

Mexico, Indonesia on Starbucks' expansion list

Coffee company also engages VoiceStream to provide wireless Internet service to its cafés

Wednesday, February 27, 2002

By **[KATHY MULADY](#)**

SEATTLE POST-INTELLIGENCER REPORTER

Starbucks announced plans yesterday to open stores in Mexico and Indonesia this year, and confirmed that Bellevue-based VoiceStream will provide wireless service to the company's cafés.

The first Starbucks stores in Spain, Germany and Greece are expected to open this year.

Starbucks is investigating entering other Latin American markets, including Argentina, Brazil, Chile, Colombia, Peru, Puerto Rico and Venezuela.

Starbucks opens an average of three new stores each day worldwide and has more than 1,000 stores in 24 countries outside the United States.



Joey Watters, left, and Janet Gray, Starbucks shareholders, have a cup of coffee before going to the annual shareholders meeting at Benaroya Hall yesterday. *Phil H. Webber / Seattle Post-Intelligencer*
[Click for larger photo](#)

The company, at its annual shareholders meeting yesterday, also reaffirmed its expected 2002 revenue growth of 20 percent, with a 52- to 53-cent-per-share profit forecast for the year.

"We are just at the beginning of opening stores on an international level," Starbucks Chief Executive Orin Smith said.

Starbucks did not disclose the terms of its agreement with VoiceStream to provide wireless Internet service to its stores, but said it has been talking with VoiceStream during the past few months.

Starbucks had been working with Texas-based MobileStar since June to provide high-speed access to customers at 500 Starbucks cafés. In October, MobileStar filed for bankruptcy. VoiceStream bought the defunct company's assets in November.

Wireless Internet service continued to be offered in Starbucks cafés during the transition, Starbucks spokeswoman Audrey Lincoff said.

So far, the only Starbucks cafés with wireless Internet access are in Seattle, San Francisco, New York, Dallas, Houston and Austin, Texas.

Starbucks plans to offer wireless service in 70 percent of its cafés during the next several years. Customers will be able access the Internet using their own wireless-enabled laptops and hand-held devices. The company also plans to use the high-speed Internet connection for operation improvements, training and inventory management.

A VoiceStream spokeswoman confirmed yesterday that the company is working with Starbucks, but declined to comment further, pending its own announcement.

Starbucks' annual shareholders meeting, held at Benaroya Hall in downtown Seattle, was attended by nearly 3,000 shareholders.

Howard Schultz, Starbucks chairman and chief global strategist, was host for the event, which featured a carefully choreographed program that touched on a range of topics, including last year's earthquake in Seattle, the terrorist attacks Sept. 11 and company efforts to help farmers in coffee-producing countries.

The voting results on five proposals were also announced during the meeting.

Surprising some, a shareholder proposal to put all members of the board of directors up for election each year, instead of just one-third of the board each year, captured 36 percent of the vote, a significant percent for a shareholder-driven initiative.

In an interview after the meeting, Smith said Starbucks doesn't plan to make any changes. He said the existing system provides the board with protection from corporate raiders.

Another shareholder proposal would have required Starbucks to label any products it sells that may contain genetically modified ingredients and bovine growth hormones. It gathered support from 7 percent of the shareholders. Michael Passoff, director of As You Sow, the social investment organization that introduced the measure, said he was pleased.

"It gives us hope that they will start listening to shareholders' concerns and start labeling their products," Passoff said.

Smith said Starbucks easily would support national legislation for such labeling.

"We don't support singling out one company for this," he said.



Howard Schultz, Starbucks chairman and chief global strategist, talks to shareholders yesterday during their annual meeting in Seattle. Phil H. Webber / Seattle Post-Intelligencer
[Click for larger photo](#)

Three company-proposed initiatives: re-electing three board members, approving Deloitte & Touche as the company's independent auditor and implementing a new executive management bonus plan, were all approved easily.

Outside the auditorium, fewer than two dozen protesters marched, sang and distributed leaflets demanding that the coffee company start brewing "fair-trade" coffee weekly in its stores, label products to inform consumers that they contain genetically modified ingredients or hormones, and pay farmers more for their beans.

"There is a lot more they could be doing," said Lisa Ramirez, a member of Friends of the Earth. "They really need to follow through with what they are saying."

P-I reporter Kathy Mulady can be reached at 206-448-8131 or kathymulady@seattlepi.com