



# THE SPECIALTY COFFEE CHRONICLE

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## Special REPORT

### TRENDS IN SPECIALTY COFFEE RETAIL

The New Year is close upon us.  
So what trends and issues  
should you be watching?

For *The Chronicle's* new "Industry Trends" series, specialty coffee leaders share their expert view and knowledge on hot topics. In this first report, trends in retail are considered.

#### OVERALL TRENDS

The White Coffee Corporation's Jonathon White looks at "What the Independent Retailer Can Expect in 2008." He offers a snapshot of major trends to focus on in specialty coffee retail, covering fair trade organic, branding, niche marketing and convenience. See page six for more.

#### ORGANIC COFFEE

In Sandra Marquardt's feature, the growth of organic coffee in retail is explored. Marquardt, of the Organic Coffee Collaboration, reports that U.S. retail sales of organic coffee in 2006 increased more than 24 percent to 110 million dollars. Is the dramatic rise of organic coffee due to awareness, availability and high quality? Find out on page eight.

#### GENERATION Y

"What is the specialty coffee industry doing to respond to the Y Generation?" asks Doug Hibbing, president of Cuppy's Coffee & More. He believes that this is a very specific group that demands the latest trends in record time. "The most important factor to the Generation Y consumer is that the product is credible, and word of mouth is the most effective way to generate buzz in this segment of the market... Today's youth have tremendous buying power and are making their impact on the coffee industry," he says. See page 10.





## What the **INDEPENDENT RETAILER** Can Expect in 2008

One View of  
Major Trends in  
Specialty  
Coffee  
Retail

By Jonathan White

With the rapid growth of retail coffee giants—Starbucks, Dunkin Donuts and now McDonald's, who announced its entrance into the specialty coffee market in September—it is critical for independent retailers to stand-out and have their own identity in order to survive in today's highly competitive marketplace.

At White Coffee Corporation, we work with independent retailers on growing their business by developing a retail program for them that will help them promote, market and sell their product line. Our clients range from business owners who own one store to the company who owns a 1,000-store chain. Large or small, the same advice always applies: "Make the experience different and special for the consumer, so the consumer sees true value in making their purchase from that retailer."

Some major trends that have taken place in the coffee retail industry have been the consolidation of retailers, traditional supermarket brands being challenged on the shelf by better coffees, and more and more convenience being sought after by the consumer. Advice for retailers in the year ahead is simple: Don't be afraid to spend on promotions. Train and then train your employees some more.

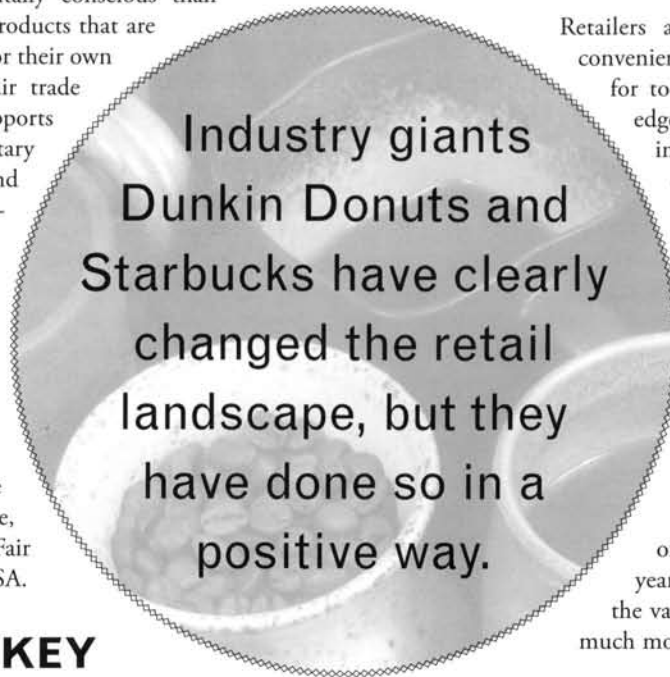
Indeed. As 2007 comes to a close, many independent retailers will continue to think of innovative ways to stay ahead of the curve and capture sales in the year ahead.

