



ETHICS CASE STUDY SUMMATIVE



Starbucks Red Cup Controversy



What Starbucks' Red Cup Controversy Says About American Consumers

This isn't the first time Starbucks has faced online backlash.

There has been a lot in the news this week. The Republican presidential candidates held their latest debate. Speculation continues about the crash of a jetliner in Egypt. Students and faculty are debating the meaning of diversity and free speech at Yale and the University of Missouri. It is remarkable then, that Starbucks SBUX 0.30% has captured so much attention for its holiday cup. It is just a cup, after all. But unlike previous years the coffee giant's traditional red cup is just red; it doesn't have a pattern or design. There are no snowflakes, stars, or snowmen.

This has outraged many people who see the move as an attack on Christianity. Social media personality Joshua Feurstein was one of the first to raise the issue, declaring it an attack on Christ. Various media outlets have covered the dispute in depth. Even presidential candidate Donald Trump addressed the issue this week at a rally in Illinois, stating "Maybe we should boycott Starbucks. I don't know." The unfolding story highlights four important points about managing brands in the digital world.

Things can unfold quickly:

Starbucks released the holiday cups on November 1. The controversy started on November 5. Within days, the issue dominated the headlines. More than 15 million people have watched Feurstein's video already, and more than 500,000 people shared it. In less than five days, the red cup issue became one of the top stories in the country. It seems we're in a cultural debate over a red cup — whether Starbucks should keep the merriment printed on it or not — when our focus should be on larger issues.

It's nearly impossible to predict reactions:

Who could have anticipated that a new cup design would prompt such an outcry? The controversy certainly caught Starbucks by surprise. Only after the issue developed did it release a statement noting that with the new design, "Starbucks is inviting customers to create their own stories with a red cup that mimics a blank canvas."

This isn't the first time that Starbucks faced an unexpected social media backlash. Earlier this year the company cut short its ambitious "Race Together" initiative after the issue generated strong criticism. Companies should make an effort to anticipate how people might react to different issues, but it's impossible to always get it right. There is no reason why Starbucks should have anticipated this controversy; the company wasn't getting rid of the red cups, just adopting a new, cleaner design.

Move fast when issues develop:

Speed is essential to get ahead of developing issues. Starbucks did what companies need to do when stories develop: It responded quickly and honestly. Starbucks issued a statement on November 8, three days after Feurstein's post. The company clearly explained its intentions with the new design.

Waiting even a few hours to respond to an issue can be a problem. United Airlines was slow to respond to complaints about a broken guitar from passenger Dave Carroll. He eventually posted a now famous music video "United Breaks Guitars" that has generated more than 15 million views. In December 2013, Justine Sacco, then a senior director of corporate communications at IAC, made a racist comment on Twitter just before getting on a flight from London to Cape Town, South Africa. By the time she landed some 11 hours later, she had become one of the top trending topics on Twitter, as people heaped scorn on her comment.

Trust that common sense will prevail

As the red cup gained attention, many people took to social media to defend it. Some argued correctly, that Starbucks never had "Merry Christmas" on the cups at all. Others pointed out that it was just a cup, such as this Tribune reporter via Twitter.

One blogger, Avery Sovey, explained the situation quite well. She observed in a video post, "I don't understand why a red cup is so offensive. I understand it doesn't have all the Christmassy things, but it never had Jesus Christmassy things. It had all the mainstream pagan-y Christmassy things. So for us to be getting offended is a little ridiculous."

Tim Calkins is a clinical professor of marketing at Kellogg School of Management at Northwestern University and the author of *Defending Your Brand: How Smart Companies Use Defensive Strategy to Deal with Competitive Attacks*.

