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#RaceTogether: Starbucks' Attempt to Discuss Race in America and Its Impact on Company Reputation and Employees

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Abstract

The present study examines Starbucks' 2015 Race Together campaign to understand the importance of company–cause fit and of proper employee involvement in a CSR context. Specifically, we looked at the public's response to the campaign, the employees' perception of the campaign and their roles in implementing it, and the short- and long-term financial and reputational consequences of the campaign. We conducted a mixed-method case study combining thematic analysis of social media posts using the Starbucks employee-specific hashtag #tobeapartner and the campaign-specific #racetogether hashtag, interviews with Starbucks employees, an examination of Starbucks financial reports, and a variety of corporate reputation rankings before, during, and after the implementation of the Race Together campaign. The results showed that much of the public criticism stemmed from Starbucks' execution (or lack thereof) and the use of employees as social cause ambassadors. Employees felt there was a lack of training and communication during the execution of the campaign. Moreover, although Starbucks did not suffer financially, the company's reputation was negatively impacted. In terms of theory, this study advances company–cause fit and employee communication studies. In terms of practice, this case study highlights the importance of company's need to foster collaboration between public relations and internal stakeholders when implementing CSR initiatives, especially when they involve employees.

Keywords: corporate social responsibility; employee communications; company–cause fit; Starbucks

Introduction

Increasingly, corporate social responsibility (CSR) initiatives have become not only commonplace for corporations but also expected. The 'general' public and diverse stakeholder groups—including consumers, current employees, and potential employees—believe companies should weave goodwill and ethical behavior into their daily practices (McWilliams & Siegel, 2001). These efforts, however, must be perceived as legitimate and not merely as attempts by companies to burnish their reputations in the interest of turning a profit. When CSR efforts are perceived as insincere, the public may grow skeptical of the motives behind such activities.

One strategy a company can use to convey to the public that its efforts are authentically motivated is to engage employees in CSR initiatives. CSR programs that incorporate employee volunteers enable employees to serve as community agents, which can influence public perception that the company is authentic and committed to helping the community (Pompper, 2013). The public also believes that when a company's employees participate in volunteer programs, the company is demonstrating a sincere commitment to the community, which can enhance the company's reputation (Simon, 1995). After all, it is through employees that many CSR strategies come to life (Strandberg, 2009). One company that routinely encourages its employees to participate in its CSR efforts is Starbucks.

Starbucks has consistently been lauded for its CSR initiatives, ranging from its work-related practices and employee benefits to its sustainable coffee growing and fair trade practices and its support for veterans and social causes, such as standing up for LGBTQ rights and weighing in on the gun control debate. These efforts have led to positive recognition, including awards from *Fortune*, *Corporate Responsibility Magazine*, and *Ethisphere* (Starbucks, 2012). However, Starbucks' 2015 Race Together campaign was seen as a shocking, if well-intentioned, misstep. Race Together was a multifaceted public relations campaign launched as an attempt to initiate and encourage conversations about race among Starbucks employees and customers (Logan, 2016). Starbucks launched the initiative because CEO Howard Schultz said he was concerned about racial tensions stemming from tragedies such as the events in Ferguson, MO, where an unarmed black man was shot and killed by a police officer, and feared the United States was reaching a tipping point (Candea, 2015). Schultz first held open forums for employees to discuss the issue of race and its impact on their lives from December 2014 through February 2015 (Starbucks, 2014b).

Then, on March 15, 2015, the public became aware of this initiative when Starbucks announced that baristas would write "Race Together" on customers' cups to initiate conversation about racial issues. This campaign launch was accompanied by a full-page ad in the *New York Times* on March 15 and another ad in *USA Today* on March 16 (Starbucks, 2015b). The hashtag #racetogether was included in the print ads as well as used by Starbucks in social media posts related to the campaign. The campaign immediately drew national media attention and widespread derision online, primarily via social media. Unexpectedly, media coverage and social media conversations were overwhelmingly focused on critiquing the campaign, rather than on the issue of race, as Starbucks had originally intended.

Typically, companies engage in social issues to integrate further into the community as corporate citizens and to be perceived positively by community members and the public, generating favorable corporate reputation (Du, Bhattacharya, & Sen, 2010). To do so, however, the initiatives a company launches should be determined either by the nature of the key stakeholders that are engaged, or by the norms formed or adopted by those stakeholders (Maignan & Ferrell, 2004). In Starbucks' case, the reaction by the media and the public signaled a major disconnect between the company's purported intentions and the public's understanding of those intentions. Many observers questioned whether Starbucks was an appropriate authority for discussing such a controversial topic as race; others focused on problems with the campaign's execution—especially regarding the role of employees within the campaign—and the public backlash, including consumers' skepticism about the campaign's motives and the responses from advocacy groups.

This study examines Starbucks' Race Together campaign to assess the public backlash, to contrast employee and public perceptions of the campaign, and to investigate the short- and long-term consequences Starbucks experienced as a result of the campaign's implementation. The study yields insights into how to approach CSR initiatives that rely on employee participation, considers the campaign's impact on corporate reputation and employee engagement, and offers suggestions to internal public relations practitioners regarding best practices when developing employee-driven CSR campaigns.

Literature Review

Strategic CSR Practices

CSR is a company's social or ecological activity that benefits society (Waddock & Googins, 2014). It is described as a company's "obligation to take action to protect and improve both the welfare of society as a whole and the interest of organizations" (Davis & Blomstrom, 1975, p. 6). The earliest forms of company involvement in social causes included philanthropic efforts undertaken by public corporations (Strop & Neubert, 1987). Today, however, CSR can take many forms including (a) philanthropy (i.e., corporate donations); (b) cause-related marketing (CRM), defined as aligning corporate philanthropy with a company's business interest (Varadarajan & Menon, 1988); (c) corporate social marketing (CSM), which involves a company aiming to persuade people to engage in socially beneficial behaviors for some form of company support (Bloom, Hussein, & Szykman, 1997); and (d) corporate social advocacy, which involves a company making a public statement or taking a stance on a socially or politically controversial issue (Dodd & Supa, 2014; Heath, 1980). However, as companies may spend millions of dollars on these programs, the public may be skeptical of the true motives behind a company's efforts. Thus, the challenge in implementing CSR programs lies in combating the public's skepticism and increasing a company's legitimacy.

