

# Starbucks Increases Prices of Drinks, Packaged Coffee

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NEW YORK (AP) — Starbucks is raising prices on some of its drinks by 5 cents to 20 cents starting next week, and customers can also soon expect to pay \$1 more for the packaged coffee it sells in supermarkets.

The Seattle-based chain also raised prices on some of the drinks sold in its cafes a year ago. The latest hikes don't seem to be driven purely by the surging bean costs that have pressured other coffee sellers to raise prices, however, since Starbucks has said it already locked in its coffee contracts for the rest of this fiscal year and much of the next.

In March, CEO Howard Schultz said during an interview with Fox Business that Starbucks had no intentions of raising its prices.

"We can manage this, we have over a year's worth of protection," Schultz said at the time. "I suspect that most of our competitors are short, and we are in a much better position than they are."

In an email Friday, Starbucks spokesman Jim Olson noted that many factors go into pricing decisions, including "competitive dynamics" and the company's "cost structure," which he said includes costs for a variety of ingredients, as well as materials, labor and occupancy costs.

Starbucks Corp. said the price increases in its cafes will kick in Tuesday and vary depending on the region.

Prices for medium and large brewed coffees, which are known as Grande and Venti, respectively, will go up between 10 cents and 15 cents in most U.S. markets, the company said.

Certain drinks, such as tall brewed coffees and Frappuccinos, won't see higher prices in most places, the company said. Tall brewed coffees were among the drinks that were hit by Starbucks' price hikes a year ago.

The \$1 price boost on packaged coffees sold in supermarkets and other retail outlets will kick in July 21, and follow J.M. Smucker's recent decision to raise prices on its coffees, which include Folgers.

Starbucks noted that it cut prices in April of last year. It said the packaged coffee sold in its cafes won't be affected.

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