

CASE 2-1 Starbucks Corporation: Can Customers Breastfeed in a Coffee Shop?

Audrey Lincoff sat back in her office chair, looking at the numerous newspaper articles that covered her desk. As the spokeswoman for Starbucks, she knew she played a major role in Starbucks response to the current dilemma. The question was all over the news and the office: How would Starbucks handle the pressure from a new activist group, breastfeeding mothers? Led by a powerful woman and skilled negotiator, the disgruntled breastfeeders had gathered at a Maryland Starbucks to stage a “nurse-in.” Ms. Lincoff worried about the media attention and had to make a decision: cater to the group’s demands or ignore them in hopes that they would either fade away or choose another target.

History of Starbucks Coffee Company

Starbucks began as a coffee importing and roasting company in 1971. The Seattle-based corporation was named after the first mate in Herman Melville’s classic novel, *Moby Dick*. The name reflected the quirky nature of the company’s founders, Gerald Baldwin, Gordon Bowker, and Zev Siegl, who had become friends during their college days at the University of Seattle.¹

The Starbucks Coffee, Tea, and Spice Company sold roasted coffee beans to restaurants and to the public from its store in the Pike Place Market next to Puget Sound. Starbucks had grown to four stores by 1982, the year their Hammerplast sales rep decided to pay them a visit. Howard Schultz was selling a lot of coffee percolators to the little company in Seattle; he flew out from New York City to see why. He fell in love with the company and pushed the founders to create the job of Director of Retail Sales for him.

The next year, Schultz spent his vacation in Milan. He experienced Italian café

culture and realized America had nothing like it. More importantly, he decided America was ready for such a “third place,” a location outside of the home and the office for people to gather. However, his employers did not share his vision. Schultz left to follow his dream, starting the Il Giornale chain of cafés in the Seattle area in 1985.

Two years later, Starbucks’ owners decided they were ready to leave the coffee business. Schultz put together a group of investors, including Bill Gates, Sr., and bought the company. He rebranded the Il Giornale stores as Starbucks and didn’t look back. It took him five years to prepare the company for a public offering, but by 2004, SBUX was number 8 on *Fortune* magazine’s list of “America’s Most Admired Companies.”

Since 1987, the company has expanded at an astonishing rate. Schultz’s hunch was right; America was ready for the third place provided by Starbucks. In 1987, Starbucks opened its first store outside of the State of Washington. Over the next eight years, the company spread throughout North America before opening its first overseas location in Japan. The company continues to open new stores at an impressive rate: 1,500 new stores have been planned for 2006. Starbucks has also grown through licensing relationships and by offering bottled drinks and bags of coffee for sale in grocery stores. Retail sales for 2003 were \$3.45 million.²

Corporate Culture

Starbucks’ unique culture was what led Howard Schultz to leave his successful appliance sales career and move his family from one coast of the country to the other. As it has grown, the leadership has been careful to maintain and grow the company’s culture. As

Schultz has said, “Building Starbucks has been very much about building the company my father never got a chance to work for.”³

All Starbucks’ employees who work more than 20 hours per week are eligible for benefits. The company also works with the farmers who grow the coffee beans to improve their lives, as coffee growing regions tend to be very poor and the cost of coffee has been depressed because of over-supply.⁴ Starbucks’ baristas tend to be proud of both the company they work for and the training they receive. Upper management is more diverse than most large companies in the United States.⁵ All of this has built the company’s reputation for being progressive, even liberal, for a large corporation.

Training

Barista training involves 20 hours of online and in-store on-the-job training. Many of the stores have wireless Internet routers. While the wi-fi connection is a great draw for customers, it also complements the company’s training program. After entry-level training, advanced programs are also available online, including the recently introduced “black apron” training for baristas to achieve *Coffee Master* status.⁶

The management training program involves another ten weeks.⁷ Starbucks knows that an important part of developing superior managers is making sure the right people go through the training program. Training for store development managers is conducted at headquarters in Seattle after the managers have worked for at least three months in a store.⁸

Customers

While employees clearly come first in the Starbucks culture, the customer is a close second. Starbucks’ fourth guiding principle

is to “Develop enthusiastically satisfied customers all the time.” “We recognized early on that the equity of the Starbucks brand was going to be the retail experience that the customers had in our stores,” says Schultz.⁹

As an industry analyst recently noted, “The two things that make them great are real estate and making sure no one has a bad experience in their stores.” Schultz says this is because “our customers see themselves inside our company, inside our brand—because they’re part of the Starbucks experience.”¹⁰

The Breastfeeding Protest: Got Milk?