Stakeholders struggle with the fact that the nature of for-profit companies is to increase profits, but through implementing CSR efforts, these same companies commit to create a better society. Due to this paradox, the public may question, distrust, and feel negatively toward a company's socially responsible actions based on inconsistent company behavior and claims (Webb & Mohr, 1998). This skepticism can lead stakeholders to believe that a company is greenwashing—deliberately disclosing information about CSR initiatives that are beneficial to the company but may be costly to society (Bowen & Aragon-Correa, 2014).

To combat skepticism, companies must demonstrate their efforts are legitimate. Legitimacy "is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions," (Suchman, 1995, p. 754). The legitimacy theory captures this sentiment by acting as a mechanism that provides support for organizations when developing and implementing CSR initiatives (Burlea & Popa, 2013). Literature on the legitimacy theory suggests that an organization's survival largely depends on its legitimation process and on how the organization manages continuous pressures. The legitimation process can be described as a back and forth between organization and stakeholders, in which the organization discloses information of its practices and acts within compliance with stakeholders' social and environmental norms and values (Burlea & Popa, 2013). In essence, the legitimacy theory is based on the idea that a "social contract" exists between business and society (Branco & Rodrigues, 2006).

For an organization to legitimize their CSR efforts in the eyes of their stakeholders, they must emphasize that the motivations behind their CSR efforts are intrinsic. Intrinsic motivation is attributed to a company when it supports a cause because it sincerely cares about it, whereas extrinsic motivation is when a company shows support for a cause to help build its reputation and increase its profits (Forehand & Grier, 2003; Rim & Kim, 2016). Two of the most popular strategies that a company can adopt to help demonstrate that its motivations are intrinsic and legitimate is to support causes that fit with its business or mission and to engage employees in its CSR efforts.

Company–Cause Fit

In a CSR campaign, a three-way fit can exist among stakeholders, an issue, and a company (Gupta & Pirsch, 2006; Lee, Park, Rapert, & Newman, 2012). In the context of corporate social advocacy, which Starbucks' Race Together campaign can be classified as, Dodd and Supa (2014) found that the congruence between consumers' stance on an issue—that is the fit between an issue and a consumer—influenced purchase intention. In the present study, we focus on the concept of company–cause fit in a rather unexplored area, that of corporate social advocacy. Although company–cause fit has been widely studied and its effects have been demonstrated, such research has usually looked at non-controversial CSR issues, and company–cause fit might matter less in the context of corporate social advocacy if we follow the premise of Dodd and Supa (2014) that "social-political issues addressed by organizations are divorced from issues of particular relevance to the organization" (p. 5).

Perceptually, *company-cause fit* is the link between the brand image (or product line) of an organization and a cause it supports (Varadarajan & Menon, 1988). Company–cause fit can be achieved in several ways. One view posits that fit can occur if a company and the social cause it supports share similar values. Consumers tend to be more appreciative of CSR efforts that naturally match a company's core business activities (Hamlin & Wilson, 2004). It also can occur if a company's consumer base is similar to the target public supporting a specific social cause (Nan & Heo, 2007).

Whatever the origin, company–cause fit can influence how others evaluate the company (Becker-Olsen, Cudmore, & Hill, 2006). Moreover, it is a company's responsibility to "engage with stakeholders to build shared belief, spur them to action, earn their confidence and motivate them to advocate on behalf of the enterprise" (Page Society, 2017, p. 7).

High levels of perceived fit can enhance consumer attitudes toward a company because they view the company's actions to be appropriate (Aaker, 1990; Keller & Aaker, 1992; Till & Busler, 2000). High-fit initiatives help consumers perceive consistency with their prior expectations of and associations with the company and a cause, which reinforces existing cognitive beliefs (Keller, 1993; Park, Jaworski, & MacInnis, 1986). Low-fit initiatives, in contract, may be perceived as inconsistent with prior expectations and associations, which can lead to more negative attitudes toward the company and its programs (Forehand & Grier, 2003; Menon & Kahn, 2003).

In CSR, consumers' perception of a company's sincerity plays an important role in a program's success (Kim, 2011). Incongruity can lead to public distrust and skepticism toward a company and its motives. The public may not believe the company has the capacity to bring about social improvement or changes, instead seeing these initiatives as a means to enhance company reputation (Rim & Kim, 2016). According to the attribution theory (Jones & Davis, 1965; Kelley, 1967, 1972), people draw conclusions based on their perceptions of motive. A company's motives are more likely to be perceived as sincere when a social cause supported by the company is related to the company's business (Forehand & Grier, 2003) or the values of a company's stakeholders (Nan & Heo, 2007).

The Role of Employees in CSR

Incorporating employees into a CSR program has become a popular way for a company to demonstrate its commitment to social causes and society. Typically, employees act as volunteers for outside-work activities to improve communities, assist the less fortunate, fulfill personal charity goals, or to support their country (Straub, 1997). Although some companies encourage employees to help with the community on their own time, others provide paid time off for volunteering (Peloza & Hassay, 2006) or have company-sponsored volunteer programs (Pereira, 2003). CSR programs that involve employee volunteers enable employees to serve as community ambassadors and help accentuate a company's commitment to helping others (Pompper, 2013). CSR activities involving employees can enhance corporate reputation among external stakeholders as well. Research has suggested that when a company allows employees to volunteer during worktime, it demonstrates a genuine commitment to social responsibility (de Gilder, Schuyt, & Breedijk, 2005).

Traditionally, CSR initiatives are driven by an organization's upper management and C-suite level executives. However, by giving employees greater ownership of CSR initiatives, such initiatives provide a value-added asset to the company (Bhattacharya, Sen, & Korschun, 2008; Svensson & Wood, 2005). Including employees in the development and implementation of CSR initiatives allows for other company departments, including public relations (PR), to take a more active role in company decisions. Rupp, Ganapathi, Aguilera, and Williams (2006) have noted that employees consider a company's commitment to CSR when evaluating the company's value systems. Moreover, if a company integrates its CSR policy early in new employee training programs, employees will be more likely to buy into the value of CSR (Inyang, Awa, & Enuoh, 2011) and ultimately improve the performance of the company's mission (Tekin, 2005). In fact, research has shown that when organizations articulate employee–company identification (a public relations function), emphasizing shared beliefs and values, it can influence and strengthen internal relationships (Cheney, 1983). Therefore, it is imperative for companies to involve PR departments in developing strategies that enhance business sustainability, communicate the company's values, and emphasize to employees that socially responsible behavior can contribute to the company's long-term interests and success.

