

case 1-429-298
February 16, 2013

Jamba Juice and the Foam Cup

As he walked the streets of Emeryville, California, drinking a Mega Mango smoothie, Jamba Juice CEO James White pondered a conundrum that had plagued him for many years. The company had positioned itself as a healthy lifestyle brand, yet it continued to use polystyrene foam (known colloquially as Styrofoam)ⁱ cups in almost all of its franchises. Although polystyrene foam was perfect for keeping smoothies frozen and not letting them melt on hot summer days, there was no question that polystyrene foam had a bad environmental reputation because of its long life, the threat to wildlife that ate it, and even the potential health risks for humans. White knew that using polystyrene foam cups was not consistent with the healthy image that Jamba Juice wanted to portray, as consumers often associated health and environmental concerns.

Although some cities had banned polystyrene containers—causing Jamba Juice to have to shift to an alternative (usually lined paper cups) in some locations—White had not fully converted Jamba Juice from polystyrene. However, recently a petition had surfaced from the website *Change.org* in which an endearing ten-year-old girl had gathered thousands of signatures to tell Jamba Juice to stop using “Styrofoam” cups. This complicated the matter, since Jamba Juice was now facing strong public pressure. White knew he had to tread carefully; in the past few years the company had struggled in the market, seeing its stock price drop significantly before crawling back up, and he did not want to face another downturn in Jamba Juice’s fortunes.

As White continued to walk around Emeryville, he wondered to himself: Should Jamba Juice stick to its tried-and-true method of selling smoothies in polystyrene foam cups, or should it bow to public pressure and switch to a more environmentally friendly alternative? Were there potential customers who were deterred by the fact that Jamba Juice’s offerings came in environmentally harmful packaging? Did Jamba Juice have a moral responsibility to do the “right thing” for the environment, and if so, what was the “right thing” in this case?

i Although they are different products, foam polystyrene is colloquially referred to as “Styrofoam,” a trademarked name owned by Dow Chemical. Although they are related, Styrofoam is a slightly different product and is not used in the food industry. In this case, the term “polystyrene foam” will be used.

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

©2013 Andrew Hoffman. This case was developed under the supervision of Andrew Hoffman (Holcim Professor of Sustainable Enterprise) at the University of Michigan’s Ross School of Business by graduate students Wesley Allred, Heather Croteau, Fareed Hussain, Melisa Ongun, and Sheena VanLeuven as the basis for class discussion rather than to illustrate either the effective or ineffective handling of a situation. Secondary research was performed to accurately portray information about the featured organization and to extrapolate the decision point presented in the case; however, company representatives were not involved in the creation of this case.