies and brand image, they can expect to become the foci of similar protests in the future.

State Legislators: These stakeholders may find themselves under increased pressure as a result of the outcome at Starbucks. Protesters may target legislators under the assumption that some states are lacking sufficient laws regarding breastfeeding. Protesters may be tempted to shift the focus from Starbucks to legislators in order to find another method of advancing their cause.

In addition, legislators looking for ways to attract the “soccer mom” demographic may also find this an attractive topic.

The decision options available to Starbucks:

- *Ignore Protesters.* What potential problems could arise from this option?
- *Implement a formal policy.* What potential problems could arise from this option?
- *Implement policies on a state-by-state basis.* What potential problems could arise from this option?

Summarize Student Responses Through a Communication Plan

Items to consider when developing a plan:

- *Objectives.* Look at Starbucks critical and business objectives or goals.
- *Audience.* Determine whom Starbucks is addressing. Who will the message reach? What does Starbucks want each audience to extract?
- *Message.* Construct a message that conveys ideas which address all stakeholders. Address the message from all levels: complexity, length, and tone.
- *Channel.* Determine the best way to reach the desired audiences. Consider whether several channels are needed to reach different stakeholders.
- *Measurement.* Develop a measurement process which can determine the successfulness of the communication. Potential measures of effectiveness include: satisfaction of customer segments, decreases in complaints and protests, etc.

Questions for Discussion

These questions can be used to guide class discussion after students have had a chance to comprehend the inherent issues.

1. Should Lorig’s group’s demands be taken seriously, or are they just another case of ridiculous requests which can be safely ignored by the company?
2. Is there a reasonable way for Starbucks to satisfy all customer segments?

3. Assuming Starbucks adopts an official policy, how can it effectively communicate the policy throughout the company?
4. When state laws which affect store operations change, how can Starbucks communicate the new laws to stores in that state to ensure that all stores are in compliance?