

At the Conference Luncheon on 19 May 2001, Mr. Orin Smith, President and Chief Executive Officer CEO of Starbucks Coffee, talked about “**The Specialty Coffee Revolution**”.

This talk was presented with a series of slides. A bar chart showed the growth assessment just at the initial base of Washington State, from 61 company-operated stores in 1992 to 215 units in the year 2000. Internationally, from a start of 2 stores in 1996 (excluding 9 SCC locations in London acquired in 1998), there are 525 in 2000, with a projection of a few hundred more in 2001 (we ended 2001 with over 900 international locations). Some time in the future, the eventual aim is to run 10,000 stores, with half of them in North America (USA and Canada), and the rest in Asia Pacific, Europe, the Middle East and Africa.

The Experience + Image > Loyalty = Re-energised Consumption of Innovative Brands

The slide show then had a couple of explanatory pictures of bustling new stores in Japan, with young people at the “The Third Place” where Starbucks deliver *the Starbucks Experience*. Starbucks created the ‘Specialty Coffee Revolution’, an industry which did not exist, and thereby re-energised coffee consumption. The revolution has educated millions of consumers to appreciate quality coffee, for which they are willing to pay a premium. This has enriched and enhanced the coffee culture in many countries.

It is the experience that matters. This starts with the beans from the coffee origin countries to the roasting plant in Kent, Washington, and to the consumers, one cup at a time. In addition to serving the highest quality coffee, Starbucks is committed to making a difference in the lives of the communities where it does business. The now legendary brand takes its values and cultures to Kuwait and London, Rockville in Maryland to Harlem in New York. This respect for the origin countries, the customers and the partners (including employees) creates trust and respect for the brand.

The ownership of shops brought real estate to the portfolio and innovation brought new discoveries in ‘Frappuccino’, cool ready to drink bottled coffee with milk added in chocolate or orange mocha taste. Innovation brought a new brand of coffee ice cream to the U.S. In extending all partnerships, social responsibility is of the essence.