

Starbucks to Open Plant in Georgia

the Associated Press

SEATTLE, Wash. (AP) — Starbucks is building a new plant in Georgia that will make its Via instant coffee and ingredients for Frappuccinos sold both in Starbucks outlets and in grocery stores.

The plant, in Augusta, Ga., will employ 140 and open in early 2014. Construction, which will also generate construction and transportation jobs, is slated to start this spring.

The move disclosed Wednesday comes as Starbucks Corp. looks to expand its consumer products offerings found on grocery store shelves, such as ready-to-serve drinks, Starbucks ice-cream and instant coffee.

The announcement came just ahead of the opening of Starbucks' annual meeting in Seattle.

The work that will be performed at the Georgia plant has been through third-party plants in Latin America. Building a new plant in the U.S. gives Starbucks more control over the process, said Peter Gibbons, executive vice president of global supply chain operations.

"We want to get a lot more into packaged products and expand ready-to-drink coffee and other drinks," Gibbons said. "This is a chance to control and streamline the supply chain."

Starbucks already operates four roasting and packaging plants in the U.S.

Starbucks is working to broaden its business as it faces growing competition from the likes of McDonald's Corp. and Dunkin' Brands Group Inc.'s Dunkin' Donuts chain. After facing consumers cutting back during the recession, its business has rebounded. In its most recent fiscal first quarter, net income rose 10 percent while revenue rose 16 percent to \$3.44 billion, with growth across all of its business lines. Consumer products were a standout, with revenue jumping 72 percent.

Morningstar analyst R.J. Hottovy said the company has done a good job turning its business around: shuttering unprofitable stores, streamlining its supply chain and getting into higher-margin businesses like products sold at grocery stores and single-serve coffee.

"It's a cliché, but they're firing on all cylinders," he said.

In addition to expanding its Via and grocery store coffee lines, Starbucks has also recently announced plans for expanding internationally, opening juice bars and introducing Verismo single-cup espresso and coffee machines.

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