

GOT A CONSUMER

SPREADING THE GOSPEL OF SPECIALTY COFFEE

Why doesn't the SCAA launch something like the Got Milk? campaign for specialty coffee? I'm asked this question so often that I've come to accept it as an inevitable inquiry, a sign of our success as an industry segment and a trade association. It's a good question and one I can't help asking myself whenever I see a Got Milk? commercial or hear that raspy cowboy voice say, "Beef. It's what's for dinner." So why can't the specialty coffee industry put out celebrity-endorsed commercials and full-page ads in national consumer publications?

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Got a Consumer Marketing Campaign? continued_____

Most people understand that it's all a matter of resources. To put it in perspective, the SCAA's entire operating budget is four percent of the annual cost the "Beef. It's what's for dinner" campaign, and it is roughly one percent of the \$250 million spent annually on "Got Milk?" and related dairy campaigns. Those who do business in heavily regulated industries of milk, beef, pork, cotton, etc. are forced to contribute to these joint marketing campaigns with the government. The imposed fee is called a "statutory levy." Essentially, they are taxed, one dollar a head in the cattle industry and about two cents a gallon in the milk industry. For a small dairy of around 150 cows, that equates to about \$3,500 a year.

But over the last few years, agricultural-based business owners in the United States have begun to challenge these mandatory fees in court. On December 8, 2004, those opposing the fees in the beef industry had their day before the Supreme Court, and now they await the decision. Even though the justices refused to hear a similar case involving the Got Milk? campaign a few years ago, some observers believe the levies will be declared a violation of the first amendment right to free speech. You can't stop someone from speaking, but you cannot compel them to speak.

The fundamental issue behind these lawsuits is that some of the companies forced to help fund the campaigns don't feel the ad messages are relevant to their businesses. For instance, in a current suit against compulsory participation in the Got Milk? campaign, an organic family dairy farm says that the generic advertising supports farms whose practices they find objectionable.

The cost of doing something like Got Milk? is the largest and most obvious road block for the specialty coffee industry, but close behind is the question, what is the message? Like specialty coffee itself, the specialty coffee industry is a highly differentiated trade group. Unlike most of the industry groups now bucking under imposed marketing fees, the SCAA is a single trade association that serves a wide variety of businesses within the trade. Our members are not all importers, all roaster or all retailers. Add to this the highly entrepreneurial and independent culture of this industry, and getting everyone to agree on a message—at least a message that is not so watered down as to be meaningless—would be a challenge.

The effectiveness of the milk and beef campaigns stems more from their ubiquity than from their creativity. We may be able to buy or find the creativity, but we can't afford the ubiquity. Of course, taxing the coffee industry is not a possibility. Given

these parameters, one of the SCAA's value statements remains: "promotion of the value of specialty coffee to consumers." So perhaps we need to ask a different question: How can we promote the value of specialty coffee to consumers? For the SCAA, the answer is not an advertising campaign, but a strategy of three paths.

PATH ONE: THE PRESS

In the 12 months ending November 30, 2004, the SCAA appeared in print in the U.S. 75 million times. That is the total "eyeball," or publication circulation count, PR folks call "impressions." The SCAA was mentioned, featured or quoted in more than 1,200 articles, and over the last two years, the association has appeared at least once in each of the top 15 newspapers in the country, including *USA Today*, *The Wall Street Journal* and *The New York Times*. In addition to print media, the SCAA has been interviewed and/or featured on numerous radio and television programs. We speak with an average of three reporters each day. This is not insignificant reach and, to my mind, represents a true benefit of membership in the association.

Over the last year, the association has taken a more proactive approach to media coverage with two goals in mind: to increase the number of times SCAA standards are mentioned in consumer media and to involve more SCAA members in opportunities for media coverage, particularly retailers with their local press. Quality standards are an issue on which most SCAA core coffee members can generally agree, but it's difficult to incorporate standards into a consumer advertising campaign. It's even difficult to incorporate standards into most interviews with reporters, unless their story is about quality. It takes some practice to bring the conversation around to the correct coffee-to-water ratio when the reporter's story is about coffee mug sales during the holidays, but it can be done. Currently, SCAA quality standards are mentioned in about five percent of articles. We're looking to increase that number so that more consumers understand what makes specialty coffee special.

