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Via Brand Will Be Starbucks Minus the Baristas -- and the Brewing

'Next-Generation' Instant Coffee Gives Chain One More Way to Reach Consumers

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CHICAGO (AdAge.com) -- Sanka, Folgers Crystals and ... Starbucks?

The upscale coffee chain plans to dignify the much-maligned instant-coffee market with its next big product launch, called Via. The water-soluble beverage will be sold at the chain but will be billed as a way to be your own barista by making Starbucks-tasting beverages at home.

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As first reported on AdAge.com, Via will get its official launch in New York this week. In advance of the big unveiling Feb. 17, Starbucks is mum on the specifics. But one thing will be made clear in the marketing: This isn't the Brim your grandmother sipped. Via long has been a top-secret endeavor and a pet project of CEO Howard Schultz, according to executives familiar with the matter. Someone close to the launch described the product as next-generation and "groundbreaking for soluble coffee."

Chicago baristas say the product will be available locally in early March, but it's unclear if the Midwest will only be a test market.

It's also not evident whether the brand will head for grocery shelves, where Starbucks already partners with Kraft for its ground and whole-bean grocery business. According to Information Resources Inc., Starbucks' ground-coffee business grossed about \$179 million during the 52 weeks ended Nov. 30. IRI stats exclude Walmart and club stores such as Costco, a chain with which Starbucks has recently partnered for discount promotions.

Persuading the faithful

Instant coffee is a tiny part of the market at retail, with IRI pegging sales at \$355 million compared with ground coffee overall at \$2.1 billion. That's likely because instant coffee hasn't had the best rep around, and Starbucks might have a tough time persuading its faithful. According to the National Coffee Association's annual drinking study, only about 7% of coffee drinkers consume instant coffee every day, and only 9% of coffee drinkers said they'd sipped instant in the last week.

But those familiar with the matter say Via is unlike anything on the market. And in a memo to employees last week, Starbucks pegged the global instant-coffee market at \$17 billion.

But experts are divided about Via's prospects in the U.S.

Richard Honack, a senior lecturer at the Kellogg School of Management, said instant coffee just gives Starbucks another way to reach consumers. "They've got everything else on the shelf; they might as well have instant coffee," he said. "It fits that need for people who don't want to make a pot at home, or want to make it at the office. It just helps the brand." Supermarket expert Phil Lempert said while he doesn't see an instant market in the U.S., Starbucks has the chance to compete with Nestlé overseas.

Lynn Dornblaser, director of consumer-package-goods-trend insight at Mintel, sees the product as a tough sell, especially among consumers Starbucks taught to be coffee snobs. "Even if it tastes exactly like Starbucks coffee, I think they are going to have a very hard time believing it, because instant coffee doesn't taste anything like brewed," she said.

And some folks really seem blasé about the whole thing. "This is more of a yawn than a wake-up jolt," said Robert Passikoff, president of Brand Keys, adding that a new formulation isn't going to fix the chain's brand issues. "You see where Pike Place didn't save them. So you can't see, on a brand basis, that this will. It's a new income stream. And the way things are going with the company these days, anything will be a help."

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