Starbucks to allow 'digital tipping'

The Associated Press

Want to leave your barista a tip? Starbucks is making an app for that.

The Seattle-based coffee company says a digital tip function will be added to its mobile payment application starting next summer. A similar option will also be available on Square, a new payment app that Starbucks customers will be able to use starting in November.

To use either of the programs, customers download the app then link a credit or debit card to the account. When it comes time to pay at the register, they open the app and wave their phone in front of the scanner.

The Starbucks app can only be used at the company's cafes and customers earn rewards when using it; the Square app can be used wherever it is accepted. Square was founded in 2009 by Jack Dorsey, the creator of Twitter.

Users of Square mobile payments app are currently mostly small businesses and individuals, with Starbucks being the first major national chain to sign on for the program.

Starbucks Corp. doesn't break out the percentage of payments that are made with mobile phones, but says a quarter of payments are with a Starbucks card, which can be either a physical or mobile payment. The company also said its existing app is now integrated with Apple's Passbook, meaning a customer's Starbucks card automatically appears on their iPhone screen when they enter one of the cafes.

The announcements were made at the company's leadership conference in Houston, where about 10,000 Starbucks store managers are for gathered for training through Saturday. A similar conference in New Orleans was held to motivate managers about four years ago, when the company was hit by the downturn and sales were struggling.

Since then, the coffee company turned around its business and emerged from the downturn stronger, rapidly expanding into new categories such as the single-serve coffee brewer and fresh juice markets.

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