The benefits of involving employees in CSR activities are not limited to the company. Employee volunteers also report that they reap multiple benefits when volunteering on behalf of the company. Some benefits are altruistic and ideological in nature. Through the connections companies cultivate with the community, employees can help others, contribute to society, and support causes they believe in (Houghton, Gable, & Williams, 2008). Other employees volunteer to win prizes, to fill spare time, and to gain recognition (e.g., Bruce, 1994; Houghton et al., 2008). Regardless of the reasons motivating volunteerism, employees who volunteered expressed more loyalty, organizational attachment, and pride toward the companies for which they work (Peloza & Hassay, 2006).

There is a dark side, however, to encouraging employees to participate in CSR-related volunteer programs. Sometimes there are expectations related to volunteering in the form of job performance evaluation (Peterson, 2004). This can lead employees to feel that advancement in their jobs may hinge on how much they volunteer (Pompper, 2015), which can ignite an ethical dilemma for the company—employees are feeling pressured to do something they do not agree with in order to retain or advance in their jobs. Moreover, volunteer programs related to CSR are typically chosen based on the CEO's or upper management's political or social ideology, which all employees may not agree with, creating a possible source of conflict. Employees may prefer to opt out of a CSR activity but may not feel like they can for fear of receiving negative performance reviews (Pompper, 2015).

Starbucks and the Race Together Campaign

The first Starbucks location opened in Seattle in 1971. Current President and CEO Howard Schultz joined the company in 1982 as the director of retail operations and marketing. After a short absence pursuing his own business, Schultz acquired Starbucks in 1987 and took the company public in 1992. At the time of the IPO, Starbucks had 165 locations. Currently, Starbucks is the largest coffee retailer in the world with more than 20,000 stores across the globe (Starbucks, 2014a). Its products include coffee, tea, pastries, and smoothies. Its revenue in FY 2013 was $14.9 billion, its operating income was $325.4 million, and its net income was $8.8 million. By 2014, Starbucks employed 182,000 people worldwide.

According to company spokesperson Reggie Borges, community engagement is vitally important to Starbucks, and the company relies heavily on employee input to shape its CSR profile (Casey, 2017). For example, the company's College Achievement Plan, its FoodShare program, and its veteran hiring programs were developed in response to employee concerns. In some ways, Race Together was no different. Concerned about racial tensions in the United States, Schultz held open forums for Starbucks employees to discuss race and its impact on their lives (Starbucks, 2014b). At the forums, employees of different races, ethnicities, ages, and backgrounds shared personal stories about their experiences with race. Overall, more than 2,000 employees participated in the forums (Starbucks, 2015a). According to Starbucks, employees wanted to expand these race-focused conversations from internal company discussions to external discussions, to inspire conversations with customers (Starbucks, 2015b). This led to the Race Together initiative.

In partnership with *USA Today,* Starbucks took Race Together public on March 15, 2015, when it announced that baristas would write “Race Together” on customers’ cups. The goal was to spark a 30-second conversation about race once the customer picks up their order. Customers were then encouraged to continue conversations about race with their social circles and online via social media. Accompanying this effort, a full-page ad was featured in the *New York Times* on March 15 and another ad in *USA Today* on March 16 (Starbucks, 2015b). The hashtag #RaceTogether was included in the print ads, and employees and the public were encouraged to participate via social media using the hashtag. The campaign materials were created to articulate why Race Together was launched, how the campaign would work, and to persuade stakeholders—both internal and external—to participate.

The campaign immediately garnered national media attention and derision on social media. The media coverage was overwhelmingly focused on Starbucks and the campaign itself, rather than on the issue of race. Some outlets questioned whether Starbucks was an appropriate authority for the topic of race (Gebreyes, 2015) or whether a coffee shop was an appropriate venue for such discussion. For example, TV commentator and satirist John Oliver mocked the campaign on his show and said, “Let’s give Howard Schultz credit. He did start a conversation across the racial divide with a white billionaire pitching an idea and any number of African American customers telling him how stupid it was” (Con Sumer, 2015). Other outlets focused more on the execution of the campaign and covered the public backlash (e.g., Hernandez, 2015). One source of scrutiny was the decision by Senior Vice President of Global Communications Corey duBrowa to delete his Twitter account amidst the negative reactions on social media (Geier, 2015). The attention left Starbucks on the defensive.

On March 18, Schultz and Mellody Hobson, a board member, addressed the campaign at Starbucks’ annual meeting of shareholders (Starbucks, 2015b). Hobson stated that America should be “color brave,” not color blind—an argument she had made in previous speaking engagements (e.g., TED, 2014). That same day, Schultz appeared on CNBC and ABC News to defend and explain the campaign. His main message was that corporations have a responsibility to do what they can regarding social issues and that it is not always about the bottom line. He also stated that Starbucks did not expect to fix centuries of racial inequality, but simply to help facilitate a conversation (Candea, 2015). A special insert was included in two million copies of the March 20 edition of *USA Today*. The eight-page publication included a letter from Schultz and *USA Today* President and Publisher Larry Kramer, quizzes, and a conversation guide. The letter from Schultz and Kramer reiterated that this was a partnership between the two companies designed to stimulate conversation (Starbucks, 2015c).

On March 22, baristas stopped writing “Race Together” on cups. Although the quick end to that portion of the campaign drew skepticism, Schultz stated that was the plan all along and that it was only one portion of a broader campaign, which would continue (Starbucks, 2015d). It never did.

In sum, the public expects companies to engage in socially responsible behavior, yet are wary of efforts that seem insincere, inauthentic, or a poor fit for the company’s area of expertise. Supporting causes that match a company’s mission or business and involving employees in CSR activities have helped to link companies more positively to the communities they serve. Yet Starbucks, a company that has usually exemplified appropriate CSR behavior, made an egregious misstep with its Race Together campaign. This study explores the Race Together campaign to better understand the importance of company–cause fit and of proper employee involvement in a CSR context. To examine the complex dynamics of this campaign in greater depth, we formulated three research questions:

RQ1: How did the public respond to the campaign?

RQ2: How did employees perceive the campaign and their role in implementing it?

RQ3: What were the short- and long-term outcomes and consequences, both financially and reputationally, of the campaign?

By answering these questions, we identified key lessons and implications for CSR and public relations theory and practice.

