The Starbucks Union Boom: How a Pro-Worker Employer Became a Union Target
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Introduction

Starbucks is a Seattle-based coffee company founded in 1971. Starbucks has become a household name in and outside of the home for millions of people – selling an average of 4 million cups of coffee every day (Nguyen, 2022). Competitors are few and far between, especially at the scale Starbucks towers. Competitors for coffee itself are slim in comparison, but so are competitors in the workplace and employment experience. Starbucks offers highly competitive wages and benefits – including health coverage, tuition assistance or coverage with Arizona State University online program, paid time off (PTO), and retirement plans. Starbucks dominates the industry on several fronts.

As a result of multiple internal and external factors, Starbucks baristas – or “partners” as they’re referred to internally – became inspired to unionize despite Starbucks’ legacy of leading far above the bar of employment, wage, and benefits standards in the food and beverage industry. Starbucks values the importance of a good relationship between Starbucks partners, branch management, and chief executives. Starbucks believes that a union would add an unnecessary hurdle in communication between the management and partners. Including a third party outsider in the important conversations the company regularly engages in about making the workplace more comfortable for partners only complicates a preexisting, well-oiled system.

The “One Starbucks” campaign was intended to take control of a chaotic unionization situation. “One Starbucks” is a comprehensive and long-term campaign with the goal of further connecting branch employees all the way to the highest levels of management at Starbucks. This campaign ultimately aimed to remind employees of unionizing locations that leadership at Starbucks is not out of reach, rather, is there to help. Eventually, legitimate concerns from employees at every level were able to be addressed without a union at some stores that considered unionizing. Although the battle is still ongoing, significant progress has been made and it is clear that Starbucks’ ability to reach out to partners and garner public support will continue to lead Starbucks to a good place.
Labor Movement Background

Labor unions are integral to United States history. The American Federation of Labor (AFL) was founded in 1886, providing workers with increased wages, reasonable working hours, and improved workplace safety. The union membership rate in 1983 – the first year data is available – was 20.1%, meaning one in five workers were unionized in the United States. Membership maintained firm as the labor movement gained more traction, where there was a collective demand to protect worker interests. However, according to the Bureau of Labor Statistics, membership has declined throughout the years, reaching 10.3% in 2021.

However, the United States is seeing one of the most extensive unionization efforts in recent memory, catalyzed by the alignment of every pro-labor star imaginable (Tarasov, 2022). A post-pandemic work environment reignited the collective desire to advocate for the best working conditions after facing the daunting reality of jobs not adequately providing for employees, prompting the push for better wages. Additionally, several factors go into the rise of the newfound labor movement. For example, “the U.S. has seen four decades of stagnant wages, large companies made even more profits after the pandemic lockdowns, and there are lots of jobs available without enough applicants to fill them.” (Tarasov, 2022). In addition to the Biden administration’s strong pro-labor stance, the culmination of these factors mobilized workers from Amazon, Apple, Microsoft, and Starbucks.

Food and drink establishments are historically the least unionized workplaces, with only 1.2% of all workers unionized in 2021 (Hsu, 2022). This makes the surge in union efforts within Starbucks a unique case. In eight months, Starbucks grew from three unionization efforts in Buffalo, New York, to 250+ unions across the country, with more joining the movement at an exponential rate (Hsu, 2022). An NPR analysis looked into the timeline for this wave of unionization, and all signs prove that this trend will continue late into 2022 (and potentially longer). Starbucks Workers United (SWU), supported by Workers United, is the union collective leading the organization's efforts and has implemented an intricate public relations campaign to gather support for unionization.
The Unionization Process

The unionization process starts with workers organizing with the idea of better working conditions. Every store has to set up a separate election but Starbucks Workers Union sets the infrastructure and information to serve as catalysts for a successful election. While there are multiple ways for stores to begin the unionization process, going through the National Labor Relations Board for certification is the most traditional path. According to the NLRB, the union process begins when 30 percent of workers sign cards petitioning to have an election. Elections, conducted by the NLRB, then take place over the ensuing weeks as workers debate the benefits and conditions of the union. Once the votes are tallied, the store needs a simple majority for the NLRB to certify the union as a representative for collective bargaining. The representatives can then meet with their employers and begin contract negotiations for improved worker benefits in a process that takes months. The contract negotiations are unique because the Starbucks corporation won’t negotiate nationally, so each store has to negotiate its separate contract.

