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## *From Crop to Cup: Coffee Consumption in Colombia*



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# *From Crop to Cup:* **Coffee Consumption in Colombia**

Colombia is only beginning to define its character as a coffee-consuming nation. Coffee's longstanding presence as part of the country's social fabric—from production through consumption—has set the stage for the emergence of a nation of consumers thirsty for quality and innovation as in-home and out-of-home consumption evolves dramatically.

By Rachel Northrop



Colombia is a nation of 47.5 million people covering 440,831 square miles, stretching from the Caribbean to the Pacific and home to the genesis of the Andes mountain range. Of its many millions of inhabitants, only 563,000 families produce coffee. The labor of these land-owning families and of the thousands of seasonal workers they hire ensures that Colombia is securely seated in the minds of the world as a coffee producing nation.

The concerted effort of coffee producers has maintained the quality long synonymous with the name of the smooth, Washed Colombian Milds, but even during Colombia's currently rebounding production, the country is quickly becoming something even more important: a nation of coffee consumers.

### Rising Production and Consumption

In June, the Federation of Colombian Coffee Growers (FNC) reported that production increased 30 percent from June 2013 to May 2014 to reach 11.5 million 60kg bags, thanks to improved renovation of farms. This year's recorded harvest from January through May was logged at 4.6 million bags, an increase of over 600,000 bags from the same period last year.

Production projections shared by the Bogotá, Colombia-based FNC at the National Coffee Association (New York) conference in New Orleans in March anticipate that production levels will reach 11.4 million 60 kg bags during the 2014 calendar year, which would mark the country's highest annual production since 2008. In the same presentation, the FNC data showed that of the 10.9 million bags produced in 2013, 1.2 million remained in Colombia for domestic consumption. Colombians are drinking more and more of their own coffee. As Colombia's production increases, so does the percentage of its own supply that the country's coffee drinkers consume.

Referencing the Nielsen Retail Index Coffee Study, Toma Café, a Bogotá-based collaborative coffee promotion program run by diverse industry stakeholders, reported in June that for the first time in decades, the coffee category in Colombia registered a positive tendency for three consecutive years, with a 2.7 percent increase in retail sales volumes at the close of 2013. According to the study, the new tendencies highlighted are sustained growth—with roasted and ground at a 2.7 percent increase and soluble with a 1.5 percent increase—and new growth of the specialty coffee niche market, which saw an overall 8.2 percent growth in volume of sales, 3 percent of which corresponds to prepared retail drinks and 5 percent to grocery wholesale.

Colombians are tapped in to the development of the coffee consumer sector, with local and national press covering the increases in domestic coffee consumption. On June 9<sup>th</sup>, the national news magazine *La Semana* reported, "Market analysts agree that that country is experiencing a true coffee revolution. According to the census by Infocomercio, there are 10,900 establishments that sell coffee in the country, ranging from specialty

cafés to neighborhood diners." June 27<sup>th</sup> was National Coffee Day in Colombia, and in celebration everyone from economists to baristas tuned their radar to patterns of coffee drinking.

### Traditions of Tinto and Café con Leche

In the past, coffee-producing families would save coffee that didn't qualify for sale and roast it over a cooking stove, grinding it by hand for home consumption. In the country's urban hubs, grocery store brands have offered various grades of ground and soluble coffee for generations. Drinking coffee at home is nothing new for Colombians, and drinking it out-of-home with friends at a local *cafetería* or pausing for a cup of sweetened black *tinto* from a local street vendor pushing a small mobile cart in the town plaza have long been integral to the country's social and cultural identities.

Dr. Ana Maria Sierra, executive coordinator for the Toma Café program, observed that even though *tinto* or *café con leche* are still queens of the morning coffee routine, "Colombians are starting to drink coffee in the afternoons. As Colombians look to reproduce at home the same new drinks they're buying at specialty cafés, the roasting and processing industries have enjoyed this opportunity to develop instant and ready-to-drink cappuccinos, iced coffees, and other coffee-based drinks."

