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Craft Coffee: The Industry Embraces Its Artisan Side

- Defining Coffee Quality
- Is “Sustainable” Actually Sustainable?
- Special Report: Ethiopia Part IV
- Origin Highlight: Sri Lanka
- Selling Tea in Coffee Shops
- Chai, The Value Indulgence





Craft Coffee: The Industry Embraces Its Artisan Side

Craft coffee is bringing the industry back to its roots and embracing the discerning and practiced human touch that is necessary to produce the most exclusive coffees on the market today. **By Rachel Northrop**

The coffee industry is constantly renaming itself as it carves out new divisions to pitch new products and to meet shifting consumer demand. In response to so much reshaping, coffee nomenclature becomes as variable as the weather, with terms like “specialty” and “third wave” blowing over in favor of terms more readily heard today like “artisan” and “craft.”

What do coffee industry members mean when they use these labels? Are they applied equally to green coffee, roasted coffee, and café service? Do roasters, retailers, and baristas all interpret “craft” or “artisan” coffee to be the same thing? Labels like Organic or Fair Trade come with a clear list of requirements to be met before they can be applied to a product or a brand. Terms that reference whole subsections of the industry are held to no such strict criteria, and therefore tend to mean different things to industry stakeholders and to consumers. “Craft” and “artisan,” two terms most en vogue today, are perhaps less subjective and more rooted in the denotations of the words, which indicate expert workmanship and the hands-on touch of an artist or craftsman.

Retail & Wholesale Philosophy

Based in Oakland, Calif., and currently operating retail locations and wholesale accounts coast to coast, Blue Bottle Coffee has been roasting and selling craft coffee since 2002. To Blue Bottle, “craft coffee is cared for coffee,” communications manager Byard Duncan told *Tea & Coffee Trade*

Journal. The company was founded on a vision of quality, of treating coffee roasting as an art and taking the same care with beans that an artist would exercise in any other medium. “We’ve been careful to reinvest in quality measures at each step of our growth process,” said Duncan. “For example, we build a roastery in each market to ensure that all coffee is delivered to locations within 48 hours of being roasted.”

For Blue Bottle, craft means that the final product is never compromised by delays in delivery. “In addition, we recently installed Loring Smartroaster machines in multiple markets. These machines allow us to standardize roast profiles across cafés and ensure more consistency than we were able to attain when we were smaller,” Duncan noted. “We’ve grown our quality control department to include members in each market who help us maintain consistency.”

One of the inherent drawbacks of craft coffee—crafted on small machines in small batches—is that it has the potential to vary drastically. Microlots are often prized, but the ideal reality is achieving a balance between tiny, exclusive batches and the volume that allows a brand to develop a loyal consumer base. Blue Bottle has developed a very loyal foundation of both wholesale accounts and retail customers over the past ten years, but even as an established craft roaster, they are looking to find new ways to keep customers excited about their products. Craft roasters pursue excellence in all aspects of business. Duncan mentioned that for Blue Bottle, “delicious coffee has been, is, and will con-

“Craft” and “artisan” coffee, two popular terms today, indicate expert workmanship and the hands-on touch of an artist or craftsman.

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Photo courtesy of Eight O'Clock Coffee.



tinute to be our key point of distinction as a company. It's the foundation for everything we do." But for all their dedication to the craft, artisan roasters also have to remain competitive. Duncan explained, "Hospitality—how that coffee is presented, how the guest is acknowledged and treated and thanked—will become larger, more crucial components of the industry in the coming years."

Craft Coffee Starts at Origin

Craft coffee is often associated with roasting techniques or hand-brewed coffee-preparation methods such as pour-overs, but for companies invested in craft coffee, the art of roasting exceptional coffee starts on the farm. "To say something is "craft coffee," we believe it starts with the green beans, selecting the best quality we can find and then caring for it along the entire process and roasting the beans within a 48 hour window of brewing the actual coffee," said Duncan.

Larry's Beans, based in Raleigh, N.C., similarly believes that craft coffee must be meticulously cared for starting at farm level. Larry's maintains a commitment to

organic and fairly traded coffees, believing that to showcase the best a coffee has to offer requires abstaining from marring coffee with any foreign chemicals. Nathan Phillips, training manager for Larry's Beans, explained that Larry's elects not to buy from farms that "feed their crop a toxic cocktail of petroleum-based fertilizers and pesticides. The model these farms are based on builds volatility into the market. As problematic as all of these things are for the environment, local economies, and local culture, it also makes for lousy tasting coffee."

Unlike Blue Bottle, Larry's does not operate retail cafes, rather the company is devoted to bringing craft coffee to the grocery aisles, selling in Whole Foods Markets east of the Mississippi, and in grocery stores large and small around the country, concentrated in the Southeast, but shipping its product around the world via internet sales. Artfully sourced and roasted coffee that is distributed worldwide starts with farmers who are as concerned with caring for the coffee as Larry's is. "Where the coffee is processed and depulped, the fruit pulp is composted and

brought back and integrated into the soil around the coffee trees. Organic practices, such as composting and growing under shade, all mean that the coffee we buy tastes better, so we get the high-quality beans we want to develop in the roaster," Phillips explained.