Methods

To address these research questions, we conducted a mixed-method case study. The case study combined thematic analysis of social media posts using the Starbucks employee-specific hashtag #tobeapartner and the campaign-specific #racetogether hashtag, interviews with Starbucks employees, and an examination of Starbucks financial reports and a variety of corporate reputation rankings before, during, and after the implementation of the Race Together campaign.

Social Media Analysis

To analyze reactions to the campaign, we examined tweets using the hashtag #racetogether that were posted between March 5, 2015 (10 days before the campaign's launch) and July 23, 2015 (four months after the campaign 'officially' ended). Using the NUVI Social Media Marketing Suite, 78,764 social mentions were collected. To examine the general public's reactions, 2,111 tweets were randomly selected for analysis. All tweets from the total sample that also contained the Starbucks employee hashtag, #tobeapartner (*n* = 226), were included to assess what employees shared publicly about the campaign. These posts were written by employees and contained the campaign hashtag. In both sets of tweets, non-modified retweets were excluded from the sample. All the tweets that were included were either original or had a comment added to a tweet that was shared.

A thematic analysis using Smith's (1995) five-step method was conducted. Two of the present authors followed the same process. First, all the tweets were read to create familiarity with the data. The tweets were exported from NUVI into a spreadsheet so profile photos or any visuals included in the posts were excluded from the analysis. Next, each author read the tweets again, making note of emerging themes. The authors then listed all the themes and worked together to combine their findings. Finally, the tweets were revisited to find exemplars of each theme.

Employee Interviews

Four informant interviews with Starbucks employees were conducted to further contextualize the tweets posted by Starbucks employees. The interviews gave a more in-depth look at how employees perceived the campaign and how it affected their views of Starbucks. This was particularly important because most employees may be unlikely to share negative opinions of their employer online. Although four interviews would be insufficient in most instances, when combined with the other sources of data, they provided another layer of understanding for this case. Despite the confidential nature of the interviews, other employees that were contacted chose not to participate due to the topic of the study.

Convenience sampling was utilized to recruit participants. Employees were recruited through the authors' personal contacts and through a Facebook group for Starbucks employees. Interviews were conducted over the phone and lasted between 30 and 50 minutes. The sample consisted of four employees: two baristas, a shift supervisor, and a district manager. Two participants identified as Caucasian, one as Latino, and one as Middle Eastern.

The interviews were semi-structured following an interview guide. The interviews opened with general questions about the participant's background to establish rapport with the interviewer. These questions asked about educational background, the participants' experience and current position at Starbucks, their responsibilities in that position, and what long-term plans they had involving employment at Starbucks. The interview then transitioned into a discussion of the Race Together campaign, including when and how the participants first heard about the campaign, their initial reactions, and what type of information they received from Starbucks corporate headquarters as well as from their individual store management. Next, participants were asked about the nature of their participation in the campaign, including whether, why, and to what extent they participated, how other employees and customers reacted, and how they felt about their own participation (or lack thereof). This was followed up by asking about their participation with the campaign online and their exposure to and reaction to media coverage of the campaign. The interviews concluded with a discussion of the participants' overall feelings about the campaign, its perceived impact on Starbucks and on their relationship with company, and their perceptions of any other Starbucks CSR activities of which they were aware.

Transcripts of the interviews were analyzed using the same thematic analysis process that was used to analyze the social media data. Two authors analyzed the interviews and developed themes.

Historical Data

To examine how the campaign affected Starbucks' business and to see how the public reactions were related to financial outcomes and corporate reputation, a variety of financial and reputational indicators were examined. Historical data were compiled from diverse sources for each year from 2012 to 2016. The rationale for selecting these years was that this time span encompassed three periods that were important in identifying potential short- or long-term financial impact that Race Together may have had on Starbucks. The first timespan includes the three years prior to the campaign in order to establish a benchmark for pre-campaign financial performance. The second period is the year immediately after campaign implementation to identify any short-term impact. The third time-period examined was the two years following the campaign (to identify any long-term impact). Historical financials for Starbucks from 2012 to 2016 were obtained from a Hoover's Inc. (2016) corporate profile. Quarterly financial information was obtained by consulting quarterly earnings releases available via Starbucks' investor relations website (Starbucks Investor Relations, 2017).

Several widely reported corporate reputation rankings also were consulted to provide some sense of how the public and Starbucks employees viewed the company before and after the Race Together campaign. Starbucks' annual rankings over a six year-period were compiled from The Harris Poll's (2017) Reputation Quotient, the Reputation Institute's (2017) Global RepTrak 100, *Fortune's* (2017b) World's Most Admired Companies, Glassdoor's (2017) Best Places to Work Employees' Choice, and *Fortune's* (2017a) 100 Best Companies to Work For. In addition, Howard Schultz's personal reputation among employees also is indicated by Glassdoor's (2016) Highest Rated CEO rankings.[1]

Findings

Each research question was addressed by analyzing data from one or more sources. Findings are organized by research question.

RQ1: How did the public respond to the campaign?

Although the campaign received a lot of media backlash, that is not necessarily indicative of consumers' reactions. Therefore, public posts on Twitter using the campaign hashtag were analyzed to answer RQ1. Despite some comments that were truly critical of Starbucks, the trend was that Race Together was viewed as a well-intentioned campaign that was poorly executed. Often, these difficulties were linked to how employees were used when implementing the campaign. In fact, many applauded the attempt or supported the notion of discussing race but recognized the logistical restrictions. Themes related to this research question are discussed below. These findings are consistent with previous research examining the campaign (Logan, 2016).

Political backlash. Tweets that expressed anti-Starbucks sentiment beyond criticizing the execution of the campaign were often based on the view that Starbucks was being too political—specifically, too liberal. For instance, one person posted, "The best part of waking up, is not having someone else's politics in your cup. #RaceTogether." Another user posted, "#Starbucks You want to help minorities. Tell them to stop voting for Democrat dependency & race baiters. The End. #RaceTogether."

Some of these posts expressed racist sentiments or belief in a post-racial society. Other examples included, "#racetogether I will race you to @Starbucks Loser must explain why his or her race prevented him or her from winning" and "#RaceTogether Enough already. Tell Starbucks and the liberal media the 1960's are calling and they want their racism back. #ignoringprogress."

[1] Details regarding the individual methodologies of each of these indicators are available from the individual reporting websites.