As out-of-home consumption is tending away from *tinto*



Center of Titirbá in Antioquia's coffee-growing countryside.

or café con leche and towards the purchase of more varied and elaborate coffee products, serving sizes are increasing to match those commonly found in North America; international brands are toiling alongside Colombian companies in forging a coffee culture, and the larger portion perspectives they bring with them help account for increases in consumption.

### Juan Valdez: Not Just a Brand Logo

In April, Procafécol S.A, Bogotá, which manages the Juan Valdez Café brand and retail chain, reported that the company maintained its positive growth trend during the first quarter of 2014. Between January and March 2014, the company showed a 23 percent increase in domestic currency compared to the net profit reported during the same period in 2013.

While there are many domestic coffee roasting and retailing companies in Colombia, Juan Valdez is the only national brand focused on preserving the connection between farmer and cup. The image of the mustached coffee grower Juan Valdez and his mule is more than just a logo; all coffee growers who present their coffee growing ID are eligible for discounts at Juan Valdez cafés.

The Juan Valdez *tiendas de café* (“coffee stores” as they are known in Spanish)

are trailblazers in attracting new and returning customers. Frozen blended drinks, known as *granizados*, *nevados* or *frappes*, are as much of a consumer draw in Colombia as they are in North America, but the Juan Valdez stores also offer a different kind of “four-in-one” drink that have an added kick over traditional three-in-one beverages: drinks like the iced Wicao contain a blend of coffee, dairy, sweetened flavorings, and whiskey.

In May, the FNC reported that the Juan Valdez social media presence was a key component of the brand’s growth, with the Juan Valdez Facebook page surpassing two million “Likes.” The FNC stated via a press release, “The strategy of social networking has been to focus on creating conversations, listening to our followers and learning from them.” More than 1.4 million followers in Colombia share menu favorites and post questions like, “When will you be opening a store in my neighborhood?”

### Emerging Specialty Coffee Industry

Juan Valdez shops are indeed opening in new neighborhoods, but they are not alone. Retail outlets, both Colombian and international, are rapidly opening across the country to serve specialty coffee with particular regional flair.

