

Addressing the Starbucks Effect:

Leveraging Beverage Service to Boost Employee Morale and Productivity





Studies confirm that satisfied workers are more effective workers. But today's employees want more. On-site beverage service can be a simple, cost-efficient way to optimize your workforce.

Today's employees expect more. More than a good salary. More than a secure work environment. They want the fulfillment that comes from the freedom to make their own choices, the satisfaction that results from believing their employer has their best interest in mind.

Smart companies are looking for straightforward, cost-effective ways to deliver workplace differentiators that will pay off in higher employee morale, increased worker productivity, and reduced turnover. They're seeking innovative new ways to build employee-friendly work environments — whether they employ 50 people or 5,000. For a growing number of organizations, that innovative differentiator is on-site beverage service.

Amassing Customization

Call it the "Starbucks Effect": Consumers who were once happy with a cup of Joe now won't settle for anything less than a half-caf double-pump caramel latte with foam. While in the past employees once demanded coffee that was "hot and black," today's employees are calling for coffee customized to their individual tastes. And the industry's eagerness to cater to individual tastes, initiated and driven by Starbucks, led to a coffee-drinking craze that's lasted for more than a decade.

This increasing demand for customization and individualization is not just evident at the local coffee shop. Advances in information technology have combined with improvements in customer service to make it a customized world, both inside and outside the workplace. Workers have grown accustomed to getting the products they want personalized to meet their individual needs — from the coffee they drink to the car they drive to the music they download and listen to.

For years, it was a common myth that the only things employees really wanted were a secure job and a good salary. But during the past decade, research has

increasingly shown that a variety of factors produce a satisfied and productive workforce. These factors range from enjoying respect from bosses and co-workers to feeling part of a team to working toward common and achievable goals. They also include work space issues such as having convenient access to on-site food and beverage options.

As a result, the organizations that want to attract and retain the best talent have focused on creating a better work environment. They've invested in team-building exercises, brainstorming processes, and other ways of promoting collaboration among managers and employees. They also began paying more attention to the work space itself — installing ergonomic furniture and equipment, improving lighting, and enhancing food and beverage service.

Unbridling Worker Enthusiasm

The payoff for organizations that invest in worker satisfaction is clear and measurable. In short, companies that maintain high employee morale outperform their competitors. That's according to last year's breakthrough book, [The Enthusiastic Employee: How Companies Profit by Giving Workers What They Want](#), by David Sirota, Louis Mischkind, and Michael Irwin Meltzer.

Based on the results of 2.5 million employee surveys taken since 1994, the authors found that people have three key expectations at work.

One is a sense of achievement. Workers want to feel proud of the work they do and feel that they are part of the larger picture of corporate success. They want a sense that their work has broader meaning. And in a time marked by corporate scandal, they want to work for a good corporate citizen that plays an active role in improving the community at large.



The second is camaraderie. Employees find satisfaction in being able to work together as a team toward shared goals. Team members form personal bonds that benefit both the individual and the organization.

The final expectation is fair treatment. Employees want fair pay, health benefits, and job security. They also desire less tangible aspects of fairness: being treated with respect, having a say in the way they do their jobs, and controlling their work environments.

These expectations are nearly universal. Despite recent suggestions that different generations of workers have different interests — for example, that Generation X doesn't care about job security — the authors found little evidence to support such claims. And perhaps surprisingly, they found no differences between men and women and even across countries and cultures.

Studies conducted by global research firm Sirota Survey Intelligence — where author David Sirota is chairman emeritus — have confirmed that achievement, camaraderie, and equity are the critical factors in creating a winning work environment.

Surveying 100,000 workers between 1998 and 2005, Sirota found that when these three factors are present, employees are 15 times more enthusiastic than when only one is present. Fully one-third of employees described themselves as enthusiastic when all three factors were part of the corporate culture, while just 2 percent were enthusiastic with only one factor.

Beyond the Water Cooler

Even organizations that recognize the importance of high employee morale sometimes struggle with identifying the best ways to enhance their workplace. But a growing number of companies are finding that enhanced food and beverage service is a simple, cost-effective approach to improving worker morale and productivity. And as more individuals come to expect products that are customized to their unique requirements, specialty beverage systems are paying even greater dividends.

The fact is, the traditional office coffee pot no longer suffices. Today's workers want more than just regular and decaf. Instead, they expect a choice of flavored coffees, more sophisticated coffee drinks such as cappuccino and espresso, and even other beverages now growing in popularity — green tea, sugar-free hot chocolate, bottled water, and more.

Experts expect this trend to continue. As consumers' expectations for more sophisticated coffee rises, and as the market for in-home coffee brewing systems expands, workers will increasingly demand a range of on-site beverage options that meet their individual tastes and offer single-cup brewing convenience.

In addition, many consumers are opting for tea, as studies show the health benefits of regular tea consumption, and as beverage companies broaden tea's appeal through new flavors and herbal supplements such as ginseng and Echinacea. The result is that more and more workers look for tea products in the office pantry.

What's more, recent years have seen a huge spike in the consumption of both filtered and bottled water. As a result, studies show, workers are calling for water in the workplace more than for any other beverage.

Serving Up Results: Specialty Beverage Systems

The most effective way to deliver such a broad range of beverage choices is through a high-quality, specialty beverage system. In fact, there's a strong link between a quality beverage system and the value employers place on their staffs, according to a study by the National Automatic Merchandising Association (NAMA), conducted by Wirthlin Worldwide and sponsored by Mars Inc.

