EST **33** 2016

Amhara Coffee Project

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WHITE PAPER

Market Research

INTRODUCTION
The first step in our project was to conduct a thorough review of secondary sources in order to assess the state of the coffee market in general and understand trends in the coffee industry. Our market research was especially focused on premium and ethical coffee markets, as those were the most pertinent sectors of the industry relevant to our product.

COFFEE MARKET
In 2015, the global coffee market was valued at a whopping $77 billion, of which fresh coffee bean sales made up $5 billion, while fresh ground coffee sales made up $30 billion. The market has been steadily expanding over the last 10 years, with its annual growth rate for the past three years hovering around 6% globally - a trend that is projected to continue at least for the next 5 years. Aside from the growth of the whole coffee market, "premiumisation" remains the key trend in established coffee markets. For example, in developed markets, the process of product discovery and brand-building is shifting from traditional mass experiences in supermarkets to much more personal experiences, such as social media, internet, and the other foodservice outlets.

We can observe the same growth trend in the UK coffee market. In 2015 the retail coffee market was valued at £1,365 million, up from £975 million in 2010. The steady expansion of this sector is projected to continue, with analysts predicting sales of £1,833 million in 2020. In the past UK coffee consumers favoured instant coffee over fresh coffee, however there has recently been an observable spike in the consumption of fresh ground coffee pods and fresh coffee beans. This trend has been attributed to a growing general demand for higher quality coffee.

For these reasons, it is our estimation that Zege coffee certainly has potential to achieve success in the UK coffee market as a premium fresh coffee product.

Case Study Reviews

Our market research was buttressed by a review of case studies pertinent to various aspects of our product. Below are snapshots of a number of key case studies that heavily informed our strategy. These deal with the fairtrade label, how consumers perceive ethical products, and the effects of innovative packaging and design on consumer motivations.

CASE STUDY I - Fairtrade

MarketLine 2015.Fairtrade - Building an Ethical Consumer Brand. London: John Carpenter House, ML00019-044.

SUMMARY

This study examines the rise of the Fairtrade scheme, essaying how it started, its development and eventual success as a brand, and the amount of impact it has had on farmers and communities across the globe.

KEY POINTS

- The Fairtrade scheme guarantees a minimum price for the growers, and offers a premium that can be used to fund improved agricultural techniques and community projects such as schools. In addition, it provides a certification and labelling system that acts as an ethical guarantee to consumers
- Fairtrade-certified products are a small but rapidly-growing segment of fresh and packaged food products in many developed-economy end-markets. The UK is the largest market for Fairtrade products
- In 2013, a study found the Fairtrade brand was recognised and understood by 77% of respondents in the UK

IMPACT ON STRATEGY

- Fairtrade is a strong, well-recognised indicator of ethical brands, which in the long-term could be a useful addition to the Zege coffee story
- This case study does not address the extent to which consumers are making buying decisions based on the Fairtrade logo - while Fairtrade sales are growing, it is not clear from the information presented whether this is due to changes in consumer decisions or the growth in use of the Fairtrade certification in existing high-demand products (e.g. Starbucks, Cadbury)

CASE STUDY II & III - Consumer Ethics

De Pelsmacker, P. et. al. 2005. Do consumers care about ethics? Willingness to pay for Fair-Trade Coffee. Journal of Consumer Affairs, 39 (2).
Winchester, M. et. al. 2015. An exploration of consumer attitudes and purchasing patterns in fair trade coffee and tea. Journal of Food Products Marketing, 21(5).

SUMMARY

These two studies both focused on consumers' willingness to pay for Fairtrade coffee, and identified an "attitude-behaviour" gap between what consumers say they will do and what they actually do.

KEY POINTS

Study II - Belgian Sample

- Evidence for a growing market for ethical products often relies on opinion polls, with large numbers of people claiming to make buying decisions based on a company's responsible reputation, or claiming to be willing to pay substantially more for ethical products
- The study found an "attitude-behaviour" gap, with a majority of those in the study not willing to actually pay a significant price premium for Fairtrade coffee, and finding that while consumers may consider Fairtrade labels, brand and flavour are also strong influences on consumer buying decisions (with brand the strongest influence)

Study III - UK Sample

- 68% of respondents agreed or strongly agreed that their ethical morals and beliefs strongly dictated their purchases, however this did not translate into buying decisions
- Purchasing ethical brands appeared to be more of a function of brand penetration than of ethical beliefs
- Consumers who purchase fair trade brands are just as likely to purchase other, non–fair trade brands

IMPACT ON STRATEGY

- Although (as discussed in Case Study I above) Fairtrade is a well-known label, it is not clear that its presence on packaging significantly impacts consumers' purchases
- These studies suggest it is important not to focus exclusively on ethics in the marketing of Zege coffee, with other factors possibly more influential in convincing customers to buy the product

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CASE STUDY IV - Smart Packaging

Marketline, 2012. Smart Packaging Case Study. How packaging can communicate with the cunsumer in new ways. London: John Carpenter House, ML00001-0681.