The recent Nielsen Index study, as

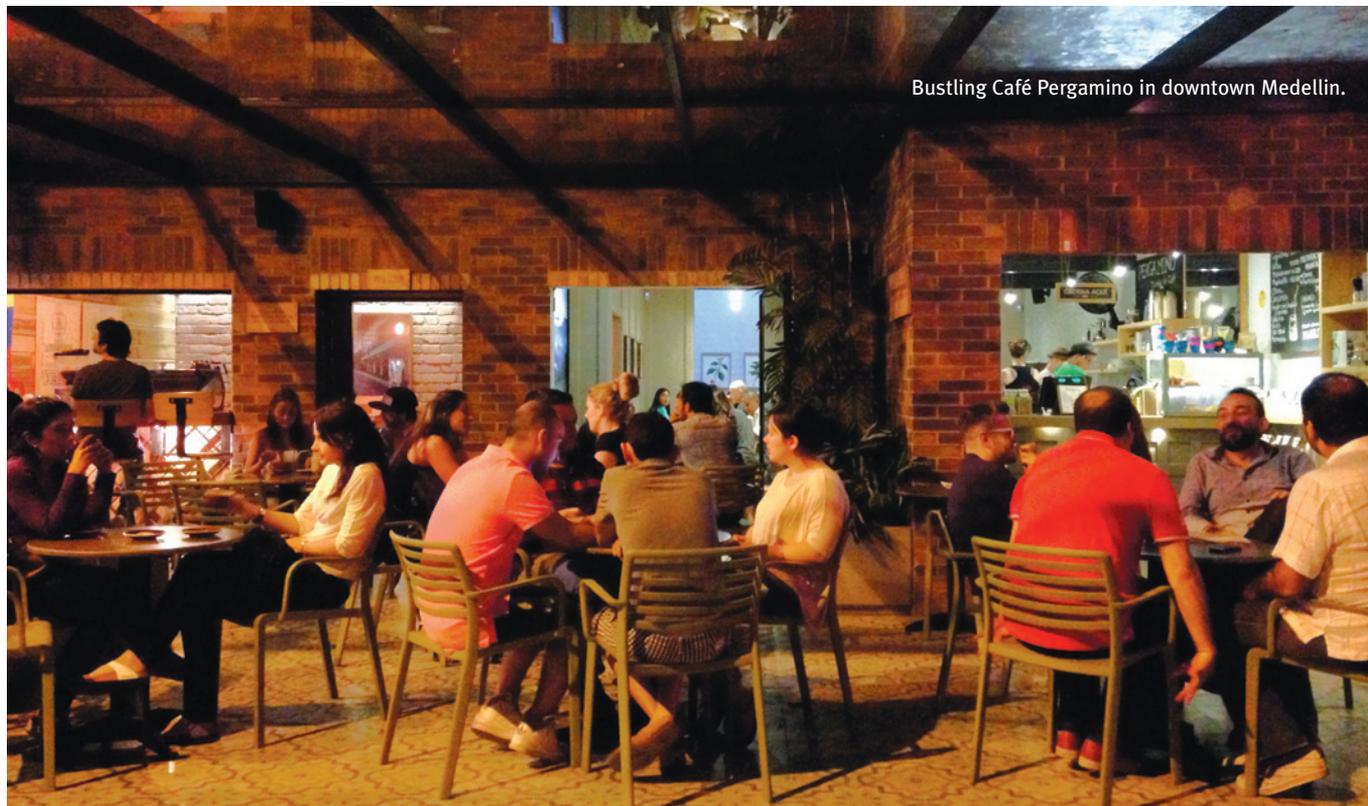
reported by Toma Café, recorded a 20 percent growth rate in out-of-home consumption, fueled by consumption of espresso-based and blended frozen drinks. As Colombians explore coffees beyond simple tintos, a devoted sector of consumers is embracing specialty coffee and continues to seek the cutting edge in both drink quality and café atmosphere.

Amor Perfecto has been dedicated to roasting specialty coffee in Bogotá for 17 years. “Fernando Velez, Amor Perfecto’s founder and owner, has strongly advocated for specialty coffee in Colombia, bringing the World Barista Championship to Bogotá in 2011,” said Luis Fernando Tarquino, events coordinator with Amor Perfecto. “As a company, we’ve developed the concept of barista training. Colombians, definitively, have stopped thinking that what we used to drink was the best. Now we’re demanding better coffee and asking for higher quality.”

For consumers who value the art of coffee drink preparation as much as the final beverage itself, more and more locations across Colombia offer this full sensory coffee experience. “Amor Perfecto has only one store, in Bogotá, which is an ‘experience café.’ Our baristas provide table service and fully explain the coffees to customers,” said Tarquino. “We work



As Colombia’s production increases, so does the percentage of its own supply that the country’s coffee drinkers consume.



Bustling Café Pergamino in downtown Medellín.

with various origins, changing our offerings. This has been part of awakening the theme of specialty coffee.”

Colombians eagerly anticipated the entrance of Starbucks Coffee in the country after the announcement was made that the Seattle, Wash.-based coffee company would begin opening coffeehouses in Colombia in 2014. The first coffee shop opened in Bogotá on July 16<sup>th</sup>. Starbucks, with regional partners Alsea (Mexico City) and Grupo Nutresa (Medellin) plans to open five more stores during the remainder of 2014, a confirmation that specialty coffee has arrived to stay as a component of Colombian coffee-consumption habits.

