



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

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**ICO Network to promote coffee
consumption: Progress report**

Background

1. The project proposal for an ICO Network to promote coffee consumption was endorsed by the Executive Board in January 2007, and was initiated in June 2007 following a presentation to the Promotion Committee in May 2007 on milestones and markers for the project. Documents WP-SGP 17/07 and its Addendum, respectively, contain the project proposal and information about milestones, markers and a matrix of results. The project has a total cost of US\$114,500 and is funded by the ICO Promotion Fund. It is being implemented by P&A International Marketing and Radiumsystems of Brazil.
2. The objective of the project is to design and implement a virtual environment where participants in the value chain to promote coffee consumption relate to each other and to suppliers of products, services and knowledge in order to seek solutions to their common problems. Once the problems shared by the communities are identified, the consultants will establish links with a wide range of possible partners e.g. suppliers of products and services, common interest groups, research institutes, etc. The final goal is to build an ecosystem that works together to promote coffee consumption. A domain for the network has already been registered as www.coffeepromotionnetwork.com.
3. The attached document contains a report on progress received from the consultants, who will make a verbal presentation to the Executive Board at its meeting on 24 January 2008.

Action

The Board is invited to consider this report.

ICO NETWORK TO PROMOTE COFFEE CONSUMPTION: PROGRESS REPORT

1. The way social networks are conceived and operate has been greatly affected by Google's announcement of its Open Social approach that enables different networks to communicate with each other. The ICO Network is no exception.
2. In anticipation of Google's announcement in November 2007, the consultants (P&A International Marketing and Radiumsystems) delayed the completion of the design of the ICO Network in order to avoid the risk of creating something that would be out-of-date before it was launched. This required some amount of rework – many items were nearly ready – but it made no sense to do otherwise.
3. As a result of the delays above, the implementation and launch of the network will take place by 30 January 2008, with preliminary operation starting immediately after (instead of in October 2007 as originally scheduled). Other stages, including the appointment of mediators and mobilization of participants, are subject to similar delays.
4. The diagnosis, strategic planning and definition of goals were carried out on time and a report on the progress of these activities was presented to the Promotion Committee in September 2007. The strategic planning included sending a questionnaire to respondents with experience in promoting coffee consumption. A high level of replies was received, and the feedback received will be used to guide the mediation of the discussion communities on the network. A sample questionnaire and a statement of the goals are contained in Annexes I and II respectively.
5. A key stage of the project is the selection of expert mediators to mediate the network. Since any Internet-based project is a very dynamic endeavour, the development of the ICO Network is benefiting directly from the experience accumulated by P&A International Marketing and Radiumsystems in the operation of the Cafés do Brasil Network. As reported to the Executive Director of the ICO at a meeting in Brazil in November 2007, the consultants have recommended that they themselves should mediate the operation of the ICO Network for six to ten months without any cost to the ICO. As a result, mediators would develop naturally and be selected during the period of preliminary operation by the consultants in order to avoid the trial and error process that delayed the development of the Cafés do Brasil Network. At the same meeting, the consultants also recommended that the ICO Network should start with a single community and be divided into more communities as demand arises. The infrastructure has already been designed to accommodate many communities, irrespective of when they are launched.

6. The mobilization of participants will take place in two stages. During the preliminary operation, the consultants will invite participants who they believe can make major contributions to the Network and to achieving its goals. When full operation starts (between 60 to 90 days later) they may, in consultation with the ICO, open participation to all interested parties who would volunteer themselves, using invitations as appropriate. Mediators would put themselves forward and be selected from these participants.

7. The project is progressing well in spite of the delays mentioned above, which were welcomed because they allowed the incorporation of new technology. Annex III contains revised Milestones and Markers that take into account past delays and propose new deadlines for the activities.

8. The actual graphic design, operating system and instructions to participants in the ICO Network will be presented to the Executive Board in January 2008. Suggestions of names of potential participants are welcome at this time.

9. A further report will be made to the Promotion Committee in May 2008.

SAMPLE QUESTIONNAIRE

DIAGNOSIS:

THE INSTITUTIONAL PROMOTION OF COFFEE CONSUMPTION

Definition of institutional promotion: Marketing efforts by a segment of an industry or the whole industry to promote a product (instead of a brand in particular) in order to increase the total market for that product.

Problem: What are the difficulties to promote coffee consumption?

Objective: To identify how the ICO Network can help create and implement campaigns to promote coffee consumption around the world.

Please indicate as many choices as you find adequate and reply to all questions that you find relevant in your situation.