SUMMARY

This study examines the alternative packaging prospects in consumer packaged goods, focusing on factors that influence packaging trends, and exploring the real world difficulties of adopting such smart packaging. It also talks of the importance of sustainability for these new packaging systems to become widespread.

KEY POINTS

- Concerns over safety and reducing wastage are important drivers of smart packaging within the food sector
- Consumers are concerned over unnecessary packaging, which would lead to a trend in minimalistic, sustainable packaging
- Additional cost of packaging will result in consumer restraint
- Smart packaging does have a significant impact on consumer choice when purchasing fresh foods
- Smart packaging is a highly influential tool when you want to enhance brand communication, with the use of Quick Response (QR) codes and other two-dimensional barcodes
- The use of traditional packaging can reap benefits, however cost must be considered

IMPACT ON STRATEGY

- Packaging first and foremost needs to be economical as consumers are not willing to pay extra for smart or innovative packaging
- Important to gain an understanding of what consumers would like in regards to packaging, as it is an influential driver in sales

SURVEY

The survey contained the following questions:

Consumer Profile

1) Do you live in East Anglia?
2) Which gender do you identify with?
3) Age

Brand Preferences

4) What words describe your ideal coffee brand?
5) Which of the following brand names do you prefer?

Packaging

6) Which of the following colours would you prefer on your coffee packaging?
7) Which logo do you prefer?
8) Which of the following materials would you prefer for your coffee packaging?
9) Which of the following font styles do you prefer?

Purchasing Habits

10) Would you use a QR link on a bag of coffee or coffee cup to find out more about where your coffee comes from?
11) Would you buy ground coffee or coffee beans from a website?

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Survey Results and Analysis

In total, 152 responses to our survey were completed. Of these, 44 responses were recorded through Coffeelink. Given Coffeelink will be a key method of distribution for the coffee, we have assumed that the responses from Coffeelink would generally be most representative of the average future coffee consumer for this product. Given the relatively small sample size of the survey, however, we have considered it also relevant to review the broader data set in order to confirm our conclusions.

We note that not all respondents to the survey completed all questions, and for this reason the total number of relevant respondents in respect of each result is indicated below.

Consumer Profile

Living in East Anglia	TOTAL	YES
All	148	120 (81%)
Coffeelink	41	37 (90%)

Gender	TOTAL	FEMALE	MALE
All	149	70 (47%)	70 (53%)
Coffeelink	41	25 (61%)	16 (39%)

Age	TOTAL	18-24	25-31	32-40	41-50	51-60
All	149	45 (30%)	60 (40%)	18 (12%)	17 (11%)	9 (6%)
Coffeelink	41	8 (20%)	8 (20%)	2 (5%)	14 (34%)	9 (22%)

These results established that a clear majority of survey respondents live in East Anglia, which is the current target market for the coffee. Both surveys also had a fairly balanced distribution of genders, which indicates on that metric the general survey data is not overly divergent from the data retrieved through Coffeelink.

The survey data does diverge when it comes to the age of the participants, with a skew in the general data towards younger responders between ages 18 – 31. This is not unexpected, given the additional data was retrieved from students of the University of Cambridge. In comparison, the Coffeelink data is fairly evenly distributed between ages 18 – 60. This difference in age profiles does not invalidate the broader data set, but is something to consider when considering the results outlined below.

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Brand Preferences

Questions 4 - 5 focused on the description and name of the coffee. These are the high level concepts which are applicable not only to the coffee packaging itself but also to general branding strategy and preparation of the website.

Question 4 asked respondents to choose words that described their "ideal coffee brand". A number of options were given, of which respondents could choose multiple. Options given were: **heritage, quality, premium, contemporary, sustainable, adventurous, bold, global, and collective.**

Respondents were not required to rank their responses where they chose more than one option, as we considered more than one option could be utilised in the branding strategy and therefore were more focused on which options were chosen by a greater number of people.

