

EXHIBIT 15

Advertising Age[®]

Starbucks: Not as Expensive as You Think

CEO Sets Campaign to Combat Image Coffee Chain Is 'Poster Child for Excess'

By Emily Bryson York

Published: March 18, 2009

CHICAGO (AdAge.com) -- Distressed that Starbucks has become the "poster child for excess," CEO Howard Schultz said the coffee company plans to run an ad campaign proving its coffee isn't expensive.



AP

Howard Schultz

"There's a myth out there that there's this \$4 cup of coffee at Starbucks," Mr. Schultz told shareholders at the company's annual investor meeting earlier today. "For whatever reason, Starbucks Coffee Co. has become the poster child for excess, and if you want to be really smart, you should cut out that \$4 cup of coffee."

Not going to stay silent

Mr. Schultz, noting that half of the chain's beverages cost less than \$3 and one-third are priced less than \$2, admitted that Starbucks has been defined by its competitors. "Don't let anyone tell you their coffee is the same as Starbucks because it's not," he said. "We've been silent about these issues, but I can assure you we're not going to be silent for too long." Starbucks has also launched "value pairings," such as a breakfast sandwich or muffin and a drink, for \$3.95.

Forthcoming advertising will attempt to convince consumers that Starbucks products aren't as expensive as they are perceived. Mr. Schultz said to expect social-media efforts, internet advertising, and more and sporadic TV ad buys he refers to as "brand sparks."

The company's presentation ended with a music video (rather than the usual live musical performance) of street musicians from around the world performing "Stand By Me." Mr. Schultz said the song would be incorporated into upcoming marketing efforts.

Starbucks has long eschewed traditional advertising, but has placed a number of TV ads since moving its business from Wieden & Kennedy to Omnicom Group's BBDO, New York, in October. Mr. Schultz said that these ad buys have generated strong response with consumers. The chain gave away 2 million cups of coffee on Election Day, with a promotion by way of an ad during "Saturday Night Live." He said that the spike in traffic also resulted in incremental sales and the chain was profitable for the day.

Starbucks later partnered with Oprah Winfrey on an Inauguration Day-related volunteerism push. The chain did a limited ad buy, encouraging Americans to stop by Starbucks and get a free coffee in exchange for pledging five hours of community service before the end of the year. The day after President Barack Obama's Inauguration, Ms. Winfrey plugged the promotion on her show. Mr. Schultz said that the chain had racked up 1.25 million hours in pledged community service during the promotions two-week window.

Plans for Via instant coffee

Mr. Schultz also gave some insight into Via, the company's foray in instant coffee, as first reported by AdAge.com. While the global instant-coffee market is valued at \$17 billion, he said only about \$1 billion of that is in the U.S. And Via, he hopes, will lure some people to convert from brewed coffee. Of the 65 billion cups of coffee brewed in the U.S. every year, Starbucks has only about 4% of the market. The company will attempt to change consumer behaviors at home, where 25% to 30% of coffee is wasted, and at work, where many people don't like the coffee that is sometimes offered free of charge in company kitchens.

Starbucks is testing Via in Seattle, without advertising, and in Chicago, with TV ads, in-store displays, and an outdoor push that has included on-the-street sample distribution, bus and shelter ads, and a fleet of hybrid cars marked with the Via logo. BBDO has anchored the Chicago effort. Mr. Schultz said that Starbucks would use the pilot period to determine the efficacy of the advertising. Via will launch nationwide this fall and internationally next year.

Starbucks is, of course, attempting a complicated turnaround. In January, the company reported earnings were down 69% to \$74 million, due largely to restructuring charges and same-store sales down 10% in the U.S. alone. At the time, Mr. Schultz said the company was beginning to see improvement in its business. Starbucks reports earnings again next month.