

# ***The One Thing Every Credit Union Needs to Learn Today from Starbucks***

***“We are not in the coffee business serving people. We are in the people business service coffee.” – Howard Schultz***

Have you visited a Starbucks lately? It's a much different experience than just a few years ago – and not for the better, in our opinion.

Your friendly neighborhood Starbucks used to be the place to be and to be seen. So much so, Howard Schultz, the former CEO said they wanted Starbucks to be your “third place” ... home was your “first”, work was your “second”, and your local Starbucks was the third place where you spent your life. As the quote above says, they truly were in the people business.

Being in a Starbucks was an experience. The aroma; the hustle and bustle; the melting pot of customers (and it changed consistently throughout the day); the usually pleasant interaction with the barista. Oh yeah, there was the \$7 cup of joe and that 700+ calorie piece of lemon pound cake you never intended to buy but it was just too irresistible in that display case!

For the most part, Starbucks was a magnificent third place and a retail establishment most businesses largely wanted to emulate. You couldn't wait to get there and being there made you feel good and special (the cool kids hung out in Starbucks, right?!). Sure, the expense may have put a crimp in your budget and those darn calories put a cramp in your diet but few retail and social experiences produced such effusion and garnered such affection. People loved to show off their Starbucks swag and flaunted their daily Starbucks drinks. They were some of the most proud and loyal customers of any retail brand.

But today, much of that glorious past has changed; the beloved Starbucks world has been turned upside down and customers are balking big-time. By all financial metrics, Starbucks is bruised and battered – revenue, same store sales, stock price are all down significantly year over year. And now the Wall Street Journal reports activist-investor “sharks” smell blood in the water. What's to become of our glorious Starbucks?

Why such negativity and angst and panic? Why such a devastating downturn? In a recent interview Schultz reluctantly acknowledged he had the answer and, today, we're proclaiming to all our clients and future clients a lesson that every credit union CEO and leadership team needs to hear and heed.

Schulz blamed Starbucks' problems on ... get ready for it ... their mobile app. But not for technological reasons. He blamed the mobile app for driving their customers out of their stores and away from those baristas. The mobile app has caused far too many customers to:

- order their drinks ahead of time,
- walk in and grab it off the counter,
- and then turn and leave.

What? Wait? No yucking it up with the baristas? No temptation to buy the lemon pound cake? No sitting there on your laptop or phone soaking in the atmosphere? No opportunity to infuse a slew of positive feelings? No creating memorably great experiences? What happened to that "third place" philosophy?

What Starbucks has lost is precisely the single most critical aspect of retail that every credit union executive needs to maximize. But, today, it's something too many credit unions get wrong or at least don't value nearly enough.

**Consumers (members and potential members) want a positive experience, and they want to feel good and proud about interacting with your credit union. They don't just want service; they don't want a sales pitch; and they don't want to be generalized into a marketing segment ("You're Gen X therefore you want to do business this way.").**

**Above all, your members want three things:**

- 1. Consistently positive experiences with your credit union, across all channels**
- 2. Be respected as an individual and feeling that respect after every interaction**
- 3. To feel they made the right choice when they chose you**

When the new leadership team at Starbucks launched their app and decided to maximize the service focus of it, I'm sure their intentions were good. "It'll be easier and faster," they might've said. "We're making things easier and faster for our customer." But such a heavy focus on transacting through the app contradicted their critical "third place" philosophy. It was totally misaligned with their strategy of creating great and memorable experiences. It almost completely eliminated the opportunity for their baristas to make you feel special and tempt you with that lemon pound cake.

**Howard Schultz: "*The most powerful and enduring brands are built from the heart.*"**

As a credit union leader and decision-maker, are you driving members away from those golden opportunities to impress them with consistently great experiences? Are you unintentionally sending the wrong message to prospective members that you only want to transact with them through your slick new mobile app? Are you making staffing decisions based solely on efficiency (i.e., current traffic trends) instead of opportunities (i.e., education and deeper relationships)? Do you consistently equip, and re-equip, staff with the skills and behaviors specifically designed to create memorable and amazing experiences, instead of delivering just good service?

Yes, omni-channel is the way of today and the future. However, too many credit unions we see have tipped the scale to weighing too heavily on the side of technology. It may mean them saying, "Use our app and you don't have to come in or call us." It could mean saying, "If you do call us, you're going to talk to a bot rather than wait for a human." It might also mean saying, "You have to go online to fill out that application because we don't have anyone here to educate you on whether this loan is the right product for you or not."

**Banking is still a people business ... and those people should be the main source of the great feelings and experiences your members want to have. That used to be what set Starbucks apart and needs to be what differentiates your credit union from all the other financial choices consumers have.**

To avoid the destructive mistake that Starbucks leadership made, do these three things today:

1. Transform your retail strategies to focus squarely on creating consistently great experiences, not just delivering good, or even great service
2. Gain a much deeper knowledge of who your members are at an individual level and how they like to do business with you
3. Leverage technology for ease of use but not at the expense of delivering highly-personal touches that leave your members with highly-positive feelings

There aren't nearly as many competitors of Starbucks as there are of your credit union – consumers can go many places to do their financial business but there are only a handful of coffee shops. Making members feel special and delivering great experiences across all channels is one of the primary ways to stand out in a crowded marketplace. Plus, it may be the only differentiator you can directly control and can viably sustain for the long haul. Remember, if you don't give consumers what they need and value, someone else will!

As the leadership team at your credit union strategizes for your future vision and viability, there's much to learn from what Starbucks has done. Our consultants are here to help you minimize the potential pitfalls and maximize the potential successes. We are experts at transitioning your current culture into a world-class experience culture. Let's talk! <https://fi-strategies.com/contact-us/>