Starbucks readies rollout of mobile ordering in Seattle area

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Imagine getting your Starbucks fix at rush hour without a long line - and your name on that to-go cup always properly spelled.

That could happen starting next Tuesday, as the coffee giant brings its mobile-ordering and payment system, currently piloted in Portland, Ore., to the rest of the Pacific Northwest.

Starbucks is rolling out the mobile-ordering capability to draw more customers into a digital ecosystem that's closely entwined with its rewards program, whose users tend to buy more and more often.

People who have downloaded the Starbucks app into their Apple device will be able to place an order and pay from their iPhone or iPad, then walk into one of more than 650 Starbucks stores in Washington, Oregon, Alaska and Idaho to see their latte waiting for them at the handout counter. An Android version of the mobile ordering feature is expected later this year.

The mobile ordering initiative is part of the company's ambitious growth targets, aiming to double its revenue to $30 billion by 2019. Wall Street is counting on the company to deliver; at $93.04, shares on Tuesday were trading near their all-time high.

The mobile ordering feature also gives the company a tool to manage strong demand for its increasingly complex offerings, which has created waiting lines that, while not Soviet in magnitude, are becoming

frustrating to many customers.

Starbucks won't give specific figures on how the pilot in Portland, launched last December, has worked.

But Chief Digital Officer Adam Brotman says it has exceeded "all of our own expectations" in terms of efficiency and customer satisfaction.

Some Portlanders say they like it. "I get to skip the line," said Rebekah Hubbard, an interactive-marketing manager at Provenance Hotels, a Portland-based developer and manager of boutique hotels. She said she orders from the light-rail train on the way to work, a couple of stops before her destination.

When she gets to the Starbucks in her building, said Hubbard, her coffee is waiting, "which is great when it's 8:30 a.m. and everybody's there."

Starbucks is not the first food retailer to come up with a mobile ordering app. Taco Bell launched one in October; mobile ordering apps are also widely used by pizza chains.

Richard Crone, of mobile-strategy advisory firm Crone Consulting, said online orders typically generate more revenue than the average walk-in one.

Starbucks has deployed the most successful mobile-payment system ever, one that accounts for 16 percent of its store revenues, he said.

So mobile ordering, with the ability to both anticipate customer demand and steer it to where it can be met in a timely manner, has "huge implications" for Starbucks, Crone says. "It could allow them to expand capacity and sales at a rate that's never been experienced by any quick-service restaurant or queue-based business."

Brotman said Starbucks won't stop there: It will add a delivery option, to be tested in a couple of undisclosed markets this year.

HOW IT WORKS

If a Starbucks customer opening the app is within the service range of the mobile-ordering system, the button that typically says 'menu' is replaced by one that says 'order.'

Brotman said using a mobile device will allow customers to take a better look at the menu, including an expanding array of lunch items, than when standing in line and hurriedly ordering. That can lead to a bigger ticket, he said.

Once an order is placed, the app displays a map of nearby Starbucks stores, with an estimate of how long it will take to prepare the order and how long it will take to walk or drive there. That estimate gathers real-time data about how busy individual stores are directly from their point-of-sale systems, and factors in other simultaneous mobile orders, said Brotman.

The store prints the order on a label with the customer's name and sticks it to the bag or cup. It's a system similar to the one Starbucks uses in its popular drive-thrus.

"This is like a virtual drive-thru," Brotman said.

Starbucks aims to roll out mobile ordering in the stores it owns beyond the Pacific Northwest later this year, Brotman added. The system will also be piloted in "a couple" of international markets before the end of the year, he said.

Licensed stores - those operated by partners such as hotels and

supermarkets - are not part of the mobile-ordering program yet, but the company says it's figuring out ways to include them.