Nestlé Nespresso SA, Lausanne, Switzerland, is also moments away from opening its first boutique café and store in Bogotá. The company reported that Nespresso coffees, machines and accessories will be available in Colombia in late 2014. Per Nestlé, a Nespresso boutique will open in Bogotá, offering consumers a unique brand experience designed to meet their individual needs and preferences. Nespresso machines will also be available for sale in the country at exclusive retail partners.”

### Antioquia's Producer Driven Trends

The most vibrant trends in Colombia's emerging specialty coffee industry lie in the subsector driven by coffee producers. For example, CAFECERT is the FNC office responsible for issuing a Protected Denomination of Origin seal to roasters. “The Colombian Coffee Denomination of Origin allows consumers to identify and guarantee the superior quality of the product, and the other sensory qualities associated with a given origin,” said Luis F. Samper, chief communications and



Preparing a traditional Colombian tinto.

marketing officer with the FNC.

The most elegant example of a quest for quality service and beverages propelled by coffee growers can be found at Café Pergamino in Medellín's Parque Lleras district. Pergamino is the final stage of a family-owned coffee enterprise, vertically integrated from farm to café. Julian Muriel, a barista with Pergamino explained that the goal of Pergamino Café is to create a culture where customers look forward to trying new and unique coffees. “Right now we're serving La Falda, which is from the only coffee grower in Antioquia to place in the top 10 of this year's Cup of Excellence,” he said.

Of Colombia's 15 coffee-producing departments, Antioquia is the largest in size and production volume. The largest coffee growers' cooperative in Antioquia is Cooperative de Caficultores de los Andes (Cooperandes), based in the Andes Municipality in the Department's southwest corner. In an effort to afford coffee growers the chance to taste the product they produce, Cooperandes created Café de los Andes, a chain of coffee shops in the municipalities where its members live, with a flagship shop in Medellín.

“In the cafés we use coffee that is cul-

tivated in Jardín, Antioquia at 1700 meters above sea level,” said Jorge Restrepo, a barista and café supply administrator with Café de los Andes. “The roastery is also in Jardín, so the roast takes place at the same elevation. We’re drinking coffee immediately after it’s been roasted, after an appropriate period of rest, so there’s really no chance for the quality to diminish. It’s interesting that coffee from the region is consumed within the same region.” This new “co-op café model” brings the full specialty-coffee shop experience seamlessly to the rural communities where specialty coffee is grown.

Antioquia’s governor, Sergio Fajardo Valderrama, is a major supporter of the specialty coffee movement and is building educational campuses across the department, many of which will feature high end cafés serving the area’s best local coffees. “These Educational Parks show what the 21<sup>st</sup> century looks like and how specialty coffee is part of 21<sup>st</sup> century,” he said in a speech to Antioquia’s young coffee growers in June. Café de los Andes



Colombia’s gourmet supermarket chain La Carulla features a premium coffee selection.

shops, and those that will appear in the department’s educational campuses, serve as teaching moments; locals can taste single-origin coffees at origin, then purchase more to prepare and drink at home.

### Bringing Added Value Home

While the café scene is gaining rapid

momentum in Colombia, grocery store purchases still constitute the largest volumes of coffee sold in the country, with whole bean and ground coffee accounting for 86 percent of coffee purchases by volume. Toma Café reported that supermarket chains have dedicated more space and specialized signage to coffee displays, facilitating purchasing and raising overall sale volume, and offer tastings and product demos, all of which make it possible for the Colombian consumer to have a wide range of coffee to choose from based on preference and budget.

While considering both preference and price range, grocery offerings are increasingly offering the added value of single-origin coffees. In a producing country like Colombia, “single origin” carries more weight than in strictly consuming nations: here it is synonymous to “close to home.” Ground and whole bean coffee sold through the co-op café model is inherently single origin, being sourced only from that co-op’s sphere of activity. Other brands are similarly breaking down

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(Left) Juan Valdez Café in downtown Medellín. (Right) Starbucks Coffee Company opened its first coffeehouse in Bogotá on July 16<sup>th</sup>.

the homogenous “Colombian coffee” into single-origin offerings. Toma Café’s Dr. Sierra noted, “We are seeing a wider variety of coffee preparation methods entering Colombian homes. There is also a new tendency towards consuming coffees from different regions of Colombia.”

