



**Report of the 19th meeting (intersessional)
of the Promotion and Market Development
Committee held on 5 February 2020**

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1. The Promotion and Market Development Committee, chaired by Ms Stefanie Küng, of Switzerland, held its 19th meeting (intersessional) at the International Coffee Organization in London, United Kingdom, on 5 February 2020.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document [PM-65/20 Rev. 1](#).

Item 2: Report on the meeting of 25 September 2019

3. The Committee approved the report of the last meeting held on 25 September 2019 contained in document [PM-64/19](#).

Item 3: The ICO's Step-by-Step Guide to Promote Coffee Consumption in Producing Countries

Item 3.1: The ICO's Step-by-Step Guide to Promote Coffee Consumption in Producing Countries in practice: lessons and recommendations

4. The Committee received a presentation from Mr Carlos Brando, in his capacity as Director of P&A Marketing, on his experience in developing the *ICO Step-by-Step Guide to Promote Coffee Consumption in Producing Countries*, and his recommendations for its update.

5. Released in 2004, the Step-by-Step Guide was based on learnings from projects for expanding coffee consumption in Brazil and other coffee-producing countries. Since its launch, the Guide had inspired and provided the methodology for market expansion programmes in many countries, including India (2006), Mexico (2006), Indonesia (2006), El Salvador (2007), Costa Rica (2008/09) and Colombia (2010/16).

6. Mr Brando noted that the learnings from the aforementioned programmes and others were now available to be incorporated into an upgraded version of the Guide. He proposed that the upgrade take into consideration a number of elements and emerging trends, including:

- An examination of programmes based on the Guide, including their successes and failures, as well as a critical analysis of the Guide itself.
- Ways to expand coffee consumption in the digital world, accounting for new habits and technologies, improved connectivity and mobility, and aspects like changing buying patterns, e-commerce, digital branding and e-marketing.
- The third wave coffee movement: higher quality markets, better informed consumers, new processes and flavours, and promotion of origins.

- Higher growth in consumption of soluble and single serve coffee over traditional roast and ground coffee in recent years.
- Demographic and income changes in producing countries since the Guide was released. This would include, for instance, a focus on aging populations in higher-income producing countries, and a focus on the base of the income pyramid in lower-income producing countries.
- An analysis of producing countries and emerging consumer markets where demand for coffee was growing without promotion programmes, and incorporation of the findings in strategies to develop consumption.
- Country-specific factors such as: which coffee waves specific countries were in, the role of soluble coffee in new markets, the role of coffee imports in producing countries, as well as the roles of women and youth, especially in promotion of at-home consumption.
- Examination of traditional themes, like coffee and health and coffee and well-being, as well as that of emerging themes like sustainability.

7. In summary, Mr Brando recommended that changes be made in the Guide to modernize the approach to programmes, strategies and especially tools. The Guide itself, its presentation and format could also be made more modern and user friendly, blending the results of the two rounds of the application of the Guide – the first ten years and the last five years – with new technologies, markets, ideas and products.

8. Following the presentation, the delegate from El Salvador shared the country's experience in initiating national consumption projects based on the Step-by-Step Guide, especially the annual National Barista Championship and the School of Coffee. The delegate also welcomed the points raised by Mr Brando regarding the rise of digital commerce and suggested that the coffee shop trend, which had accentuated in the past few years, could also be made an area of analysis for the update. The development and enforcement of mandatory technical standards and regulations within the coffee sector, as well as reducing dependency on coffee imports in producing countries like El Salvador, were also noted as potential focus areas for the updated Guide.

9. Other delegates emphasized the importance of a collaborative process in updating the Guide, including perspectives and successful case studies on promotion and sustainability from a variety of producing countries. One delegate also highlighted that, for many small producing countries, a focus on promotion of international consumption would be critical since the potential for expansion in the domestic market was limited.

10. Given the asymmetry in consumer attitudes across producing countries, an observer commented that market research on triggers that help consumers in shifting to coffee from other beverages could also be useful. For countries like China and India, it was noted that a focus on sustainability and local provenance could go a long way for the high-end segment, because tea drinking was firmly entrenched among consumers at the base of the income pyramid.