Logistics and appropriateness of setting. One major theme that arose from the tweets was that of logistics or how appropriate the setting was for a discussion of race. Commonly occurring topics included the awkwardness of discussing race with strangers, the baristas' lack of expertise about racial issues, the typical short length of a visit, and just wanting coffee. "Seriously who talks about #Race before your cup of coffee in the morning? #RaceTogether Maybe afternoon discount coffee would work! #Idea," one such tweet said. Another stated, "I don't need to #RaceTogether with a HS educated Starbucks coffee slinger, thank you very much."

Some of these tweets called into question whether Starbucks was the right organization to be initiating conversations about race. As one Twitter user put it, "I don't go to a mechanic for financial advice and I don't take advice on race from my coffee. Sorry Starbucks. #RaceTogether." Similar posts included varying versions of the notion that customers come to Starbucks for "overpriced coffee," not serious or uncomfortable conversations.

There were also posts that addressed how people of color might experience the campaign. For instance, "The reality is that PoC and women 'standing up' & 'being heard' is usually the start of an onslaught of vicious backlash/abuse #RaceTogether." One man said of his experience, "I'm the only Black dude in this Starbucks & ppl keep looking at me like I'm the designated moderator. #RaceTogether."

Superficial attempt at change. Another theme was the idea that Race Together was superficial, insufficient, or even hypocritical. More than one tweet stated that a cup or a discussion would not change anything. Similarly, one person posted, "Lots of folks chiding #RaceTogether for being awkward. For me it's more about the fallacy of 'let's talk it out' solutions to racism."

Some people posting about the ineffectiveness of the campaign suggested other ways Starbucks could address racial injustice. One suggestion was, "Starbucks could donate money to the Davis, Garner, Martin, Brown families' children if they're serious about race talk. #RaceTogether." Another was, "You know what would be REALLY radical? If @Starbucks would address #WhitePrivilege #gotprivilege? #RaceTogether."

Starbucks also was criticized for initiating discussions about race when stores are typically located in predominantly white neighborhoods. Related tweets included, "Starbucks might want to start the #RaceTogether by building stores/investing in black neighborhoods," and "Why are news stories about #RaceTogether focusing on PR and not about how Starbucks is related to gentrification?"

Attempts at humor. As is typical with many trending topics on Twitter, there was no shortage of users making light of the situation or attempting to earn retweets through humor. Many of these jokes related to shades of coffee—from white mochas or taking your coffee black or with cream. "Is it still ok if I buy my coffee black? #RaceTogether," was one such joke. Other jokes poked fun at the hashtag with people fake wondering if the "race" was some sort of charity run. Along these lines, one person posted, "Dear #Starbucks, please #racetogether to see which one of you can get my order done the fastest...."

Focus on backlash. Rather than criticizing the campaign, many posts focused on how much media coverage the campaign was getting and how it was a public relations misstep. It appeared that once it became a trending topic, many Twitter users felt compelled to address the fact that it was trending. One tweet read, "Starbucks getting smashed on social media for their fickle attempt to discuss race issues. Comments are literally all negative #RaceTogether." However, much of the negative conversation—like this post—was about the negative conversation. Posts about what a public relations failure the campaign was included, "#RaceTogether I'm kind of confused about all of this. I guess Starbucks wanted publicity and I guess they got it," and "#RaceTogether is literally the most unfortunate PR campaign that honestly I would have expected from Chick-Fil-A. @Starbucks I don't get it."

Support. Supportive posts were a mix of outright support and support for the idea while being critical of the execution. Supporters posted, **"**Before you speak on #RaceTogether watch the 2015 Shareholder's meeting. Hear this out before you object," and **"**Love it. #RaceTogether well done! @Starbucks." One supporter also posted about his or her experience participating in the campaign and wrote, "Hats off 2 @Starbucks 4 #RaceTogether initiative. Had a powerful conversation with Asian friend & colleague about race over coffee y/day!!"
Other users were less supportive of the implementation but appreciated that Starbucks was attempting to tackle an important topic. This perspective consisted of posts such as **"**Discussions of race in America have NEVER been neat or tidy. Misguided mess and all, kudos to #SBUX for #RaceTogether," and "Having a conversation about #race is a good idea, but I'm pretty sure that the #RaceTogether campaign is a really bad idea."

RQ2: How did employees perceive the campaign and their role in implementing it?

To answer the second research question, both social media data and interview transcripts were analyzed. Tweets by employees were overwhelmingly positive. The interview participants echoed many of the positive sentiments posted on Twitter, but they also shared insights into the implementation of the campaign that were not evident from the Twitter data, which can likely be attributed to the public nature of the platform. Although there was a great deal of media coverage, participants said that they heard little mention of the campaign in stores and that it was a non-issue.

Communication regarding campaign. One criticism that arose in the interviews was a perceived lack of communication with employees leading up to the campaign. The baristas who were interviewed talked about information being available through an employee online portal, but said that most baristas did not seek out the information or know how to. As one stated, "that was the only place we could go for information, but nothing was actually brought to us" (Participant 4, February 8, 2016). The other said that she had sought out information and found she was the exception at her store. She said, "You know, a disconnect happened when I heard about it on the Internet, walked into my store and clocked in and nobody in my store knew about it—knew about what to do" (Participant 2, June 30, 2015).

The district manager who was interviewed also said he was concerned that it was a lot to ask without fully training employees. He stated, "There was a lot of concern I had in terms of, the degree of complexity of what we were asking our partners to do, was um pretty deep and there wasn't a lot of supporting material behind it" (Participant 1, June 18, 2015).

Participation in the campaign. Some employees posted to Twitter about participating in the campaign, but the interview participants stated that they mostly chose not to participate for various reasons. They emphasized that participation was optional and that they didn't see much of it from others either. The interview participants also did not engage on social media about the campaign and had few conversations about it with friends and family. The main reasons given for not participating were the time constraints when working at a busy store and the belief that Starbucks is already inclusive and so it was unnecessary.

The shift supervisor that was interviewed said, "You know what, it was really hard to keep up with it. But for a day or two, we did write it on the cups, but then again, it was like, for how busy our Starbucks is, it became a hassle, so we couldn't stick with it" (Participant 3, January 27, 2016). When talking about all the stores in his district, the district manager said, "I quickly discovered was that there was a zero percent participation rate. Which is interesting, because in the media, it was an enormous fiasco. I mean, it was an amazing problem in the media; it was a big issue, but what was happening in stores was nothing" (Participant 1, June 18, 2015). This sentiment was also reflected by one employee on Twitter who posted, "Chances are, no barista will write #RaceTogether on your cup. Just your name. Misspelled. #tobeapartner." However, other employees posted on Twitter about engaging in conversations with customers. One said, "I had a long conversation with a regular about race and difference. Believe it or not, the world did not end. #RaceTogether #tobeapartner."

