Starbucks Baked Goods Rollout Doubles Food Sales

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NEW YORK (AP) — Starbucks was never exactly known for its croissants — or any of the baked goods, for that matter.

Now, however, the company is seeing early signs of promise for its revamped lineup of sweets, which has made its way to about a third of its U.S. cafes. In an earnings call Thursday, Starbucks' chief financial officer Troy Alstead said croissant sales have doubled wherever the new recipes have been introduced.

The changes started back in 2012, after Starbucks paid $100 million to acquire La Boulange, a small bakery chain based in the San Francisco Bay Area. Starbucks had long been criticized for its underwhelming baked goods, so the company saw it as an opportunity to improve their image — and significantly boost sales.

The idea: Get more people to add a croissant or lemon loaf to their purchase whenever they stop in for a latte.

Right now, only about a third of transactions include food and the company wants to push up that figure.

It's not just the new croissants that are doing well. The company says it's also selling twice as many of its new "morning buns" and cheese Danishes, although it didn't provide details on the performance of other new items, such as its loaves or savory croissants.

During the call, however, Alstead said that the staggered rollout of the new baked goods is "complex," given the size of the company's business.

"It's a big operational change, it's a big supply chain change" he said.

One reason is that the new items are warmed up in ovens. Starbucks says it flash freezes the new baked goods right after they're made, so warming them up later in stores brings out the flavors.

But Starbucks needs to be careful that the warming process doesn't slow down operations, which in turn could drive away impatient customers.

It's too early to tell whether the sales bump will stick — it could be that people were just curious and decided to give them a try. Customers who like them will have to pay a little extra; the new croissant is $2.25, a 15 percent markup from $1.95 for the old croissants.

So far, Starbucks says the baked goods have made their way into roughly 3,500 of its 11,500 cafes. They're available in Boston; Chicago; New York; Portland, Ore.; Seattle and Spokane, Wash., and parts of California. The company expects they'll be in all U.S. stores by the fall.

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