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Starbucks and Magic Join Forces to Address Underserved Markets

Starbucks coffee stores may seem ubiquitous among prosperous downtown areas and in the suburbs surrounding large metropolitan areas. However, finding a Starbucks store, or other high-quality retailers, in underserved markets can be more challenging. To address this issue and explore the potential in these markets, Earvin “Magic” Johnson has teamed with Starbucks in a joint venture to open Starbucks coffee stores in distressed and underserved areas across the country.

On Wednesday, March 1, 2000, Johnson and Starbucks opened the most recent of 16 joint-owned coffee stores in Hyattsville, Maryland. They hope to draw other upscale retail operations into minority markets such as Washington, D.C.’s inner-Beltway communities. “Companies still have that fear of coming into minority communities for some reason (even when it makes sense for their bottom line),” Johnson said in an interview at the new store.

Starbucks and Johnson started their group, Urban Coffee Opportunities, in February, 1998, each with a 50% investment in the venture. Since then, Urban Coffee Opportunities has opened locations in Oakland, Los Angeles, Detroit, Cleveland and Atlanta as well as a recently opened store in Harlem. All of the joint ventures are posting profits, split equally between Johnson Development and Starbucks Coffee.

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