- 1) In your opinion, what are the critical factors for an institutional campaign to increase coffee consumption to be effective and to have positive results?
 - Participation of all the segments in the sector
 - Commitment of the players in the sector
 - Active participation of roasting and soluble industries
 - Participation and support of the government
 - Availability of projects, ideas and/or strategies
 - Access to funds
 - Strategic long-term actions
 - Continuous promotional activities
 - Other. Which? Explain.

- 2) Have there been institutional campaigns in the past or are there any institutional campaigns going on in your area of work?
 - Yes. Which one(s)?
 - No

- 3) If yes, what were your contributions? How did you articulate your network of contacts?

- 4) If there are no institutional campaigns, why is that:
- Lack of interest
 - Lack of union of players in the sector
 - Lack of ideas
 - Lack of motivation
 - Companies are not legally allowed to work together
 - Other. Explain.
- 5) From a general perspective, how do you see your role in institutional campaigns? Are your objectives in this area being reached?
- 6) A. What were the most successful institutional campaigns that you know of?

Coffee:

- ICO's Coffee Development Group (CDG) campaign to increase coffee consumption in the United States.
- The Purity Seal campaign launched by ABIC (Brazilian Coffee Industry Association) in 1989 to create awareness and promote coffee consumption in Brazil.
- ICO's Promotion Programmes in Russia and China to stimulate coffee consumption, 1998 to 2001.
- ICO's Positively Coffee Programme
- Other campaigns focusing on Coffee and Health. Which?
- NCA's (National Coffee Association of the USA) Coffee Delivers public relations campaign launched to inform consumers about the health aspects of coffee and to position coffee as a healthful drink.
- ABIC's Coffee Quality Campaign
- Other. Which?

Other Foods:

- Orange juice campaign created by the Citrus Department of Florida in 2004 to increase the demand for orange juice in the United States.
- Got milk? campaign created in 1993 for the California Milk Advisory Board to promote milk consumption in the United States.
- We Love Our Lamb campaign launched in Australia in 1999 (and today in its 8th year) to turn around consumer attitude and demand for lamb.
- Pork. The Other White Meat campaign launched by the National Pork Board in 1987 to turn around a declining demand for pork in the United States.
- Specially Selected Pork radio campaign organized by the Quality Meat Scotland (QMS) Promotion Body to increase the consumption and awareness of fresh pork in Scotland.

Campaign to promote the consumption of red meat organized by Meat & Livestock in Australia, 2004.

Other. Which?

B. What were the essential factors that contributed to the success or failure of the campaigns above?

7) A. Are you aware of other institutional campaigns to promote coffee consumption or the consumption of other products?

Yes. Which?

No

B. If yes, what were the reasons for their success or failure?

8) What are the obstacles to the institutional promotion of coffee?

Lack of funds

Lack of projects

Lack of ideas

Lack of creativity

Else. What? Explain.

9) What can be done to create new ideas/projects/campaigns for the institutional promotion of coffee? What can be done to generate new ideas?

10) A. In your opinion, are there conflicts between brand promotion by companies and institutional promotion of consumption?

Yes

No

B. How could they be harmonized?

11) What can be done for companies to work together to increase the total market in addition to fighting for market share?

12) A. Are coffee and health programmes (e.g. Positively Coffee) examples of successful collaboration between brand and institutional promotion?

Yes

No

B. In what other areas can this example be used?

- 13) What actions related to the ICO's Coffee and Health Programme are being implemented in your area of work?
- 14) What do you think about the idea of producing institutional promotional materials that would be used, disseminated and/or distributed by companies and brands?
- 15) What is the visibility of the coffee, product (NOT the coffee brands) in the media (magazines, TV, newspaper, Internet, etc...) in your area of work?
- High visibility
 - Moderate visibility
 - Low visibility
 - Insignificant / no visibility

Comment.

- 16) A. How does the marketing of coffee compares with that of other hot beverages?
- More intense
 - Equal
 - Less intense

Explain.

B. And with that of other beverages (hot, cold, etc.)?

- 17) A. You feel that the exposition of the coffee product in the media has
- Increased
 - Remained the same
 - Decreased

B. Why?

- 18) How to benefit from the coffee shop boom to increase consumption at home and out of home? How can this strategy be used to include low income groups?

19) A. Are there festivals or events dedicated exclusively to coffee in your area of work?

- Yes
- No

B. If yes, which ones?

20) A. Do you believe there is room, in your area of work, to promote consumption with the support of companies?

- Yes
- No

B. How? Comment.

21) A. How to interact with young coffee consumers in your area of work?

- Through campaigns in the traditional media
- Through public relations campaigns
- Through promotion in the new media (YouTube, Second Life, Orkut, etc)
- Through schools and universities
- Other. What?