Procafécol’s Juan Valdez enjoys almost the same proximity to growers as coffee producer co-ops, and accordingly offers single-

origin products from Huila, Cauca, Santander and Antioquia in its cafés and in its line of grocery products, including whole bean, ground and single-serve coffee in the form of pod packs compatible with Nespresso’s Dolce Gusto home brewers.

**Collaborative Promotion, Consumer Education**

“Until recently, people really didn’t know what an espresso was; they saw it as something very strange, but now people are taking the risk and starting to order espressos *largo* or *ristretto*, something more specialized. This is due in part to the recent education people are experiencing around drinking different types of coffee,” said Restrepo of trends in the Café de los Andes shops.

A major impetus in consumer education and coffee category promotion comes from the Toma Café program, an alliance between producers—represented by the FNC—and national roasters, represented by brands sold across Colombia. Euromonitor International, London, cites Toma Café as, “an effective model of competition-cooperation launched in 2010 as a mixed public/private initiative; an interesting example of how competitors can combine resources to reach a common objective. Toma Café is a long-term initiative to increase coffee consumption and benefits from clear internal rules and a fund to guarantee financing of ongoing activities.”

Toma Café’s goal is to stimulate effective demand, promote collaboration, and encourage competitiveness among brands. Dr. Sierra said, “Without a doubt, the coffee sector is experiencing a new and revived dynamic in Colombia: a tradition of drinking *tinto* and *café con leche*, an uptick in disposable income, and an ongoing consumer promotion and education campaign—all combined with renewed product availability from coffee producers—has reactivated the demand for coffee.”

Toma Café’s market studies find that coffee is increasingly available in all dining settings. Fast food restaurant chains throughout Colombia have developed spaces dedicated to coffee, and more and more fine dining restaurants have professional

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Julian Muriel prepares La Falda coffee at Café Pergamino in Medellín.

baristas and full coffee menus. The country's omnipresent neighborhood *cafeterias* are installing espresso machines and automated equipment that use instant coffee to dispense diverse drink preparations, rather than just brewing one large daily pot in a continually heated *greco* brewer.

Amor Perfecto is also looking to promote coffee consumption as a general category, both by creating demand and build-

ing roasting capacity to meet demand. "What we've done to tribute to the industry is to help new roasters grow. But we've also worked towards increasing coffee consumption here in Colombia, since, really, that's what interests us most. Because, of producing countries, we're one of the ones that consumes the least coffee," said Tarquino. That truth is rapidly reversing itself as Colombians from costal Cartagena to Bogotá's metropolis to Huila's tiny producing communities become self-proclaimed coffee aficionados.

### Power of an Internal Market

Coffee growers in Colombia currently receive a "Protection to the Coffee Grower" subsidy. Moving forward, a strong market for their product in their own country could create better price protection than any subsidy. Internal demand for quality coffee, coupled with an increased instance of microlots and interest in single origins, makes for a dynamic domestic coffee market where production and consumption can evolve in a symbiotic duet, a market that learns from the past and encourages the future in a way that is singularly Colombian. ☕

*Rachel Northrop* is the author of "When Coffee Speaks: Stories from and of Latin American Coffeepeople," a compilation of interviews with people working along the coffee production chain. Visit: [whencoffeespeaks.com](http://whencoffeespeaks.com) for more information and to order copies of the book.



# SAVE THE DATE!

The National Coffee Association

2014 Coffee Summit will be held October 28-30<sup>th</sup> at the Hyatt Regency Boston in Boston, MA.

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