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# Product Innovation at Starbucks

Mary Wagner, Ph.D



## Mary K. Wagner, Ph.D

### SVP, Global R&D/Quality, Food Safety & Regulatory

- Joined Starbucks in April 2010
- 35+ years in research, development, quality, regulatory, and general management across a broad range of retail and consumer product companies, including Mars Inc., E&J Gallo Winery, YUM, and General Mills, Inc.
- Ph.D. in Food Science & Nutrition from the University of Minnesota; M.S. and B.S. from Iowa State University; PMD from Harvard
- Favorite drink is a Grande Americano with an extra shot

# Today's Agenda

- Review key consumer and innovation trends
  - Innovating Beyond the Product
  - Better Food...Better for Me
  - Premiumization of Convenience
- Discuss implications of trends on Starbucks' Product Innovation & Quality / Food Safety



Major Trends

# Innovating Beyond the Product

*Product innovation today goes well beyond what was traditionally focused on the product itself*

## Target's Designer Collaborations



*Target partners with renowned fashion designers to differentiate itself*

## Black Box Wines' Packaging & Branding



*Black Box Wines tapped into its packaging as a way to have a distinguished product in market*

## Tesla Motors' E-Commerce Platform



*Tesla Motors was the first in its industry to set up a E-Commerce business, revolutionizing the car buying customer experience*

## Nike's Incorporation of Digital into Products



*Nike integrated digital technology into its athletic apparel / gear to create a completely different workout experience*

# Better Food...Better for Me

*Consumer demand for healthier, locally sourced options continues to grow*

## Demand for Local, Fresh, Healthy Options



Consumers are demanding healthy foods. Global sales of healthy food options are estimated to reach \$1 trillion by 2017

## Commitments to “Free From” Ingredients



Antibiotic free meats



No Artificial Ingredients

## Government Intervention



Governments globally are intervening to help consumers make more informed decisions as well as passing regulation to prompt change:

- Added sugar guidelines
- FDA's revised Nutrition Facts Label
- Focus on sodium content



# Premiumization of Convenience

## On-demand Food Delivery



**GRUBHUB**



**POSTMATES**

## Fresh Grab & Go



*Walgreens*



## Made-to-Order Healthy Fast Food

**sweetgreen®**





Product Innovation at Starbucks

## Starbucks' Mission



### Mission:

To inspire and nurture the human spirit-one person, one cup, and one neighborhood at a time.