In the case of Starbucks unions, they have been tremendously successful in not only propelling elections to take place but winning them as well. While this is due to a combination of motivated employees and support from Workers United, Starbucks has done little to mend the relationship between them and their employees. They have been under constant fire for legal anti-union practices and unfair labor practice charges, with 67 being filed in May alone (Bruenig, 2022). According to Union Election Data, the culmination of these factors has led to Starbucks unions winning a shocking 83% of their elections. A high win rate is considered an anomaly in the contemporary reality of unionizing in the United States. What makes this feat so interesting is that they’re doing it with a massive number of 307 unwithdrawn elections (elections processes that get cancelled internally), with 44 still open as of November 2022.
Important dates:
- August, 30th, 2021 - The first three Starbucks petitioned to unionize in Buffalo, New York.
- December 9th, 2021 - The first of those “founding” petitions elected to unionize.
- November 17th, 2022 - Red Cup Day where workers went on strike to raise awareness causing petitions to skyrocket in the weeks after.
Messaging and Tactics

Since the unionization discussions began, Starbucks has released a number of press releases on their website, aimed at communicating changes being made for the benefit of their partners. Firstly, Starbucks announced its new, “Unparalleled Reinvention Plan” in September 2022, highlighting the new rededication to Starbucks partners in its own section. The plan includes “wage and recognition innovation,” “new well-being benefits,” “personalized career mobility,” and “investments in store managers,” (Starbucks Stories, 2022) all designed to address the needs communicated by partners. Additionally, other press releases have included efforts to broaden racial and social equity, student loan savings and management programs for partners, a $2 billion investment in uplifting partners and the store experience, and more (Starbucks Stories). These press releases have been published every three to four months on their website, however Starbucks has not actually mentioned the word “unionization” in the press releases, website, or social media. Starbucks has opted to focus on a narrative of company improvement and collaboration, shifting focus to the future.
Messaging and Tactics

New language and information has been added to the Starbucks website under “Inclusion & Diversity.” The statement writes, “Our partners (employees) are at the heart of everything we do. That’s why we’re taking bold actions to support their growth by setting ambitious goals, offering effective development tools, and holding ourselves accountable” (Starbucks Coffee Company, 2022). The website page goes on to list specific actions Starbucks is taking to address the concerns outlined by unions and partners, such as “creating accountability at leadership levels,” “increasing spend with diverse suppliers,” and “advancing equity in our communities,” again returning to the tactic of shifting focus to Starbucks’ future.

On social media, Starbucks has begun using its Instagram account to periodically spotlight Starbucks partners and their stories. These stories speak to who the partners are and moving experiences they have had, including direct quotes from the partners. These posts provide a narrative and backstory to Starbucks partners, making them feel seen and heard while engaging Starbucks’ audience to bolster brand trust. Much of their content on other social media platforms surrounds drinks and customers, often posting seasonal offers or reposting customer content. Again, there is no mention on Starbucks social media platforms of unionization.
The Starbucks Union Boom

Factors

**INFLATION**

Inflation rose to 7% during the COVID-19 pandemic—a 40 year high. Starbucks raised the wage floor to $17.00 an hour in October 2021 before the first store unionized with Starbucks Workers United. Despite the wage increase, alongside pre-existing benefits, some partners argued it wasn’t enough and others felt that other concerns weren’t being addressed.

**COVID-19**

The COVID-19 pandemic disrupted many parts of everyday life. Although Starbucks’ COVID-19 safety protocols were exceptional and following CDC guidelines across all stores in the United States, partners often faced customers who refused to follow protocols, very angry and outraged in some cases, and had to put in a lot more physical and emotional labor to create a safe customer experience.

