

## New Pledge: Starbucks Promises the Perfect Cup of Coffee Every Time

### Associated Press

Friday, February 29, 2008

**SEATTLE** — Nearly 7,100 company-operated Starbucks stores across the U.S. — all except the licensed shops in supermarkets, airports, malls, hotels and the like — closed at 5:30 p.m. local time Tuesday for a teach-in that was part espresso tutorial, part pep rally.



Starbucks Chairman and Chief Executive Howard Schultz said the 135,000 baristas who got the refresher course pledged to uphold "the uncompromising standards and quality that have made Starbucks the world's coffee leader."

Starbucks wouldn't disclose how much revenue it stands to lose during the shutdown, but analysts say the financial impact will be negligible compared to charges the company will take as it closes about 100 poorly performing U.S. stores this year and pays severance to more than 200 corporate support staff it

laid off last week. U.S. stores make up the bulk of Starbucks' revenue, which totaled \$9.4 billion in fiscal 2007, when the company earned more than \$672 million.

Meanwhile in Seattle, a line a dozen people deep snaked outside one of Caffe Vita Coffee Roasting Co.'s Seattle shops at dusk Tuesday, as the local chain gave away free espresso drinks while the world's largest gourmet coffee retailer shut its doors. Other rivals offered similar deals. Dunkin' Donuts slashed the price of its small lattes, cappuccinos and other coffee drinks for 99 cents for most of the day. Yet spokeswoman Michelle King demurred when asked if it was a competitive jab at Starbucks. McDonald's Corp., which has been trying to steal Starbucks customers by revamping its coffee menu, declined to comment on Starbucks' training effort and offered no special deals Tuesday.

Starbucks plans to train its international employees over the next month, as well as baristas who work at the company's more than 4,000 licensed shops.

*Additional information regarding the history of Starbucks<sup>®</sup> as well as their goals regarding expansion is available at [http://daughtrytimes.com/uploads/edition\\_9.doc](http://daughtrytimes.com/uploads/edition_9.doc)*

1. In paragraph form, explain how its competitors are making an effort to capitalize upon the 3-hour store closure.
2. According to an article written on Friday, September 22, 2006 by Craig Harris of the Seattle Post-Intelligencer ([seattlepi.com](http://seattlepi.com)), "A 12-ounce, or tall, cup of Starbucks coffee ranges from \$1.40 to \$1.65; a tall latte goes for \$2.40 to \$3.10; and a 12-ounce mocha sells for \$2.70 to \$3.40." Assuming prices have since risen 2.5% what is the difference between the mean and median cost of each beverage per ounce?
3. Profit constitutes approximately what percentage of Starbucks<sup>®</sup> overall 2007 annual revenue?
4. In its January 24 issue, Fortune Magazine says: "The coffee behemoth is justly famous for its generous benefits. One example: Part-timers and their same-or opposite-sex partners receive comprehensive health coverage. The magazine says average annual pay for salaried employees is \$44,790; for hourly employees, it's \$35,294." While rather unlikely however, probable...pretend our friendly neighborhood baristas earn the average annual pay for hourly employees. If their pay is based upon a traditional 40-hour work week, how much money was invested via baristas' income throughout the "part espresso tutorial, part pep rally"?
5. Similarly, to my previous colleagues (and my wife) in the great northwest, assume you too had an addiction to Starbucks<sup>®</sup> which amounted to \$6.54 (two cups) - school day and \$9.81 (three cups) - weekend. How much might one anticipate spending on coffee over the duration of one full academic school year on coffee?
6. Based upon the figures provided in the passage above, about how much money does each Starbucks<sup>®</sup> worldwide generate daily in 2007?
7. Upon completion of this assignment, how far have we progressed through the 2007-08 series of *The Daughtry Times*<sup>®</sup>? Express your answer as a fraction, decimal, percentage, and pie chart.
8. Complete *The Daughtry Times*<sup>®</sup> "Writing Guidelines" checklist on all questions requiring a written response.
9. Complete *The Daughtry Times*<sup>®</sup> "Preliminary Reading Guidelines" checklist prior to reading the passage.
10. Using contextual clues only, explain the meaning of the italicized words: *baristas*, *severance*, *demurred*, and *revamping*. Additionally, use each in a sentence to demonstrate further comprehension.
11. In paragraph form, explain at least five legitimate and educational purposes behind *The Daughtry Times*<sup>®</sup>.

