



The Story Behind Coffee

By [Douglas J. Peckenpaugh](#)

June 2014

As noted in our recent Coffee & Tea Category Insight article, “[Store Brand Coffee & Tea - Caffeinated Convenience](#),” coffee is big business for private label these days, with multiple product segments emerging to diversify the category. One of the tools retailers can use in their brand-building is by relating select details of the coffee product’s back story—aspects that make it unique and add value, helping quench shoppers’ thirst for farm-to-table product knowledge. And the day might arrive soon when “third wave” coffee—highly artisanal, superior quality, micro-sized batches, etc.—might migrate into select store brands.

In order to bring insight to this promotional tactic, we sought perspectives from three key figures in private label coffee today: Darron Burke, owner of [Burke Brands](#); Martin Mayorga, president/co-founder of [Collaborative Food & Beverage, LLC/Mayorga Coffee](#); and Alton McEwen, CEO of [Distant Lands Coffee](#).

Douglas J. Peckenpaugh: Are today’s shoppers ready to experience the “third wave” of coffee through store brands?

Martin Mayorga: Consumers have access to more quality and freshness than ever before. Their palates and expectations have evolved, which is very positive for our industry. That being said, everyday consumers are ready to experience the quality of “third wave coffee” without the showmanship and superfluous markups that are common in that movement. Consumers care about where their products are grown and what practices they are supporting with their hard-earned money, but they also need to manage to a family budget.

Store brands are about trust. Consumers who trust a store brand want to know that the products in that bag are not only high-quality, but also sustainably grown and are offered to them at a fair price. They want coffee that not only tastes good, but also makes them feel good about supporting good practices. Store brands, if executed properly, are a tremendous opportunity to leverage this demand.

Darron Burke: I think consumers are always ready for quality, and store brands that are able to effectively communicate and deliver this, will be well positioned to capture a significant share of shoppers' dollars and loyalty.

Alton McEwen: It is still early for store brands to make a move into "third wave." Currently, this wave of specialty coffee is a small segment. The true "third wave" has many pieces that are just hard to deliver in a traditional food store. Some of those moving pieces include finding a source for your coffee, and overseeing the milling and roasting. Many of these "third wave" coffees come in micro-lots that may only be available in 1–10 bags, hardly enough for a store brand.

Also, with everyone racing for another edge in selling, too many so-called "experts" have entered the picture. The "third wave" is still too personal, still too much secret sourcing and preparation by a few individuals. But give it time. It will grow and be commoditized just like the "second wave" did.

DJP: Is "third wave" store brand coffee primarily an opportunity for retailers operating in the specialty grocery channel? How can other retailers across other channels effectively enter this market?

DB: I believe retailers across all channels can leverage the quality/value equation to strike a balance that best fits their particular customers. The specialty grocery channel is an obvious fit for "third wave" coffee, but inasmuch as that term is a descriptor of fresh, well-roasted, specialty-grade coffee, I think any retailer who is able to properly position its brands to appeal to its particular customer base, will find success.

AM: "Third wave" is still for the specialty coffee store. If it is a genuine "third wave" coffee, it has been carefully sourced, carefully prepared, roasted by an expert roaster who understands the potential of every bean and how to develop it. This makes it all very premium priced which is rarely the positioning of a store brand.

The big opportunity for store brands is to truly elevate their “second wave” coffees to match the better “second wave” coffees currently offered in the specialty retail market today. Finding the way to deliver that truly reliable and consistent quality will increase brand share with a larger grocery customer. Better quality will lead to more loyalty, and more knowledge from consumers on what specialty coffees are.

At Distant Lands, we started at the farm and were producing “third wave” quality coffees before the “second wave” had emerged. Those same practices are still the roots of how we go about growing, harvesting and preparing our coffees. We have helped our private label customers to consistently grow their house brand share in the larger “second wave” segment while they wait for the “third wave.” The more experience customers have with high-quality store brand coffee, the greater the demand for “second wave” specialty coffee while the infrastructure, the farmers, roasters and milling facilities scale up for the broader availability of so-called “third wave.”

