

find your niche

Six ways to boost your bottom line with target markets

IN THE PAST COUPLE OF YEARS, how many times have you heard the expression, “in this economy...”? Plenty, we’re assuming. The business climate for coffee companies today is thorny, with green bean shortages, unpredictable coffee prices and high fuel costs ready to jab holes in your business plan.

Roasters seeking to expand their companies are constantly looking for ways to develop new markets, make new connections and earn new business. According to business lore, the best time to expand is during a recession: You’ll have your pick of enthusiastic employees, there will be less competition, and when the economy picks up, your business will be primed to grow.

That’s why *Roast* brings you this series of articles on niche markets for coffee roasters. The series offers ideas on how to break into six target markets: institutional foodservice, coffee fundraising, high-end restaurants, convenience stores, office coffee services and espresso catering. Read on for information that will guide roasters small and large as they consider entering these niche markets—in this, or any, economy.

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Eleven Madison Park, New York City | photo by Mark Shimahara

1 Institutional Foodservice and the Craft Roaster

by Marie Franklin

When you think of the word “foodservice,” your thoughts may return to the offerings at your college cafeteria: the brown salad bar, frozen entrees and coffee the color of tea. But if you’ve been on a college campus lately, you will notice that the food looks better than most restaurant fare—and it’s not only better crafted, but more care is being put into sourcing ingredients.

The institutional foodservice niche, or channel, is defined as feeding a large number of people usually confined to a specific geographic area. Some key examples are hospitals, universities, corporate cafeterias, convention centers and museums. Event-based venues, such as sports arenas and concert halls, also fall into this category but are typically lower-volume.

Institutional foodservice is an ever-growing niche for quality roasters of all sizes. Even in this economy, institutional foodservice venues are typically well-funded entities. Many of these channels are subsidized by the institution, and, if not, they are conveniently placed where the consumer is captured and has expendable cash. Below are some tips and benefits, as well as warnings, when selling coffee to this channel.

navigating to the buyer

There are two types of operations in the foodservice category. The first is self-operated, in which the organization runs its own show and the general manager, chef or purchasing manager makes purchasing decisions. Second, there is contract foodservice, in which the job is hired out to an outside contractor (Compass Foods and Sodexo are examples). In these cases, there is an added management level of corporate coffee contracts to get around. Though national relationships skew toward reduced prices and costly equipment and service packages, these contracts are becoming easier to sever due to the growing trend of

craft and regionality. A more food-savvy culture is budding within these contract foodservice companies, and many now have formal programs to take advantage of local suppliers. Often, a national or regional purchasing manager is administrating, and you must rely on them to convey your story to the local operator. Approaching the general manager or chef on site is the best way to get your foot in the door.

In either scenario, there is always someone (ominously called “The Client”) in a higher-level administrative position who oversees the operation. Often, this person has power over purchasing; though it’s not easy, navigating your way to this person usually pays off.

equipment

The dreaded equipment loan can be avoided, but this is probably the hardest channel of business in which to do so. Foodservice venues usually have large drip-coffee volume demands and institutional roasters lined up ready to install equipment. If giving in to the loan, make sure you assess the true volume demands and only place what you—not they—deem necessary. In more recent history, roasters have been boldly breaking the mold and refusing the loan. Ritual Coffee, for example, offers to sell equipment at their cost but adds a high level of training and quality assurance in balance. Other roasters may ask the customer to buy the equipment, then give some complimentary coffee to the client over a year’s period to even the stakes. Coffee is

a valuable bartering tool and can be used in lieu of the investment in steel. For example, a \$1,500 equipment package costs you, well, \$1,500. If a roaster asks the foodservice client to pay for the equipment and gives the client complimentary coffee, the cost to the roaster is more in the \$300 to \$500 range, depending on how you figure your roasted coffee costs. If the loan is inevitable, make sure that you have captured the extra costs in your price per pound and that the financial benefit to the customer to buy always outweighs that of the loan.

bring your business head

The professionalism this niche exudes can be a breath of fresh air. Foodservice folks understand food costs and margins, they order on time, and they communicate needs well. Unlike the typical independent restaurant or coffeehouse owner, these are business people foremost and want business solutions presented. They appreciate straightforward service and a well-organized program such as scheduled quality checks and training, easy ordering and delivery, and consistency of product. Their business success hinges on pleasing the consumer as well as their client, and they will usually pay for a quality program if it means keeping this audience excited and engaged.

Their requests, however, can get costly. Be ready with a plan to support marketing efforts such as menu printing or branding materials. A rebate program is at times requested to accompany a commitment of larger volume.

connect with the consumer

Institutional foodservice venues are typically fast-food environments, and some added education may be necessary to elevate the priority of coffee service within their operation. Small details such as coffee brewing, cleaning port-a-filters and managing quality may become secondary to the operator and staff. Though there are likely gem employees in the mix, many of the people actually brewing your coffee are temporary, part-time or simply averse to change. Be sure to keep in place your mandatory quality and training plan but consider sidestepping these folks to spread enthusiasm and target the ones actually drinking your brew. Hold tastings, cuppings or educational sessions for the clientele. Latte art demonstrations, meet-the-roaster events, ethical-buying-practice roundtable discussions and free coffee days are always a hit.

Be sure to connect with the marketing department of the institution so communication and social networking can get synergized. You can run Facebook competitions between colleges or send text coupons to physicians and administrators at a hospital. Keep abreast of technology—there are many inexpensive apps and location-based couponing sites designed to create loyalty and encourage repeat purchases.

benefits of developing this niche

For the small craft roaster entering the wholesale market, this won’t be the avenue to get your feet wet. Your brand should have some cachet in the market, and your services and staff need to have the breadth and professionalism to tend to the client’s needs. In addition, roasting capacity should be in place in the event of quick growth. To give an idea of volume, on average a corporate cafeteria will brew 40 pounds per week, while a state university will brew upwards of 200 pounds per week. Of course, the amount of coffee consumed at a state university will depend on considerations like climate



Portland Roasting delivers via bicycle to the Oregon Convention Center | photo by Stuart Mullenberg

and enrollment; the amount of coffee consumed at the University of Wyoming (13,000 students) will be much less than the consumption at Ohio State University (64,000 students).

