



**David Schomer**  
Owner, [Espresso](#)  
[Vivace](#) and your  
host at [Schomer's](#)  
[Table@Lucidcafé](#)



## **On The Table #28**

### **How To Compete With Starbucks**

**Dear cyber reader,** Let's start with an observation regarding a very successful hamburger franchise called McDonalds. Why are people walking in their doors on a global scale? Is it their gourmet food, personal service, intelligent counter help conversant in the native tongue of the host country? No, of course not.

It is, in part, that you know what you are going to get, (or in my case my kids know what they are going to get), how long it will take, and how much you will need to pay, combined with a convenient location. But there is also a subconscious message being delivered, a little warm nugget of reassurance buried deep in your mind: you are safe and your not going to be poisoned. Acres of stainless steel, high-tech cash registers and the smell of Simple Green wrap you into gently against the great bosom of the corporate mothership.

This is what corporate food and coffee concepts do very well. They are ubiquitous and reassuring. So to begin our analysis we will talk about professionalism in your service, presentation, and cleaning standards so that you can begin to gather customers from the corporate mothership.

Along the way we will analyze Starbucks coffee style, location acumen, sense of place, and quality of service and offer you, the talented independent, tools to defeat them on every front. Competition is one of the things that make the States have such a vital economy, so let's kick some booty.

### **The Mothership—Corporate security**

The basics of a reassuring business to buy food or coffee from include clean professional looking staff. To compete with Starbucks you must have staff in clean clothes practicing clean habits: Hand washing before work, hair tied back if long and very clean, minimum piercings, clothes very clean and not ripped out, rags and work areas as clean as your volume allows.

To inspire confidence you must honor your posted hours, always. At Vivace this means two separate brewing stations each equipped with a

LaMarzocco three group ready to go. If my machine breaks I have a back-up. I own fifteen coffee grinders to run two stores.

Floors, brewing equipment, windows and tables all must glow with cleanliness, and exude a clean smell from last night's scrub down.

You do not have to make everything sterile. It can be used looking but CLEAN. For example we allow our ripped out stools to be taped up a couple of times before replacing the tops and all our tables are funky dinette models, each one a different shape and color, a charming used look makes people comfortable to bring in the kids.

To attack the corporate entity on their strong turf, the subliminal reassurance that the customer is safe, will require discipline and work. In the end you will exude professionalism only if you are a professional in your approach and the customers will perceive it subliminally. You must focus and learn from your years of experience how to keep a professional coffee house. Perhaps Starbucks has raised the bar a bit here I think.

## **Coffee Style—Caffe au Lait**

Espresso preparation is a very complex culinary art and the basis of all of our efforts is fresh coffee. If you have many stores depending on a central roasting plant you must warehouse the roasted coffee to meet surges in demand. So larger corporate coffee chains are especially vulnerable to staleness because of their size.

In espresso we have a spectrum of roasts to choose from. In the north of Italy you find coffee beans of a deep mahogany brown but with no oil on the surface of the fresh coffee. This, for espresso is towards the light end of the Italian spectrum and features very heavy body and the highest development of caramelized sugars. As you edge up towards Switzerland we see cinnamon colored roasts showing up and the espresso is acidic and grassy, not really an espresso roast. Down through Naples we see darker roasts with a light sheen of oil on the surface of the fresh coffee and the espresso ristretto is pulled very short to avoid bitterness. It is an axiom of espresso roasting that the darker you go bitterness increases, while acidity decreases. The Northern Italian style strikes the best balance, avoiding acidity in many varieties, while developing the highest concentration of caramelized sugars with almost no bitterness.

Starbucks has chosen very dark roasts to be their defining style. This is very smart for a large chain because darker roasts offer a stable recognizable flavor, carbon, which is easy to reproduce consistently on an espresso machine. Even as it becomes stale the dark roast bite will remain stable in the bean. They can choose any varietal coffee and brew it through a wide range of temperatures and brewing times and come out with that signature burnt taste that the customer expects. More

subtle roasts, featuring a high content of caramelized sugars, are notoriously finicky in their preparation demands. Equipment must be clean, barista skills must be at a very high level, grinder burrs sharp...and on and on to get a consistent flavor. But that flavor has the potential for sweet richness.

In the wider world of coffee traditions Starbucks is offering French Caffe Au Lait, a coffee style that has been part of a traditional breakfast in France for decades. Very dark roast coffee or espresso served in a bowl of milk. As a style it will stand the test of time for the morning coffee.

Their dark roast is also very smart from a marketing point of view. Starbucks is often going into markets where the espresso, if present, was weak and astringent. Or they are the first to develop a market where people having been drinking office coffee or franchise drip coffee. The clever part is that their customers will identify Starbucks as having "strong" coffee because of the pungent flavor of the burned beans.

They are an excellent first wave of espresso marketing to penetrate a region and introduce people to something different. To compete, offer an alternative style to their customers. The Achilles heel of the dark roast traditions is that because of the intense bitterness these roasts need to be served with a lot of milk, and perhaps syrups or a slushie, to be palatable. The adult body does not need sixteen ounces of milk just to enjoy a cup of coffee. Caffe au lait is really only a breakfast style of coffee drink.

A Northern Italian espresso roast tastes best, if you can learn to prepare one well, with milk in a ration of 1:1, espresso macchiato, to no more than 5:1 such as in a cappuccino. In regards to espresso these traditions, along with espresso ristretto, the digestivo after a meal, will stand the test of time and give you hearty business throughout the day. Well prepared caffe espresso has the quality of being very gentle on the bodies digestive system and nervous system. For these reasons it is not a fad but a culinary trend. What we see after thirteen years of serving a Northern Italian style is more people migrating towards espresso macchiato and straight espresso in our shops.

