

# Starbucks rewards devaluation risks dampening mobile wallet growth

Article

**The news:** Starbucks will increase the number of rewards points needed to earn many popular items through its mobile wallet, according to its Terms of Use page.

- Consumers will need twice as many points to earn brewed hot coffee, bakery items, and hot tea, per PYMNTS.
- Breakfast items, specialty drinks, and packaged food items will also require more points.
- Not everything increased: Starbucks will lower the number of points needed for iced coffee, iced tea, and packaged coffee.

**Scapegoating inflation:** Starbucks isn't alone in devaluing its rewards programs, and its argument that decades-high inflation forced its hand is a familiar refrain.

- In recent months, **Zaxby's**, **Dunkin'**, and **Chipotle** have all restructured their rewards programs to make redemption more costly, per PYMNTS.
- It's not just food and beverage companies either—**Chase** [weakened its Pay Yourself Back program](#) for Sapphire Preferred and Reserve cardholders this week. The program, introduced early in the pandemic, lets cardholders redeem points in categories outside of travel.

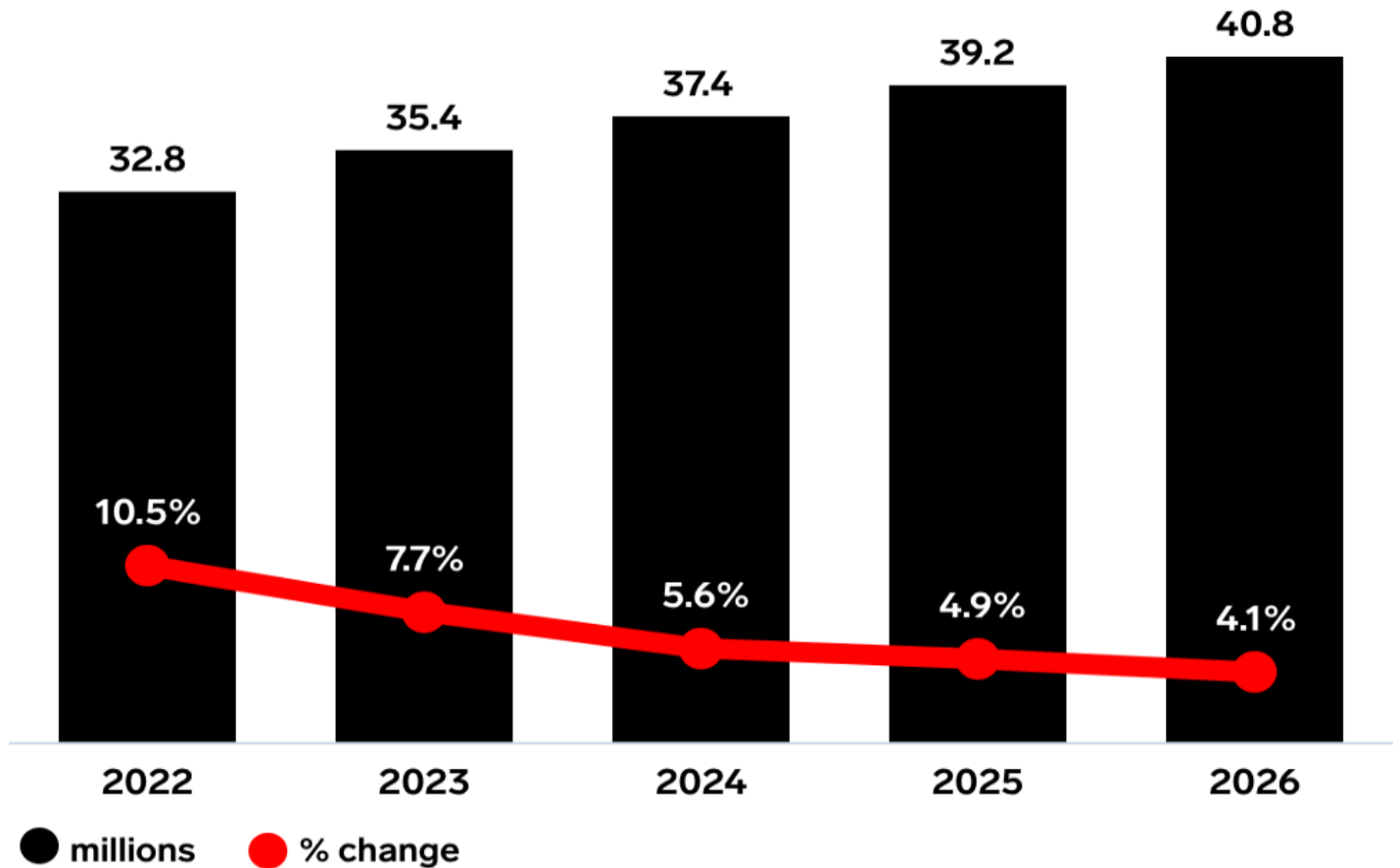
Inflation has had an outsize effect on food and beverage providers. Rising food prices have outstripped broader inflation every month since March 2022, [according to](#) the Bureau of Labor Statistics' Consumer Price Index (CPI). **Food inflation hit 10.6%** year over year in November, moderating less than the broader inflation picture.

**What's at stake:** Consumers also contending with inflation have [flocked to rewards programs](#) to weather economic headwinds. Devaluing Starbucks' rewards program now—before inflation normalizes meaningfully—could have unintended consequences for its widely popular mobile wallet.

- While not a conventional fintech, Starbucks has built the [second-largest mobile wallet in the US](#)—with a forecasted **35.4 million users in 2023**, per our forecasts. **Google Pay** and **Samsung Pay** trail with 26.4 million and 14.3 million, respectively. **Apple Pay** leads that pack with 48.7 million.
- The generous rewards program was likely a top engagement driver that helped Starbucks cement its mobile wallet dominance. The devalued points could be a drag on growth: We expect Starbucks' mobile wallet user growth will **slow to 7.7%** this year, down from 10.5% in 2022.

# Starbucks Mobile App Users and Penetration

US, 2022-2026



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past month using the Starbucks mobile app

Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com