**OTHER UNIONIZATION EFFORTS**

Starbucks partners were not the only workers who were looking to unionize at the time. As discussed on the next page, Amazon had a large unionization and striking movement that gained a lot of attention. Along with Amazon, Kelloggs, Kroger, John Deere, nurses, teachers, and many other organizations and workers were engaging in efforts to unionize around the same time. Out of all of those companies, Starbucks provides the most comprehensive benefits and pay, but partners resonated with their efforts and rhetoric despite that.

**THE UNION BOOM**

As mentioned previously, many other organizations had began engaging in unionization efforts in 2021. Union membership dropped significantly since the 1930’s and hadn’t spiked up again until 2021. Many of these factors listed had big roles to play for everyone, along with other factors like having an openly pro-union president, and other unions collaborating together, like the Teamsters union offering support to Amazon, or UFCW supporting the new Starbucks union (CNBC, 2022).
Comparison to Other Companies

On April 20, 2021, the Staten Island Amazon branch not only voted to unionize, but voted to unionize under a brand new labor union called the Amazon Labor Union. Similar to Starbucks Workers United, the Amazon Labor Union was formed by current and former Amazon workers, meant to be a union exclusively for Amazon. The Amazon Labor Union and Starbucks Workers United are unique in their situations, especially during the time of the union boom. Most unionizing efforts were involved with national unions like UAW, SEIU, UFCW, and others.

The Amazon Labor Union was formed by Christian Smalls as his experience with labor organizing started with Amazon. Smalls was fired from Amazon and promptly moved to organize the new Amazon Labor Union. Union elections in Staten Island were successful, but further warehouse unionization efforts have failed. Although Starbucks has several unionized stores, Amazon's approach to avoiding unions has been effective only in the short-term. Starbucks has made efforts to correct concerns from partners and creating long-term positive relationships with their stores. Amazon, on the other hand, has built a poor reputation of harmful "union-busting" efforts and not addressing concerns from employees (New York Times, 2018).
National Media Coverage

From August 2021 to today, Starbucks continues to receive massive media coverage on the progression of unionization. With over 20K+ media placements throughout the year’s timeline of the progression of events, nationwide news outlets such as CNN Business, Fortune Magazine, New York Post, New York Times, and AP News have followed the progression of the unionization of Starbucks, also local news outlets such as Asbury Park Press, DCist, Santa Cruz Sentinel, Alabama Political Reporter, Colorado Public Radio, etc… have covered the news on local Starbucks shutting down or voted in favor of unionization. There are 2K+ media placements from newspapers and publications online highlighting this news in only the month of August, when union efforts began.

“Efforts to unionize Starbucks locations have been gaining steam since December 2021, when a store in Buffalo became the first to unionize. As of two weeks ago, 259 stores have voted to unionize and 57 have voted against organizing, according to the NLRB” (Wiener-Bronner, 2022).

Starbucks began receiving national media coverage through a wide range of news outlets when the very first unionization votes took place in December 2021. The initial breaking news headlines specified and informed on the process of the first vote to unionize Starbucks where it all began in three Buffalo, NY stores. Coverage from NPR informed the number of votes in favor, against, and a failed verdict for one of the three stores; it also highlighted the union Starbucks employees would be joining: Workers United, which is affiliated with the massive Service Employees International Union (Selyukh, 2021).

Most media coverage detailed the Starbucks partners’s actions in initiating unionization, but quickly shifted to Starbucks' response. CNBC highlighted key points of the response, mentioning the letter from Rossann Williams, Starbucks EVP North America, to the brand's partners declaring negotiation with the union and the conclusion that Starbucks corporate wished to avoid a union.
The following section of media coverage follows the initiation for negotiation and the back and forth communication between the company and the union, which was made public as it progressed. CNBC interviewed former Starbucks’ CEO Kevin Johnson on his thoughts about the unionization of the Starbucks store in Buffalo. The interview further emphasizes the messaging employed in press releases and on their website, with Johnson making the statement that Starbucks is focusing on “putting our partners first”. The interview allowed Johnson to mention the strength of the brand's training and wages, and staying true to its values but at the same time respecting the process of a petition for unionization.

