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Starbucks to open first Evolution Fresh juice store

By Bruce Horowitz, USA TODAY

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Starbucks is about to find out just how much it can squeeze out of its brand.

On Monday, the world's biggest coffee chain will open its very first retail store — dubbed Evolution Fresh — that will not be centered on the coffee cup, but, instead, on the juice bottle.

Goodbye grind. Hello squeeze.

PHOTOS: How Starbucks has evolved over the last 40 years

STORY: Starbucks expands wine and beer sales

A nation of Starbucks lovers and haters — and a world of retailers that only wishes it could mimic the coffee giant's success — is enamored of this supersecret store that's quietly but frantically been under construction in the chi-chi city of Bellevue, Wash., just east of Seattle.

The grand opening comes four months after Starbucks purchased the little-known Evolution Fresh brand, and two days before the company's annual meeting, where CEO Howard Schultz will prophetically point to Evolution Fresh as an early glimpse of the company's future beyond the coffee bean.

For Starbucks, this is the beginning of a carefully crafted path for growth beyond java. Starbucks has one eye squarely on the \$50 billion world of health and wellness,

where it believes the premium juices and vegan and veggie dishes that the new chain will sell could attract a different type of well-to-do consumer than those who patronize its gourmet coffee shops. At the same time, Starbucks is hankering to run with behemoths such as Kraft and PepsiCo in the near \$1 trillion world of consumer packaged goods.

Before any other media, USA TODAY was given exclusive access to the two senior Starbucks executives who will oversee the evolution to premium juice and the even larger evolution into consumer products. If it works, Starbucks could stamp an even bigger cultural footprint than it already has. If it fails, Starbucks may have to go back to the drawing board and rethink if and how it can still dream beyond the bean.

"Our customers are looking for a healthier lifestyle," says Jeff Hansberry, the former Procter & Gamble executive who is now president of Starbucks Channel Development, which will ultimately oversee a plethora of new brands and products. "Juice and nutrition is no longer a fad. It's a full-blown trend," he says.

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Some 66% of Americans say they factor in the "healthfulness" of a product before they buy it, Hansberry says.

It's hard to overstate the keen interest among competitors and consumers in the opening of this store. The java world is watching to see if Starbucks can pull off a decidedly non-java retail move. The \$5 billion refrigerated juice world is watching to see if Starbucks is about to eat — or drink — its lunch. Consumers want to know if Starbucks-owned juice joints can sprout on as many street corners as its coffee shops. (In a word: no.)

A certain look

The first Evolution Fresh store, which Starbucks has kept under wraps, will be like an upscale health food store. All food and drink is natural — no artificial colors, preservatives or additives. The store, whose windows were wrapped in brown paper Sunday evening to keep curious consumers and media from peering in, is designed with mostly white walls, light woods and marble countertops. Juices are customized in an area where employees mix juices from eight taps while videos explain the benefits and options.

"Evolution Fresh is the most innovative store since Apple entered retail," boasts Arthur Rubinfeld, president of global store development.

The prices may seem Apple-like, too. A full-size juice and salad (or sandwich) could set you back the better part of \$20. Figure \$7.99 for a 16-ounce hand-crafted juice. Another \$8.25 for a salad — and \$2.50 more if you want chicken or steak on it. Hot or cold sandwich "bowls" fetch \$8.75. And a wrap — wrapped in collard greens, not pita — will set you back \$7.50.

It's no Happy Meal. Then, again, it's surely the closest Starbucks has come to serving an exceptionally healthy meal. Every bottle of juice, for example, has 2 to 3 pounds of pressed fruits and vegetables.

Among the juices: Field of Greens — which blends greens, ginger, apple and cucumber. Or Coconut Zen, made with coconut water, pineapple and cucumber. There are smoothies, too, at \$6.99 for a 16-ounce drink. The Smooth Mango is made with apple juice, mangoes, papayas and pineapple.

Want to add a shot of blueberry? — that's 50 cents. Want some wheatgrass? That's another \$1.95. But don't look for extra vitamins for sale. "They're already (naturally) in there," Hansberry says.

