

Not a Peet's Peep from Starbucks at Annual Meeting

Starbucks announced the expansion of its in-store digital network, which gives customers free access to online content.

By [Melissa Allison](#)

For all the hype and glamour, Starbucks' shareholders meeting Wednesday came down to this: a recap of the past 40 years, a look at the chain's already announced plans for the future, and a few sweet songs by the Canadian Tenors and Martha Wainwright.

Rumors that Starbucks might announce the acquisition of Peet's Coffee and Tea in California turned out to be wrong. Starbucks investors seemed relieved, sending shares up \$1.74, or 5 percent, at \$36.69 Wednesday.

It was a calm gathering for the 2,000 or so people who did not completely fill McCaw Hall at Seattle Center, and most of whom left before the three-hour meeting ended.

The only news was about Starbucks' in-store digital network, which gives customers access to online content that costs money elsewhere. It already has arrangements for free content from many outlets, including The Wall Street Journal.

On Wednesday, Starbucks added The Economist, Marvel Digital Comics and Mediabistro to the free-content list.

That news did not get as big a reaction as a statement by Starbucks online chief Chris Bruzzo, who said he figured that Starbucks' 20 million fans on Facebook give the company more connections than actor Kevin Bacon, who is supposedly separated by only six degrees from each of us.

"Step aside, Kevin," Bruzzo said to cheers and laughter.

A shareholder proposal that would have required Starbucks to adopt a comprehensive recycling strategy received just 8.1 percent of the shares voted, based on a preliminary count. A similar proposal last year won 11 percent.

Conrad Mackerron, whose nonprofit **As You Sow** backed the measure, said fewer shareholders might have voted for it because they are happier with the company in general, now that its profit and stock price are up.

He doesn't know if the proposal will be back in 2012, and said there might be better ways to work with a company with an existing recycling strategy.

"It's different from asking a company to keep a toxic ingredient out of a product," Mackerron said, citing another role **As You Sow** plays. "This is the sort of thing where they have to talk to other companies, talk to municipalities. It's a system issue."

Although Starbucks cannot change the country's recycling systems alone, Mackerron said, it can do more.

With the shareholder proposal, **As You Sow** asked Starbucks to set goals for glass, plastic and metal containers as well as paper cups, and to keep track of how many customers use disposable versus ceramic cups so that it will know when that ratio improves, one of Starbucks' goals.



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Longtime shareholders said they were heartened by what they heard.

Attending the annual meeting "always gives me fresh confidence," said Carol MacKinnon, of Tacoma, who has owned shares since 1992.

Her husband, Skip Broadhead, said Starbucks' recent talk about going into non-coffee endeavors had him a little worried.

"From what I heard [here], it will be things like ready-to-drink beverages, not anything completely off the wall like CDs or videos," he said.

Another initiative Starbucks talked about is its desire to increase sales in grocery stores. If it became a big brand there, it would be the first company to have both an extensive retail chain and grocery brands.

Grocery profits are expected to grow, "perhaps even one day rivaling the profit contribution from our stores," Chief Financial Officer Troy Alstead told the crowd.

Wednesday's meeting comes during a busy month for Starbucks. Next week is the 40th anniversary of the first store opening and when CEO Howard Schultz's new book, "Onward," will be released. Shareholders were offered copies of excerpts from the book along with free bags of Tribute coffee and Seattle's Best Coffee canned drinks as they left McCaw Hall.

As Diane Daggatt of the investment firm McAdams Wright Ragen wrote to clients recently, "All of these events will create PR, which should help drive traffic to [Starbucks] and benefit comps [monthly sales]."

Despite the hype, Schultz told investors he reminds employees regularly, "There's no victory lap. Let's not celebrate. We have a lot more work to do."