



## Is This Starbucks Move a Sign of Things to Come?

### Description

Imagine being able to ask Alexa, Cortana, or Siri to order you a grande cold foam, cold brew from **Starbucks** ([NASDAQ: SBUX](#)) simply by talking to your voice-controlled digital assistant. That's something the chain is doing in China, but not with any of the digital assistants named above.

Instead, the chain has partnered with **Alibaba** ([NYSE: BABA](#)) to offer voice ordering and delivery through Alibaba's smart speaker, Tmall Genie — but only in China. Customers can order whatever beverage or food items they want simply by talking to their phone, tablet, or computer for delivery within 30 minutes.

### Why is Starbucks doing this?

In the United States, Starbucks has been a technology leader. Its app pioneered mobile ordering and payment — something its chief rivals have copied — and it has generally been ahead of the competition.

The U.S. market, it should be noted, is still rooted in customers going to a store and picking up their order. Some of those consumers order first via the app and pick up their items without waiting in line, but many still order from a barista and pay via cash or credit card instead of having a card scanned in the app as they check out.

Delivery has not been a big part of the offering in the U.S. Starbucks does deliver — especially in larger cities where it has a partnership with [Uber Eats](#). But the chain has done little to market delivery as an option to much of its customer base.

In [China](#), however, the coffee giant faces **Luckin Coffee** (NASDAQ: LK), a digitally driven competitor that's rapidly expanding. Most Luckin stores offer limited seating and are built around a mobile order-and-pay model. In fact, all transactions at the Starbucks rival, which currently has a slight lead in total store count, must take place through its app.

Luckin does not offer voice ordering, and adding it may give Starbucks a convenience edge. That may

be needed, as Luckin has been very aggressive when it comes to pricing, using heavy discounts to gain customers.

For both companies, it's important to become the ingrained favorite for customers. Consumers pick their favorites based on taste, price, and, of course, convenience. Being able to ask your digital assistant to get you a cup of coffee — much like you might ask a human assistant to do — is very convenient.

## A sign of things to come?

While about one-third of Americans utilize a voice-controlled digital assistant in an average month, it's fair to say that such technology has not really been used to its full potential. Siri might play music for us and Cortana may offer directions, but few people use either one to order food (even though a few chains offer that capability).

If this works in China, it's logical to expect Starbucks to bring the technology (or at least something similar) to the U.S. The company has been working to optimize its stores to improve the customer experience. Allowing people to order using their voice and a digital assistant furthers that mission as long as Starbucks can figure out how to make it easy (and not frustrating).

Getting the experience right in China first makes sense. Once that happens, it seems inevitable that this type of integration will be added in at least the parts of the U.S. where Starbucks offers delivery.

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1. Syndicated

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1. NASDAQ:SBUX (Starbucks Corporation)
2. NYSE:BABA (Alibaba Group Holding Limited)

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