Starbucks has had two changes in CEO’s during this period of negotiations and unionization. Nationwide media outlets including the New York Times covered the resignation of former President and CEO of Starbucks, Kevin Johnson and the return of Howard Schultz as interim CEO — who led Starbucks for three decades and built the company from 11 stores and 100 employees to 28,000 stores worldwide (HSU, 2022). Further change came into place when Starbucks announced in September 2022 that as of April 2021, Laxman Narasimhan had been selected to become the new CEO and member of the board of directors.

As more Starbucks stores entered the unionization wave, the company continued publicizing negotiation and other efforts for its partners. In October 2021, Rossan Williams, EVP, and President North America, released a letter to partners about the raising of the minimum national wage of $15/hour for all workers and more increases in wages for workers with 2+ years of service; doubling down on recruiting and training; adding labor and improving scheduling; and upgrading equipment and technology. This piece of news did not receive much media attention, whereas the later news of Williams leaving Starbucks as of June 2022, gained a quick spike in media attention. This news was covered mainly by the New York Times, and also received articles from Restaurant Business Magazine, Nation’s Restaurant News, and Restaurant Dive.

“Starbucks’ Aggressive Union-Busting Is a New Model for American Corporations”

— Steven Greenhouse, Slate Magazine, Nov. 2022.

The company by this time has stayed firm and resistant to unionization despite the increase in numbers of stores voting in favor of the union; and the closing of stores nationwide. Media attention has been more prominent and focused on the efforts and storytelling of the union and workers and has shown less coverage overall for the campaign efforts of Starbucks against unionization. Another letter came to light when interim CEO Howard Schultz sent a message from Buffalo, location of the first unionization of Starbucks, titled: “from Buffalo with love”. This letter was published November 6, 2022. No further coverage has been published on the statement since its publication.
Social Media Coverage

Starbucks

Starbucks has not published any content or comments regarding unionization on social media. All of Starbucks' social media platforms such as Twitter, Instagram, and Tiktok are not used for communication efforts about unionization with the public. There was no response from Starbucks during the beginning of unionization votes for the first three stores in Buffalo, nor did they make mention of the situation further on. The social media platforms are used specifically for promotion of their products and upcoming events and seasonal menus. Starbucks engages with consumers through retweets and threads about different seasonal flavors, trends, and testimonials/experiences with their brand.

- Follower count for each social media platform:
  - Instagram (@starbucks): 17.9M followers
  - Twitter (@starbucks): 11.1M followers
  - Tiktok (@starbucks): 1.9M followers

“Starbucks Workers United” on the other hand, has created multiple social media accounts that are used actively and have gained a wide amount of followers and social media attention. These social media accounts receive thousands of responses (retweets, reposts, etc) daily to their messaging.

SBU’s social media platforms actively begin conversations on different updates of upcoming unionization votes and initiatives for different Starbucks locations. They have received great social media presence and activity among followers and fellow union members from locations throughout the country.

- Follower count for each social media platform:
  - Instagram (@SBworkersunited): 34.2K followers
  - Twitter (@SBworkersunited): 92.3K followers
  - Tiktok (@SBworkersunited): 328.3K followers
Social Media Coverage

Starbucks Workers United @SBWorkersUnited · Nov 28
Pres. Biden forcing railroad workers to accept a deal they voted down is a betrayal of working class people. Siding with the bosses to deny workers paid sick leave and prevent a strike is not pro-labor.

President Biden @POTUS · Nov 28
United States government official
As a proud pro-labor President, I’m reluctant to override the ratification procedures and views of those who voted against the agreement. But in this case – where the economic impact of a shutdown would hurt millions – I believe Congress must use its powers to adopt this deal.