There is ample opportunity to grow organically not only within corporate foodservice companies but with the self-operated as well. Many of the managers at these locations are part of industry organizations and/or have friendly relationships that transcend their specific posts. For example, a community college can refer you to an independent hospital, then that hospital can spread you throughout several locations, a contact at the hospital knows someone who runs the convention center—and the rest is history.

Remember, these operators look for vendors who are easy to work with and are credible and reliable. Do your best to present a strong history of pleasing clients and meeting quality and volume expectations, as well as local enthusiasm for your brand and industry credibility and achievements.

Foodservice customers will surely become some of your favorites to serve. Though they do require enhanced service and support, foodservice businesses are typically appreciative of quality and love to hear about your passion and care for your product. They are expected to be up on the latest food trends and introduce fresh menu ideas to both

the consumer and the client. By offering them a unique craft- and solution-oriented coffee program, you will give them relatively simple tools to do so.

Nurture these relationships; even before you are selling to a foodservice business, offer yourself as a resource for all of their coffee needs. Done well, this channel offers good sales volumes and growth opportunities. But, more importantly, the institutional foodservice niche offers great lasting partnerships that can be building blocks for your brand. ■

From pulling shots to roasting coffee, managing cafes and production operations, MARIE FRANKLIN has pretty much done it all in her 28-year career in specialty coffee. She is now the director of sales and marketing at Portland Roasting, where she forged many corporate and large-scale foodservice relationships to help launch the company from micro-roaster to macro-roaster. Portland Roasting is now poured at 11 schools in Oregon, Mt. Hood Meadows ski resort, 40 Burgerville restaurants, OMSI Science Museum and the Oregon Convention Center, where the company will be opening its first two licensed cafe concepts in partnership with Aramark, just in time for the SCAA Expo in 2012. E-mail her at marie@portlandroasting.com.

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2 Fundraising and Coffee: Beans That Keep on Giving

by Mike Ebert

By now we are all aware that times are tough. Between unemployment, a volatile stock and commodity market, and difficult access to credit, things can be difficult for small businesses. However, this could also be the ideal time to nurture and grow your business, cultivating new ideas and directions for your company.

In specialty coffee, we tend to focus on marketing great coffee to everyone and often end up competing for the same business with many of our competitors. Of course, this is the nature of the industry, but when looking to grow your business, selecting a niche market to focus on can be a low-cost, profitable strategy. The advantages are easy to see: attacking a niche market and being prepared to handle that market's unique needs, gives you a leg up on your competition. The more unique the niche market and the better you prepare, the better your chances for success.

However, the key is being prepared, which, yes, means a business plan. Often we think of a business plan only in the start-up phase or as a yearly tool, but it should be used for any new initiative at your company. Start with a SWOT analysis (for those who need a refresher, that's an analysis of the strengths, weaknesses, opportunities and threats to your business) and know the risks and costs of starting a niche coffee program before you begin. Understand what a win means financially and where it places your company in the marketplace. But most importantly, assure that a niche coffee program does not interfere with your core business.

Let's look at one possible (and profitable) niche market: product fundraising. The Association of Fund-Raising Distributors and Suppliers, a trade association, estimates that fundraising is a \$3.9-billion-per-year business. This includes fundraising for smaller groups, which is similar in look and feel to the Girl Scouts selling cookies.

We'll explore a few different options, but the more creative you are with your fundraising plans, the more likely your success will be. We'll start with creating a turnkey fundraising program that can be offered to schools, churches, social groups, sports groups and the like. The idea is to offer local groups an easy way to sell your coffee, raising money along the way. Here are some simple steps to start with:

- 1 Research the local trade and identify who your competition (if any) will be. Understand their offerings and prices so that you will be competitive.
- 2 Pick a simple lineup of coffees: two or three varieties, one package size each. You don't want to offer too many choices, and you may have to offer all pre-ground. One thing to remember: organic and fair-trade offerings resonate extremely well with these groups.
- 3 Create a simple sell sheet—descriptions of the coffees, pictures of the packaging, perhaps some tasting notes—but remember, keep it

simple. Consider using the organization's name on the package for an individual "private-label" product.

- 4 Develop an order form—a basic spreadsheet with customer names, addresses, a listing of all items/codes and a place to put a total dollar amount for each order. Many resources offer order form templates online.
- 5 Create a simple cover letter that explains the program to the potential group. This should first include the potential profit for the organization and how they can achieve their financial goals by selling coffee. Also include the recommended sell price, lead times, your credit requirements—your small print. However, the focus of the piece should be what the group can expect to earn per pound sold. Coffee can be profitable for the group compared to other products.
- 6 Explain how the coffee will be distributed. Will there be any freight minimums? Recommend ideas for how the organization will then deliver product to their customers.
- 7 Offer to conduct a kick-off event—demonstrate how to brew great coffee at home, sampling as you go. Spread the enthusiasm about your product.

A good sales program focuses on the benefits to the customer first and lists the fine print of sales second. In order to be successful at fundraising, a roaster may need to consider a variety of packages and products for sales, raffles, giveaways and door prizes.

Also, roasters should remember that fundraising groups are not professional buyers and are most likely unfamiliar with coffee-business specifics. This process will take a lot of hand-holding with the customer and may include many meetings and proposals. Many fundraising groups make decisions by committee; the volunteer who is the roaster's contact may not be the decision maker. The organization will be seeking the "best deal," meaning the highest value for the lowest cost, so roasters should be prepared for low-cost negotiations. The cost of doing business and lower profits must be factored into the business plan. Additionally, roasters should be prepared for nonprofits seeking tax-exempt purchases.

