



DEVELOPING SUSTAINABLE SPECIALTY COFFEE MARKETS 2010 AND BEYOND: CRITICAL TOPICS

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KEY TOPICS FOR TODAY

- Specialty coffee defined
- Specialty coffee measured
- Trend
- Impacts
- Future forecast



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What is Specialty Coffee?

- A coffee that has no defects and has a distinctive character in the cup - **SCAA**
- Specialty coffee is defined as a crafted quality coffee-based beverage, which is judged by the consumer (in a limited marketplace at a given time) to have a unique quality, a distinct taste and personality different from, and superior to, the common coffee beverages offered. The beverage is based on beans that have been grown in an accurately defined area, and which meet the highest standards for green coffee and for its roasting, storage and brewing - **SCAE**



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What is Specialty Coffee?

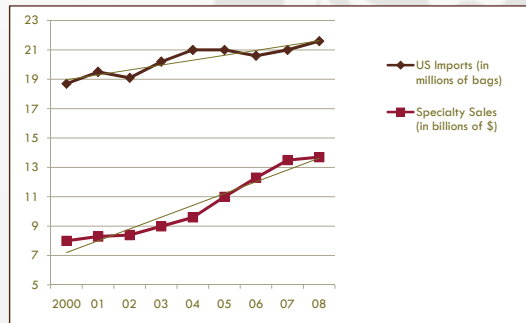
- Specialty coffee is defined as coffee, from a known geographic origin, that has a value premium above commercial grade coffee due to its high quality in the cup and to particular attributes that it possesses - **Ethiopian Commodity Exchange**



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Specialty Coffee Growth



- Specialty growth has been very strong over the past ten years in North America and has consistently outpaced the overall market



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Recent Impacts



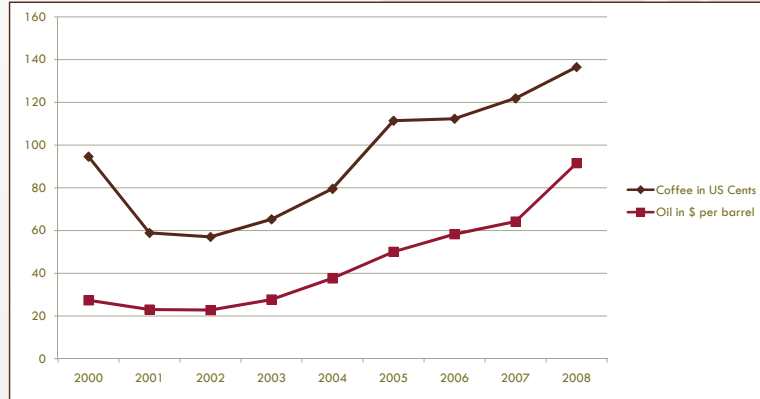
- Economic crisis and US consumption
- “Consumers are becoming more value conscious, but this should not be confused with price consciousness.”
-M. Taylor, Datamonitor
- “More and more, people are coming to purchases with an overall gestalt or ethos that incorporates various values (including a commitment to the environment). Then, they assign the primary drivers, like taste....etc.”
-R. Seireeni, Brand Architect



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Coffee Prices vs. Oil



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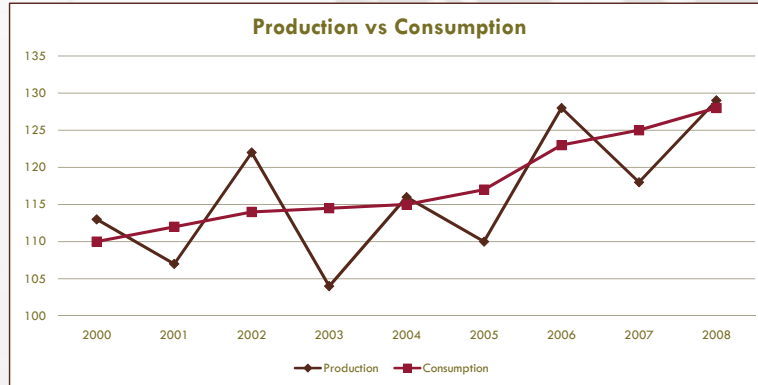
Coffee Prices in US Dollars vs. Euros



