

Brian Niccol's turnaround strategy for Starbucks delivers early results

Article



The insight: Starbucks CEO Brian Niccol's turnaround strategy is showing early signs of progress.

Sales fell less than expected in fiscal Q1 and improved sequentially from the previous quarter, an indication that his aggressive moves to transform the company's in-store experience and corporate structure are resonating with consumers.

Back to Starbucks: Niccol's plan to reestablish Starbucks as the community coffeehouse centers on offering customers a more premium experience, complete with personal touches like handwritten notes on cups and macchiato art.

- Customers who stay in the cafe can opt to receive their drinks in ceramic mugs.
- Those who do so can enjoy unlimited free coffee and tea refills during their visit.
- Starbucks' condiment bar is also making a comeback, allowing customers to add their choice of creamer and milk as well as sweeteners to their drinks—a move that enhances satisfaction while speeding up service.

As part of the experience overhaul, Starbucks is looking to make its stores more exclusive. The company replaced its open door policy with a code of conduct that restricts access to bathrooms and other store spaces to paying customers. Employees also have the power to remove patrons exhibiting off-limits behavior such as discrimination and harassment, violence or abusive language, and panhandling.

Streamlining operations: Niccol's desire to reinvent Starbucks extends to its corporate structure. He plans to eliminate an unspecified number of corporate employees as part of a broader reorganization to improve operational efficiency, reduce complexity, and increase accountability.

- The company will shift to a new retail operating model to ensure clearer accountability for stores' performance, which includes two new roles: chief stores officer and chief store development officer.
- The former will be responsible for Starbucks' retail teams, store performance, and customer solutions, while the latter will oversee store design and development strategy.
- More changes are forthcoming as Niccol, who joined the coffee chain last year from **Chipotle**, looks to trim organizational layers and cut the number of roles focused mainly on coordinating work.

Improving the employee experience: While Starbucks' corporate employees brace for restructuring, the company is planning to allocate more resources to its in-store workers, who are central to its ability to bring customers back to its cafes.

- The company is working to improve staffing levels and adjust its mobile ordering system to avoid overwhelming employees.
- Starbucks will also limit customization options and pare its extensive menu to deliver faster, more efficient service.
- Those moves are already improving [worker satisfaction](#) and reducing turnover, though the breakdown in negotiations between Starbucks and its unionized workforce shows that the company has significant work to do to address employees' concerns.

Looking ahead: Starbucks' turnaround won't be easy. The company is struggling to change consumers' perception of the brand, which has suffered due to steady price hikes, long wait times, and highly public spats with its workers union—culminating in a strike during the holiday season.

- North America and US comparable sales fell 4% YoY in Q1, the fourth consecutive quarter of declines, as a 4% increase in the average ticket failed to offset an 8% decline in transactions.
- Still, the company is seeing a “positive response” to its changes, Niccol said in its earnings statement, and is confident that it's on the right track to restore sales.

This article is part of EMARKETER's client-only subscription Briefings—daily newsletters authored by industry analysts who are experts in marketing, advertising, media, and tech trends. To help you start 2025 off on the right foot, articles like this one—delivering the latest news and insights—are completely free through January 31, 2025. If you want to learn how to get insights like these delivered to your inbox every day, and get access to our data-driven forecasts, reports, and industry benchmarks, [schedule a demo with our sales team](#).