

Appendix A: Customer Survey & Results

1. How often do you come to this Starbucks Cafe?
 - Rarely
 - Once a week
 - Twice a week
 - Every other day
 - Everyday
 - More

2. How would you rate the performance of the staff in this Starbucks Cafe?
 - Poor...
 - Satisfactory
 - Good

3. How would you rate the facilities and overall appearance of this cafe? (Cleanliness, decorative aspects, furniture arrangement, etc.)
 - Poor...
 - Satisfactory
 - Good
 - Impressive!

4. How would you rate the coffee, food and other beverages of this Starbucks Cafe in comparison to other cafes in the area?
 - Better
 - About the same
 - Worse (if so, then what attracts you here today?)

5. Do you personally find the baristas friendly?
 - Yes
 - No

6. Do the baristas seem confident doing their job?
 - No
 - Yes

7. Do you feel the baristas are generally and genuinely happy when doing their job?
 - Yes
 - No

8. Do you feel the baristas are experienced enough to successfully handle a difficult situation or a complaint from a customer?
 - Yes
 - No

9. Have you ever had any complaints about this cafe? If yes, what was it about? How was it handled?
 - No
 - Yes

10. What is the best thing about this Starbucks cafe?

**Thank you for your time* ☺*

| | |
|-----------------|-----|
| Rarely | 25% |
| Once a Week | 5% |
| Twice a Week | 25% |
| Every other day | 45% |
| Every day | 0% |
| More | 0% |

| | |
|--------------|-----|
| Poor | 0% |
| Satisfactory | 70% |
| Good | 30% |

| | |
|--------------|-----|
| Poor | 0% |
| Satisfactory | 15% |
| Good | 70% |
| Impressive | 10% |

| | |
|----------|-----|
| Better | 25% |
| The Same | 75% |
| Worse | 0% |

| | |
|-----|-----|
| Yes | 80% |
| No | 20% |

| | |
|-----|-----|
| No | 30% |
| Yes | 70% |

| | |
|-----|-----|
| Yes | 35% |
| No | 65% |

| | |
|-----|-----|
| Yes | 60% |
| No | 40% |

| | |
|-----|-----|
| Yes | 60% |
| No | 40% |

Recurring complaints: Slow service, wrong drink, bad quality

10. Recurring qualities from greatest to least: Atmosphere, location, space, quality of coffee, and cleanliness.

Appendix B: Employee Survey and Results

1. Do you believe your personal performance is a significant factor in the success of this cafe?
 - Yes
 - No
2. What is your relationship with the other members of staff?
 - Poor
 - Needs Improvement
 - Normal
 - Good
 - Strong
3. What is your relationship with the manager?
 - Poor
 - Needs Improvement
 - Normal
 - Good
 - Strong
4. How would you briefly describe the general atmosphere within the workforce?
5. Do you enjoy interacting with the customers?
 - No
 - Yes
6. Do you prefer to frequently be told what to do by the manager or supervisor?
 - Yes; it helps me perform better
 - No; I don't need to be told what to do often
7. Do you feel you would be able to speak to the manager of any personal issues that may interfere with your job?
 - Yes
 - No
8. Do you often receive praise or recognition for what you do and effort you put into your job?
 - Yes
 - No
9. What is the most difficult thing about working here?
10. What in the workplace helps you perform to the best of your ability?
11. What do you enjoy most about working at this Starbucks Cafe?
12. Would you describe the manager as:
 - An active member of the workforce
 - OR
 - Director of the workforce
13. Do you feel your salary reflects the time and effort you put into your job?

| Yes | No |
|------|----|
| 100% | 0% |

| Poor | Needs Improvement | Normal | Good | Strong |
|-------|-------------------|--------|--------|--------|
| 0.00% | 16.67% | 58.33% | 16.67% | 8.33% |

| Poor | Needs Improvement | Normal | Good | Strong |
|-------|-------------------|--------|-------|--------|
| 0.00% | 50.00% | 25.00% | 8.33% | 16.67% |

Recurring responses to atmosphere in the workforce: friendly, enjoyable, tense, stressful, difficult due to lack of help from colleagues.

| No | Yes |
|----|------|
| 0% | 100% |

| Yes; it helps my performance | No; I don't need to often be told what to do |
|------------------------------|--|
| 58.33% | 41.67% |

| Yes | No |
|-----|-----|
| 25% | 75% |

| Yes | No |
|--------|--------|
| 33.33% | 67.67% |

9. Recurrences: shortage of baristas during busy times, lack of more baristas to ease work, making drinks, serving people during peak times, handling complaints, communicating with people I work with, getting along with the manager's regulations (i.e. mopping the floor frequently, store opening too early, long hours).

10. Help from the colleagues, cooperation, my own motivation, and positive feedback from manager, happy customers, and the good environment

11. Learning how to make good coffee, taking with people, being with colleagues

| Active Member | Director |
|---------------|----------|
| 33.33% | 66.67% |

| No | Yes |
|-----|-----|
| 75% | 25% |

Appendix C: Financial Times Article

Starbucks to cut 6,700 jobs amid falling sales

By Jonathan Birchall in New York

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Starbucks is to close more stores, sell a newly delivered \$45m corporate jet and cut headquarters staff and worker benefits as it battles a slump in sales that has tracked the broader collapse in global discretionary spending.

The coffee retailer said on Wednesday that it would shut 300 more “underperforming” locations – 100 of them outside the US – after a 9 per cent fall in comparable sales in the last three months of 2008. It announced a first wave of 600 US store closures last summer.