Once you are prepared, it is time to make your pitch. Start local—churches, schools and other nonprofit groups are a great place to begin. Roasters might choose to add features—perhaps sampling the coffee during an event hosted by the group. This scenario is more conducive to a one-time sale, which means that roasters offer the coffee over a period of a month or two with the group placing one or two orders, which the roaster then fulfills. However, some roasters offer a coffee-of-the-month program as a way to capture ongoing sales/donations. In an ongoing program, a roaster gives an organization an opportunity to sign up for the coffee-of-the-month



plan (either an existing plan or a plan that's newly created by the roaster). The idea is to give the fundraiser a part of these ongoing sales. The upside for the roaster is that the organization is now a customer.

Keys for success are easy and straightforward documents as described in the list above. Keep the product lines the same because if a roaster lands two or more different groups, it's much easier to handle the volume. Roasters can even add incentives; for example, if a group hits a certain number of pounds, the roaster will make a donation to Coffee Kids or Grounds for Health, or a cause of their choice. It all helps sell what the roaster is trying to achieve, and at the same time, it's growing the brand. The more unique, the better prepared, or the more turnkey the roaster makes the fundraising program, the easier it will be to capture groups' attention.

There are many other fundraising marketing directions you can take. For example, there are causes that are willing to lend their brand in return for contributions, such as the Susan G. Komen Foundation and Juvenile Diabetes Research Foundation. Roasters can also create specific products in which they donate a certain percentage of the sales to a particular group, such as Grounds for Giving or Coffee Kids.

The goal of niche marketing is to find pockets of markets, such as fundraising groups, and focus on their needs better than anyone else. If you succeed, you will find your return-on-investment much better than trying to focus on huge, already-captured markets. In addition, it's often easier to maintain the advantage when you're the first player in a market.

At the end of the day, not only do you create a new sales channel for your coffee, but these fundraising clients can pay dividends in other ways. Social programs with health organizations, local church groups and others may be emotionally rewarding and help promote your roasting company with new customers, as well as excite and motivate your staff. ■

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On the Table: Roasting for High-End Restaurants

by Adam Bossie | photos taken at Eleven Madison Park, New York City, by Mark Shimahara

Imagine this: You're spending the evening at a fine restaurant. As expected, the food has been delicious and the service flawless. Now it's time for dessert and a nice cup of coffee to put a cap on the night. The dessert, as expected, is stellar. The coffee? Let's just say it's not even worth finishing the cup.

Unfortunately, this scenario is a common experience for many patrons of high-end restaurants: The final impression of the restaurant is a poorly made cup of coffee.

Now, many restaurants that value fresh, local ingredients and a know-your-farmer ethos have begun to realize that consumers are becoming more particular about where their coffee comes from—and how it tastes.

The U.S. restaurant industry is huge. In 2011, restaurants are expected to generate sales of \$60.4 billion, according to the National Restaurant Association (NRA). In a recent NRA survey, 69 percent of adults said they are more likely to patronize restaurants that offer locally produced foods, and 57 percent say they're more likely to visit a restaurant offering foods grown or raised by environmentally friendly or organic means.

The market is right for specialty roasters to sell their coffees to restaurants, but for many roasters, breaking into the high-end restaurant scene can seem all but impossible. Being a local

roaster and roasting fresh in small batches has become standard and expected. And with all of the competition these days, it can be even more difficult for roasters to set themselves apart from one another. So how do roasters penetrate the high-end restaurant market?

getting your foot in the door

1 Cold calling a restaurant is pointless. Find out who the decision maker is and plant yourself at the restaurant during off-peak hours until you get face time. Every restaurant is structured differently, so finding the decision maker can be difficult. Sometimes there are multiple people involved in the decision-making process. Large restaurant groups will have a beverage director or chief operating officer (COO), so going to a manager is often not helpful for the initial process. However, in some of the largest restaurant groups, decisions are still all made by the executive chef.

2 Be prepared to give a tasting on the spot with your own equipment.

3 Know your competition; your job is to find what your competition is lacking, and you must be able to have a solution for your customer.

4 Offer to help in any way, shape or form.

5 Know your product and why it is better, but never directly put your competition down.

6 Understand the economics of restaurant coffee, cost of goods, cost of ancillary items and condiments, cost of equipment, average weekly volume, selling price and restaurant gross margin.

7 Know the dessert menu and how many desserts are sold as a percentage of total guests.

8 Find out whether the restaurant will "brand" your coffee or just sell regular and decaffeinated. Are other products "branded" on the menu?

9 Observe the restaurant operations and know who prepares the coffee, how long the coffee is on the hot plate, and how often the equipment is cleaned.

10 Be prepared to provide the benefits and advantages of your product to the restaurant.



you got the meeting; now what?

1 Make sure that the customer knows that you understand their concerns.

2 Be persistent without pressuring.

3 Understand that relationships are everything in the restaurant industry. If you know that the chef you are approaching has been through five coffee companies in the past few years, chances are he is more concerned about price over quality. Learn about the chef's expectations and determine whether you will meet or exceed the restaurant's needs. If not, then steer clear; it is not worth the time.

Before approaching a restaurant, it is important to understand the chef's technique and styles of cooking. When partnering with a new chef or restaurant group, first try to understand their needs. Every chef has different expectations, and roasters need to meet or exceed those expectations.

Present your coffee as an artisan, much like the cheesemonger and fishmonger would. Talk about farm-to-fork and tree-to-cup similarities. Give the chef or manager a compelling reason to give you a chance, and perhaps you can develop a relationship with this customer. As a roaster, you have a relationship with your supplier and

often the farmer; you want to build this same kind of relationship with the chef regarding quality.

focus on quality & build your brand

As we know, the specialty coffee industry is more expensive to operate in. To succeed, a roaster needs to invest in skilled employees and provide exceptional education, service and quality coffee to each customer. Some specialty roasters may start with a good product and—as time goes on or coffee prices increase—move to a lower-grade coffee to maintain their margin. Business like this is not sustainable, especially when consumers' palate for great coffee has been advancing at a rapid rate.

