

Starbucks CEO Plans to Focus on Mobile, Digital Efforts

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NEW YORK (AP) — Starbucks CEO Howard Schultz says he plans to spend more time developing the coffee chain's rewards program, mobile payments and other digital projects of growing importance.

The announcement comes after Starbucks last week noted a "seismic" shift to online shopping during this past holiday season. Executives blamed the changes for its slower growth in the quarter, saying that fewer people milling about at malls meant fewer opportunities for them to stop in at their local Starbucks.

Still, Schultz has shot down the notion that the migration to online shopping will hurt Starbucks over the long term. He says Starbucks is using its various digital assets to deepen relationships with customers and get them to visit more often.

"I think there are enormous opportunities to take advantage of this," Schultz said in a call with analysts Wednesday to discuss various management changes that would free him up to focus on innovation.

In particular, Schultz said Starbucks could grow the company's rewards program, which lets customers win drinks or food by earning a "star" for each purchase. The company recently expanded the program to allow people to earn stars for the bagged Starbucks coffee they buy in supermarkets.

As part of a management shakeup, Starbucks said chief financial officer Troy Alstead would move into the newly created position of chief operating officer, overseeing day-to-day operations. That doesn't mean Schultz will no longer play a role on that front.

"Troy's office and my office are probably about 15 yards apart," Schultz said during the call, noting that the two can finish each other's sentences after working together for years.

Schultz, who returned as CEO in 2008, also repeatedly stressed that the changes weren't part of a succession planning.

Scott Maw, Starbucks' senior vice president of corporate finance, will take Alstead's place as CFO.

The changes take effect Feb. 4.

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