Proud #tobeapartner. Most of the posts using the #tobeapartner hashtag were positive and expressed pride in their employer. Again, this is not surprising considering these are public posts using a hashtag created by Starbucks. However, employees were not required to post about work at all, yet many chose to do so. Further, the interviews also reflected pride in being a Starbucks "partner." Employees posted tweets such as, "Proud that @Starbucks is engaging in ways other companies won't. #RaceTogether #tobeapartner," and "Don't really understand why #RaceTogether is under attack. Anyone and everyone has the right to make a difference #tobeapartner."

The shift supervisor said during his interview, "over the years, Starbucks has supported so many other things, like gay and lesbian rights and supporting military troops, so it has always ended with support, so that was another thing, and especially for me, I never struggled that much with my Latino background, but it was nice to see" (Participant 3, January 27, 2016).

Impact of the campaign. The interview participants who did not support the execution of the campaign stated that it did not change their view of Starbucks. Overall, they had very positive attitudes toward Starbucks, and the campaign did not harm the relationship. One said, "I think the organization is one of the best companies I ever worked for. I relate well to Howard Schultz because we have similar beginnings. I don't think the campaign was necessarily great, but it didn't harm anything" (Participant 2, June 30, 2015). Another stated, "I don't think it changed a whole lot as to how I look at the company as a whole. I look back and see that we have done so many good things—even this was well intentioned—but I certainly thought to myself that I hope we listen and don't make the same mistake [again]" (Participant 1, June 18, 2015).

RQ3: What were the short- and long-term consequences, both financially and reputationally, of the campaign?

In terms of revenues and stock prices, it appears that the Race Together campaign had no negative impact on Starbucks. This was also reflected in the interview with the district manager, who stated that his district saw no decrease in sales and said, "As a company we had 18% revenue growth at that quarter. And that was a record. And we had 23% profit growth. So, there wasn't really any measurable evidence it hurt us" (Participant 1, June 18, 2015).

Table 1 presents historical fiscal year-end financials for Starbucks from 2012 to 2016. In general, these financial indicators improved or were stable before, during, and after the Race Together campaign. The decreases in net income and net profit margin from 2012 to 2013 primarily can be attributed to litigation charges resulting from legal proceedings involving Kraft and Starbucks that began the previous year (Starbucks Investor Relations, 2013). The drop in per share stock price from 2014 to 2015 is due to a 2-for-1 stock split on March 18, 2015 (Kalogeropoulos, 2016).

Table 1

Starbucks Historical Financials

	2012	2013	2014	2015	2016
Revenue ($M)	13,299.5	14,892.2	16,447.8	19,162.7	21,315.9
Net Income ($M)	1,383.8	8.3	2,068.1	2,757.44	2,817.7
Net Profit Margin	10.40%	0.06%	12.57%	14.39%	13.22%
Employees	160,000	182,000	191,000	238,000	254,000
Dividends per Share	0.34	0.42	0.52	0.64	0.8
Shareholder Equity ($M)	5,109	4,480.2	5,272	5,818	5,884
Stock Price (FY Close)	50.71	77.33	75.17	57.99	54.14

As there were no obvious long-term effects on Starbucks' financials, quarterly earnings information was consulted to identify any short-term financial impact from the campaign. Table 2 provides a closer look at the year following the introduction of the Race Together campaign, starting with the first quarter of fiscal year 2015, which ended on Dec. 28, 2014, through the second quarter of fiscal year 2016, ending on March 17, 2016—almost a year to the day after the campaign's public launch.

Table 2

Starbucks FY15 Q1 to FY16 Q2 Quarterly Financials

	FY 15				FY16	
	Q1	Q2	Q3	Q4	Q1	Q2
Revenue ($M)						
Consolidated	4,803.2	4,563.5	4,881.2	4,914.8	5,373.5	4,993.2
Americas	3,366.9	3,128.0	3,414.6	3383.8	3,726.2	3,455.6
Sales Growth						
Consolidated	5%	7%	7%	8%	8%	6%
Americas	5%	7%	8%	8%	9%	7%

The campaign launched during the second quarter of fiscal year 2015 (ending on March 29, 2015). Both before and after the campaign, there was steady, consistent growth in both sales and revenue. This would seem to indicate that the Race Together campaign did not have significant impact on either Starbucks' consolidated business or on the Americas operating segment of its business—the segment one would expect most likely to be influenced by Race Together.

Overall, the annual and quarterly financial data suggest that the media and public reaction to the campaign had no significant negative financial impact on Starbucks and did not slow its rate of growth. However, we were also curious to see what impact—if any—the negative reaction to the campaign had on Starbucks' and Schultz's reputations. Table 3 presents historical rankings of Starbucks' corporate reputation on various annual ratings of corporate reputation that were available before and after the implementation of the campaign, as well as an indicator of Howard Schultz's personal reputation among employees.

Table 3

Starbucks' Corporate Reputation Rankings

	2012	2013	2014	2015	2016	2017
Reputation Quotient	33	21	27	31	62	55
Global RepTrak 100	83	80	93	NR	93	95
Most Admired Companies	8	5	5	5	6	3
Best Places to Work	34	50	39	NR	NR	NR
Best Companies to Work For	73	94	NR	NR	NR	--
Highest Rated CEO	--	19	9	31	NR	--

NR = not ranked; -- = data not available

Unlike the financial indicators, Starbucks does appear to drop—sharply at times—in all but one of the corporate reputation rankings from 2014 to 2015 and from 2015 to 2016. In some cases, Starbucks drops completely out of the rankings altogether. This would seem to indicate that Starbucks' reputation suffered in the eyes of the various stakeholders that comprise the rankings' samples, including U.S. adults (Reputation Quotient), consumers (Global RepTrak 100), current employees (Best Places to Work), and both current and former employees (Glassdoor's Best Companies to Work For; Highest Rated CEO).