In addition to the coffee itself, training and the equipment used is of vital importance. Understand that wait staff turnover is very high, so continuous training management is critical to maintaining an excellent cup of coffee or espresso every time. Plan to be on foot every day to make sure that customers' needs are being fulfilled and train as needed. When opening a new restaurant, it is helpful to get the initial staff into your roasting facility to learn not only about what you do but also to get hands-on training on the equipment that you will be supplying to the restaurant.

One of the biggest challenges in a restaurant is not the actual preparation of coffee and espresso but the cleaning process. To remedy this problem, make sure that team members at the roasting company check in weekly on every one of its accounts. This technique also helps prevent service calls—the roaster's goal should be to find any problems before someone at the restaurant does.

As customers' expectations for quality coffee increase, restaurants have been more willing to devote personnel to perfecting the craft of making great coffee. Many restaurants hire devoted baristas or designate a small number of staff to make coffee.

In this market segment, it is important to truly understand coffee and your customer. Coffee is very similar to wine, but in the restaurant business there is one major difference: some restaurants may offer more than 200 different vintages, but only one coffee. The trick is to find one coffee that will work for everyone, but at the same time highlight the end to a great meal. For this, offering a 93-scoring Kenya micro lot with super-bright acidity will make the majority of coffee-ordering customers leave the restaurant rather displeased. Just as with Riesling wines (which are typically highly aromatic, with apple, pear and flowery notes), most Kenya coffees are very distinct and at the end of the

spectrum. This does not mean that roasters should select a "safe," uneventful coffee, but coffee blends often work well for restaurant clients. Blending is an art that allows roasters to create coffees that highlight certain attributes in the cup without being overbearing.

equipment & credit

When working with restaurants, roasters should tailor their equipment programs around customers' needs. To make sure that the espresso tastes the same at each restaurant that uses your coffee, emphasize working with one particular espresso machine and brewing manufacturer. The roaster's service team needs to take calls around the clock to ensure that all equipment is running smoothly.

One of the biggest obstacles for roasters supplying the restaurant market is to stay true to freshness while still delivering coffee within 24 hours of an order. For bigger customers, set aside an emergency supply in case they need product in a pinch.

Offering credit to restaurants is complicated, and roasters should take a close look at the restaurant's credit references and payment history with other purveyors. Here, communication is everything; if a restaurant gets into a pinch and delays payment, talk with management and set up a game plan. If the restaurant starts veering off course and other restaurants in the same market are doing fine, it might just be time to pull the plug.

At the end of the day, you can provide exceptional coffee, but if you don't study your market religiously, your business can turn upside-down within a week's time. The restaurant market is notoriously volatile; an eatery may go from bustling with business one day to shuttering with no explanation. When this happens, stay on top of the landlord to get any lead information possible; if there was a restaurant there previously, most likely another will open in the same spot.

in conclusion

It's not easy to sell coffee to high-end restaurants, and remaining profitable is an equal challenge. The truth is, it's an expensive niche business. But at the end of the day, being able to have your coffee served at some of the finest tables in town is very rewarding. ■

Sailing, traveling, gardening, and beer- and winemaking are ADAM BOSSIE's passions. Adam is co-founder of Coffee Afficionado, which procures and roasts coffee for several of New York City's most esteemed chefs and restaurateurs. Contact him at adam@coffeeafficionado.com.

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by Kelly Stewart

Call them what you will: quickie marts, bodegas, gas stations. Convenience stores are like the used car salesmen of the coffee industry. They may have a shady reputation, but the truth is, they sell a lot of coffee. And though you can't expect to sip single-origin coffee from your to-go cup, you *can* find good coffee at a convenience store.

"I think a lot of times, people look at c-store coffee and say, 'Oh, it can't be good because it's in a c-store,'" says Tim Cleland, food service sales manager for Gaviña, which supplies coffee to about 100 convenience stores in the Southern California market. "It all depends on the coffee they buy."

For expanding roasting businesses, a major benefit of entering the c-store market as a coffee supplier is added volume. There are more than 140,000 convenience stores in the United States alone, and a 2008 National Association of Convenience Stores (NACS) study showed that coffee made up 78 percent of sales in the hot beverage category.

"The good thing about convenience stores is they tend to do high volume, 24 hours a day," says Chadd Goosmann, president of Coffee King, an Iowa-based roaster and equipment distributor that works with convenience-store clients in the Midwest.

But breaking into the c-store market can be tricky. Roasters need to find the right contacts; thrive in a competitive environment; and be ready to provide equipment, maintenance and training. Let's take a closer look at the opportunities and drawbacks of the c-store industry for roasters.



the right contacts

Determining which stores to target is essential for roasters seeking to branch into convenience stores. Like fast-food operations, c-stores come in two ownership categories: corporate-owned stores and independently owned franchises. Approaching the owners of independently owned shops "is really the only option," says Goosmann, because franchises have the power to use a coffee program outside of the national system. "If you have deep enough pockets, you might want to go after" the corporate-owned stores, Goosmann adds, but typically, corporate-owned chains choose to use a single, approved coffee purveyor.

Typically, only large roasting companies have the volume and logistical support to pursue corporate accounts, says Cleland of Gaviña. "National roasters need to approach whatever chain it is—such as Mobil-Exxon or BP—directly and pitch their program at that level. That offers a lot of access to the whole system," he says. "We chose to go the other route and really just go after the independents. We did it for this reason: because we can pick and choose who we do business with. If you go after a national account, then you're bound to service any of those accounts that want your service, whether they're good coffee accounts or not."