Based on more than 400 in-person interviews in Chicago, Dallas, Atlanta, and Stamford, Conn., the study found that 74 percent of employees and decision makers would like to have a range of beverages to choose from during the workday. It also found that four out of five employees would prefer a better coffee option at work, and that such an option would make them less likely to leave the office.



Furthermore, the study showed that employees believe that offering hot beverages is an excellent way for organizations to demonstrate that they value their workers. For example:

- 91 percent believe that a hot-beverage break is a good way to reduce stress before starting a new activity.
- 83 percent of employees feel that offering hot beverages is one of the most visible daily expressions of employee benefits.
- 86 percent believe that companies that value their employees would most likely offer a high-quality beverage system.
- 67 percent agree that if they could get the beverage they wanted when they wanted it at work, they would be more productive.

And it's not just the employees who think that beverage systems are an effective way to keep employees feeling valued. The NAMA study revealed that decision makers share many beliefs about beverage systems with their employees. In fact:

- 81 percent of decision makers recognize that companies that value their employees are more likely to offer high-quality beverage systems.
- 80 percent believe that offering employees a variety of hot beverages is one of the most visible daily expressions of staff benefits.
- 90 percent believe that employees will be more productive if they can get the drink they want at work.

When the Glass Is Half-Empty

Of course, beverage service isn't a panacea for every workplace challenge. Even an optimal work environment will have its share of dissatisfied employees. In part, that's because of factors outside the workplace — and outside your control.

For example, a recent study by Nancy Rothbard of the University of Pennsylvania's Wharton School and Steffanie Wilk of Ohio State University found that not

everything that affects a worker's performance occurs within the workplace. Employees who walked in the door in a bad mood — after missing their train to work, say, or following a household disagreement — were more likely to stay in a bad mood. Consequently, that bad mood affected their work performance. Employees who came to work in a good mood, on the other hand, were more likely to maintain that mood and have a more productive workday. Such employees took less break time and felt more focused while on the job.

But without question, a well-implemented, tailored refreshments program can help boost employee morale and productivity. That's according to research carried out in October and November of 2005 by ARAMARK and Survey Sampling International.

The study involved more than 400 online interviews of a nearly equal number of clients and non-clients across the United States. Of those sampled, 81 percent were the primary or one of the primary decision makers regarding the coffee and beverages offered at their workplace.

The key finding of the survey is that both clients and non-clients recognize the benefits of outsourcing the refreshment operation and believe that a high-quality beverage service can yield significant rewards in terms of employee satisfaction. In fact, the majority of decision makers surveyed agreed that providing free coffee or beverages to employees contributes to increased satisfaction and morale of employees at their location, and is an effective way to reward employees and show that they are valued.

Overall, respondents saw additional advantages in employee productivity. Nearly half believe that providing employees with free coffee and beverages contributes to increased productivity and their location.

Customization Means Both Productivity AND Cost Savings

When asked in the ARAMARK survey to name the single most important benefit of coffee and beverage service, decision makers named employee satisfaction and morale. But business environments focused on cost reductions may be concerned about the potential expense of an on-site beverage service.



The fact is, many businesses that opt for an on-site beverage service find that customization really does go hand-in-hand with cost savings, and that an on-site beverage service can actually save companies both time and money over the long term.

Consider that one-quarter of employees leave the office to get a hot beverage. On average, they spend 14 minutes outside the office for such a trip, according to recent research by Wirthlin Worldwide and Harris International.

Based on those numbers and an average employee salary of \$40,000, a company with 50 workers loses 102 work days a year — at a cost of \$15,625 — to employees who leave the facility to purchase beverages. Likewise, a company with 1,000 workers loses 2,031 work days, at a cost of \$312,500.

ARAMARK has developed a Workplace Productivity Calculator that estimates how much time and money are lost by companies when employees go off-site to purchase beverages. (See chart below.)

Participants in the ARAMARK study agreed with the potential cost savings of on-site beverage service. Nearly half believe that having the right selection of coffee and beverages can significantly reduce the time employees spend away from work purchasing items on their own.

By selecting and implementing a high-quality, on-site beverage service, organizations can offer their employees an increased level of choice and satisfaction — especially if they offer a selection from marquee brands such as Starbucks, Seattle’s Best Coffee, Dunkin’ Donuts, Green Mountain Coffee Roasters, and FLAVIA.

Choosing a service that offers a wide range of beverages that includes fresh leaf teas, cappuccino, flavored lattes, and chai lattes also meet workers’ demands for a broad range of beverage options.

Workers are looking for help in recharging and getting back to work in a positive frame of mind. Employers who offer their employees a real coffeehouse experience without leaving the office are well on their way to a more satisfying and productive workplace.

Figure 1: Workplace Productivity Calculator

| Number of employees | 50 | 100 | 500 | 1,000 |
|---------------------------------|----------|----------|-----------|-----------|
| Number leaving daily for coffee | 12.5 | 25 | 125 | 250 |
| Annual work days lost | 102 | 203 | 1,016 | 2,031 |
| Cost to the company | \$15,625 | \$31,250 | \$156,250 | \$312,500 |

About ARAMARK Refreshment Services

ARAMARK provides workplace refreshments to thousands of locations throughout North America, offering clients a single source for office coffee service, water filtration, brand-name beverages and food and breakroom essentials. Through The Complete Breaktime Experience™, ARAMARK offers a holistic approach to providing outstanding client service.

For more information on ARAMARK, visit www.aramarkrefreshments.com.