



The University of Kansas School of Business
Case Competition



Starbucks Case Prompt

Given on Wednesday October 15th, 2025

Prompt

Starbucks has long been a staple of to-go coffee orders across the globe. However, it has recently experienced negative growth driven by performance in the U.S. and China.

Exhibit 1: Quarterly Sales, 2023-2025 (Source: MacroTrends)

Quarter, Year	Revenue (\$B)
Q1, 2023	8.7
Q2, 2023	8.72
Q3, 2023	9.17
Q4, 2023	9.37
Q1, 2024	9.43
Q2, 2024	8.56
Q3, 2024	9.11
Q4, 2024	9.07
Q1, 2025	9.4
Q2, 2025	8.8

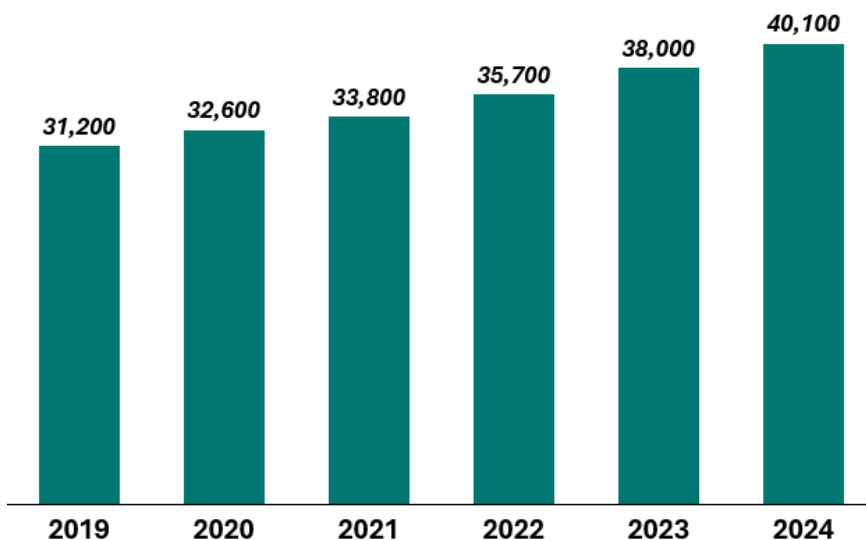
Specifically, stagnation is being driven by a decline in comparable store sales. In Q2 2025, Starbucks' \$8.8 billion in revenue represented a 2% increase YoY, however, global same store sales declined 1%. This was driven by a 2% drop in U.S. same store sales.

This slowdown comes as Starbucks has continued to expand its retail footprint.

Exhibit 2: Total Number of Starbucks Stores by Year

Starbucks Total Stores Globally

K; 2019-2024 (actual)



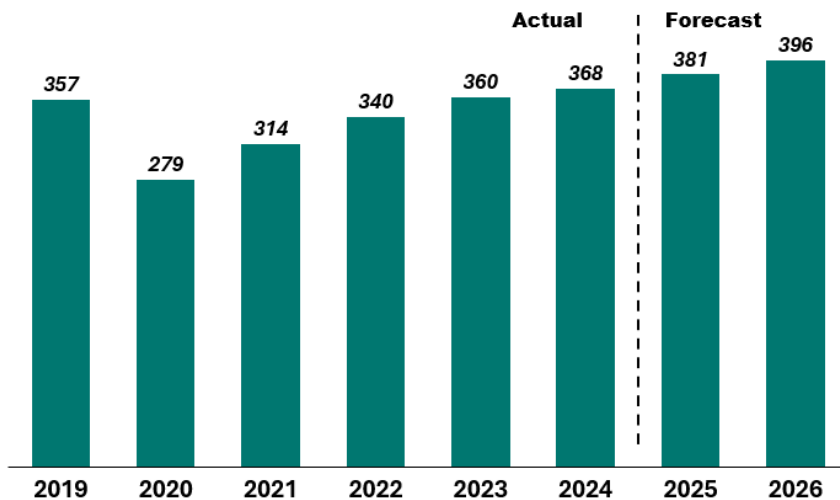
Source: Statista

It's not just Starbucks, however. Global out-of-home coffee revenue has seen just a gradual recovery from pre-COVID levels, in large part due to competition from cheaper and/or higher quality at-home products. There is also the threat of boutique "third wave" coffee shops and other beverage options challenging Starbucks' market dominance.