B. Which places do young consumers frequent?

- Clubs
- Shopping malls
- Gym
- Sporting events
- Music events
- Coffee shops/cafes
- Other. Which?

C. How do they prefer their coffee?

- Pure
- With sugar or other additives (sweetener, chicory, etc)
- With milk
- 3 in 1 (coffee mixed with sugar and cream)
- Ready-to-drink coffee
- Ready-to-drink coffee beverages (e.g. Frappuccino)
- Other. What?

- 22) How can the new media (Internet, Blogs, YouTube, MySpace, Second Life, etc...) be used to increase coffee consumption?
- 23) A. Would it be easier to do institutional promotion in the Internet rather than through the traditional media?
- Yes
- No
- B. Why? Explain.
- 24) A. Do you know any company/institution that advertises consistently in the new media?
- Yes
- No
- B. If yes, list the companies/institutions.
- C. Do they reach positive results? If yes, how?
- 25) A. Is it worth to involve the consumer/have the consumer participate in the creation of campaigns?
- Yes
- No
- B. If yes, how can that be done?
- Focus group
- Internet: online discussion communities (e.g.: blogs, YouTube, Orkut, etc.)
- Other. Explain.
- 26) A. Have you ever been directly involved in institutional campaigns to promote coffee consumption in emerging markets?
- Yes
- No
- B. If yes, how? Coment.

- 27) How to start institutional campaigns in emerging markets (e.g.: Russia and China) where there are few or no institutions or associations related to coffee?
- 28) Do you know of or have used the *ICO Step-by-Step Guide to Promote Coffee Consumption*?
- Yes, I know it and have read it, but have not used it.
 - Yes, I know it and have used it.
 - I heard of it, but have never read it.
 - No, I do not know it.
- 29) A. What are the differences between promoting coffee consumption in producing countries, traditional consuming markets (European Union, United States, Japan) and emerging markets?
- B. Would strategies, approaches, organizational frameworks, etc. need to be different?
- Yes
 - No

Explain

- 30) Is it a good idea to have 3 separate groups – producing countries, traditional markets and emerging markets – when programmes to promote coffee consumption are designed, so that an appropriate programme would be created for each group in particular?
- Yes
 - No
- 31) Please advise your own comments about any subjects that may not have been covered by the items above.

STATEMENT OF GOALS

The analysis of the questionnaires led to the definition of goals for the operation of the ICO Network that can be summarized by key issues and strategic approaches for each of the three target markets, as described below.

1. Producing Countries

1.a. Key Issues

- coffee and health
- types of coffee
- methods of preparation
- quality
- coffee and youngsters
- coffee in schools
- coffee shops/baristas
- capacity building
- events/competitions/fairs
- retail (supermarkets and traditional)

1.b. Strategic Approaches

- union of all sectors
- structured approach
- institutional programmes
- public relations

2. Traditional Markets

2.a. Key Issues

- coffee and health
- certification/sustainability/traceability/origin
- new products (science/technology/research)
- coffee shops
- baristas
- young consumers

2.b. Strategic Approaches

- partnership with brands
- public relations

3. Emerging Markets

3.a. Key Issues

- coffee and health
- methods of preparation
- coffee and youngsters
- coffee shops
- capacity building
- coffee in schools
- types of coffee
- events/competitions/fairs

3.b. Strategic Approaches

- coffee as a lifestyle

Although many key issues are common to all three markets, they deserve different priorities in different areas. The strategic approach to promote coffee consumption will have to be completely different in each market depending on the players in the coffee business, their relative economic importance, their access to private and public funds, and their relationship with consumers.

REVISED MILESTONES AND MARKERS

| ACTIVITY | | MONTHS | | | | | | | | | | | | | | | | | | | | | |
|----------|---|--------|---|-----|---|-----|---|-----|---|-----|---|-----|---|------|---|-----|---|-----|---|-----|---|-----|---|
| | | 2007 | | | | | | | | | | | | 2008 | | | | | | | | | |
| | | JUN | | JUL | | AUG | | SEP | | OCT | | NOV | | DEC | | JAN | | FEB | | MAR | | APR | |
| | | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 |
| 1 | Project Launching | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Implementation of network (infrastructure of information) in the internet | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Selection of Mediators | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Development, discussion and signature of contracts with Mediators | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Diagnosis | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Strategic planning | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Goals | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Information system | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Network Launching Event | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Preliminary operation | | | | | | | | | | | | | | | | | | | | | | |
| 11 | Mobilization of Suppliers | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Mobilization of Collaborators | | | | | | | | | | | | | | | | | | | | | | |
| 13 | Mobilization of Participants | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Retrofeeding and beginning of full operation | | | | | | | | | | | | | | | | | | | | | | |