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HOW TO STAY RELEVANT MILLENNIAL DEMANDS ON THE COFFEE INDUSTRY

Distant Lands Coffee shares insights on meeting consumer demands in changing times

André Cabrera

Savvy, discerning millennial consumers (people between the age of 18 and 35 who make up around 25 percent of the U.S.'s population) have shown that they expect quality, value, and convenience. They have sophisticated palates and desire a variety of flavor and options. But they also want to know how their coffee is made and where it comes from, and these issues are increasingly arising as the most important when they make a purchase decision.

“We want sustainability and innovation,” is the battle cry for the millennial generation. They are concerned about a wide variety of issues, including sourcing, with a strong preference for the locally grown and organic. Telling the story of how coffee is grown and how it is brought to market is a new world for the coffee industry. However, decades of experience have prepared us to meet these demands.

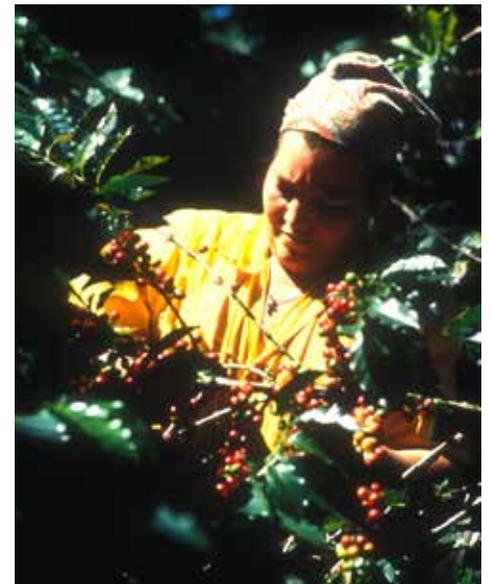
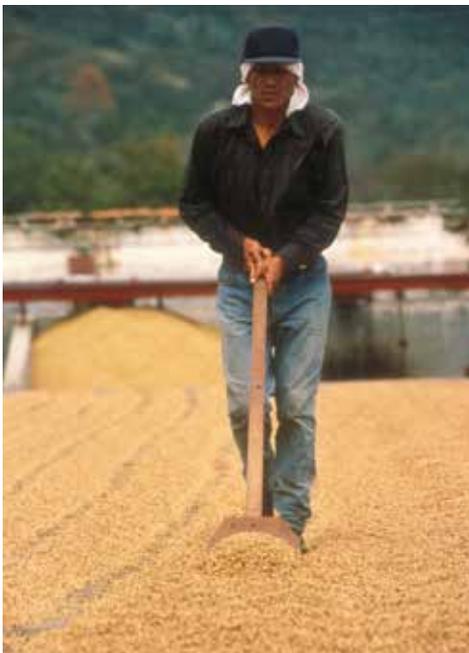
Forty-five years of practice has proven that environmentally sound farming and processing methods are not only the right way to grow, but also produce superior coffee beans. Healthy land and water systems directly influence coffee quality. Rainforest Alliance Certification™ ensures that strict environmental and social standards have been met in the coffee production. Sustainable forms of energy such as hydroelectric production, water conservation, and biomass furnaces used in progressive mill designs can help move a coffee producer towards sustainability, ensuring the “Gen M” stamp of approval.

Millennials are also conscientious about employee treatment, so it pays to make it a priority. Supporting quality-of-life on our farms creates thriving, sustainable communities. Offering farm employees benefits, including housing, healthcare, childcare, and retirement options, cultivates a culture of caring which positively affects communities and the end product. This commitment to social responsibility and sincere care for employees is a crucial part of maintaining a dedication to sustainability.

Producers can make their private label and national brand products attractive and engaging by presenting compelling details of the coffee's origin on the label. Highlight unique, differentiating aspects that add value, particularly a location that's off the beaten path. Don't just mention the country, talk about the farm where the beans were sourced.

Another difference between millennials and previous generations is their preference for flavored coffee. Nearly 50 percent prefer flavor-forward beverages. And they like their high-quality coffee in a variety of styles, including hot, cold, iced, and ready-to-drink. They want the ability to customize their drink to their mood: hot flavored coffee in the morning, cold in the afternoon, etc.

While affordability also remains a vital issue for millennials, the most important issue for this age group is value: the intersection between quality and price. Millennials shop at a wide variety of retail locations, and are willing to





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go to one or more different stores to get the best quality at the best price. They value the shopping experience, and enjoy finding deals on great products.

That's good news for brands using specialty coffee and offering the highest-quality beverages. Millennials are experimenters; they will try a wide variety of products to find the perfect match. This is an advantage for stores that showcase quality options, and a call to get moving to those stores that don't. If you want to attract millennial buyers, invest in the finest specialty coffee. Millennials will try it, and, if it is good, they will return.

This generation is always on the run and expects convenience, without sacrificing quality. When it comes to home brewing, 44 percent of this group prefers single-serve, but still expects excellent blends and flavor variety. Currently, single cup coffee is approaching 40% of the total coffee market, up from just six percent in

2011. That equals more than three billion dollars in retail sales. Convenience is the driving force behind the single-serve trend, but it won't last forever. Keeping up with millennials means the industry has to deliver a single-serve experience that meets their demand for flavor variety, freshness, and the same high-quality experience that they have come to expect in bagged coffee.

Millennials are telling us that they want high-quality, cafe-style beverages at a great value. One must remember, however, that the smart play isn't just about marketing, price, or winning a race to market on a hot trend. These advantages may drive a first purchase, but it takes more to make a strong impact on this environmentally-aware generation. In order for a coffee company to get ready for Gen M, they must commit to sustainability, pursue quality and value, address this group's proclivity toward flavored beverages and need for options, and understand convenience.

André Cabrera is the director of marketing at Distant Lands Coffee, responsible for managing all corporate marketing strategy and communications. In addition, she is responsible for managing the Panera Bread® Coffee licensed products program. She joined DLC in 2014. Prior to Distant Lands, Ms. Cabrera held a variety of marketing leadership roles, including work in the utility bedding industry as Director of Marketing for Pacific Coast Feather Company, where she managed a portfolio of licensed brands, including Calvin Klein, Sealy and Stearns & Foster. She also served as head of Northwest Zone Field Marketing at Starbucks Coffee Company and held marketing posts in Apparel Retail, Licensing and New Business Development at Eddie Bauer. Ms. Cabrera holds an MBA, International Management from Thunderbird School of Global Management and a B.A. degree in Political Science from Saint Louis University. She resides in Woodinville, Washington with her two Bernese Mountain Dogs.



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