Independently owned shops outnumber corporate-owned c-stores. So what should roasters look for in an independently owned store?

"One that takes a lot of pride in its products and knows its customers," advises Goosmann. "They have customers who are looking for high-quality products and are willing to pay a little more for them. You may be able to build some customer loyalty with your coffee."

return on investment

Taking on convenience-store accounts means a heavy investment in equipment to loan to each store. Convenience-store coffee bars have moved beyond simple air pots and are growing ever more sophisticated, says Goosmann. The Midwestern chain Kum & Go is a good example. "Each of their stores has a huge coffee bar that is a 12-foot-long island. There are 10 selections of cappuccino, a separate hot chocolate machine, a whipped cream machine, an iced coffee machine, and six or eight different flavored coffees that they're brewing," Goosmann says. "They brew fresh every half hour."

The plus side to the growing sophistication in this market is that some independent owners may be more interested in offering higher-quality coffee to their customers.

The downside? Owners will likely expect their coffee purveyors to loan equipment and provide signage, as well as distribute allied products to support the coffee program. Plus, coffee purveyors must provide maintenance service 24 hours a day. If one roaster can't or won't agree to provide these perks, the franchise owner will likely find another company that will.

"A lot of the time [convenience stores] are not very profitable because you have to put a lot of equipment in," says Cleland. "They all want equipment that's going to satisfy them."

Small c-stores may require \$3,500 worth of equipment, while roasters might spend more than \$10,000 to outfit a larger operation. So roasters who service c-stores need to be able to purchase equipment in bulk. "To be competitive, we have to order in large pallets to get the price down," Goosmann says. "It's going to be very difficult to [work with] just one or two stores."

A small, lower-trafficked c-store may sell 40 pounds of coffee each month and require one brewer; a store that sells 200 pounds of coffee monthly will be able to demand more equipment.

"It's very expensive to set up [a c-store account], and you tend to work on lower margins because of the competition," Goosmann says. "There is competition from national foodservice companies—some of the biggest companies in the world. They want the food business, the candy business and the coffee business, and they have 15-percent margins, just so they can have all of the business in the store."

These low margins are appealing to independent operators, who are looking to earn as much profit as possible. According to NACS, the convenience-store association, there is a 57-percent profit margin on coffee sold at convenience stores.

Roasters who pitch their services to convenience stores need to offer a competitive price on their coffee. "It's not like a specialty market or a coffeehouse where they really care about quality and customer service. Price is their No. 1 consideration," Cleland says. Roasters who service convenience stores should develop coffee blends that will allow them to offer a profit margin they can live with.

Additionally, convenience-store operators expect that coffee purveyors will service their equipment during operating hours—which, in this industry, means 24 hours a day. "If you're a truck stop and your coffee machine breaks down, that's not acceptable," Goosmann says.

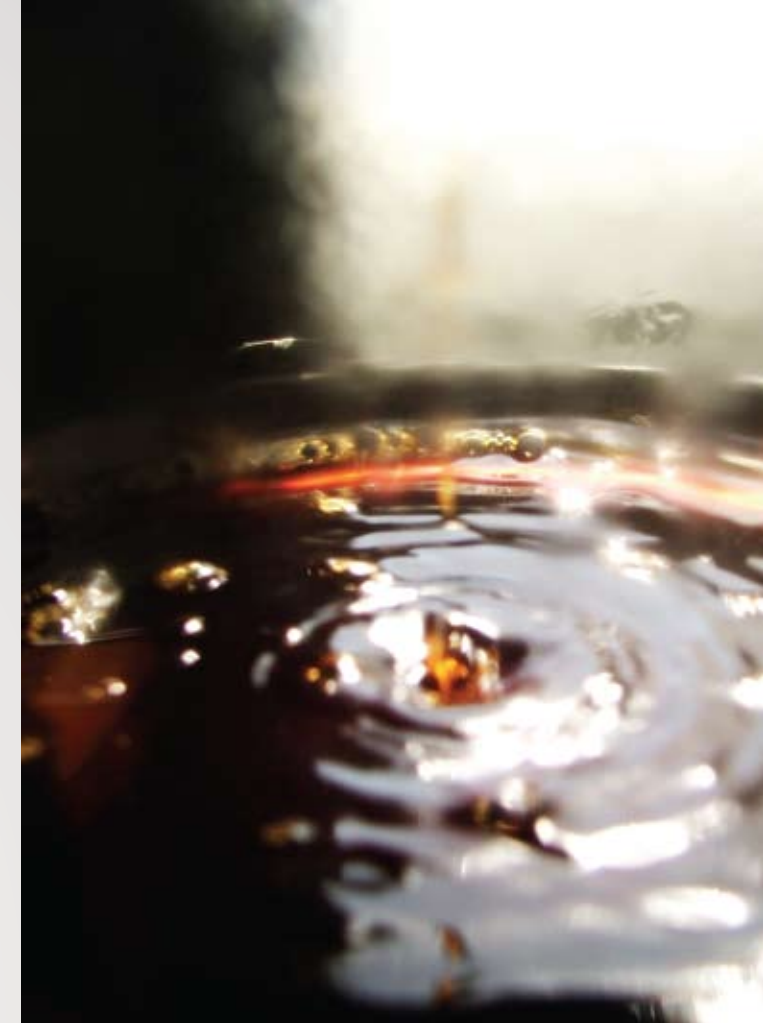
Once a coffee roaster establishes itself with a convenience store, Cleland finds that store owners are loyal. "We don't have a lot of turnover," he says. "They're pretty loyal as long as everything is lining up, like the price."

challenges and opportunities

The added volume that convenience-store accounts provide is a boon to roasters, but coffee businesses should be careful about branding their beverages in a c-store. "If you're a high-end roaster or a specialty roaster and you hang your banner in a gas station, and across the street you have a nice coffeehouse and you hang your banner over there, it creates some questions in people's minds," says Cleland. "People have the tendency to look down on that. They want your coffee to be special. And they feel that if it's in a c-store, it's not really high-end and it's not special."

