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Starbucks Joins Microsoft to Serve Web With Its Coffee

[By Rebecca Buckman](http://search.proquest.com.library.capella.edu/indexinglinkhandler/sng/au/By+Rebecca+Buckman/$N?accountid=27965). [**Wall Street Journal**](http://search.proquest.com.library.capella.edu/pubidlinkhandler/sng/pubtitle/Wall+Street+Journal/$N/10482/DocView/398785859/fulltext/$B/1?accountid=27965)**, Eastern edition** [New York, N.Y] 04 Jan 2001: B.8.

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**Abstract (summary)**

Translate

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Steve Ballmer, Microsoft's chief executive, said the service would likely be designed to favor paying subscribers of Microsoft's MSN Internet service. Other Starbucks customers may have access to limited features, eventually including the ability to use a Starbucks customer card that will speed in-store ordering and payment.

Starbucks, though, appeared to be shying away from Internet initiatives recently after one-time charges from losses on Internet investments nearly wiped out its fiscal fourth-quarter profit. But Howard Schultz, Starbucks' chairman, described the wireless-Internet deal with Microsoft as "dead center with our core strategy . . . this is not going to become a cyber-cafe," he said. "This is to enhance the in-store experience."

**Full Text**

* Translate Full text

Starbucks Corp., stirring some high-tech services into its lattes and teas, said it was teaming up with Seattle-area neighbor Microsoft Corp. to provide wireless Internet services inside many of its stores.

Steve Ballmer, Microsoft's chief executive, said the service would likely be designed to favor paying subscribers of Microsoft's MSN Internet service. Other Starbucks customers may have access to limited features, eventually including the ability to use a Starbucks customer card that will speed in-store ordering and payment.

MobileStar Network Corp., Richardson, Texas, is providing a wireless data network for the service, and its customers also may have broad Internet access, Microsoft officials said.

Starbucks has made no cash investment in the deal and said it won't be dilutive to its earnings per share. Other financial terms weren't disclosed.

Allan Hickock, an analyst with USBancorp Piper Jaffray, said the new wireless access is unlikely to affect many Starbucks customers or boost sales much. "This is almost equivalent to adding curtains and carpet," he said.

As part of the effort, Microsoft might launch MSN-based services to help people locate nearby events or movies, Mr. Ballmer said in an interview. People also could use the high-speed Internet connections in the stores -- not yet widely available to many consumers -- to download electronic books or music, said Darren Huston, Starbucks' senior vice president of new ventures.

Microsoft has been striking all sorts of deals lately to promote MSN, which is locked in a fierce battle with the much-larger America Online Inc. for customers. The Redmond, Wash., company views MSN -- and its accompanying MSN Web portal site -- as a key jumping-off point for many of its critical, next-generation Web services, which will be offered over traditional computers as well as hand-held devices, such as phones and personal organizers.

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