MM: It’s a misconception that quality and sustainability are only available at high-tier price or through specialty channels. The issues that drive the prices of these products to what I deem to be unfair prices to consumers are related to supply-chain management, inefficiency and greed. Specialty-grade coffee is more expensive than commodity-grade coffee—as it should be. However, direct-relationship sourcing, coupled with manufacturing and operational efficiencies, can make the costs and availability attainable to everyday consumers.

The key to any retailer entering this market is to understand that this segment has distinct needs that can only be fulfilled by roasters with a focus on true sustainability. Relying on a sticker on a bag doesn’t cut it anymore. Consumers want to taste, smell and experience the difference in your coffee program. For that reason, I don’t believe that the same company that makes brick packs and liquid coffee is capable of delivering on a differentiated specialty coffee program. At the same time, elements like GFSI certification, understanding FDA guidelines, manufacturing scale, quality assurance and the ability to successfully manage a multi-location program is a must. This combination is what has allowed Mayorga to be one of the leaders in organic and direct-relationship private brands.

DJP: How can retailers best communicate details of the story behind the coffee you supply them for their private label lines?

DB: I think the most practical way for retailers to communicate the features and benefits, and story behind the coffee we supply them, is through text and imagery on the packaging itself.

Each coffee has a rich history beginning with its *terroir*—the unique soil, topography and climate, which gives the coffee its distinctive flavor. Also, a picture of the farmer who grows the coffee may be compelling for some consumers, and the packaging might include a short bio, a description of the farmer's methods (including any commitment to environmental sustainability), and why the coffee tastes better. A message describing the retailer's relationship and commitment to the farmer, the land and his/her community may also resonate with customers.

We have discovered that the most-effective way to tell the story behind the coffee is through sampling. Face-to-face communication with the consumer at the point of purchase has allowed our products to far exceed sales of national brands where our coffee is sold. We are coffee farmers ourselves, and routinely fly in other coffee farmers from origin to perform demos with us at retail locations and special events. We have found that though expensive, the customer loyalty that we gain is priceless.

MM: I am a big believer in having a sound and equitable business model and then simply communicating that story by highlighting the companies and individuals with whom you work. This is the basic premise of a direct-trade model, which we've been operating under since 1997. It's about transparency and traceability, which are cornerstones to a specialty coffee program. If you're not excited to talk about your roasting partner and the farms with whom they connect you, then you need to rethink your specialty program as a whole.

We believe in highlighting our farmer partners—not as poster children of poverty, but as respectable and critical members of our supply chain and business partners. (This is how we differ from most specialty roasters who believe that roasters and baristas deserve all the credit.) The easiest way to do this is to tell the farmer's story on the packaging. Not the story you read on the internet or were told by a broker, but the story you heard firsthand from that farmer. Beyond being an excellent roaster, this is the roasting company's main role. Too many retailers still believe that a certification will differentiate their program. Certifications are the baseline of sustainability, while quality, collaboration, sustainability and direct partnerships are the true differentiators.

About six years ago, a very large national client made a commitment to purchase the entire production of a family farm in Nicaragua. During one of our many visits to the farm, we took a banner with us that prominently highlighted the brand. The

farmers then held up the banner for a picture, which we put on the bag. It was such a simple message, yet people were incredibly impressed by the fact that we were able to connect such a large retailer directly to a small farm.

Websites, blogs and social media are also incredibly powerful tools with exponential reach. Retailers should be leveraging that reach to showcase that they are truly engaged in the products that they put their name on. Consumers want to see that the retailers are working directly with quality and sustainability-minded companies and farmers. A blog post showing a meeting between a buyer and a roaster or a visit to a farm goes a long way in winning consumers' trust. Specialty consumers can see the difference between true relationship-based brands and brands that simply market as such. You can't fake it.

AM: Store brands have inherent weaknesses and strengths. In the past, the store brand was lower-grade and low price. Now, grocery chains are developing high-quality store brands. With the ability to keep prices low, and the skillful use of in-store circulars, store brands have been able to capture market share from national brands. Coffee is the best place for grocery chains to develop a high-quality product that captures consumer loyalty. The first key is to find a perfect private label partner that can deliver consistently high-quality coffee. That's our edge at Distant Lands. We can deliver that same high quality, bag after bag and single cup after single cup.

Simply put, capture initial purchase with price and advertising, and capture loyal, repeat purchases with great quality.

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