11. Another observer recommended distinguishing between sustainable sourcing practices and certification schemes when referring to sustainability due to the differences in their impacts on profitability for producers. The observer also highlighted credit difficulties as a barrier to developing consumption in many producing countries. Mr Brando emphasized that this could be addressed with a focus on programmes led by the private sector instead of governments where needed.

Item 3.2: Project Brief: Coffee Market Development Toolkit

12. The Committee also received a presentation from the Head of Operations on a project brief prepared by the Secretariat to mobilize resources for the update of the Step-by-Step Guide. The project brief, contained in document [PM-66/20](#), was based on recommendations made by P&A Marketing at the 17th meeting of the Promotion and Market Development Committee held in March 2019, as well as on the results of a Member survey that was conducted by the Secretariat in July–September 2019.

13. The Committee was reminded of ICO's Resolution 465 on Coffee Price Levels, which provided the Organization with a strong mandate to encourage promotion of internal consumption in exporting Members. Furthermore, signatories of the London Declaration on price levels, price volatility and the long-term sustainability of the coffee sector had also emphasized the need for stimulating sustainable and responsible consumption, especially in producing countries.

14. The Head of Operations noted that the global market had changed substantially since the Guide was first released, and that a much larger share of the world's coffee was now consumed by producing countries. Despite this change, per capita consumption in most coffee-producing countries remained much lower than that in traditional markets.

15. Taking this into consideration, and in response to the broader context of the prevailing low coffee prices, the project brief proposed developing a Coffee Market Development Toolkit focusing on interventions that would stimulate demand and benefit the entire coffee value chain in producing countries.

16. The Toolkit would incorporate lessons learned from the implementation of the Step-by-Step Guide, emerging market and consumer patterns, best practices and strategies in

value chain development, and new tools and communication means. It would also draw from the experiences of coffee consumption projects supported by the ICO Special Fund and led by the Inter-African Coffee Organisation (IACO) in Africa and PROMECAFE in Central America.

17. The overall aim of the project to develop the Toolkit would be to support a sustainable coffee economy through increased global demand for coffee, with specific objectives related to updating methodologies, disseminating information on existing initiatives, facilitating knowledge sharing and devising strategies to mobilize funding for market development programmes.

18. The Toolkit would be developed in English by a consultant and would be hosted on an easily accessible website. French, Portuguese and Spanish translations were proposed, but other languages could also be considered depending on the availability of resources. In order to facilitate wide dissemination, regional seminars and training of trainers would be conducted. These would help in increasing the global capacity to implement the recommendations of the Toolkit. A tentative budget with a preliminary estimate of GBP 120,000 initially and GBP 5,000 annually was proposed, as was a tentative timeline of twelve months.

19. The Head of Operations closed by calling for support from the Committee to enable the Secretariat to raise funds for the project and noted that partnerships with other international organizations would be explored in this regard.

20. An observer suggested that the Brief could take into account consumer usage, perception and attitude studies, especially for large markets like China and India, and also proposed using sustainability as a hook to stimulate coffee consumption in producing countries.

21. A Member noted the need to integrate case studies from countries where less information about domestic consumption was available, and requested further information on the consultancy element of the project, especially with regard to how Members' inputs would be incorporated in the update. The Chief Economist of the ICO proposed that the Secretariat could develop a terms of reference based on the Committee's suggestions for the selection of a consultant. The Head of Operations added that the consultancy could encompass participatory efforts to review the Toolkit, with the involvement of both Members as well as the private sector. This process would be further elaborated in the terms of reference.

22. The Committee endorsed the brief and recommended that the Secretariat move forward with drafting the terms of reference for the consultancy, to be submitted to the Committee at its next session.

Item 4: Other business

23. There was no other business.

Item 5: Date of next meeting

24. The next meeting of the Promotion and Market Development Committee would take place in London, United Kingdom, during the week of the 126th Session of the International Coffee Council in April 2020.