Exhibit 3: Global Coffee Sales by Year

Global Out-of-Home Coffee Sales

\$B; 2019-2024 (actual), 2025-2026 (forecast)



Source: Statista

Exacerbating the competitive pressure, three key issues are currently plaguing Starbucks, which led to the installation of a new CEO last fall:

- **Customer perception issues:** Some customers feel the menu has become too complex and expensive, leading to dissatisfaction with the overall experience. Starbucks sells well over 200 items per store, which is beyond any comparable industry average. This is such a major issue that Starbucks has already claimed it will cut its menu size by 30% by the end of FY '25.
- **Need for a refreshed brand experience:** To remain relevant, Starbucks is looking to revamp its store experience to attain a "coffeehouse" vibe, instead of just being a coffee pit stop.
- **Operational issues:** Long wait times (there is anecdotal evidence that some customers wait 30 minutes during peak rush) and inconsistent quality in stores are affecting the customer experience. The industry average wait time is ~2-3 minutes for quick service coffee, yet the average Starbucks order takes 5-6 minutes.

Starbucks seeks your expertise to identify a turnaround strategy to spur revenue growth. The company aims to not only retain its leadership position in the out-of-home coffee market but also set a clear path towards its future goals, including a more personalized customer experience and fending off heightened competition globally.

Here are some potential questions you might want to address as you explore growth options for Starbucks (remember, your exploration of these themes should tie to increased revenue):

- How can Starbucks reinvent its digital ecosystem to create more personalized, seamless customer experiences and drive loyalty?
- What emerging consumer trends (health, sustainability, customization) can Starbucks leverage to differentiate its product offerings?
- How can Starbucks better localize its offerings and brand positioning to connect more authentically with diverse regional markets?

Deliverable Guidelines:

- Entries should be in the form of a .ppt/.pptx with a maximum of 7 slides.
- The slides should cover the following concepts (in order), but should have unique, insight-oriented taglines:
 - Cover Slide
 - Executive Summary
 - Market Analysis
 - Customer Analysis
 - Competitive Analysis
 - Company Capabilities
 - Next Steps

Scoring Rubric (out of 60):

- 10 – Executive Summary
- 10 – Market analysis
- 10 – Customer analysis
- 10 – Competitive landscape
- 10 – Company capabilities
- 10 – Presentation delivery

Rules:

- No person can be a part of more than 1 team.
- Each team will require 1 captain that will be responsible for submitting questions and logging onto virtual mentoring.
- The decision of the judges will be final and binding in all instances.
- Decks must be submitted no later than **11:30am**
 - Send decks to **briannacoup@ku.edu**
 - File name and email should be named: **“Team Number”** (e.g. “Team 1”)
 - File type should be .ppt

Coffee Industry Overview:

The US coffee industry is a dynamic and mature market characterized by significant consumer demand and diverse product offerings. With an estimated market value of over \$80 billion, the industry encompasses coffee production, roasting, distribution, and retail sales through various channels including grocery stores, cafes, specialty coffee shops, and online platforms. Major players include Starbucks, Dunkin', Folgers, Maxwell House, and independent roasters, with a growing emphasis on specialty and premium coffee experiences.

Consumer trends are driving industry evolution, with increased interest in specialty coffee, sustainable sourcing, artisanal roasting, and ethical production practices. Cold brew, single-origin beans, and direct trade coffee have gained popularity, reflecting sophisticated consumer preferences. The market continues to expand through innovation in brewing technologies, subscription services, and diverse coffee formats like ready-to-drink beverages, highlighting the industry's adaptability and ongoing growth potential.

Challenges include volatile commodity coffee prices, increasing production costs, climate change impacts on coffee-growing regions, and shifting consumer preferences. Rising agricultural expenses, potential coffee crop disruptions due to environmental factors, and increasing competition from both established brands and craft coffee producers create operational complexities. Additionally, sustainability concerns, evolving consumer demand for premium and ethically sourced coffee, and the need for continuous innovation in product offerings and distribution channels present ongoing strategic challenges for industry participants.

Starbucks Overview:

Starbucks Corporation is a multinational coffee company and coffeehouse chain founded in 1971 in Seattle, Washington. As the world's largest coffee retailer, Starbucks operates over 35,000 stores across more than 80 countries, known for its premium coffee, specialty beverages, food items, and distinct cafe experience. The company pioneered the concept of a "third place" between home and work, offering a comfortable environment for social interaction and work.

Key business segments include company-operated and licensed stores, consumer packaged goods, and foodservice accounts. Starbucks is recognized for its strong brand identity, innovative product offerings like seasonal drinks and mobile ordering, and commitment to ethical sourcing through its C.A.F.E. (Coffee and Farmer Equity) Practices. The company has consistently expanded its global footprint, digital capabilities, and loyalty program while maintaining a focus on sustainability, employee benefits, and corporate social responsibility.

Key Personnel:

Brian Niccol was recently announced as the new CEO of Starbucks. Previously CEO of Chipotle, Niccol is known for digital transformation and brand revitalization in the fast-casual restaurant industry. His hiring signals Starbucks' intent to reinvigorate its strategy, particularly in digital innovation and customer

experience. Niccol's track record at Chipotle includes significant growth in digital sales and stock performance. Prior to Chipotle, he was recognized for his successful marketing and digital transformation efforts at Taco Bell, where he helped modernize the brand's image and appeal to younger consumers.