Intersection of Cause and Craft

Larry's Beans is devoted to advocating for smallholders and paying more than Fair Trade premiums in order to promote long-term economic stability. Traditionally, "cause coffees," or brands developed in order to support agricultural communities in tropical nations, have not had reputations for also pursuing the craft of quality. Larry's Beans is in the midst of changing that tradition. "Our 'causes' are practical. When we cultivate relationships with smallholder farmers we get better coffee. In order to get the high-quality coffee we want we find that trading fairly, buying organic, paying fair trade premiums, and emphasizing sustainable practices all translate into healthier farmers who can drink from their local water supply without drinking

Endosulfan or Parathion, but all of these also translate into better, tastier coffee beans," Phillips said.

Caring for the beans is the first step in producing craft coffee, but caring for the people who produce those beans—in terms of financial returns and environmental sustainability—in turn allows farmers to care for their land and to continue to produce superior quality products. Craft coffee, then, seems to be a less of a labeling trend, and in fact, more of an operational shift that can trickle down to all links in the chain. Consumers are willing to pay a premium—often a steep one—for products that are hand-wrought by experts rather than mass-produced. As roasters become masters of their craft, they are able to translate returns to producers, who can invest in becoming masters of the art of farming, thus elevating quality at every stage, beginning with origin.

The Art of Label Design

A major factor in convincing consumers to pay a steep premium for a handmade product is the packaging in which that product is sold. In order to create an instant association with a hand-crafted good, roasters are adopting hand-drawn labels for coffee packaging. Larry's Beans coffees have hand drawn images depicting the origins of their coffees, subtitled by the bolded text tagline "Craft Commerce Love." These seem to be the three components at the core of a movement towards bringing the personal and the hands-on

Specialty coffee has eclipsed sodas as the preferred on-the-go-beverage. Within specialty coffee, craft coffee is perfectly targeted to attract young consumers.



art of craft back to an industry that has long been dominated by the automated and impersonal.

Dillanos Coffee Roasters, Sumner, Wash., last year launched their DCR coffee line, with exquisite packaging that is artful and personal, featuring watercolor illustrations by Laila Ghambari, a barista at Dillanos' wholesale client, Cherry Street Coffee, and the 2014 U.S. Barista Champion. Ghambari's artwork and her craft as a barista both point towards the industry-wide return to embracing the human element that infuses coffee with the unique spirit that differentiates it from other beverage sectors.

"On every DCR bag is the roast date and the name of the roastmaster. That's a bold statement—just as an artist would sign a painting," said Dave Rand, sales manager with Dillanos. "We want the

outside of the bag to reflect what's inside bag. Including external art is intentional." The choice to move towards the artisan was a deliberate decision for Dillanos. "We've seen demand for craft coffee," said Rand, "and been asked to do it for more [private label] customers."

Scaling Up to Increase Volume

Because craft and artisan coffee are rooted in the touch of a skilled roasting craftsman and barista-as-artist, the process of scaling up to increase volume creates a logistic tension. The more consumers demand craft coffee, the more quickly artisans reach the ceiling of what one pair of hands can do. Dillanos has responded to this tension by bringing more hands and new tools on deck.

Lon LaFlamme, director of marketing and national sales with Dillanos, described that when they started to roast [to U.S. Barista] Competition level, "we added a new, smaller, Probat roaster to our two existing large Deitrichs. Our roastmaster and director of coffee both became Q-graders in order to be at that level—at that depth of understanding. You have to get deeper into education and expertise if you're going to bring out the details and nuances of lighter roasted beans."

According to LaFlamme, "The level of pride and accountability required to execute craft coffee is the antithesis of volume roasting. The larger the roaster the more need there is to price compete. But we make no apologies for the price of DCR. This is consistent with the trend towards paying the necessary cost for quality. It's not about price; craft coffee is about uniqueness, quality. We're introducing coffee drinkers to unique taste profiles with these coffees."

LaFlamme sees craft as a chance for "customer advancement," trying to nudge the consumer to a new plane of purchasing and appreciation for coffees that cost what they're worth. "Dillanos coffees are all specialty by classic standards," noted Rand. "These "craft" coffees are more unique, more exceptional, and rarer. What was "craft" 20 years ago is a bigger pool than it is today."



Photo courtesy of Coffee Analysts.

Craft coffee is about uniqueness and quality; these coffees are more exceptional and rarer.

Craft may have started small, but 2010 was the pivotal year that the consuming masses embraced craft as the new definition of coffee. In the upcoming book *The Successful Coffee House: A 22-Day Action Plan to Create a Relevant and Profitable Business* by David J. Morris and Chris Heyer, LaFlamme contributes to the chapter discussing the overwhelming appeal of craft coffee, stating that "by 2010, craft coffee houses didn't go to mainstream America. Mainstream America of all ages went to them."