## The foundation - sustaining successful innovation has to be rooted in strong corporate culture

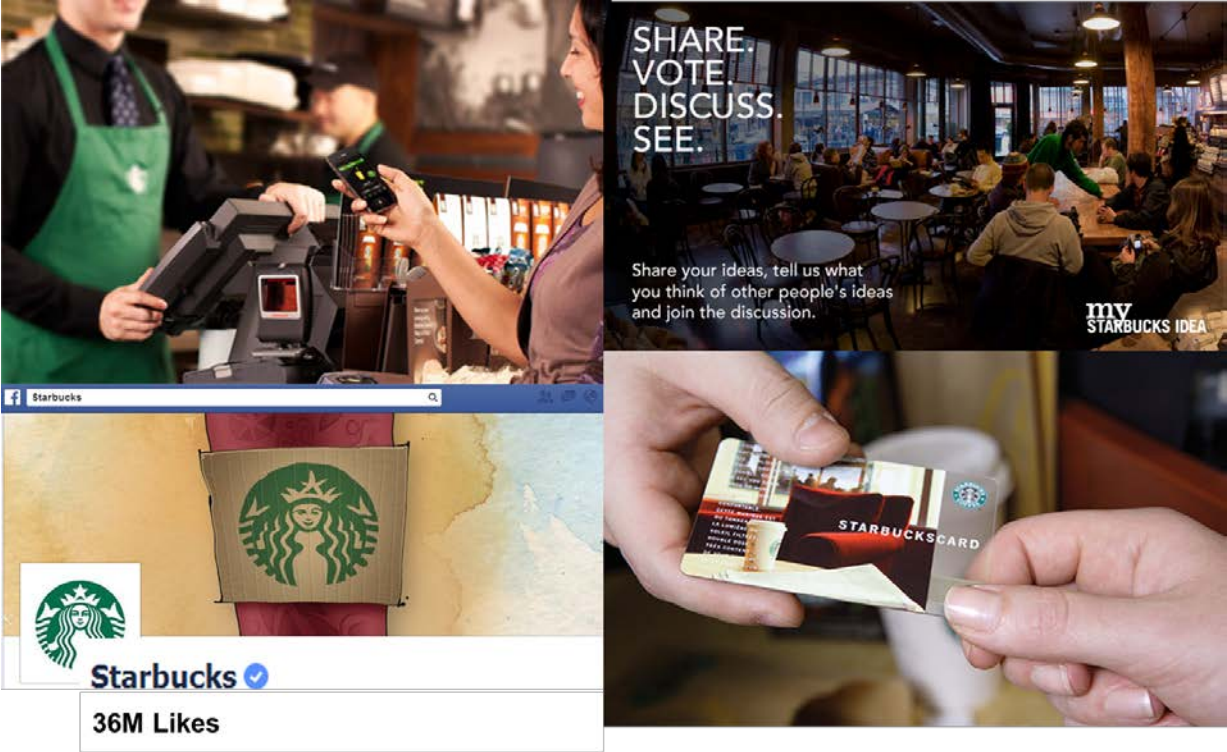


“Risk more than others think safe. Dream more than others think practical. Expect more than others think possible.”

