

Starbucks

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1. Introduction to Starbucks

Overview

Starbucks Corporation (hereinafter referred to as Starbucks together with its subsidiaries) began its story in 1971 where they were a roaster and retailer of whole bean and ground coffee, tea spices with a single store in Seattle's Pike Place Market.



Starbucks is the premier roaster and retailer of specialty coffee in the world. The table below describes Executive officers of Starbucks:

Executive	Position	Starbucks/Division
a. Howard Schultz	Chairman, President and Chief Executive Officer	Starbucks Corporation
b. Cliff Burrows	President	Starbucks Coffee US
c. Martin Coles	President	Starbucks Coffee International
d. John Culver	President	Global Consumer Products and Foodservice
e. Michelle Gass	President	Seattle's Best Coffee
f. Arthur Rubinfeld	President	Global Development
g. Annie Young-Scrivner	Chief Marketing Officer	Marketing
h. Troy Alstead	Executive Vice President	chief financial officer and chief administrative officer
i. Paula E. Boggs	Executive Vice President,	General Counsel And Secretary
j. Peter D. Gibbons	Executive Vice President,	Global Supply Chain Operations
k. Kalen Holmes	Executive Vice President	Partner Resources
l. Olden Lee	Interim Executive Vice President	Partner Resources

Ownership

Starbucks Corporation was formed in 1985 and its common stock trades on the NASDAQ Global Select Market ("NASDAQ") under the symbol "SBUX."

1.1. Business Description

1.1.1. Starbucks purchases and roasts high-quality whole bean coffees;

1.1.2. Starbucks sells them, along with fresh, rich-brewed coffees, Italian-style espresso beverages, cold blended beverages, a variety of complementary food items, a selection of premium teas, and beverage-related accessories and equipment, primarily through Starbucks-operated retail stores;

1.1.3. Starbucks also sells coffee and tea products and licenses its trademark through other channels such as licensed retail stores and, through certain of its licensees and equity investees;

1.1.4. Starbucks produces and sells a variety of ready-to-drink beverages. All channels outside the Starbucks-operated retail stores are collectively known as specialty operations.

1.2. Business Participation

Starbucks has three reportable operating segments, and each segment provided the indicated percentage of **total net revenues for fiscal year ended September 27, 2009: United States (73%), International (19%) and Global Consumer Products Group (8%). Within these segments the business is subdivided into:**

Starbucks-operated Retail Stores: The Starbucks's retail goal is to become the leading retailer and brand of coffee in each of its target markets by selling the finest quality coffee and related products, and by providing each customer a unique *Starbucks Experience*, built upon superior customer service in a clean and well-maintained Starbucks-operated retail stores that reflect the personalities of the communities in which they operate, thereby building a high degree of customer loyalty.

Specialty operations: Strive to develop the Starbucks's brands outside its operated retail store environment through a number of channels. Starbucks strategy is to reach customers where they work, travel, shop and dine by establishing relationships with prominent third parties that share the Starbucks's values and commitment to quality. These relationships take various forms, including licensing arrangements, foodservice accounts and other initiatives related to the Starbucks's core businesses. In certain situations, Starbucks has an equity ownership interest in licensee operations.

Product Supply: Starbucks is committed to selling only the finest whole bean coffees and coffee beverages. To ensure compliance with its rigorous coffee standards, Starbucks controls its coffee purchasing, roasting and packaging, and the global distribution of coffee

used in its operations. The Starbucks purchases green coffee beans from coffee-producing regions around the world and custom roasts them to its exacting standards for its many blends and single origin coffees.

1.3. Market composition

Business Segments	Market Composition		
	Main rivals	2009 Market Share	
1. Starbucks operated retail stores	<ul style="list-style-type: none"> ▪ Carribou ▪ Mc Cafe ▪ Dunkin Donuts 		
2. Specialty Operations			
3. Product supply			

1.4. Mission

Starbucks Mission Statement: Mission: to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

“Here are the principles of how we live that every day:

Our Coffee: *It has always been, and will always be, about quality. We’re passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of people who grow them. We care deeply about all of this; our work is never done.*

Our Partners: *We’re called partners, because it’s not just a job, it’s our passion. Together, we embrace diversity to create a place where each of us can be ourselves. We always treat each other with respect and dignity. And we hold each other to that standard*

Our Customers: *When we are fully engaged, we connect with, laugh with, and uplift the lives of our customers – even if just for a few moments. Sure, it starts with the promise of a perfectly made beverage, but our work goes far beyond that. It’s really about human connection.*

Our Stores: *When our customers feel this sense of belonging, our stores become a haven, a break from the worries outside, a place where you can meet with friends. It’s about enjoyment at the speed of life – sometimes slow and savored, sometimes faster. Always full of humanity.*

Our Neighborhood: *Every store is part of a community, and we take our responsibility to be good neighbors seriously. We want to be invited in wherever we do business. We can be a force for positive action – bringing together our partners, customers, and the community to contribute every day. Now we see that our responsibility – and our potential for good – is even larger. The world is looking to Starbucks to set the new standard, yet again. We will lead.*

***Our Shareholders:** We know that as we deliver in each of these areas, we enjoy the kind of success that rewards our shareholders. We are fully accountable to get each of these elements right so that Starbucks – and everyone it touches – can endure and thrive.”*

1.5. Vision

1.6. Long term objectives

The Starbucks’s objective is to maintain Starbucks standing as one of the most recognized and respected brands in the world. To achieve this goal, the Starbucks plans to continue disciplined global expansion of its retail and licensed store base, to introduce relevant new products in all its channels, and to selectively develop new channels of distribution. The Starbucks’s Global Responsibility strategy and commitments related to coffee and the communities it does business in, as well as its focus on being an employer of choice, are also key complements to its business strategies.

1.7. Potential issues

- 1.7.1. Starbucks financial condition and results of operations are sensitive to, and may be adversely affected by, a number of factors, many of which are largely outside the Company’s control.
- 1.7.2. The Company may not be successful in implementing important strategic initiatives, which may have a material adverse impact on its business and financial results.
- 1.7.3. Economic conditions in the US and certain International markets could adversely affect the Company’s business and financial results.
- 1.7.4. Failure to meet market expectations for Starbucks financial performance will likely adversely affect the market price and volatility of Starbucks stock
- 1.7.5. Starbucks is highly dependent on the financial performance of its US operating segment
- 1.7.6. Starbucks is increasingly dependent on the success of its International operating segment in order to achieve its growth targets.
- 1.7.7. Starbucks International operating segment is highly dependent on the financial performance of its Canada, Japan and UK market.
- 1.7.8. Starbucks faces intense competition in the specialty coffee market, which could lead to reduced profitability.
- 1.7.9. Starbucks relies heavily on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could harm the Company’s ability to effectively operate its business.

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Parking