Description	TOTAL	1st CHOICE	2nd CHOICE	3rd CHOICE
All	147	Quality (78%)	Sustainable (50%)	Ethical (49%)
Coffeelink	40	Quality (75%)	Tie: Sustainable (58%) & Ethical (58%)	
Living in East Anglia	118	Quality (79%)	Sustainable (50%)	Ethical (48%)
Age 31 & under	103	Quality (77%)	Ethical (52%)	Sustainable (51%)
Age 32 & over	44	Quality (80%)	Premium (50%)	Sustainable (45%)

The results for this question are strong, with a clear preference for 'quality' across all segments extracted. This is quite a marked preference, with the next preference chosen by at least 17% less of the respondents (and up to 30% less when looking at respondents aged 32 and over). Second and third preferences of respondents were also relatively consistent, with 'sustainable' and 'ethical' taking those ranks in all segments other than respondents aged 32 & older in which 'premium' ranked more highly.

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Moving from description of the brand, Question 5 asked respondents to consider potential names for the brand itself.

Options given were: **Amhara Coffee Project, Zege Coffee, Wild Forest Coffee, A to Z Coffee, Flying Lion Coffee, Z's Coffee and Other Suggestions**

Brand Name*	TOTAL	1st CHOICE	2nd CHOICE	3rd CHOICE
All	141	Tie: Amhara Coffee Project (21%); Zege Coffee (21%)		Wild Forest Coffee (20%)
Coffeelink	40	Zege Coffee (35%)	Wild Forest Coffee (20%)	Tie: A to Z Coffee (7.5%) Flying Lion Coffee (7.5%)
Living in East Anglia	114	Zege Coffee (23%)	Wild Forest Coffee (19%)	Amhara Coffee Project (18%)
Age 31 & under	99	Amhara Coffee Project (25%)	Wild Forest Coffee (21%)	Zege Coffee (16%)
Age 32 & over	42	Zege Coffee (33%)	Wild Forest Coffee (17%)	Amhara Coffee Project (12%)

* *Other Suggestions has been excluded from this breakdown*

Overall, Amhara Coffee Project, Zege Coffee and Wild Forest Coffee appeared to stand out as the most popular choices across the majority of segments. Notably, however, Amhara Coffee Project was not among the top three choices for Coffeelink respondents. In that segment, Amhara Coffee Project was chosen by only 2 respondents, or 5%. Given the wide overall distribution of the choice, we consider this may be accounted for by the small sample size, which causes small differences between individuals to result in a large swing in results.

We note the above results for Question 5 do not account for respondents who chose 'Other Suggestions'. It appears a large number of respondents who chose that option may have misunderstood the question, as the majority of text responses accompanying 'Other Suggestions' choices were existing coffee brands or café chains (e.g. Coffeelink, Starbucks, Stumptown). Notable exceptions were 'Amhara Coffee' and 'Zege Wild Forest Coffee'.

Packaging

Questions 6 - 9 focused on the packaging of the coffee, including colour, logo, material and font. Question 6 asked respondents to choose colours that is good for packaging of the coffee. A number of options were given, of which respondents could choose more than one.

Options given were: **blue graphite, bold orange, creamy ivory, forest green, coffee bean red, and rustic brown.**

Color	TOTAL	Blue Graphite	Bold Orange	Creamy Ivory	Forest Green	Coffee Bean Red	Rustic Brown
All	149	63 (42%)	49 (33%)	24 (16%)	38 (26%)	66 (44%)	40 (27%)
Coffeelink	44	13 (30%)	16 (36%)	6 (14%)	7 (16%)	15 (34%)	13 (30%)

In general, coffee bean red and blue graphite were the most popular choices, and bold orange took a third place. However, bold orange was the top choice for Coffeelink respondents. Actual colour for packaging would be chosen from those three colours.

Question 7 asked respondents to choose a preference between seven stock logos, and could choose more than one.

Options given were: **two beans, tough cup, hot coffee, coffee circle, life in hand, lion king and high lands.**

Logo	TOTAL	Two Beans	Tough Cup	Hot Coffee	Coffee Circle	Life in Hand	Lion King	High Lands
All	149	40 (27%)	17 (11%)	8 (5%)	74 (50%)	40 (17%)	21 (14%)	18 (12%)
Coffeelink	44	14 (32%)	5 (11%)	1 (2%)	21 (48%)	13 (30%)	6 (14%)	2 (5%)

The results for this question were strong, with a clear preference for 'circle of coffee' as a logo. Also, second and third preferences of respondents were relatively consistent, with '2 beans' and life in hand'.

