



FOR RELEASE 12PM: Wednesday December 20, 2023

As Holiday Gift Card Buying Kicks into High Gear, Consumers File Complaint asking WA Attorney General to Investigate & Stop Starbucks’ “Dark Patterns” of Exploitative Gift Card & Mobile App Tactics

Consumers say they are trapped in a “weird cycle” of never being able to spend down their Starbucks mobile app funds

Seattle, WA – At an event outside the 1st and Pike St Starbucks in downtown Seattle today, Starbucks customers and consumer advocates announced they are asking the Washington State Attorney General to put a stop to “dark patterns” in Starbucks’ mobile app payment platform.

The term “dark patterns” is a [commonly used industry term](#) for design practices in apps that trick users into harmful decisions, like spending more money or making it difficult to unsubscribe or cancel.

The [consumer complaint](#) says Starbucks is violating the Washington Consumer Protection Act by tricking customers into loading more money than they would otherwise onto gift cards and the rewards app and making it difficult for consumers to fully spend down those balances.

Chris Carter, campaign manager for the Washington Consumer Protection Coalition, the group filing the complaint, says:

“Starbucks rigs its payment platform so consumers are encouraged to leave unspent money on their cards and apps. A few dollars here and there left on a payment platform may not sound like a lot but it adds up. Over the last 5 years

Starbucks has claimed nearly \$900 million in unspent gift card and app money as corporate revenue, boosting corporate profits and inflating executive bonuses.”

Brittany Ferguson, a customer service representative at SeaTac Airport, shared the frustration that led her to join the consumer complaint:

“I have been reloading \$25 onto the app for years because I thought it was the minimum amount. Money is tight, it’s not fair that I have to reload more than I will spend. I’ve tried to split my payments to eliminate the remaining balance on my app but cannot do so. I’m ready to get rid of my Starbucks App, but I can’t get my money back if I do. I’m trapped in this weird cycle of being forced to spend money at Starbucks even when I don’t want to.”

Jackson Hoppis, a state employee and resident of Olympia, explained why he joined the complaint:

“I’ve been a loyal Starbucks customer for approximately six years and, until very recently, used the Starbucks app two to three times a week. I signed up because I thought the rewards would end up saving me money and for the ease of customizing drink orders via the app. I did not like having a balance on my Starbucks Card and I would prefer to do away with the card altogether and get my remaining balance back.”

In many states, companies must try to return unspent gift cards and mobile app balances to consumers through their states’ unclaimed property programs.

Things are different in Washington state because two decades ago some big business interests – including Starbucks – supported an exemption for gift cards from unclaimed property law. Last week, the Washington State Budget and Policy Center released a [new report](#) analyzing how, under this loophole, revenue for companies from unclaimed mobile apps and gift cards has exploded over the last twenty years.

Misha Werschkul, Washington State Budget and Policy Center Executive Director, explained:

“A loophole in our state law incentivizes companies to make it difficult for consumers to use or cash out gift cards since they keep the money when customers leave their money on these cards. Starbucks has taken that to the next level, increasing their revenue every year from unspent gift cards and building their entire mobile app on digital gift cards that are exempt from common-sense consumer protections.” ”

This week Washington lawmakers Emily Alvarado and Yasmin Trudeau pre-filed the Washington Gift Card Accountability bill package to protect consumers by eliminating corporations' primary incentive to use dark patterns to push us into loading more money onto our gift cards than we plan to spend.

The bills will also adopt strong consumer protections around gift cards and give consumers the opportunity to claim hundreds of millions of dollars left unspent on gift cards and mobile apps.

Consumer Complaint Summary

Payments from Starbucks rewards members accounted for 57% of all revenue from sales at Starbucks-owned stores in the U.S. Thirty-three million Americans are active members of the Starbucks rewards program.

Starbucks subsidizes its business' bottom line by using unfair and deceptive practices to manipulate its 33-million rewards program members into loading more money onto the company's gift cards than they otherwise would, and making it harder to fully use up those balances. The coffee giant has built multiple design practices, ref "dark patterns" by federal regulators, into its digital payment card and mobile app, which together have the effect of steering its customers into handing over to the company more money than they might have otherwise chosen to.

Customers spent roughly \$14 billion that they had loaded onto their gift cards and mobile apps this past fiscal year, which comprises approximately 40% of the company's annual global revenue. Funds that customers load onto Starbucks Cards and the mobile app are in effect, interest-free operating capital.

There are two sets of dark patterns employed by Starbucks on its Payment Platform.

The first type of dark patterns tends to **trick customers into loading inflated amounts** onto the platform, such as:

- allowing customers to reload Cards on the mobile app only in specific amounts with a \$10.00 minimum; and
- setting a default reload amount of \$25.00 on the app and displaying \$15.00 as the lowest reload amount, even though the actual minimum reload amount is \$10.00.

The second set of dark patterns tend to **prevent customers from using small balances and zeroing out their balances**, such as:

- limiting tipping through the app, which further prevents customers from spending down their balances; and
- disallowing customers from splitting payments across multiple payment methods when they order through the app and pay using their in-app Card.

FOR MORE INFORMATION: [WASHINGTON CONSUMER PROTECTION COALITION.](#)

#