The move will result in about 6,000 job losses, while an additional 700 corporate and support jobs will also be cut – half of them at its Seattle headquarters.

Howard Schultz, chief executive, said that since early December the company had seen a far more rapidly deteriorating global economy than it had expected before the holidays.

“The data shows that by virtually all statistical measures the pace of weakening in the business environment and global economy we were anticipating has been accelerating,” he said.

Mr Schultz has asked for his salary to be cut to less than \$10,000 – from more than \$1.2m previously – and the company is selling two of its three corporate jets, including a Gulfstream 500 delivered in December.

US comparable stores sales fell 10 per cent during the quarter, as fewer customers spent less on their visits.

International comparable sales also turned negative for the first time, with the biggest slowdowns seen in the UK and Canada, its two largest international markets. Starbucks has about 670 company-owned stores in Britain, and around 7,000 in the US.

The company said that it was also further reducing its planned new store openings in 2009, with 140 new US stores, down from its previous target of 200, and 170 new international

stores, down from a previous target of 270. It is also cutting back on plans for new licensed stores.

The reduced opening plans will cut its capital expenditure for the current fiscal year by around \$100m to \$600m. Starbucks expects the cost cuts to save an extra \$100m, on top of a targeted \$400m in savings announced in December.

Starbucks' overall net revenues for its first quarter fell 6 per cent to \$2.6bn. Earnings fell to \$64.3m, down from \$208m in the same quarter last year, including a \$75m charge largely from store closing costs.

Diluted earnings per share fell to 9 cents, worse than Wall Street expected.

Source: Financial Times Online.

Appendix D: Leading Coffee Branded Shops in the Uk & Ireland

Table 14: The Leading Operators of Branded Coffee Shops by Number of Outlets in the UK and the Republic of Ireland (number and %), 2004-2007†

| | 2004 | 2005 | 2006 | 2007 | % Share of May the Top 12 2007 |
|--------------------------|--------------|--------------|--------------|--------------|---|
| Costa | 285 | 336 | 430 | 555 | 26.5 |
| Starbucks | 425 | 470 | 510 | 547 | 26.1 |
| Caffè Nero | 162 | 214 | 262 | 310 | 14.8 |
| Caffè Ritazza | 95 | 115 | 135 | 170 | 8.1 |
| BB's Coffee & Muffins | 90 | 115 | 140 | 160 | 7.6 |
| Puccino's | 106 | 106 | 106 | 106 | 5.1 |
| Tchibo | 25 | 38 | 60 | 73 | 3.5 |
| Café Nescafé | 44 | 44 | 47 | 50 | 2.4 |
| Coffee Republic | 65 | 55 | 44 | 42 | 2.0 |
| AMT | 34 | 34 | 34 | 34 | 1.6 |
| Café Thorntons | 25 | 27 | 30 | 32 | 1.5 |
| Muffin Break | 10 | 13 | 17 | 19 | 0.9 |
| Madisons | 22 | 20 | 18 | - | - |
| Total | 1,388 | 1,587 | 1,833 | 2,098 | ‡100.0 |
| % change year-on-year | - | 14.3 | 15.5 | 14.5 | |

† — data for 2004, 2005 and 2006 represent outlets at end of varying financial years

‡ — does not sum due to rounding

Source: Company information/Key Note

Appendix E: Factors Affecting the Market

Changing Demographics

Target Group Index (TGI) research carried out from April 2006 to March 2007 identified women as being greater users of coffee shops than men. The data revealed that 62.7% of women, compared with 49.1% of men, had used coffee shops in the past 12 months. Overall, 56.1% of adults had visited a coffee shop during this period. Frequency of usage was most likely to be less than once a week — 30.4% of adults visited coffee shops less than once a week, with 5.6% doing so once a week and 3.3% more often.

More than half of all the over-25s had used coffee shops in the past 12 months, although penetration was not much lower than this for the under-25s. Usage fell according to social grade, from 70.6% of As, to 44.4% of Ds and 44.3% of Es.

Table 1: Usage of Coffee Shops in the Past 12 Months by Sex, Age and Social Grade (% of adults), 2007

| | All Users | More Than | Less Than | |
|---------------------|-----------|-------------|-------------|------|
| | | Once a Week | Once a Week | |
| Total | 56.1 | 3.3 | 5.6 | 30.4 |
| Sex | | | | |
| Men | 49.1 | 3.2 | 4.4 | 26.5 |
| Women | 62.7 | 3.4 | 6.8 | 33.9 |
| Age | | | | |
| 15-19 | 45.6 | 2.1 | 4.0 | 23.3 |
| 20-24 | 48.7 | 3.2 | 4.3 | 25.7 |
| 25-34 | 58.4 | 2.9 | 4.7 | 32.6 |
| 35-44 | 58.9 | 3.9 | 5.7 | 32.2 |
| 45-54 | 60.1 | 3.5 | 5.9 | 33.3 |
| 55-64 | 59.8 | 3.1 | 6.3 | 32.9 |
| 65+ | 52.8 | 3.5 | 6.7 | 27.2 |
| Social Grade | | | | |
| A | 70.6 | 5.4 | 5.6 | 36.1 |
| B | 69.1 | 4.7 | 5.7 | 38.7 |
| C1 | 59.3 | 3.2 | 6.2 | 32.5 |
| C2 | 48.6 | 2.6 | 4.8 | 27.1 |
| D | 44.4 | 2.3 | 5.4 | 22.6 |
| E | 44.3 | 2.9 | 5.8 | 21.2 |

Source: Target Group Index (TGI), © BMRB International Ltd, 2007