It is possible that other events during 2015–2016 could have triggered Starbucks' decline in these reputation rankings. Starbucks implemented a price hike in mid-2015 (Jargon, 2015), a change to their traditional holiday coffee cup design in November 2015 that sparked controversy (Wattles, 2015), and a change to their loyalty program in April 2016 (Malcolm, 2016). However, the price hike was only one of four between 2014 and 2016 (Team, 2016), and earlier hikes did not seem to influence Starbucks' reputation rankings. The holiday cup controversy seemed to be limited to voices on the far right of the political spectrum and encouraged solidarity among supporters and the mainstream (Wattles, 2015). The loyalty program change was not implemented until April 2016 and thus would not have influenced the initial drops in 2015;

furthermore, there appeared to be minimal outrage among Starbucks' most devoted customers regarding the change, as they were the primary beneficiaries (Malcolm, 2016; Team, 2016). Although these incidents present alternative reasons beyond Race Together to which the decline in reputation could be attributed, the company's drop in these rankings occurred at the same time, across the board among different stakeholders, and followed closely on the heels of the Race Together campaign's implementation, and despite several other internal and external CSR initiatives that Starbucks very publicly launched beginning in 2015, including the College Achievement Plan (Howard, 2015).

Discussion

The Race Together campaign provides an opportunity to examine CSR from multiple perspectives and highlights some of the advantages and potential pitfalls of using employees in public-facing CSR initiatives, which are vital issues to the public relations profession. Although apologists cite the lack of financial impact on the company as a rationale for claiming that the campaign was a success—or at the very least that it did not adversely affect the company despite the criticism it received—it appears that there was a negative impact on Starbucks' reputation among several key stakeholder groups. As we constructed the case by examining social media conversations, financial data, and corporate reputation rankings, as well as conducting in-depth interviews with employees affected by the campaign, it became clear that, among both the public and employees, much of the criticism of Race Together did not stem from the campaign's focus or from skepticism regarding Starbucks' intentions. Although there were some voices external to Starbucks who questioned its decision to tackle the topic of race in America, it appears that the company genuinely wanted to spark authentic dialogue between its employees and customers. Ultimately, most of the criticism focused on the use of employees as ambassadors for the campaign or on the logistics of implementing the initiative.

Specifically, the root causes of these concerns were (a) inadequate communication to frontline employees regarding the motive for and implementation of the campaign, (b) inadequate training of frontline employees that left them ill-prepared in most cases to engage in nuanced discussions about a sensitive topic under less than ideal logistical circumstances against the backdrop of a complex, emotionally-charged socio-political environment, and (c) a lack of employee buy-in and ownership of the implementation and execution of the program. Thus, many adverse reputational effects can be traced back to how employees were used in the Race Together CSR initiative. This is perhaps the most important takeaway from the case and underscores a lesson that internal public relations practitioners need to take to heart: Employees can be critical to implementing CSR initiatives that are perceived as authentic, but the way employees are used in these initiatives can impact public perceptions of the CSR effort and, by extension, the company. This tension highlights the importance of public relations practitioners working to manage CSR efforts and to establish effective internal communication efforts directed at employees. Below, we discuss implications for both theory and practice regarding the collaboration between public relations and internal stakeholders in CSR efforts, as well as implications for CSR practice in general.

Theoretical Implications

Implications for PR + internal communication in CSR. Although most CSR initiatives, including Race Together, are developed by top management, it is through employees that many CSR strategies come to life (Strandberg, 2009). Employees are typically the ones who carry out CSR programs externally, and through them, the company can amplify its moral commitment to helping the community and society at large (Pompper, 2013). This is exactly what Starbucks envisioned when implementing Race Together: Employees acting as company ambassadors to initiate discussions about race. Unfortunately, through a lack of training, preparation, and buy in, employees were not equipped to carry out these conversations.

Public relations professionals are in a prime position to nurture and foster the success of a company's CSR efforts, especially when employees are an integral part of the program's execution. Public relations practitioners can ensure that CSR conversations are integrated into existing employee education and training programs and can be an important ally for building employee dialogue and involvement in CSR programs. By integrating employees into CSR conversations at an early stage, companies can build and strengthen relationships with their employees. Fostering these relationships from the onset of employment can help companies identify employee interests and work with them to develop policies they support.

The results of this study showed that employees had a very strong connection with Starbucks and that many supported the company despite the criticism of and reaction to the campaign from the media and online sources. For a CSR program to succeed, however, there must be a connection between the values shared internally and what is presented externally. Employees were integral to the discussion of race company-wide, but were left out of the conversation when it came time to bring the initiative to the public. And, because the employees were at the forefront of the company–public interaction, ensuring that they were equipped with the appropriate tools to implement the initiative was imperative. This case study highlights the need for CSR conversations to be included in collaboration efforts between public relations departments and employees when implementing and executing CSR programs.

Implications for CSR theory. Past research has posited that companies experience more success in their CSR efforts if the programs accentuate company–cause fit (Menon & Kahn, 2003; Nan & Heo, 2007). Good fit typically indicates more legitimacy in a company's actions (Forehand & Grier, 2003). Moreover, fit can take on multiple forms. Typically, it is the congruency between the cause a company supports and the company's business plan or mission (Varadarajan & Menon, 1988). However, in the current business climate, fit can take on other forms such as fit between a company's value system and that of its stakeholders. This form of fit is echoed in Starbucks' case. The CSR literature, however, has rarely discussed the fact that how a company implements and executes an initiative may impact stakeholder perception as well.

Furthermore, the emphasis on company–cause fit highlighted in this research compliments the findings of Dodd and Supa (2014) that consumer–cause fit is important in a corporate social advocacy campaign, and that the fit of three aspects—the company, the cause, and the stakeholders—might play a critical role in forming consumers' perception of a corporate social advocacy campaign.