Question 8 asked respondents to choose between four materials to use for the physical packaging of the coffee.

Options given were: **clear plastic, paper, jute & straw, and metallic tin.**

Material	TOTAL	Clear Plastic	Paper	Jute & Straw	Metallic Tin
All	147	9 (6%)	89 (60%)	77 (52%)	36 (24%)
Coffeelink	44	3 (7%)	24 (55%)	27 (61%)	13 (30%)

Overall, paper was the top choice, although jute & straw was the top choice for Coffeelink respondents. The result makes sense, because both paper and jute & straw are natural materials which match with the image of the coffee.

Question 9 asks respondents to choose from six different font styles.

Options given were: **Adobe Caslon Pro, Bodoni Smallcaps, Copperplate, Futura, Courier New and Snell Round.**

Font	TOTAL	Adobe Caslon Pro	Bodoni Smallcaps	Copper plate	Futura	Courier New	Snell Round
All	149	30 (20%)	35 (23%)	54 (36%)	31 (21%)	38 (26%)	29 (19%)
Coffeelink	44	5 (11%)	6 (14%)	13 (30%)	12 (27%)	7 (16%)	14 (32%)

The results for this question were pretty strong, with a clear preference for 'Font 3' as a font. Overall, other fonts were chosen roughly evenly.

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Purchasing Habits

Questions 10 - 11 focused on the purchasing habits of the respondent.

QR Code Use	TOTAL	YES	NO
All	134	48 (36%)	86 (64%)
Coffeelink	33	10 (30%)	23 (70%)

Question 10 asked respondents whether they would use QR code to see detailed information about coffee products which they purchased. Overall, not many people use QR code to search about coffee products.

Purchase from Website	TOTAL	YES	MAYBE	NO
All	133	57 (43%)	43 (32%)	33 (25%)
Coffeelink	34	17 (50%)	12 (35%)	5 (15%)

Question 11 asked respondents whether they would purchase ground coffee or coffee beans from website. In general, most of respondents are positive about purchasing coffee products from website, and this trend is more obvious with Coffeelink respondent.

Recommendations

Following the collection of the secondary research and survey results outlined above, we have formulated a series of recommendations for branding and packaging. These combine our interpretation of the survey information and secondary data with our teams' own knowledge and experience of branding and marketing.

Brand Name

The Amhara Coffee Project

We recommend the coffee be distributed under the umbrella brand 'The Amhara Coffee Project.' This allows scope for Partners for Change/JECCDO's work to expand the brand to other coffee producing regions in Ethiopia in the future without the need to formulate a completely new brand. We also consider the name is easier to pronounce for the average UK consumer. Under The Amhara Coffee Project, the first brand to launch would be Zege coffee.

Brand Message

Ethical Sustainability. Premium Quality. Bold Taste.

We have formulated a brand message for the coffee using the three statements above. We consider this message:

- Recognises key consumer drivers identified in the survey (quality, ethics and sustainability)
- Prioritises ethics and sustainability, allowing the brand to draw on the strong story behind the coffee production, and on the ties with Partners for Change / JECCDO, which are key differentiating factors for the brand
- Places 'Premium Quality' at its core, reflecting the exclusivity of the coffee and the premium roasting and packaging processes undertaken by Coffeelink
- Highlights the taste of the coffee, creating consumer interest and further implying the high quality of the coffee

Ethical Trade

We recommend, at least in the initial stages of the project, that Partners for Change does not prioritise acquiring certifications, such as 'Fairtrade'. The results of our survey survey indicating that 'quality' is the most preferred quality in a coffee brand are consistent with the papers reviewed in Case Study II and III above. Together, this data suggests that while it is important to consumers whether the coffee is ethically sourced, there are other factors which may have a bigger impact on customers' actual purchasing behaviour. Given this, and considering the potentially significant costs involved in acquiring a certification such as Fairtrade, it is our view that the Zege Farmers' Cooperative would be better served by concentrating in its marketing on ethical trade as a general concept, together with a concentration on other key influencing factors. The issue can then be revisited once the brand is more established, at which time also it may be less costly for the cooperative to acquire the certification.

Press Release

The Amhara Coffee Project

Creating a Sustainable Enterprise for Ethiopian Coffee Farmers in the Zege Peninsula

Created by Partners for Change, a UK-based NGO established in 1984 during the Ethiopian famine, in partnership with Ethiopian NGO JeCCDO, The Amhara Coffee Project is an innovative social enterprise aimed at helping Ethiopian farmers efficiently and effectively export their product to the United Kingdom. The socially conscious trade venture is transforming communities across Northern Ethiopia, implementing a business model that foregrounds sustainability, respect for local customs and environmental protection.