Bargaining update
My friends at the Great Neck Starbucks location had the great idea of creating a binder with union information. I made my own, and am posting it out for inspiration for others! #Starbucks #starbucksunion #sbworkersunited

Toni @toniannbuscomi · Mar 17
My friends at the Great Neck Starbucks location had the great idea of creating a binder with union information. I made my own, and am posting it out for inspiration for others! #Starbucks #starbucksunion #sbworkersunited
<table>
<thead>
<tr>
<th>Article Name / Publication / Date</th>
<th>Message</th>
<th>Intended Target Audience</th>
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<tr>
<td>Starbucks workers in New York are organizing to form first US union / The Guardian / 08-28-2021</td>
<td>This article gives a summary and situation analysis of the first intent for unionization in the Buffalo Starbucks location. Mentions multiple testimonials from Starbucks Unionizers and Starbucks Baristas. Article ends with public response from Starbucks spokesperson on their disagreement with unionization.</td>
<td>Pre-union audiences, Starbucks employees (to make their voices known and heard, especially with fellow employee testimonials).</td>
</tr>
<tr>
<td>Starbucks workers in New York are organizing to form first US union / The Guardian / 08-28-2021</td>
<td>This article summarizes the current situation for Starbucks and the union which has formed asking for bargaining and better treatment of employees. It is effective to inform audiences of current events while staying slightly unbiased.</td>
<td>Only considerable CTA is a post of SBunionworkers’ Twitter account with a “follow” option. No other CTA available in this article.</td>
</tr>
<tr>
<td>Starbucks says it wants union bargaining to begin / CNBC / 09-26-2022</td>
<td>Starbucks stated that it intended to begin contract negotiations at hundreds of American stores that have chosen to unionize beginning the following month. In October, Starbucks wrote to 335 locations offering a three-week window to begin negotiations. In elections that were recognized by the National Labor Relations Board this year, all of those stores decided to unionize.</td>
<td>Author writes for Associated Press which remains a reliable and neutral news source for a majority of consumers who seek unbiased and independent information sources. This article is also tailored to commercial customers.</td>
</tr>
<tr>
<td>Starbucks says it wants union bargaining to begin / CNBC / 09-26-2022</td>
<td>The article serves as a favorable piece to Starbucks corporation since it mentions unbiasedly the efforts and response the coffee giant has provided to the union workers.</td>
<td>“Watch now” button on video titled: “Here’s how Starbucks is helping women cover fertility costs”.</td>
</tr>
<tr>
<td>Starbucks Red Cup Day 2022: When to get your free reusable coffee cup / USA Today / 11-16-2022</td>
<td>This article informs on red cup day and how to get access to one. It mentions Starbucks’ Holiday tradition to give out red cups and different menu descriptions. There is a subtle mention of the union strike that will be taking place on the same day, but there is no further mention of it afterwards. The article then moves on to mention the benefits of having a red cup such as a 10-cent discount on beverages with the reusable cup, plus 25 bonus stars for Starbucks Rewards if you use the Starbucks app.</td>
<td>Starbucks fans/loyal customers, Foodies, Subtle note on union strike serves as an informational side-note but focus of the article remains fixed on the red cup day and the Holiday flavors available in stores.</td>
</tr>
<tr>
<td>Starbucks Red Cup Day 2022: When to get your free reusable coffee cup / USA Today / 11-16-2022</td>
<td>Red Cup day occurred regardless of the union strike and thousands of consumers went to stores to get the red cups. This article stays unbiased and serves as a neutral news source to receive information on how to get access to the popular and trendy red cups.</td>
<td>No CTA.</td>
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Business Impact

Financial overview Quarter 4, Fiscal Year 2021:
The North America segment’s net revenues increased by 37% (or 27% on a 13-week basis) from Q4 FY20 to Q4 FY21, reaching $5.8 billion. This growth was primarily attributable to a 22% increase in company-operated comparable store sales, which more than offset the unfavorable effects of business disruption brought on by the COVID-19 pandemic the year before, as well as additional revenue from the extra week in Q4 fiscal 2021.