To solve this perception problem, many roasters develop a brand specifically for the convenience-store segment, he adds.

When servicing c-store accounts, roasters need to commit the resources to run an ongoing training plan. If a c-store operator is committed to offering a quality coffee program, training can be less



complicated. But keeping individual employees trained is a challenge. "Employees can see coffee as a pain," Goosmann says. "They have to come out from behind the register and brew coffee. If they don't really embrace the coffee program, it's more of a challenge to get quality [brewed] product. You have to make it as simple as possible."

Training employees to keep the coffee equipment clean is another challenge, says Cleland. "You've got people who work in [c-stores] that that are earning minimum wage, and they may not care. So the air pots or the thermals might not get cleaned," Cleland says. "Sometimes it's because they don't have any room in the back, or they're just not paying attention to the coffee."

That's why powdered cappuccino machines have become so popular in c-stores. Additionally, some manufacturers, such as Bunn, offer "smart" coffee machines that know how much ground coffee is added to the brew cone and add just the right amount of hot water.

Despite the challenges, c-stores offer the chance for roasters to increase their volumes—if they have the resources to provide equipment, training and on-call service. "Convenience stores are going more and more after the coffee segment," Goosmann says. One example of this, he says, is "they are offering very nice cups and lids. You used to be able to tell a specialty coffee from the cup and lid, but convenience stores are now also using a gorgeous cup and lid. It's getting more elaborate. They're a lot nicer than they used to be."

Roasters who partner with c-stores to create strong coffee programs create a cadre of loyal customers. Once customers find a good cup of coffee, Goosmann adds, "they will drive across town because they like the coffee." ■

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Office Coffee: Bringing the Coffee Shop to the Break Room

by Howard Chapman

Coffee has long been associated with the workplace, whether it's that first cup to get the day started or a full pot brewed to extend the clock on tight deadlines. Today's consumers realize, however, that they don't have to settle for what's brewing in the break room. They can enjoy affordable gourmet coffee at home and personalized blends from coffee shops on just about every street corner. It should be the goal of every office coffee provider for customers to enjoy multiple cups of coffee at the office—not at a coffee shop, fast-food outlet or deli.

To have success in the office coffee market, distributors must appeal to today's sophisticated coffee drinker while also accommodating their employer. Office coffee programs must incorporate consumer trends. In other words,

Are you ready to enter the office coffee service industry?

The office coffee service industry is a great niche, but it's not for everyone. Being successful in the OCS industry requires a commitment to coffee service that is different and unique. Remember, succeeding in this niche is not about your ability to roast large batches of coffee beans; it's about your ability to produce and deliver a finished product that meets (and hopefully exceeds) your customer's expectations. Before entering this market, ask yourself these questions:

Are you ready to extend your services beyond your four walls?

Do you have the resources to visit your customers weekly?

Do you have the delivery mechanisms to distribute your products on a schedule that meets your customers' needs?

Is your sales team certified through the National Automatic Merchandising Association (NAMA)?

Does your company have sufficient technology to manage timely and accurate billing?

Are you prepared to provide more than just coffee? (At a minimum, you should offer basic cream and sugar.)

Can you offer customers equipment to ensure a quality-brewed product?

what's brewing in the break room should satisfy employees' taste buds so they are not tempted to abandon their responsibilities at the office for a latte at the closest coffee shop. To the employer, the staff is much more efficient when they stay at the office and work, and employees are happier to have quality coffee provided as a benefit. If the coffee service is good, it can be a selling tool for the roaster, and employees will be tempted to take home a few samples, increasing the office's total consumption.

start with the service

It may be tempting to spout out selling points about your products, but it is essential to first sell the core benefits of office coffee service.

When pitching an employer, explain the benefits of offering office coffee service; do your homework and log the local cafes and time away from the office to make a round-trip, which equals lost productivity. Gain your customers' confidence by proving that you can not only help identify what their employees want, but you can offer smart business decisions that will help their bottom line.

Minimized distractions: When marketing services to a potential customer, a roaster should emphasize that office coffee can help minimize distractions on the job. Whether your customers are developing software or crunching numbers at a bank, roasters must assure customers that they are there to help minimize distractions so employees can focus on the things that drive their business. Quality beverages keep employees happy, and caffeine keeps them focused and working.

Reduced liability and expenses: Many companies send an employee on a weekly trip to the grocery store to stock their break rooms. Remind your customers that enabling employees to travel on their behalf adds liability. In addition, companies are responsible for reimbursing mileage and paying those employees while they are away from their desks. Taking those factors into consideration makes coffee from the discount superstore a lot less attractive. When pitching a potential client, also speak about productivity and keep the message simple:

work more, have great coffee, be happy. Often, coffee service is bundled with the local water company that provides the bubbler; however, this is often commercial-quality coffee. Specialty roasters can beat this coffee on quality. Suggest a side-by-side taste test and ask the customer what they prefer to drink.

Availability and price: Quality coffee products are available on grocery store shelves; however, it's not the most economically sound option to purchase these items in bulk for a business. Office coffee service enables companies to negotiate tailored pricing while also offering high-end equipment that is not available to consumers.

know the company's values

Whether a roaster walks through the doors of a six-person office or rides up the elevator to a large corporation in a high-rise, it's important to be familiar with the core values of the company. Knowing what is ingrained in the workplace culture can be valuable when pitching for business.

Sustainability: More and more companies are weaving environmentally friendly practices into their everyday culture, and many companies have established specific environmental goals. By offering responsibly sourced coffees, distributors can help companies reach these goals and strengthen their company image. Never fail to promote organic, fair-trade and Rainforest Alliance-certified products.

Teamwork and communication: If a company is structured as a place of collaboration, demonstrate how your products can enhance those practices. Position your product as a catalyst for creativity.