## OFFERING MORE OPTIONS

Consumers have become more educated about coffee and more experimental in their coffee choices, and retailers have been catching on. Many retailers are serving beverages by the cup, hot or cold. For hot beverages, people are drinking more seasonal items such as pumpkin-spiced and peppermint coffee, in addition to more ethnic flavored items such as cayenne-inspired flavors that appeal to the Hispanic market. The trend toward dark roast coffees and finer teas continues to have a strong presence in the marketplace, and blender-based beverages, including smoothies and other coffee-based drinks, have also grown in popularity.

## FAIR TRADE ORGANIC

Consumers are more environmentally conscious than ever before. They want to purchase products that are good for the environment and good for their own health and well being. Choosing fair trade coffee, tea and other products supports farmers around the world. This voluntary model of trade brings consumers and companies together to offer small-scale farmers a price for their coffee that covers the cost of production and provides a sustainable livelihood so that they can provide for their families and give their children an education. Fair trade certification is something many customers now look for. In order to offer our clients more healthy alternatives and make them feel good about their purchase, White Coffee became certified as a "Fair Trade" coffee supplier by TransFair USA.



## CREATIVITY IS KEY

It is essential today for retailers to come up with creative ways to drive traffic and put their coffee into the consumer's hands at every opportunity. Some clever ways include giving the consumer a take-home sample as a gift with purchase, handing out free cups of coffee as consumers walk through a store or enticing consumers to purchase a decadent dessert and pairing it with a delicious coffee. At White Coffee, we have gotten more creative and innovative in our approach in order to fit our client's needs. We are trying new products, new flavors, new gift pack assortments and more packaging options.

## BRANDING

Industry giants Dunkin Donuts and Starbucks have clearly changed the retail landscape, but they have done so in a positive way. They have made independent retailers become better business owners because they have to deliver a quality consistent product and service their customer at the highest level. At White Coffee, our private label division has grown significantly as a result. This division enables the retailer to brand themselves so they are able to create a unique product that someone can get only at their store.

## NICHE MARKETING

Unlike mass marketing where a company would be targeting an entire community, niche marketing focuses on a smaller segment of the community. Niche marketing is getting more popular among retailers. It is less costly, and often produces better results. At White Coffee, we have done niche marketing for decades. We knew that with the growing Latino population, particularly in the New York metropolitan area, that this was an area we wanted to grow and have a presence in. In December 2006, we acquired a division of J&C Distributors, a well-known wholesale distributor in the Latino market. This purchase has helped grow our local foodservice business by at least 10 percent and continues to give us new opportunities in that market segment.

## CONVENIENCE

Retailers are learning how to act quickly as convenience becomes a number one priority for today's consumer. Some of this cutting-edge technology that is coming into place includes pods for home use. Though convenient in the office, the price per serving is astronomical. If consumers are looking to economize they may want to revisit whether they can buy coffee more efficiently than to pay at least fifty cents per cup, and then provide the water, machine and labor, at home. More variations in coffee equipment—for example, coffee, espresso and cappuccino machines—will be gaining in popularity. They will be larger in size, more automatic and offer better graphics. Over the next few years, these machines will be able to offer the variety of brews a retailer sells, making it much more cost efficient for them. ☺

*Jonathan White is the executive vice president of The White Coffee Corporation, based in Long Island City, NY. White Coffee is a third-generation, family-owned coffee business that has been importing and roasting coffee beans for more than 65 years. Jonathan White can be reached at 800-221-0140 or [jwhite@whitecoffee.com](mailto:jwhite@whitecoffee.com). White Coffee is a member of the Specialty Coffee Association of America. To learn more, visit [www.whitecoffee.com](http://www.whitecoffee.com).*