Even the sweets put on the face of wholesomeness; you won't find brownies. But there are \$2.70 Belgian chocolate granola bars. No ice cream. But how about a \$2 dish of chocolate coconut mousse?

This is not your father's — or mother's — Starbucks.

For one thing, there is virtually nothing visual that links it to the Starbucks chain. No signage. No cups. No colors. No Grande. No Venti. No Trenta. The only mention of the Starbucks name is a small spot on the menu board that notes Starbucks Pike Place Roast is available for \$1.95. Ah, but even that's not dispensed in the familiar Starbucks cup. The coffee cup is logo-less.

Why no Starbucks mention in Evolution Fresh? "We believe it's a brand concept that stands on its own," Hansberry says.

Nor are there baristas. They've been replaced by "juice partners" who'll be decked out in long, canvas-colored aprons — with the green Evolution logo — worn over gray, long-sleeve pullovers.

But since this is Starbucks, even its juice must come with a twist. The juice is highly pressurized before it gets to the store in a giant cold press that retains the nutrients of the raw fruit and veggies often lost in heat pasteurization. Since the juice comes pressed, the juice partners don't actually squeeze it. They dole out advice, mix customized juices to order and make smoothies. The company takes this first store so seriously that it's been training the juice partners for months in a specially designed, built-to-scale mock store.

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Even then, there will be a lot less "show" than Starbucks baristas tend to put on mixing, grinding and creating drinks.

Executives declined to detail growth plans for Evolution Fresh. But there will be "several" opening in the Seattle market in the next year and more will open on the East and West coasts, says Rubinfeld. This is not a test. This is the future of Starbucks: growth on supermarket shelves — well beyond caffeine.

The Evolution Fresh brand is sold at grocers in the states of Washington and California. In the next few months, it also will show up in Starbucks stores in both states, replacing the Naked Juice brand currently sold at Starbucks. It will likely take months until distribution is national, in part, because there's just one facility that currently makes the juice, and it's in San Bernardino, Calif.

There are doubters, for sure. "Does America need 5,000 new juice bars?" asks Bradford Hudson, professor of marketing at Boston University. "I'd be very hesitant on this one."

But some think Evolution Fresh a no-brainer, if only because Starbucks is behind it. "If anyone can design, develop and deploy a new beverage platform, it's Starbucks," says Scott Bedbury, CEO of the consulting firm Brandstream and former Starbucks marketing chief. "There is no brand that has a higher level of beverage trust."

That said, Bedbury notes that profit margins on juice won't be anywhere near that of coffee or tea.

Other advantages

While juice doesn't have the growth engine of coffee, it's got a direct correlation to the health and wellness category, which has enormous growth potential, says John Sicher, publisher of *Beverage Digest*. Besides, he says, "Name me a better marketing company than Starbucks."

Gary Stibel, CEO of New England Consulting Group, has questions about the concept, but not the guy behind it. "This could miss the mark," he says of Evolution Fresh. "But then, again, I'd never want to underestimate Howard Schultz. He's the Steven Jobs of the coffee business."

But James White, CEO of Jamba Juice, which has a 22-year head start on Starbucks, and 750 stores in 26 states, says he isn't shaking in his shoes at the news of Starbucks entering his turf. "We have a 750-unit advantage, and we have no peers."

It's no coincidence, however, that since the Starbucks announcement, Jamba has aggressively rolled out a new line of all-natural, fresh juice blends and also acquired Talbott Teas.

White says Starbucks has its work ahead. "I'd never heard of Evolution Fresh before Starbucks bought them, and I study the industry," he says. "It takes time to build a brand."

Starbucks has some experience at that. Frappuccino, for example, is a \$2 billion brand. "We are uniquely experienced in creating and building brands," says Rubinfeld.

For folks who live or work in Bellevue — but can't find time to go to the store — fear not. Evolution Fresh will come to you. It's delivered, at no extra charge, by an eco-friendly, white-and-green-striped customized bike. Of course, the juice drinks will arrive perfectly chilled.

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