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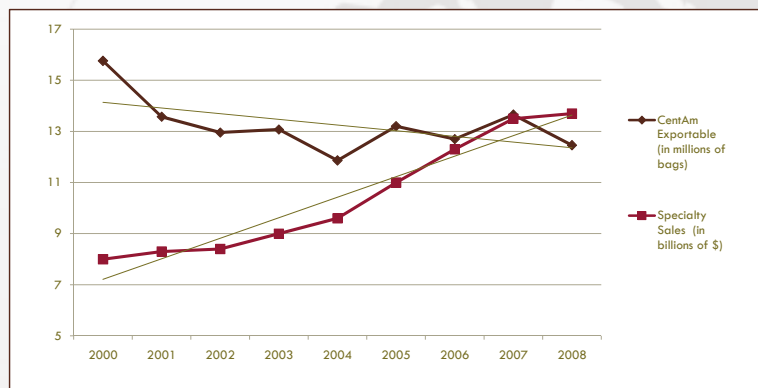
World Production vs. Consumption Trend



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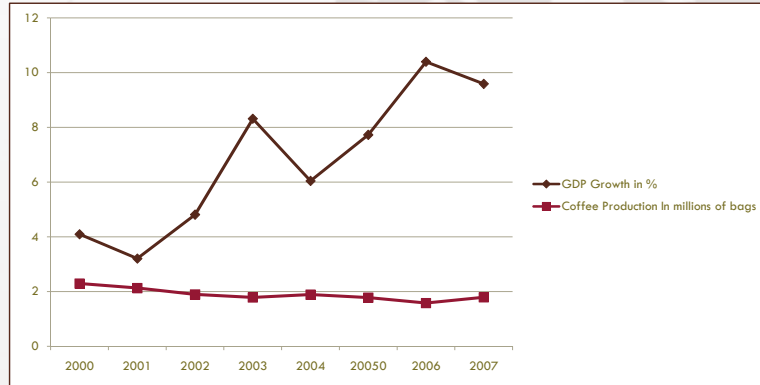
CentAm Production vs. Specialty Growth



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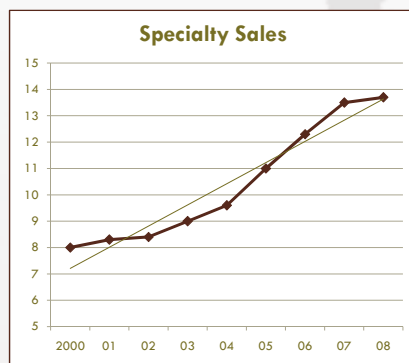
Pressure Continues to Rise on Land Use



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Specialty Growth Is Dependent on Value Equations Persisting



- Consumer Engagement
- Perceived Value
- Clear Differentiation
- Consistent Messaging
- Available Supply



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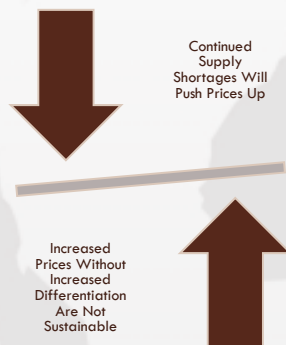
Differentiation is Critical



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Supply Concerns



- The industry currently lacks a clear path to developing a sustainable supply of highly differentiated coffee product. Fundamental R&D aimed at increasing quality is required.



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Key Takeaways



- Specialty will grow if value equations persist
- Value increases are dependent on differentiation
- Supply pressure will push pricing upward
- Industry lacks a clear future path to a sustainable supply of high quality coffee



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