On August 8, 2004, a new item was added to a Maryland Starbucks menu, but for a much younger crowd. About 100 people, including babies, the babies’ mothers and fathers, grandmothers and friends, filed into a Silver Spring, Maryland Starbucks coffee shop to stage a “nurse-in.” Holding signs, feeding babies, and passing out fliers on the benefits of breastfeeding, the mothers were focused.

The idea of the “nurse-in” began a month earlier, after a Starbucks’ employee received several complaints and asked Lorig Charkoudian to relocate to the bathroom or cover up as she breastfed her 15-month-old daughter in the Maryland coffee shop. Inspired by the incident, Lorig gathered about 30 mothers to breastfeed at the store and protest actions that they felt belittled the importance of breastfeeding, which they saw as a natural, healthy process. Lorig argued that covering is uncomfortable for the baby and that breastfeeding shows, in her words, “fewer breasts than the average beer ad.”¹¹

By 2005, Starbucks did not have an official policy regarding breastfeeding in its coffee shops. In Lorig’s case, the law was on her side. In Maryland, an act passed in 2003

prohibits stopping mothers from breastfeeding in public. Starbucks spokeswoman, Audrey Lincoff, responded by stating that “Starbucks complies with all applicable state and local laws regarding breastfeeding” and that Starbucks would “instruct our Maryland store partners to inform any concerned customer that by Maryland law, mothers have their right to breastfeed in public and to suggest to the customer that they either avert their eyes or move to a different location within the store.”¹²

Unfortunately for Starbucks, Lorig was not satisfied with this effort. She wanted Starbucks to allow breastfeeding in all of its 5,882 U.S. shops. To support her efforts, Lorig started a Web site, www.nurseatstarbucks.com, to allow mothers to send letters to Starbucks chief executive, Orin C. Smith.¹³ “It’s all about public acceptance of breastfeeding,” said Lorig.¹⁴ Supporting mothers seemed to agree with the decision to use Starbucks for their demonstrations. One participating “nurse-in” mother responded by saying, “If you look at the clientele during business hours, you’ll find a lot of young mothers with children who come to congregate and talk. If they want to continue to attract this clientele, they need to change their policies.”¹⁵ On the other hand, a regular, loyal customer inside the shop at the time of the demonstration responded by stating that Lorig’s decision was an “overreaction” and that in a place where he is eating or drinking, a “nurse-in” was the last thing he wanted to see.¹⁶

The Leader of the Pack

Lorig Charkoudian is no stranger to public confrontation and conflict. From the death penalty to elephant rights, she has been involved in a number of causes and movements. Recently voted one of “Maryland’s Top 100 Women,” Charkoudian has a

history of public confrontation and public demonstrations.

From 1995 to 2005, Charkoudian served as the founder and executive director of the Community Mediation Program (CMP) in Baltimore. The CMP was established initially to help Baltimore residents resolve conflicts nonviolently but developed into a much larger program spanning the State of Maryland. She is also employed as an adjunct professor in the University of Baltimore’s Negotiation and Conflict Management Program. Charkoudian is the recipient of numerous local awards in the Baltimore area, including the *Unsung Hero Award* (1999), the *Brick Award* (1997), and the *Human Rights Community Builder* (1997).¹⁷ Thus, it would appear the breastfeeding conflict at Starbucks is not the product of amateur activists; it is led by an experienced professional who knows how to lead and convince others to follow.

Past Problems

The breastfeeding issue is not the first to involve conflict and controversy in a Starbucks store. In 1995, Starbucks’ Corporate Customer Relations Manager, Betsy Reese, became aware of several problems associated with an espresso machine purchased by a customer named Jeremy Dorosin. In just six weeks, the problem had escalated to a point unforeseen by any Starbucks executive.

In April of 1995, Mr. Dorosin purchased an espresso machine from a California Starbucks, which left him unsatisfied because of defects. Upon returning the machine for repair, Dorosin received a “loaner” from the company. Apparently pleased with the performance of the machine he’d been loaned, Dorosin purchased another as a wedding gift for a friend. Unfortunately, his friend found the gift to be in unacceptable condition—dirty, wet, and not functioning properly—as if it had been previously used. Embarrassed, Dorosin

returned the wedding gift to the Starbucks store and complained to the manager. After several interactions with the manager, the corporate service supervisor, and the district manager, no resolution could be reached. Even when Starbucks offered apologies and gifts, Dorosin responded with “too little, too late.” In response, he chose to take the disagreement public and confront the company in the media.¹⁸

Jeremy Dorosin ran an advertisement in [the] *Wall Street Journal* on May 5, 1995, describing what had happened to him and asking if other people had similar or comparable bad experiences with Starbucks. In response, he received thousands of calls from angry customers, competitors, and employees. Although Starbucks’ and Dorosin’s stories differ concerning exactly when the company offered to apologize, one thing is crystal clear: the short timeline between problem and escalation. Between the first advertisement on May 5, 1995, until mid-June of that year, Dorosin received nonstop attention in four *Wall Street Journal* articles, three radio shows, three television program appearances, and one *New York Times* article.¹⁹ He even launched a Web site entitled, www.starbucked.com. Dorosin’s name serves today as a reminder to Starbucks of how small problems can escalate out of control.

