Brewing Over Private Labeling

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My friends are constantly inviting me “out for coffee.” Now, I like coffee – I drink at least three cups a day – but coffee is not recreational to me; it’s functional. Quite frankly, if I want to sit around with a few friends and socialize, I’d rather have a beer.

Much to my excitement, I learned the other day that both beverages can now be enjoyed in the same place. Why feed just one addiction when you can cater to several at once? Thank you, 15th Avenue Coffee and Tea! Besides offering beer and wine in a coffeehouse setting, this Seattle-based location will offer pastries, ice cream, daily coffee and tea “cuppings,” and live musical entertainment – everything necessary to provide the ideal local, rustic coffeehouse experience.

But did a local coffeehouse really come up with such an ingenious plan (and foot the bill for a liquor license)?

Nope. This can only be the work of one coffee mastermind – you guessed it – Starbucks. It seems that Starbucks has remodeled a Seattle location to resemble a traditional, neighborhood coffee shop. Starbucks describes the pilot coffeehouse design as “eclectic and raw, featuring locally sourced and reused materials that are one-of-a-kind.” The corporate powerhouse seems to have taken cues from actual local coffeehouses in Seattle – as several neighborhood coffeehouses have reported frequent visits from Starbucks employees, taking notes and carrying folders labeled “Observation.” But here’s the catch: the new coffeehouse will serve Starbucks coffee, but without the Starbucks label.

To a degree, it seems as though Starbucks has ventured into the private label business…with itself.

I’ve received conflicting feedback on my plant tours in regards to private labeling. Some plants have seen tremendous growth from the private label practice, and are pleased to see their product on so many supermarket shelves, even if customers don’t necessary know it’s their company’s product. Other companies have taken offense to my inquiries of private labeling. They are proud of their brand and would never “sell out” by allowing another company to put its name on a product that said company didn’t actually produce.

In most private labeling scenarios, the brand name on the supermarket shelf – not the name of the behind-the-scenes manufacturer – is the one trusted and recognized by consumers. Starbucks seems to have reversed the scenario. But why would a coffee powerhouse choose to hide behind a no-name local label?

Perhaps Starbucks is aware of the growing number of consumers who shun the corporate commercialism displayed by its coffee empire. Perhaps they have realized that the Starbucks brand has become more synonymous with inflated prices and corporate greed than with good coffee.

So what better way to win back the hearts of coffee drinkers than deception? As someone who tries to support local businesses, I might actually enter a coffee shop called 15th Avenue Coffee and Tea, thinking I'm helping Joe Coffee feed his family. Meanwhile, what I'm really doing is helping Howard Schultz tile the guest bathroom on his yacht. And while it may LOOK and FEEL like a local coffee house, it clearly is not. This to me is the coffeehouse equivalent of visiting "France," "Italy," and "Germany" at Epcot and then calling yourself well-travelled.

But despite seeming somewhat underhanded, the private label business and re-branding efforts might actually pay off for Starbucks – after all, they have the big bucks to pay for a top marketing team, don't they?

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