Respect and empowerment: What you're selling is not just a cup of coffee. It's a motivator and a perk. Remind employers that quality coffee can be positioned as a benefit to hard-working employees. Help your customer send the message that they care and appreciate their workforce. Quality coffee is a low-investment product with high returns. Team with the employer—provide coffee as incentives or prizes



at the annual company picnic. Be their beverage partner, not beverage supplier.

get to know the decision makers and make them look good

Do your homework: One of the biggest challenges in the office coffee service industry is identifying the right point of contact. Offices typically have an office manager, administrative assistant or receptionist who makes the decision, but some larger companies may point you to a facilities coordinator. Some companies even make decisions by committee, so be prepared to approach any or all of these decision makers. Coffee may not be a big-ticket item in the grand scheme of things, but people are passionate about coffee and put great thought into their selection.

Know the chain of command: Every office is different, so it's important to get to know the real decision maker and learn how to help that person look good to his or her superiors. Help the decision maker stay within the lines of the budget while keeping colleagues happy, too.

Observe the workforce: Take a tour of the office and spend some time observing employees. Note trends in gender, workplace socializing and schedules. Identify options that best suit the specific work environment and develop a plan that enables the decision makers to provide those options for their employees.

Involve the employees: On occasion, offer to bring breakfast and conduct brew demonstrations for employees. This will be viewed as an added benefit to employers and will help you interact with employees to gain valuable feedback on your products and service. Use these opportunities to share your knowledge

about the products you serve and involve the employees in the decision-making process. Doing this may even help you up-sell your clients.

Make it easy: The American workforce seems to become more productive by the minute, creating high expectations for results. Office managers will appreciate your help checking something off their long to-do lists. Beyond coffee, remind your customers that you can provide everything from creamers to cleaning supplies. In addition, simplify the ordering and billing process. Be flexible and offer personalized plans to accommodate individual office procedures. Incorporate online billing and ordering, but offer the traditional paper method as well.

make it enjoyable

Take your job seriously but remember: you're selling coffee, not life insurance. Remind yourself that you are offering something that gives people an enjoyable escape from their hectic day. Train your sales team and delivery associates to make their visits welcomed ones. The service you provide should mirror the quality of your products. ■

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Watch the bottom line

In the office coffee service industry, it's essential to watch the bottom line for the sake of the roaster's—as well as the client's—budgets. Yet roasters must come prepared to meet or exceed the customer's product, equipment and service expectations. Here are several facts and tips to consider before entering this niche market:

The average office coffee consumption is two cups per day, per employee.

Most offices prefer the ground portion pack. Grinders are generally considered to be too noisy for the office environment, but expectations vary dramatically by region. In the Northeast, offices typically prefer single-serve, brew-by-pack coffee. Single-serve is the fastest-growing sector of the office coffee industry.

OCS providers should offer cream and sugar in both canister and individual portion packs. Flavored creamers are increasingly popular, as are non-refrigerated half-and-half products.

Cost-conscious companies will prefer Styrofoam cups. Many companies have gone green and encourage the use of mugs or compostable coffee cups. It is important to accommodate all of these preferences and offer a variety of products.

Loading quality, commercial-grade brewers to your customers should be a part of your service.

Your customers will demand products and services beyond the norm, such as point-of-use filtration equipment.

Pricing is determined first by the market. It is common for a cup of coffee to cost anywhere from 10 to 20 cents in a fresh brew form. Single-serve coffee will range from 30 to 60 cents.

You will experience a better overall gross margin than you would in the retail coffee market; however, there will be more embedded costs such as staff, distribution, equipment and repair costs.

To be successful in the OCS market, distributors must be able to offer a single-serve option. If existing single-serve systems are not an option for distribution, a company should consider offering coffee pod products.

Office coffee distributors must be prepared to make weekly deliveries to their customers. These deliveries include stocking, merchandising and weekly equipment maintenance.

Your route delivery representatives should be trained to handle weekly equipment maintenance. A service technician should always be on call.

Before establishing a partnership with a client, it is important to implement a business development application process. As a part of this process, you should do a full review of credit and background.

6 Mobile Espresso Bars: Catering to the Crowds

by Richard Colt

In the spring of 1992, on a lark, I called a phone number listed in an article in the local newspaper. A national convention was being held in Houston that summer, and they were looking for vendors. Long story short, I ended up providing a specialty coffee bar for the convention.

Talk about trial by fire. I knew a bit about specialty coffee thanks to working alongside an expert in the industry as well as seeing specialty coffee up close during my windsurfing forays in Oregon in the mid-'80s. But setting up a full-service coffee bar for a gigantic four-day event was another story. Nonetheless, I pulled it together, pulled it off and made it a success. The bonus: I really enjoyed the world of specialty coffee. But what to do with my newfound interest and the coffee equipment I had rushed to purchase, which now was sitting in my garage?

The idea struck me to cater events with specialty coffee. I made cold calls to local hotels and caterers to see if there was any interest. It quickly became apparent that this service was an untapped niche. Within a few weeks, my calendar was full of events. Wedding receptions, bar mitzvahs, holiday parties, corporate events, gallery openings—you name it, they were all signing up for my services. It was a fun and relatively simple way to start getting into the world of specialty coffee.

For those who are considering an espresso catering business, there are several factors that contribute to success in this specialty coffee niche.