And, as I have pointed out in countless seminars, it is the perfect small business niche because true Italian espresso preparation is so demanding that it will require all your focus over time to master it. Stay small to compete. Use your focus, and stick with one shop to master a subtle espresso roast and you will begin to achieve converts, en masse.

## **Sense of Place**

Howard Schultz is very smart to design his Starbucks stores to be a third place for the community to gather and be a community. This plays well in the suburbs of the US because there really are no alternatives

available to people that are not franchise establishments. But for hip city residents hanging out at a Starbucks is like...well...hanging out at a Starbucks.

A corporate coffee bar, despite armies of architects, has no soul. It has no presence that will focus and imbue the place with a personality over time, it has no spark no anima. The staff will be a rotating ensemble of people who are not from here and have no real commitment to the place. This is the great hammer of the independent—you have a soul and you can infuse your little coffee shop with that soul. And, the American people want to know a place and be part of a real scene, not some cookie cutter clone that reeks of all the other clones fallen from the business school womb in a pastel pile of blonde wood and green logos.

Over the years I have certainly blabbed on enough about the Vivace charter, trying to perfect the espresso process in my store, long enough. My places reflect my perfectionism and addiction to sensuous beauty in our espresso, art, decor and equipment. Another example of a place with a real soul was The Last Exit on Brooklyn run by Irv Cisky when I was a student at the University of Washington.

Irv broke all the above rules, the bathroom required a gas mask to enter, the filth on the floor would be of high archaeological significance in it's early strata, and the coffee was ground fresh that week and sitting in a big glass bowl and the barista would scoop it out with a small plastic spoon. I had a mocha-once or twice.

But that place had major soul because it was the haven of a serious subculture in Seattle—the Chess Players were there. Yassir Seriwan learned to play at those beat-up wooden tables. Sitting there reading, the click of speed chess timers resonated off the smoke streaked windows like being in a big greasy pop corn machine. Irv's concept was to reproduce the espresso bars of Brooklyn, I do not know if he did that, but he sure created a place with a gritty style and the chess community just loved it. Irv did well, with his prime location leased from the UW, until he died and then the school used the spot for an office building.

We yearn for some soul in the places we hang out. (Maybe not gritty-urban-petri-dish-soul) but at least some individuality. Lack of soul is a big weakness of the corporate concepts.

## **Location**

These guys at Starbucks are seriously good at locating coffee bars. Just open your coffee bar next to one.

## **Quality of Service—A vending machine**

As Starbucks gets bigger they have begun to brew espresso in super automatic machines that grind and brew the shot. This allows them to save money on training staff and labor costs in general. When you remove the art of espresso brewing from the job description you finally arrived at a nothing job. Being a cashier and pastry handler is not a job with any rewards in it really. We get and hold good staff by challenging them to brew to our standards and training them for years in a subtle and beautiful culinary art. And it shows at the counter I think. Our people are engaging because the job we require is engaging. If you can make onto staff at Vivace you are somebody, and it shows in the customer interaction.

At McDonalds you deal with different staff all the time and many have a minimum grasp of the English Language, can the "Bucks be far behind? Minimum wage help gives you minimum service. The corporations try hard. They install and motivate managers very well to try to infuse the place with soul and a service ethic that recognizes the regulars, but they are self defeating. No talented manager wants to waste their career on a staff of minimum wage cashiers and pastry handlers. Managing is an art as well and the good manager, (a real people artist) wants a complex challenging staff they can motivate over time, not revolving door of minimum wage students.

Your style as an independent must include memorizing your regular customers orders, complete with nuances of extra foam or not too hot, as quickly as possible. Your service style must acknowledge your regular customer as an important part of the life of your coffee shop. In your service this is an important way to differentiate your self from the corporate bars, know your customers and let them be a part of the shop any way you can. Whatever that style will be it must also be welcoming to new customers.

What we prefer for bar style at Vivace is efficient attentiveness with not too much superfluous chit chat. We make our customer feel welcome by earnestly dotting over them with much compassion for the nuances of exactly what they like in their coffee, and then remembering those nuances very accurately.. We feature less chat, more hat, and always with good speed. (To compete with Starbucks on pure speed a customer should never wait longer than seven minutes for their coffee.) What I believe is in this way we are approachable on a daily basis for our regular customers for many years, and we avoid barista burn-out at the same time.. The customers that really want more social interaction at the bar are free to lead those conversations and will often uncover an insightful wit in their barista, I am just painfully aware, however that three quarters of the word wit is wit. It is just a matter of our style, based on what bugs the owner, me. It gives us a personality over time.

So in the end it is the focus and personality of the independent coffee shop owner that will give you a competitive edge over corporate coffee. Does this mean that Irv with The Last Exit could make it in Seattle

today? No chance. Irv's filthy place with crappy coffee and a smoky atmosphere was one of the first espresso joints in Seattle. The chess players were probably attracted to the "Bohemian Chic" atmosphere-(you know where more dirt equals philosophical enlightenment through the implied rejection of materialism.) Today a host of good independents and a slew of corporate coffee bars surround every college campus, he would have no chance of getting established. For a city is this a good thing or a bad thing?- I am sure I do not know. But I favor competition leading to excellence in coffee and service.

Soul alone is not enough. It is really the focus on espresso excellence and personal, intelligent service that is the edge over the big corporation, provided the independent can do everything as professionally as the big boys do it. Starbucks is a wake-up call to those dabblers that think the coffee business is easy and I say that is good. We do not want to go the way of the yogurt shops of the eighties. They will force us to create a culture of espresso excellence to survive.

**Ciao for now!**

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