In the past, Starbucks has been lauded for its take on social issues, including standing up for the LGBTQ community and weighing in on the gun control debate. Although these issues do not match the company's mission, they do match Starbucks' stakeholders' values, and because of how the company approached the issues, Starbucks' efforts received public support. Typically, these initiatives were executed at the policy level with Schultz or another executive announcing the company's stance without taking the issue directly into the stores. However, this was not the case for Race Together, where employees were expected to be frontline ambassadors of the race discussion with customers. Because the employees were ill-trained for such discourse, however, the public questioned the legitimacy behind the company's actions. For actions to be perceived as legitimate, companies must work with stakeholders to ensure their actions are compliant with stakeholders' social norms (Burlea & Popa, 2013). Although Starbucks may have consulted with some employees, other stakeholder groups were unaware of the company's intentions and ultimately disagreed that frontline employees were the appropriate conduits to engage in racially-charged conversations. This case study provides evidence that fit must not only exist at the developmental level of a CSR program, it must run through the entire process, including execution. Having baristas initiate conversations centering on such a sensitive topic did not fit with what the public believed the role of those employees should be. Discussing race relations might fit with Schultz's values and with the values of many employees, but it did not correspond with the job description of his frontline employees as those roles were enacted and perceived during typical, routine encounters with customers, ultimately causing the entire campaign to be perceived as illegitimate. Thus, it is imperative for CSR research to examine the concept of fit throughout the entire lifespan of a CSR initiative and determine where in the process fit is deemed to be most (or least) authentic. If the employees had been used as ambassadors in a context outside of their workplace and via interactions with the public where discussions of race might have been perceived as 'making sense,' then perhaps the public's perception of company–cause fit might have been more conducive to the implementation of a successful campaign.

Finally, the observed trends in financial performance and corporate reputation run counter to much of the previous research (e.g., De la Fuente Sabaté & De Quevedo Puente, 2003). While Starbucks' financial performance seemed to exhibit a consistent positive trend following Race Together, the company's corporate reputation appeared to steadily decline during the period following the public relations debacle created by the campaign. Typically, previous research has found positive correlations among CSR perceptions, corporate reputation, and financial performance, so these divergent trends do not reflect the relationships predicted by CSR theory (Aguinis, & Glavas, 2012; Van Beurden & Gössling, 2008). It is possible that there is not a clear, direct relationship between CSR and financial performance, as has been suggested by some scholars (e.g., Saeidi, Sofian, Saeidi, Sayyedeh, & Saaeidi, 2015). Another possibility is that, in some cases, different mechanisms influence consumer evaluations of companies and their evaluations of a company's products, which in turn influences purchase intention (Kim, 2011). Finally, given the findings of this study, it is possible that perceptions of the effectiveness or appropriateness of CSR implementation may mediate the relationship between CSR efforts and variables such as financial performance, satisfaction, loyalty, reputation, organization-public relationships, etc.

Practical Implications

Execution is as important as intention. Although CSR is typically a top-management-driven endeavor, including employees in the development and implementation can energize and empower them (Bhattacharya et al., 2008). Starbucks is recognized for including employee ideas and concerns in its CSR-related causes. This same effort spawned Race Together: The campaign grew from internal discussions about race, and employees articulated their pride in being associated with a company that engaged in this issue. Unfortunately, a lack of training and guidance in the planning and execution phase of the campaign resulted in the outpouring of negative criticism.

As employees were expected to be on the frontline, personifying the company's beliefs on race, they needed to be better prepared to represent Starbucks in this effort. Fenwick and Bierema (2008) observed,

> If a company decides to undertake a genuine CSR commitment it must acknowledge the core importance of education of employees, customers, suppliers and the community at large…. Although part of this education and development might be designated a PR exercise, much of it requires integrated processes and understandings of human learning and organizational development. (p. 33)

Effective internal communication relies on partnership between public relations and employees. Such a partnership can ensure its programs properly prepare employees to serve as company ambassadors who are capable of implementing a CSR initiative. Incorporating multiple departments is good internal policy for CSR programs, especially when the initiative is complex (both logistically and strategically) and focuses on a sensitive subject like race relations—employees need to be trained and educated not only on implementation, but also on the issue itself.

Limitations and Future Research

This study has several limitations. First, although the Race Together campaign was about race and was inspired by specific events related to injustices against the African American community, we did not specifically look at the perspectives of African Americans. Future case studies about race should consider how perspectives vary between communities. For example, in the analysis, several of the negative comments appeared to have come from neo-Nazi or white nationalist groups, which may have skewed the sentiment of the overall discussion. Second, we only conducted interviews with four employees, all of whom participated only minimally in the campaign. Although qualitative research is not meant to be generalized, interviewing a greater variety of employees may have revealed differing perspectives. Capturing the thoughts and opinions of Starbucks' corporate leadership would have also added to the study. We did attempt to reach members of the corporate communications department, but they declined to participate in this study. It seemed that they had moved past Race Together and were content to put the campaign behind them. Finally, only analyzing online discussion was a limitation. Due to the anonymous nature of online participation, what was captured may not have fully represented the public's true feelings. The #tobeapartner hashtag was created by Starbucks, so most employees using that hashtag probably censored their opinions. These posts should not be generalized to the population of Starbucks employees but can highlight the fact that many willingly acted as brand ambassadors on behalf of their employer. Face-to-face interactions would better capture employees' true feelings and opinions as it did in the interviews.

Future research should continue to examine the role internal communication plays in the implementation of public relations and CSR initiatives. For example, scholars can explore how much formal training and policy are communicated to employees and how these efforts build and maintain healthy relationships internally, as well as how they are perceived externally. Finally, future studies should employ measures that explore effectiveness in articulating fit throughout the entire CSR program process, from development through execution.

In addition, given the complex relationship among perceptions of CSR initiatives, financial performance, and corporate reputation—a complex construct in and of itself—additional research should consider the perceptions of the effectiveness and appropriateness of CSR implementation and related public relations and communication strategies. CSR scholars should investigate the potential mediating role of these perceptions on the relationships between CSR perceptions, financial performance, and corporate reputation. As demonstrated in this case study, the manner in which a CSR initiative is implemented and communicated is potentially as important as other factors in determining whether the initiative is successful or not.

Conclusion

This study's findings yield valuable insights into how to approach CSR initiatives in light of the Race Together campaign's impact on corporate reputation and employee engagement. First, a CSR strategy regarding sensitive issues must align with the organization's brand at every level; company–cause fit must be considered throughout the entire CSR effort. Second, such efforts must involve clear communication with and input from internal stakeholders about CSR strategy. Employees must understand not only the value of the cause that is championed by the CSR initiative, but must also understand the very basic nuts and bolts of how the campaign will work. Finally, the case underscores the critical role that public relations practitioners should play in CSR initiatives by acting as culturally sensitive boundary spanners between organizational management and stakeholders, both internal and external. One way that public relations practitioners can bridge this gap is by working cooperatively with employees to ensure they are properly trained and capable of acting as effective ambassadors of the organization when a CSR campaign is implemented.

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