Involving our members in publicity is a little easier than keeping a reporter awake while you talk about brewing temperatures. When taking phone calls from regional media, we try and refer reporters to at least one SCAA member roaster and/or retailer in their area. The trick, of course, is knowing who can not only represent the interests of their business well, but also represent SCAA standards accurately.

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When I'm not personally familiar with a company in a region where the reporter is working, I look at how long a company has been an SCAA member and whether or not they are involved in any recognition programs, such as TOPS or Golden Cup. On a national level, I will try to refer reporters to "experts" within the SCAA, usually people with extensive experience and success in the industry and a history of volunteering within the association.

Beyond referring reporters back to members whenever possible, we will be creating more PR resources for retail members. This is where our consumer outreach could be considered a campaign because we have an army of messengers.

PATH TWO: RETAILERS

SCAA retailers are not only our PR army, they are our consumer outreach and education army. In fact, if we could mobilize this army, I'd put it up against the Got Milk campaign in terms of its value to an industry group. Right now, we have many highly effective special operations teams out there, but we need the whole army on the move. How much of the retail segment does SCAA "own" in terms of membership, and what could our reach be if all SCAA retailers were specialty coffee evangelists?

The "universe" in terms of potential U.S. retail members for the SCAA is not coffeehouses (18,000), but coffeehouse owners, approximately 10,000. The SCAA currently has 1,000 retail members. That is only 10 percent of our potential number of members, a number we definitely want to increase, but together these members represent more than 10,000 coffeehouses, or at least 50 percent of coffeehouses in the U.S. Conservatively, that translates to 100,000 employees or potential specialty coffee evangelists just among SCAA's membership.

But what is the message these evangelists deliver? It's not a sound bite or a nifty tag line. It's a question: How are you doing on whole-bean coffee at home this week? Between 1997 and 2002, the dollar value of whole-bean coffee sold through Food, Drug and Mass Merchandisers (FDM) increased by 22 percent, but only 14 percent of adults in the U.S. use whole-bean coffee at home. Annual FDM sales of whole-bean coffee are expected to increase by six million dollars by 2007.

There is significant potential here for growth in whole-bean sales through coffeehouses. Though experienced coffee professionals may have difficulty relating to this idea, the fact is that grinding coffee in an age of convenience is a barrier to trials of whole-bean coffee at home. Beyond selling home grinders and providing a grinder on the coffee aisle, supermarkets can do little to address uncertainty among consumers who have never used whole-bean coffee. Coffeehouses can coach customers to using whole beans at

home, and they can offer a fresher product with greater variety. And once consumers begin using whole beans, they're hooked. While 64 percent of primarily ground coffee drinkers also drink whole-bean coffee, only 18 percent primarily whole-bean coffee drinkers will also drink ground. Got Whole Beans?

PATH THREE: CONSUMER-DIRECT

Reaching consumers directly is an expensive proposition. With limited resources, the SCAA has never really attempted to market a message to consumers directly. Instead, we've used the media and retailers to reach them. The exception is our consumer membership effort (cMembership).

Admittedly, this is an issue about which most SCAA members are ambivalent. While 44 percent of SCAA members indicate that a consumer membership is important to their business,

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46 percent say it is of little or no importance. There is little apparent disagreement with the idea that the SCAA should be engaged in consumer outreach and education, but there is plenty of disagreement about execution. Some point out that we are a "trade" association and should not be expending resources on coffee consumers as a membership category. Others say that the SCAA, having no interest in a "coffee club" beyond promotion of our standards, is the right place for coffee enthusiasts to gather and, if we can create a large consumer database, return value back to our retail members.

Keeping both sides of this conversation in mind, the SCAA's leadership is attempting to move forward with balance in mind. Perhaps the most exciting opportunity for the SCAA to impact consumers directly will come from the ever-expanding regional barista competitions and the United States Barista Championship (USBC). Several regional competitions within the current competition year and the 2005 USBC itself are open to the public. These events not only garner media attention, but members of the public who attend get a crash course in espresso excellence, and they will never take a cappuccino for granted again.

The SCAA may never be able to launch a consumer ad campaign to rival those of our levied friends in U.S. agricultural industries, but there are still excellent opportunities for consumer outreach by sticking to our strengths: our quality standards and our coffee retailers. ☺

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