

# Annual report- starbucks



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Annual Report - Star Bucks To Our Shareholders: Today is a great day in the history of your company. Having made the transition to profitability, and declared our first dividend, we look forward to a bright future for our company. Given the recession in the economy and the all round poor performance, particularly in the retail sector, we knew we had to do something spectacular to make our company an oasis of profitability. We responded with innovative approaches, which have yielded the desired results. We shall continue to pursue growth and profitability through fresh and innovative measures in the current year, in order to take forward the gains we have made in the last year.

The financial performance of the company during the first quarter of the current year speaks for itself. The consolidated net revenues increased to \$2.7 billion, representing an increase of 4% over the previous period. Store sales increased by 4% both due to increased traffic and higher average ticket. Consolidated operating margin improved by 850 basis points to 13%. Earnings per share have registered an impressive rise of nearly 250% and stood at \$0.32 in 2010 as compared to \$0.09 for the comparative period in 2009.

The improved performance is the result of the enthusiastic response to our products and services by our customers. Our continuing efforts at innovation, and success in providing our customers with enhanced experiences, along with cost reduction measures, have contributed to the better performance. As we continue to direct our efforts in these areas, we are confident of being able to maintain the momentum of growth that we have achieved.

The following are some of our successful initiatives that contributed to the improved performance.

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Simplified and improved customer loyalty program

Large and growing presence in social networking communities.

Responsive strategies that enabled us to become more culturally relevant, making us connect to the customers in a better manner.

To consolidate the gains made by us in the previous year, and to sustain and improve on our growth, we are adopting a strategy of structural changes that is expected to improve performance through a new and powerful regional support model. In addition to making changes to our approach in established markets, we are also expanding in emerging markets, particularly China, which we foresee as our largest market outside the United States.

In keeping with our mission of being more than passionate purveyors of coffee, we continue to concentrate on providing a rewarding overall experience to our customers. In this effort, we continue to be guided by our values such as respect for the individual, promoting diversity, and adherence to the highest ethical standards in all our operations.

As we march ahead with the confidence generated by the success of our innovative approaches in the year just gone by, and the enthusiastic response of our customers, we are sure that a bright future awaits our company. This is likely to be marked by expansion into new geographical areas and untapped markets, in addition to consolidation of our existing markets. These are positive signs that give us an assurance of becoming the fastest growing company in our industry sector.

We realize that our impressive performance in the past year would not have been possible without the support and encouragement that we have received from our shareholders, employees, and other stakeholders, and place on record our sincere thanks to each one of these stakeholders. While

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looking forward to your continued encouragement and support, we reiterate our commitment to constantly interact and communicate with all our stakeholders in our march ahead.

Thank you,

CEO of Starbucks Corporation.

#### References

1. Starbucks Corporation. Home Page. 2010. Web. March 30, 2010

[<http://www.starbucks.com/> ]