

Brewing Up Good Business

Just in time for International Coffee Day

An interview with Gerd Mueller-Pfeiffer

For more than 600 years coffee beans have been shared all over the world, and with great consumer interest, their preparation has been a continued metamorphosis. Whether you drink it black, add creamer, syrups or an array of spices, coffee continues to awaken the world, energize the masses and is the common bond that is shared among loved ones.

In 2016, The International Coffee Organization named October 1st International Coffee Day, a day to celebrate coffee as a beverage, and raise awareness of coffee growers everywhere.

In the past few years the coffee business has been booming and continuously changing and with that the need for financial and operational support for small business owners has become a need. Since becoming a Profit First Mentor and Pumpkin Plan Strategist, adding coffee cafes and breweries as her niche, Kim Logsdon, has added great value to her support of these small businesses. With this support, and her love of great coffee, Kim continues to immerse herself into the multiple conventions and conferences offered world wide.

After Kim's visit to Copenhagen for the World of Coffee Conference, she connected with Gerd Mueller-Pfeiffer through LinkedIn. Gerd has over 25 years in the coffee industry, working with two of the biggest names in the business, Kraft Foods and Nestle.

Although Kim and Gerd missed each other at the conference, they became aware of their commonalities and passion for the production, distribution and careful consideration of coffee, coffee beans and its reach to those around the world.

Here is Kim's coffee interview with Gerd.



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Kim: What innovation are you seeing that will help the roasters in the coffee industry going forward?

Gerd: Well, first I do believe there is opportunity in portfolio management and personal taste profiles. Know your audience. Remember, the product is consumed by the consumer, not the owner. All countries are divided into different taste clusters. Germany has nine different taste clusters, and over time they're changing a little bit. Meaning there are some that prefer milder coffee and some that like strong or robust coffee. So do not underestimate the taste profile. There is always room for innovation and portfolio management. There's whole bean, ground coffee, and a huge trend in cold beverages, cold brew and ready to go for the new generation.

Kim: What significant changes have you seen in the coffee industry in the past 10 years?

Gerd: I would say the global coffee demand has been rising by around 60% over the last 20 years in Asia and the Middle East. That's around 3% per year, vs. North America and Europe which are more stable in terms of consumption. The good thing is there is much more quality in the category. In North America, and Europe, there have been really big global trends in specialty coffee. The spendings per capita has also been rising, due to better quality and much more affordability and availability. The industry is still very strong and the consumer demand is still very high, despite all the circumstances with inflation. More people are buying specialty coffee and this has proven that the quality is in the details.

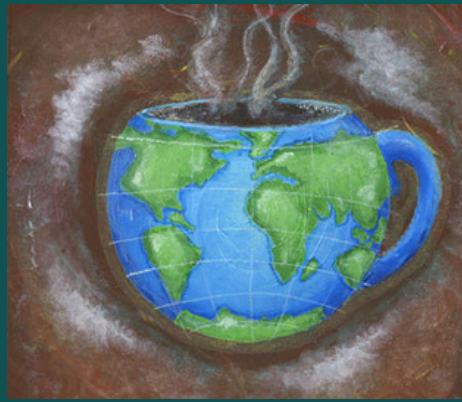


Kim: What perspective would you provide to a smaller roaster as they're looking to scale, grow and achieve success in their small roasting business?

Gerd: First piece of advice would be to watch your P&L. Cash is value and your P&L will remind you to generate cash. Without having cash in your pocket it is difficult to survive. Second, there are some economies of scale in procurement, distribution and roasting. So if I were a smaller company, I would focus on quality and differentiation. Don't jump into a mainstream approach before having quality and differentiation. Smaller roasters can emphasize quality, craftsmanship, and distinctive offers. Third, I would focus on customer engagement. Building a strong relationship with your customers through personalized service in community events and social media engagement. Target specific local communities, niche markets and smaller entities. Then I would say collaboration and partnerships. with local businesses, cafes, and restaurants.

Kim: I believe there is untapped potential with Business to Business and Business to Consumer products. What do you think? Can you elaborate on this a bit?

Gerd: There are so many opportunities in business to business and business to consumer models. These potential collaborations and partnerships, if you're a small local roaster, can bring a very sustainable journey. There is direct trade partnership with farmers all over the world. Organic coffee, waste reduction and recycling also play an important role. There are community engagements, small hotel partnerships and the potential for education in restaurants and small neighborhood offices.



Kim: Do you believe the coffee roaster should truly understand what their niche/branding is? And should the consumer know what the coffee roaster/coffee shop is bringing to the community?

Gerd: Look, you're talking about an emotional product, it's coffee, quality is mandatory. Equally important is the story around your brand. Even for a small specialty roaster, a real story is critically important. If you have a model which combines a quality product and an amazing story, you have the sustainability aspect. There are some that don't have a story or the story is very weak and they don't have the right product portfolio and now they're wondering why they're not growing. There needs to be a perfect mix.

Kim: What other efforts should the coffee roasters and coffee shops make for sustainability in terms of energy saving?

Gerd: Without having a clear footprint and sustainability this business gets very tight very quickly. With direct trade partnerships with the farmers you can have a hook in the quality of coffee and you can help support the livelihood of the farmers. This can reduce the environmental impact of coffee production. Promoting organic coffee can have a positive impact on biodiversity. Then there is waste reduction and recycling. Implementing waste reduction in the roasting process can minimize the environmental impact. Small roasters can explore options like composting coffee grounds, using eco-friendly packaging material and encouraging customers to recycle coffee packaging. Investing in modern roasters creates a carbon footprint of reduction. Then you're optimizing the roasting processes by combining different little specialty companies together in one roasting hook. Finally, I would say engage the local community to raise awareness about sustainability issues you can talk about in your coffee shops, by hosting educational events with environmental organizations. Incorporating all these practices, can make a significant change and contribute more to the environment.

As Kim and Gerd wrapped up their zoom call from the U.S. to Ireland, they realized that they had been moved by the enormity of the connection coffee brings to all human-kind.

Coffee is so much more than just a caffeinated concoction compelling you to wake up every morning. And, those that drink it are so much more than just their crazy concocted orders. It's a connector, a conversation starter, a culture builder and sometimes even a relationship mender. Coffee truly creates community. In truth, all coffee drinkers can relate to each other. Coffee creates a platform for the most productive meetings, the best excuses for a break, and potentially provides the stamina to keep going after dinner into the wee hours. This is what International Coffee Day represents. Two people from different parts of the globe, sharing and connecting through a blend of quality conversation about their passion for coffee and how it impacts the world.



by Kim Logsdon &
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