Specialty Coffee Replaces Soda

With the prevalence of craft coffee roasters, retailers, and brands that have become household names, there is a new phenomenon occurring among consumers. For many consumers today, their first experience with coffee is with craft coffee prepared by an artisan retail café—for a pretty penny per cup. As new consumers, particularly those in the 18-24 year old age bracket, discover the diverse flavors of coffee presented by craft roasters and perceive it as a high-value, sophisticated beverage, they begin to seek ways to replicate this experience at home, taking the first step to becoming lifelong coffee drinkers.

LaFlamme in *The Successful Coffee House* noted, "This youth target market has never had less discretionary income, but has never spent more for a coffee. Specialty coffee has replaced soft drinks as their beverage of choice." Specialty coffee has eclipsed soda as the preferred on-the-go-beverage, and within specialty coffee, craft coffee is perfectly targeted to attract young consumers. "The best craft coffee houses perfectly align to this generation's requirement for brand authenticity. This target customer is

golden for the zealot coffee retailers and retail/roasters," wrote LaFlamme.

Some new coffee drinkers may invest in home-brewing equipment and be willing to pay close to USD \$20/lb for the same craft beans they drink at their favorite café, but many opt for a more



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Increase in Daily Consumption of Gourmet Coffee Beverages among American Adults	
2005	15%
2006	16%
2007	14%
2008	17%
2009	14%
2010	24%
2011	25%
2012	31%
2013	31%
2014	34%

Source: National Coffee Association, New York

affordable coffee at the grocery store. In this way, craft coffee becomes a gateway for new consumers, a way to draw a new generation of drinkers to coffee. They may start with craft and still regularly indulge in a craft beverage at a café, but they also look for more economic options for home and office consumption, owing to the reality LaFlamme mentions that discretionary income is not at high as new

consumers perhaps wish it were.

Craft coffee, therefore, is not one small slice of the industry working against the rest, rather it is a high-profile segment that promotes coffee consumption in general, making coffee a desirable beverage that emerging generations are eager to try. "Most [of Dillanos' private label] customers rely on classic coffees," LaFlamme said, adding, "Then [they] bring on DCR craft coffee as an added edge." All coffee need not be craft, but selling some craft coffee appeals to the thirstiest bracket of new consumers.

Craft's Industry Impact

The National Coffee Association (NCA), New York, has observed that while craft coffee may do some heavy lifting in promoting the entire coffee category, the gourmet, artisan segment is the most visibly expanding, and perhaps at times it grows at the expense of other segments. The NCA's chairman Bruce Goldsmith, who is also president of Baronet Coffee, Hartford, Conn., noted, "The NCA *National Coffee Drinking Trends* market research series has found that daily consumption of gourmet coffee beverages has risen dramatically while traditional coffee has declined in share. Daily consumption of traditional coffee among American adults has gone from a high of 57 percent in 2007 to 50 percent in 2014. At the same time, daily consumption of gourmet coffee beverages has been steadily rising."

Hyper-specialty, craft coffee is at the leading edge of coffee's current growth spurt, and that is a place everyone wants to be. As Dillanos differentiated itself with its DCR line, so too have other brands in order to capitalize on craft coffee's popularity. Farmer Brothers,



Consumers are willing to pay a premium—often a steep one—for products that are hand-wrought by experts rather than mass produced.

Torrance, Calif., offers an Artisan Collection grocery line featuring single origin, small batch roasts, and most notably Starbucks Coffee, Seattle, Wash., is aggressively opening and promoting its Reserve line of coffees and Reserve cafés, which highlight rare and exclusive beans.

In early December 2014, Starbucks opened its Reserve Roastery and Tasting Room in Seattle, "an homage that will create for our customers the most immersive, sensory demonstration of how we source, roast and craft the finest coffee from around the world," said Howard Schultz, chairman, president and CEO of Starbucks in a release describing the Tasting Room's debut. The construction of such a monumental coffee-obsessed space is not only a testament to Starbucks' own brand, but to the permanence with which craft coffee has established itself as a way of doing coffee business.

In February, Starbucks launched Starbucks Reserve Roastery Subscriptions, "a fresh online delivery service for its Reserve line of small-lot harvested, small-batch roasted coffees," stated the company's press release. "This service gives customers across the U.S. exclusive access to small-lot coffees only available at the new Starbucks Reserve Roastery and Tasting Room, and shipped within 48 hours of roasting."

"The NCA is watching the fourth wave kick up around us," said Goldsmith. "The NCA has had several artisan roasters join the association and, at the same time, we're seeing mid-sized and larger roasters offering special blends and limited editions of coffee. There's been a palpable movement toward artisan coffee, which could be the sequel to a long trend toward consumer preferences for gourmet varieties."

The full outcome is yet to be determined, but there is no doubt that artisan, craft coffee is currently shaping the future form of the coffee industry. 

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