From $506.0 million in Q4 FY20 to $1.3 billion in Q4 FY21, operating income increased. Operating margin increased to 21.8% from 12.0% the year before, primarily due to sales leverage from the business recovery, the lapping of higher COVID-19 related costs from the year before, as well as the impact of pricing, partially offsetting an increase in supply chain costs brought on by inflationary pressures. Lower restructuring costs, especially related to the North America Trade Area Transformation, had a positive impact on operating margin as well (Starbucks Investor Relations Financial Report 2021).

Financial Overview Quarter 4, Fiscal Year 2022:
The North America segment’s net revenues increased by 6% (or 15% on a 13-week basis) from Q4 FY21 to Q4 FY22, reaching $6.1 billion. This growth was primarily attributable to an 11% increase in company-operated comparable store sales, driven by a 10% increase in average ticket and 1% increase in transactions, a 3% increase in net new stores over the previous year, and strength in our licensed store sales. The effects of the additional week in the fiscal 2021 period somewhat offset these increases.

Operating income declined from Q4 of FY21 to Q4 of FY22, from $1.3 billion to $1.1 billion. Operating margin decreased to 18.6% from 21.8% the year before, mostly as a result of personnel investments and growth, including higher compensation for store partners and greater spending on new partner training, as well as higher commodity and supply chain expenses as a result of inflationary pressures. Strategic pricing and sales leverage helped mitigate this downturn to some extent (Starbucks Investor Relations Financial Report 2022).

Stock Prices decline:
SBUX stock has dropped from around $114 to $75 over the past six months, substantially underperforming the S&P 500's 20% slump during that time. Investors’ worries about rising commodity prices and their effects on the company’s bottom line can be ascribed to the decreases in SBUX's shares (Forbes 2022).
Business Impact

Shareholders’ Responses
In a letter to Starbucks dated March 15, 2022, 73 shareholders urged the coffee giant to reconsider how it was handling Starbucks Workers United’s emergence, claiming the company was jeopardizing its reputation by doing so. Over $3.4 trillion in assets are represented by the shareholders, a combination of pension funds and investment organizations.

The shareholders demand that Starbucks enact a global neutrality policy that covers present and upcoming union initiatives. That it halts all employee communications that are anti-union; moreover, that it establishes an agreement about employer non-interference with unions; that it agrees to engage in sincere negotiations with unions; and finally, that is discusses how Starbucks might “implement its labor rights commitments” with the pertinent trade unions (SBUX Investor Letter 2022).

Consumer behavior
According to a survey conducted by Blue Rose Research, the public as a whole supports the initiative of unionization. Approximately 67% of all respondents said they thought Starbucks needed a union to guarantee workers more pay and benefits, protection from COVID and other threats, and the ability to negotiate a fair work schedule. However, the survey also uncovered support for management. Unions, according to nearly half of respondents (47%) “cause stress in the workplace and make it tougher to do business” (Romeo 2022).

The responses, reactions, and research findings show similar attitudes from major Starbucks stakeholders, where a majority supports unionization not only for the fair treatment of employees, but for the reputation and overall success and welfare of the company.

Conclusion
Starbucks has avoided 81 unionizing efforts at stores across the country (Union Elections, 2022) due to factors like the One Starbucks campaign and leadership outreach and listening efforts. Today, Starbucks continues their efforts through the One Starbucks campaign, making efforts to be more involved with Starbucks partners, addressing concerns from as many Starbucks employees as possible, and creating strong relationships within the company. Recently, the SWU hosted the “Red Cup Rebellion” on Starbucks’ annual Red Cup Day. 113 stores voted to unionize, but the strike wasn’t effective as most stores were still open and operating, and now there are 266 unionized locations out of over 15,000 locations in the United States (Union Election Data, 2022). Efforts by Starbucks still remain effective as shown by the numbers; in March of 2022, 71 Starbucks locations filed for unionization, whereas there were only 12 filings in September 2022 (Yahoo News, 2022). If trends continue, unionization efforts by SWU will slow down tremendously in 2023 and Starbucks will be able to continue direct relationships with their partners in all stores across the country.
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The Starbucks Union Boom

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