

Starbucks in Trouble; What to Do?

By Roger L. Simon

Starbucks is evidently into hard times, its version anyway.



The first quarter report of the seemingly ubiquitous coffee house chain was filled with bad news from what's been called a "surprise decline in same-store sales." It also "slashed its full-year forecast."

The result was the company's shares fell 17 percent with their market value down to a paltry \$82.8 billion.

What's the explanation? It can't be that I have always preferred Peet's. (Okay, kidding.)

In truth, I have never been a fan of Starbucks's coffee, avoiding it except occasionally on trips when there are no

nearby alternatives.

I do, however, admire its founder and now ex-CEO Howard Schultz's marketing acumen for taking the old Greenwich Village coffee shop, cleaning it up and making it less scary for the public while preserving just enough bohemian chic to make people think they were doing something cool by buying his calorie-laden Frappuccinos.

But why now is this model failing?

Mr. Schultz blames slipshod maintenance by the individual stores. "The stores require a maniacal focus on the customer experience, through the eyes of a merchant. The answer does not lie in data, but in the stores," Mr. Schulz wrote, obviously for public consumption since it appeared on [LinkedIn](#).

Meanwhile, an analyst, Bank of America's Sara Senatore, [blames the falling-off](#) on Starbucks's Middle East position, something that appears a bit of a reach. Starbucks's national store traffic fell a significant 7 percent. One would be hard pressed to imagine even more that one-half of 1 percent of its customers knew the Middle East position of Starbucks, or indeed if it had one. It certainly isn't broadcast in the stores.

The real reason for Starbucks's decline is the obvious one. In the oft-quoted words of the late journalist H. L. Mencken, "It's about the money."

In this day and age, fewer people want to or even are able to pay that much for a cup of Joe, especially since there are so many other choices without Starbucks's relatively high prices for their luxury concoctions.

This is also true now not only of the working class but also of the bourgeoisie, who frequently have the machinery to make their own caramel macchiatos or whatever at home for considerably less than they would pay at one of their stores.

The travails of Starbucks may not be overly important to most

of us, but they are yet another indication of where we are as a country today. The division between the haves and have-nots that began during the pandemic is not reversing. It seems to be increasing.

At the same time, via [ZeroHedge](#), the outlook for coffee prices, at least in the short term, is not good.

“A new report from the International Coffee Organization reveals an alarming situation in the coffee market. Robusta coffee prices have skyrocketed to a 45-year high, a clear indication of the severity of the supply crunch and the rampant bean hoarding that is gripping the world’s largest bean producer.

“The London-based group, in their monthly report, delivered a sobering update. ICO’s gauge of wholesale prices, based on spot prices across key markets, surged 17% in April to the highest level since 1979. The report also highlighted Vietnam’s struggles in its coffee belt, enduring several years of poor harvests.”

I know it shouldn’t, but this concerns me even more than the price of sweet light crude.

I have been, for years, a coffeeholic and consume six or more cups a day. I like to excuse this as a necessary writer’s habit. But my consumption is minor compared to my considerably betters, like the genius Honoré de Balzac—author of “The Pleasures and Pains of Coffee” as well some 90 novels and novellas in the “Human Comedy” series, many of them masterpieces—who is said to have consumed 50 cups a day. (This has been [disputed](#).)

Nevertheless, coffee is my drug of choice and has been for years. I’m pleased caffeine has been shown to be [good for you](#) up to a point. (I’m probably a little over that point, but who’s counting?)

So I am going to have to endure the high cost of coffee, Starbucks or no. You should as well. We all should.

Here are my principles and, as Groucho Marx famously said, “If

you don't like them, well, I have others."

Back in the 1960s, it may have been (mistakenly) "roll your own." Today, it's make your own (Joe). The internet abounds with recommendations for how. One here at The Epoch Times—"Which Coffee-Making Method Is Superior? Pro Baristas Weigh In"—has plenty of suggestions.

While not quite as obsessive as the baristas, we have done some of this at home and now produce coffee that seems at least as good as Starbucks's (though perhaps not Peet's).

What we miss, of course, is the coffee house atmosphere, the place you can go and schmooze with a friend over a cup or pretend you are writing the Great American Novel on your laptop. (I have tried the latter and can attest it was a complete failure. Eventually, I packed up the laptop and went home to work.)

This lack of atmosphere is what Mr. Schultz may have meant by the "customer experience" problem in his LinkedIn statement. Whatever the case, you're not likely to find that in a chain. And maybe the coffee shop experience itself is something of a yesteryear phenomenon. If so, we're missing something. The secret, I think, to a great coffee house these days would be to find one with the right simpatico crowd. Everyone has his or her own definition of that. It just takes research.

As for Ms. Senatore's comment ascribing Starbucks's difficulties to the Middle East conflict, she would have done better to note another company that has been genuinely out front about its support, flying sky banners saying "God Bless Israel" over the University of California Los Angeles, the University of Southern California, the University of Texas in Austin, Harvard University, and Boston College. Only, in the case of that company, [Patriot Mobile](#), they began gaining customers, rather than losing them.

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