First, there is the gaining of knowledge in specialty coffee (first and foremost, how to pull a good shot). Next is acquiring the right equipment and tools, including smallwares and accoutrements. Lastly, you need the appropriate licenses and certificates to operate, as well as an understanding of food safety.

know how to pull a good shot

Knowledge of specialty coffee—espresso in particular—is essential for coffee catering. There are many resources for gaining this basic knowledge, including becoming an active member of the Specialty Coffee Association of America or signing up with one of the many barista-training schools around the country. Whichever avenue you pursue, you will gain the proper skills and the competence needed to be a confident specialty coffee caterer.

acquire the right equipment and tools

Once you are proficient at pulling shots, you will need to decide on equipment. Because of the unique environment that is catering, purchasing the right commercial-grade espresso machine is very important. You'll need to find a quality machine that is sturdy, reliable and portable. After all, you are going to be hauling the darn thing from here to kingdom come and back. There are a number of one-group machines out there that are true workhorses and will fit the bill, and there are also some two-groups that work well in the catering environment. One-group machines are the most portable and will work for smaller to mid-sized events. Using a pair of one-group machines requires two different dedicated 20-amp electric outlets, which are not always readily available at a specific site. Many two-group machines allow for more capacity for larger events and need only one dedicated outlet. The owner/operator of the catering business should consider having a backup barista to assist in shot pulling, steaming and cup

preparation at busier events. Because there are very few venues that have access to 220-volt outlets, it is important that the machine you choose can operate on 110 volts.

Another important factor is having a machine with a good steam capacity (read: bigger boiler). Waiting for steam pressure to rebuild during a busy event can be stressful to both you and your guests. Finally, you will need to choose between a pour-over versus an external pump machine. Pour-overs are generally lighter, thus more portable, and work well at smaller events. However, heavier external pump machines can work better for high-capacity jobs.

The same essentials are needed for the grinder: commercial grade, reliable, sturdy and portable. It helps to have a grinder with a removable bean hopper so it can be stored separately during transport. A top-heavy grinder can "spill the beans" while traveling to and from events, turning your vehicle into a loose-bean disaster. Finally, the grinder hopper should have at least a two-pound capacity. You don't want to be constantly refilling the hopper during busy events.

Another worthwhile investment is a pour-over coffee brewer for clients who want "regular" coffee. Of course, café Americanos fit the bill for regular coffee at small events, but when the event is larger, having brewed, self-serve coffee available is a big help. Roasters who want to branch out into catering might also consider offering a single-serve pour-over service, allowing roasters to showcase their single-origin coffees.

Depending on a number of factors—time of day, location, and whether food and alcohol are also being offered—you can expect that 50 to 80 percent of guests will visit the coffee bar. The catering operator can pull approximately 75 to 80 shots per gallon of water, with Americanos and teas requiring more water. Bring plenty of extra water.

A simple, streamlined menu is most appropriate for coffee catering; offering basic espresso, cappuccino, latte, mocha and Americano drinks, as well as hot teas and hot chocolate and a couple of specialty drinks, keeps it simple for the operator and for the guests. Have an eye for who the guests will be and adapt the menu accordingly. Using one-size-fits-all cup sizes (8-ounce cups) simplifies the catering operation, as well; the drinks are usually "free" for guests, and they can always come back for seconds. The amount of decaf that will be requested depends on the time of the event (day or evening) and the age group of the guests. Plan for one in every eight drinks to be decaf.

It's also important to invest wisely in smallwares and various accoutrements. Good smallwares ensure consistency in quality, while tasteful accoutrements add to the aesthetics of the setup. Necessary small wares include a tamp, various-sized steam pitchers, receiving pitchers, knock boxes (large and small), coolers, a sturdy cart for transporting your setup between vehicle and event location, and good-quality, low-gauge extension cords. When the heating element is engaged, your espresso machine can pull up to 1,850 watts of power. It is important to use a cord that restricts the electricity as little as possible from the power source to your machine. I prefer cords that are 12-gauge or lower and no longer than 25 feet. However, it's helpful to keep a 50-foot, 10-gauge cord in reserve.

The accoutrements for the catering setup include trays and bowls, used for everything from displaying syrups, sauces, napkins, stir sticks, and sweeteners to displaying a framed menu. You may even put your grinder on a tray. If all of these accoutrements are available in silver, for example, it makes for an elegant look that is easy to implement.

Investment in inventory is fairly minimal. One espresso blend and perhaps a small selection of single-origins for brewed coffee and a pour-over bar should be all you need. To keep it simple, offer just a handful of syrup flavors and sauces and use whole milk as the "default" milk. Offer the usual sweeteners (sugar, raw sugar and Splenda), as well as bagged teas.

obtain licenses, set fees and find customers

Catering operators need to also be aware of food safety regulations. Operators must check with their local municipality to determine regulations, including licensing, permitting, inspections and fees. Because most catering events are relatively short in duration, typically no more than four hours, operators without a mobile "catering cart" can usually bring extra materials and truck everything back to the warehouse for sanitation post-event. Most venues also give catering operators access to sinks. Operators should also aim to position cords and tubes behind the cart for guests' safety; if cords do need to be positioned across a traffic area, make sure to have rolls of sturdy tape to secure them to the floor.

Determining how to charge for catering services is another important decision for the operator. Cash events can be unpredictable—the operator can never know what volume to expect, what the total crowd count will be, or what the weather will be for outdoor events. A smarter way to do business is to adhere to the catering model and charge a setup fee as well as an hourly barista fee, plus a small fee per cup to help cover costs at larger events. To market the roaster's brand, use branded menus, aprons and flyers.

Now that you have your specialty coffee knowledge and a well-stocked, aesthetically pleasing setup, it is time to find some customers. As mentioned earlier, my first step was to cold call all of the hotels and



caterers in Houston I could think of and describe my service. It worked. An example of how being involved in your community and the industry leads to more business is my experience at a large wedding show. A mother of the bride approached me about her daughter's reception, for which we were hired to provide services. As it turns out the mother was the marketing director for a large real estate developer in Houston. From that, we catered more than 80 events for this developer over the years. Some other valuable clients have included schools, art galleries, car dealerships, law firms, corporations and charities.

Other strategies include joining your local chamber of commerce, becoming a member of certain professional groups, investing in a website and utilizing Facebook. The possibilities are endless—find your niche and have fun. ■

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