

Chapter 8

How Green Is Their Latte Now?


Corporate Sustainability Effort of Starbucks During COVID-19

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ABSTRACT

This chapter investigates whether sustainability practices of one of the leaders of the coffee industry, Starbucks, have changed during the COVID-19 pandemic as compared to the period before the virus outbreak. In particular, the authors ask which dimensions, or sub-dimensions, of sustainability in particular have been cut off first. Secondary data in the form of industry and company reports, websites, as well as research articles has been used. The findings of this study are particularly important for practitioners and researchers interested in changes in the coffee market, corporate sustainability, and consumer behavior, particularly during a systemic crisis, such as the COVID-19 pandemic. The topic is very current, and high-quality interdisciplinary research on a continuously deepening crisis with an unknown expiration date promises value-added potential, much more than “filling a gap” in the literature.

INTRODUCTION

The global economy with all its sectors has been shaken to varying degrees since the start of the pandemic in the early months of 2020. Wide-ranging lockdowns have led to increased digitization efforts to enable effective remote working structures.

DOI: 10.4018/978-1-7998-8065-3.ch008

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As the Covid-19 has sparked a new health crisis, it is not surprising that consumers not only demand companies to care beyond profit-making but also expect brands to protect the health and wellbeing of their workforce and simultaneously help local communities to make the world cleaner, healthier, more resilient and equitable (Euromonitor International, 2021).

Businesses have gone bankrupt due to weakened demand for particular types of non-essential services and goods as well as due to the aggravated risk perceptions of consumers. Education, the foundation of society, and universities, the bedrocks of sustainable development, were forced to swiftly redefine their value propositions to adapt to the transformed industry conditions in a much tighter job market. Thousands of households have been left to their own devices, especially in developing and less developed countries where governmental emergency funds occasionally came solely in the form of consumer credit expansions. Similarly, financial markets have suffered unprecedented turmoil with investors frantically trying to rebalance portfolios in a quest for high-yield investments.

In midst of this chaos, the corporate world has been heavily engaged in juggling a wide range of novel priorities: Accommodating the changed needs of their employees and their families and keeping up with their day-to-day operations while coping with falling revenues, increased expenses, lay-offs and litigations. Moreover, the trust that was lost in the financial system more than a decade ago, extended to form an all-encompassing body of fear, at both the individual and collective levels: the fear of what is to come, the fear of getting sick, the fear of people, and the fear of never being able to return to the “old” normal. In this backdrop it would not be misleading to presume that budget cuts for sustainability activities might have followed or that sustainability-related activities have become to be less prioritized for a multitude of reasons.

Has this really been the case? Has there indeed been a noticeable slowdown in social and environmental efforts by businesses during the pandemic compared to those practiced in the “old” normal times? And, if so, which dimensions, or sub-dimensions, of sustainability in particular have been cut off first? These are some of the questions tackled in the present study. Furthermore, this chapter discusses how a leading business operating in a sector that has particularly been hit by lockdowns and social distancing measures has tackled the “sustainability challenge” in the face of the Covid-19 pandemic: Starbucks.

Of the liquid beverage equivalents, coffee is among the most consumed beverages worldwide with roughly 42.6 liters per person and year (12.6 liters of roast coffee and 30 liters of instant coffee) (Statista Outlook, 2021) at home as well as at numerous coffee shops. The rationale for choosing Starbucks is that the brand ranks first in the coffee shop market (Shim et al., 2021) and, particularly, its ethical sourcing approach to buying coffee which has been translated into the Coffee and Farmer Equity (C.A.F.E.) practices, one of the coffee industry’s first set of ethical sourcing standards when it launched in 2004 (Starbucks Stories and News, 2020).

At the outset, the chapter briefly introduces the coffee market and provides a short history of common sustainability practices followed by a short account of the relatively scarce literature on sustainability in the coffee market. Additionally, several market statistics are presented. The rationale for selecting Starbucks as a case for this particular study (based on market share, customer reach (international, number of stores, etc.) and various other indicators (such as its popular commitment to sustainability) is explained. Secondary data in the form of industry and company reports, websites as well as research articles has been used.

The rest of the chapter is dedicated towards an analysis of the company’s website, its press releases, published financial and non-financial (social impact) reports as well as media coverages on various platforms. The results are analyzed by two researchers and presented in a well-structured and thorough

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