In establishing this initiative, Partners for Change is guided by the Development Goals established by the United Nations in 2015: end poverty, protect the planet, and ensure prosperity for all. The long-term goal of The Amhara Coffee Project is for it to become a self-sustaining initiative, establishing a sustainable business model that will give farmers economic security and provide roasters with a unique, premium quality product.

The Amhara Coffee Project will launch their first product, Zege coffee, in 2017. The brand is focused on three core brand values: ethical sustainability, premium quality and bold taste.

Ethical Sustainability
In the Zege region, coffee is considered to a sacred plant. Given its divine origins, local farmers do not permit the land to be cultivated. Rather, the naturally occurring coffee beans are picked by hand, following a tradition, thousands of years in the making. The Amhara Coffee Project is committed to helping farmers preserve their livelihood through sustainable farming methods, and is bound by a deep-seated respect for the culture and beliefs of the people of the Zege Peninsula.

Premium Quality
Zege coffee is roasted and processed in the United Kingdom by leading specialty coffee retailer, Coffeelink. Based in East Anglia, the roaster was founded on the principle of bringing ethically sourced, premium quality coffee to the United Kingdom. Coffeelink celebrates the tradition and heritage of coffees from around the world. Their expert roasters are dedicated to bringing the best out of every bean, ensuring each roast meets the highest quality standards.

Bold Taste
Zege coffee is differentiated by its notes of bright citrus, a smooth finish and a bold aftertaste. The unique taste profile of the coffee differentiates the product from those available on the market, offering consumers a coffee with zest and character, that is deeply satisfying and enjoyable.

For more information please visit: www.theamharacoffeeproject.com
Or contact Pete Jones director of Partners for Change and The Amhara Coffee Project operations in the United Kingdom pete@pfcethiopia.org

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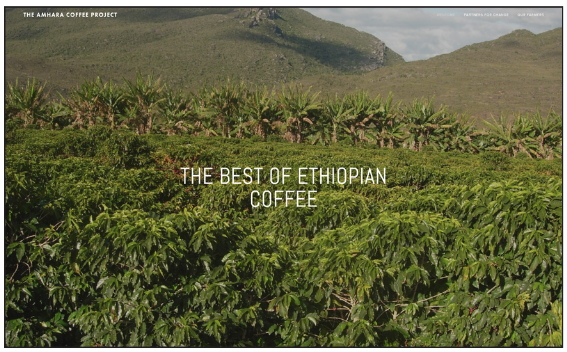
The third pivotal aspect of our brand message is "bold taste." One of the strongest differentiators of Zege coffee is its unique taste profile, which begins with hints of citrus and has a smooth finish and bold aftertaste. Unlike cultivated coffee which is grown to fulfil specific characteristics, wild grown coffee such as Zege, has a wide variety of aromas suited to different palates.

The clickthrough menu on the landing page, has two additional titles, "Partners for Change" and "Our Farmers." The Partners for Change section details the work of the NGO in Ethiopia and gives more detail about the Amhara Coffee Project. The Our Farmers section will contain information about the farmers who cultivate and harvest Zege coffee. The reason for including this section is to demonstrate the tangibility of the Project and its real world impact.



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Appendix

CASE STUDY V - Hot Drinks in the United Kingdom

MarketLine. July 2015. ML0183-0803.

SUMMARY

This study examines the current market for hot drinks in the United Kingdom, using data to analyze how the market is segmented and valued, and also discusses the major players in the market along with indicators for the future.

KEY POINTS

- The hot drinks market in the UK grew by 2.7% in 2014, reaching a new high value of $3,157.5 million
- By 2019, that value is forecasted to go to $3,781.1 million
- Coffee is the largest segmentation of the hot drinks market in the UK at 51.2% of the total value

CASE STUDY VI - Coffee in the United Kingdom

Euromonitor International.

SUMMARY

This study examines the upcoming trends in the coffee market in the United Kingdom, by assessing the current players in the market and identifying prospects that are available.

KEY POINTS

- Ground coffee pods continue to be the main area of success in the coffee market in 2015, particularly among consumers under 28 years old who drove sales.
- Out of home consumption of coffee has spurred, partly due to an increase in coffee shops in the UK
- Coffee is expected to grow due to the trend towards more premium products

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