Breastfeeding Legislation

On May 22, 2003, Maryland Governor Robert L. Ehrlich, Jr., signed legislation regarding breastfeeding in public. The State of Maryland Code, Title XX, Subtitle XIII states that:

- A mother may breast-feed her child in any public or private location in which the mother and child are authorized to be.
- A person may not restrict or limit the right of a mother to breast-feed her child.²⁰

This law gives a mother the right to breast-feed her child virtually anywhere in the State of Maryland but does not clarify whether or not an individual has the right to request that a mother cover her nipple during breast feeding.

Maryland was not the first to enact legislation specifically governing breastfeeding in public places. In fact, close examination of other state laws regarding breastfeeding reveals the complexity of the situation. By 2005, 16 U.S. states had no legislation exempting breastfeeding from indecent exposure laws. This leaves mothers who breastfeed in public at risk of violating a criminal statute.

Some states, such as Missouri, give mothers the right to breast feed in public, but with as much discretion as possible. Georgia laws previously incorporated similar language, until 2002 when it was removed. Conversely, nine states have legislation stating, “a mother may breast feed her baby in any location, public or private, where the mother is otherwise authorized to be, irrespective of whether or not the nipple of the mother’s breast is covered during or incidental to the breast feeding.” New Jersey and Connecticut state laws impose a fine and even potential imprisonment for persons discriminating against breastfeeding mothers. State law[s] in Hawaii and Illinois give breastfeeding mothers the right to bring proceedings against any person engaging in a discriminatory practice. Connecticut, Hawaii, and Louisiana refer to the restriction of the right of a mother to breastfeed her child as a discriminatory practice.²¹

Not only do numerous state laws address public breastfeeding, but many states have enacted legislation regarding breastfeeding in the workplace, deferral of jury duty, and the exemption of sales and use tax on breastfeeding related items. Coincidentally, Maryland was the first state to

exempt breastfeeding supplies from sales tax. Considering that thirty-four states have some form of legislation regarding public breastfeeding, it was becoming obvious to Starbucks management that breastfeeding mothers had become a powerful special interest group.

Breastfeeding Everywhere

Starbucks is not the only organization attempting to assess the impact that a breastfeeding policy (or lack thereof) might have on company performance. McDonald's experienced a similar incident as women across the country protested at local fast-food restaurants in support of Jamie Lovett. Ms. Lovett was asked to stop nursing her 9-month-old at a McDonald's in Birmingham, Alabama, on June 27, 2004. The McDonald's manager referred questions to marketing representative, Stacy Cox, who could not be reached for comment.²²

Burger King also experienced a similar incident at a franchise in Salt Lake City. Burger King implemented a policy that allows breastfeeding in its restaurants the night before a scheduled protest. A spokesman for Burger King responded to the incident by saying, "We want to be a family-friendly place." The new policy requires Burger King employees to ask complaining customers to move to a differ-

ent area of the restaurant. While Burger King's public apology and policy implementation satisfied the Utah woman, the same cannot be said for all breastfeeding advocates. Some women assert that a policy allowing breastfeeding is not enough. Advocates want restaurants claiming to be "family friendly" to provide a special room where mothers can breastfeed their children.²³

The array of responses from breastfeeding advocates makes it clear that satisfying all of their needs will be very difficult for any company. Any organization that succumbs to the demands of one breastfeeding mother will open itself up to even more demands. Organizations must decide how far is too far and address this issue before it becomes a major crisis.

Going Forward

Ms. Lincoff swept the clippings into a folder to take to the communications strategy meeting. She wondered what shape the final plan would take. Even a small incident could damage the brand if it were mishandled. As she headed down the hall, she thought about the conflicting goals of the stakeholders and possible ways to satisfy them. With growth and success in the marketplace come challenges and opportunities of many sorts; breastfeeding mothers and their babies appeared to be next.

DISCUSSION QUESTIONS

1. Should Ms. Charkoudian'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 that affect store operations change, how can Starbucks communicate the new laws to stores in that state to ensure that all stores are in compliance?