Private Sector Actions Supporting Resolution 465

Specialty Coffee Association

Ric Rhinehart

Value Chain Role

- The SCA is a global trade association that focuses on the specialty coffee sector. We are engaged with actors at every part of the value chain, but are closest to specialty roasters and retailers.

- Our principal role is to facilitate access up and down the value chain in a way that allows for the unique role of specialty coffee to manifest as a positive force for all actors.

The Problem, As I See It

- In spite of an ostensible commitment to quality, specialty roasters and retailers consistently devalue quality in terms of price differentiation. This manifests both as low prices at the point of green coffee purchase, and at unreasonably narrow pricing to consumers.

- While major roasters have made public commitments to sustainability and to sustainable sourcing practices, economic sustainability has been defined by the addition of premiums and other market measured schemes that fall short in current conditions.

The Specialty Coffee Consumer

- Consumer pricing perception is influenced by point of consumption, brand, bean origin, sustainability, and certification. Consumer awareness of coffee pricing relative to production is limited to connection to sustainability or certification.

- Consumers express a greater consideration of sustainability issues in younger cohorts, with younger millennials assigning slightly less value than older millennials, but all other cohorts declining inversely to age.

- Consumers express a willingness to elevate sustainability concerns to have higher impact on purchase decisions, but do not exhibit this behavior.

Pathways Toward Change

- A system for price discovery that rewards differentiation effectively and appropriately;

- Pricing that recognizes actual cost of production rather than the time bound value in a given market;

- Transparency at every level of pricing/purchase;

- Development and embrace of new sustainable sourcing commitments that include living incomes and wages.