# Store Design: A successful innovation culture will permeate an organization



# Digital: A successful innovation culture will permeate an organization



# Partner (employees): A successful innovation culture will permeate an organization



Medical Insurance

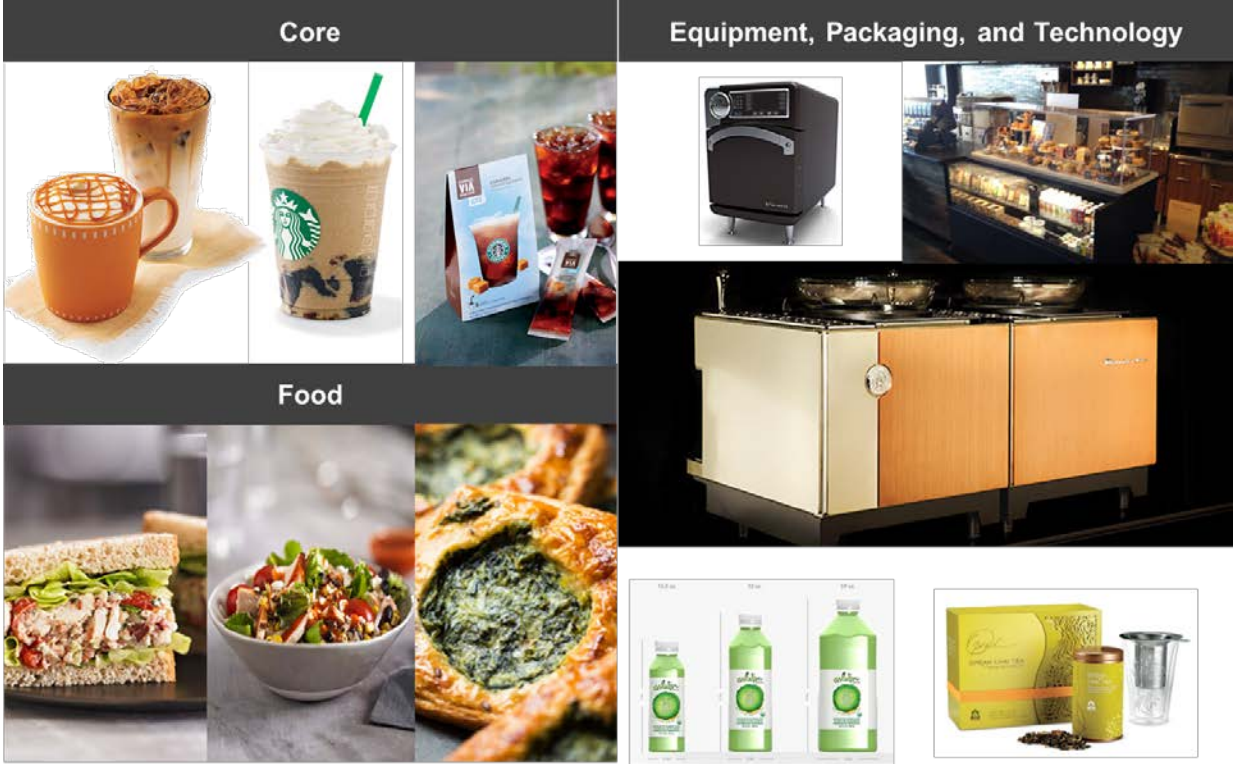
Bean Stock

Veterans Commitments

Opportunity Youth Commitments

Education

# Platforms & Products: A successful innovation culture will permeate an organization





# Starbucks Product Innovation



# Enablers of Innovation at Starbucks

## Who We Are



## Our Innovation Approach

Experience-based, not product-based



Grounded in consumer emotions

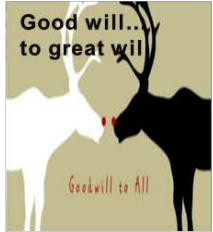
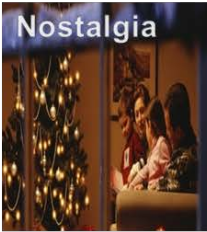


Co-created with partners & consumers



# Grounding innovation in the emotion of holiday

## Themes



## Immersion



Chestnut Praline Latte

# New experience differentiators



# The Starbucks Roastery is the pinnacle of the coffee experience



# Roastery Signature Beverages



**Shakerato bianco**



**Sparkling espresso  
with mint**



**Americano con crema**

# Recently launched innovations that address customer demand for healthy options

... and let's not forget Starbucks now serving Almondmilk!



*Cold Brew  
(incl. Nitro)*



*Flat White*



*Vanilla Sweet Cream  
Cold Brew*



At Starbucks, we emphasize the importance of convenient, premium products to meet our customers' needs



*Bistro Boxes*



*Ready to Drink Products*



*Evolution Fresh Juices &  
Yogurt Parfaits*



We strive to create the best customer experience by delivering safe, compliant, and high-quality products

Safe



Compliant



High Quality

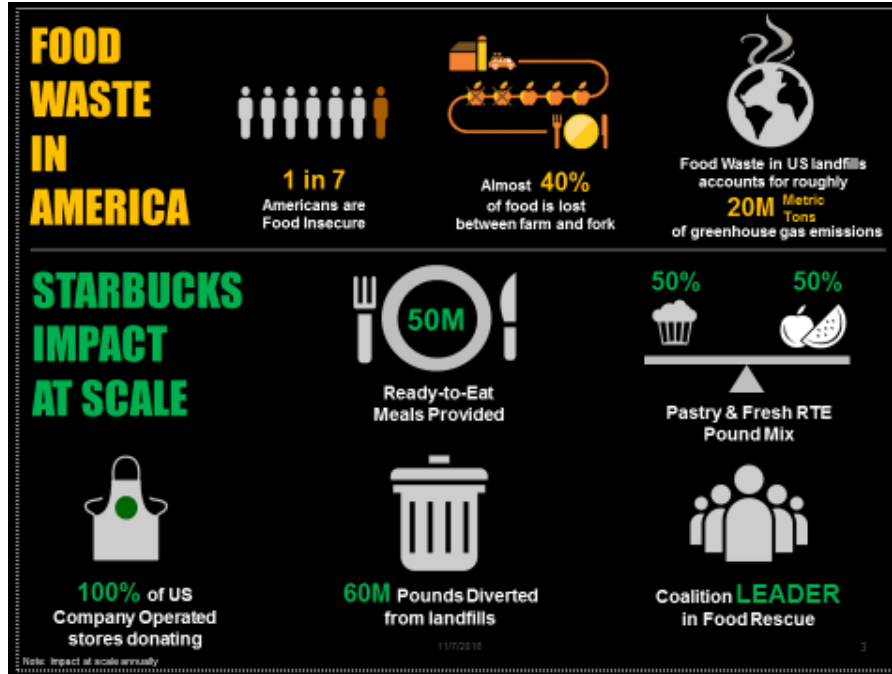


Happy



# Starbucks' FoodShare: Leading a Nationwide Effort to Donate Food

*Food Safety & Quality was critical in ensuring a successful launch of Starbucks' FoodShare program*



## Summary

- Culture is paramount
- Innovate for an emotional experience, not a product
- Engage your greatest assets – people and customers in the co-creation process
- Leverage and customize processes to help bridge the gap between art and science

A close-up photograph of a glass of almond milk on the left, which is out of focus. To the right is a glass jar filled with almonds, which is in sharp focus. The background is a warm, golden-yellow color.

**Questions?**