

2401 Utah Avenue South
Seattle, WA 98101
Phone: (800) 782-7282
www.starbucks.com



MEMORANDUM

To: Howard Schultz
From: Corey duBrowa, Vice President of Communications
Date: February 9, 2016
RE: New CSR 'What the Cup' Campaign

As a company that values our planet as its most important business partner, we can do more to raise awareness about waste reduction through the power of the Starbucks cup. Last year McDonald's revenue hit \$26 million taking the lead over Starbucks.¹ "What The Cup" is a reusable tumbler that will go on sale in December and activate in January. Purchasing this 50-dollar cup grants each owner a month of free coffee or tea. Fifty percent of the proceeds go towards our partner, the Paper Recovery Alliance and Plastics Recovery Group.

We have always struggled to get the ball rolling on customers' use of personal tumblers of 2% of transactions. Selling a cup that grants a free month of each customer's favorite drink personalizes the campaign. "What The Cup" will attract day-to-day consumers by offering a free month of coffee or tea when they use their tumbler. For the occasional Starbucks drinker, this is an incentive to visit us more often or send a gift to someone that already does. A month of free coffee will reel in customers from competitors like Dunkin' Donuts and McDonalds.

Bringing in new and current customers allows us to freely advertise our loyalty program by word of mouth. For each customer who fills the custom tumbler, the employee will share how the tumbler holds significant use even after the free month is up. Customers that use a tumbler save 10 cents and a paper cup per use.

The sustainability team strongly promotes:

- Using reusable cups or tumblers
- Enhance our partnership Paper Recovery Alliance and Plastics Recovery Group
- Consider the opportunity at stake to make a global impact and reduce our carbon footprint

A large part of the Starbucks CSR is recycling and reducing waste. While we will not only save on cup supply but we also save on trash hauling. In 2014, our customers brought in a reusable cup 47.6 million times, equating more than five percent of our

¹ Hawley, Julia. "Who Are Starbucks' Main Competitors? (SBUX) | Investopedia." Investopedia. Investopedia, 13 Oct. 2015. Web. 17 Feb. 2016.

goal.² In 2013, we launched \$1 reusable cups to customers to increase awareness of minimizing waste.³ In 2006, we began offering a cup with 10 percent post-consumer recycled paper fiber in North America.⁴ Additionally, we include 50 percent post-consumer, recycled PET in our cold cups used in European markets.⁵ Reusable cups are an important component of our overall waste reduction strategy.

As we take the green-lead, we positively influence competitors to follow. We have previously seen McDonalds transition from polystyrene cups to paper cups to reduce harmful impact on our environment. Additionally, Dunkin' Donuts pledged phase out of using foam cups this year. "What the Cup" will increase Starbucks revenue, sustainable awareness and customer loyalty.

² "Environment." <i>Starbucks Coffee Company</i>. Starbucks, n.d. Web. 09 Feb. 2016.

³ "Environment." <i>Starbucks Coffee Company</i>. Starbucks, n.d. Web. 09 Feb. 2016.

⁴ "Environment." <i>Starbucks Coffee Company</i>. Starbucks, n.d. Web. 09 Feb. 2016.

⁵ "Environment." <i>Starbucks Coffee Company</i>. Starbucks, n.d. Web. 09 Feb. 2016.