



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
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**Report on the implementation of the ICO
CoffeeClub Network**

Background

This document contains a report on the implementation of the ICO CoffeeClub Network received from the consultants, P&A International Marketing.

Action

The Promotion Committee is requested to note this document and options for the future development of the Network.

COFFEECLUB NETWORK REPORT

P&A Marketing International

August 2010

1. NETWORK CREATION

1.1. LAUNCHING OF THE ICO COFFEE PROMOTION NETWORK

The “ICO Coffee Promotion Network” was proposed to the Promotion Committee by Brazil in September, 2006. The network was originally conceived as a virtual environment, a platform to promote coffee consumption and bring together participants in the world coffee industry to collaborate on ways to increase coffee consumption in all markets.

The platform was launched in December 2007 with funding from the ICO Promotion Fund and was developed by the consultants P&A International Marketing and radiumsystems. The first community created, “Coffee Promotion Ideas”, had the objective to bring together participants from producing countries, traditional markets and emerging markets to discuss ideas and to promote consumption. The platform had all resources deemed necessary to promote interaction, such as forums, personal profiles and photo and video sharing spaces. One important strategic task was to find possible mediators for the network communities. P&A coordinated a survey to find out the perceptions of the key actors in the coffee supply chain about the new virtual environment and coffee consumption. P&A invited 40 of these players to join the network in an effort to promote the new platform.

1.2. CHANGE TO COFFEECLUB NETWORK (CCN)

In May 2008, the activities of the network were expanded to include new collaborative communities which catered for different interests, such as coffee promotion ideas, growers and origins, certification and organic issues, coffee research, coffee cupping, trading, roasting, the art of espresso, baristas, coffee and health, and coffee advertising, among other subjects.

These new communities would be mediated by mediators who would play a critical role in inviting members to participate, posting topics, managing the community and interacting with other communities in the Network. Mediators would benefit from interacting with potential clients and partners, enabling them to expand their personal network of contacts and promote their companies and ideas. All communities were available and open for those interested to become mediators at that point.

A new identity was created in order to have a different approach and concept in the platform. The name of the network was changed to “CoffeeClub Network” (www.coffeecubnetwork.com).

2. CCN DEVELOPMENTS

2.1. CONNECTING THE COFFEE WORLD

Actions to implement the concept of “connecting the coffee world” started in June 2008. Since there were several communities discussing coffee on the internet and most of them were spread in a wide range of different social networks and not connected, an opportunity existed to position the CoffeeClub as an environment able to connect all those efforts and to bring them together in a single place. The objective was not to eliminate or surpass those communities but to connect them through links and shared content. P&A started to connect the CCN to several social networks including Youtube, Flickr, MySpace, LinkedIn, Facebook, Orkut, etc.

In September 2008, after four months of full operation, CCN had around 200 members. Their profiles indicated they came from a diversity of countries, activities and relations with coffee. Many were also relevant players of the global coffee community. Mediators were found for the communities, but most of them were not using the platform as expected. A link to the Network was included on the home page of the ICO website.

2.2. DIFFICULTIES IN DEVELOPING AND FINDING MEDIATORS

Communities which were most viewed were those that were actively mediated. All ICO members were invited to propose mediators from their own countries to mediate communities on the CCN. Ideally there should be a mediator for each member country and P&A International Marketing would assist new mediators in undertaking this role. Members were also invited to establish links to the CoffeeClub Network on other social networks, and on government, private sector and other websites in their countries, in order to expand the use of the CCN and to develop a critical mass which would be important for its future development.

Regretfully very few member countries proposed mediators or linked CCN to their digital communication tools, perhaps because they mistakenly saw CCN as competition. That this risk was not relevant had already been advanced in the presentations but apparently to no avail. The real fact is that by not being incorporated into the digital communication strategies of member countries the CCN missed a unique opportunity to gain exposure and to attract participants. The disappointing response to the call for mediators also impaired further developments, not to mention that the creation of country communities at CCN would have leveraged its growth substantially.

At the Promotion Committee meeting in September 2008, members pointed out that creative and innovative activities such as the CCN could help to reach young people, the consumers of the future, and to increase coffee consumption. The CCN could act as a platform for countries to demonstrate different ways of promoting coffee and the involvement of the coffee industry in the different communities could be an additional way for companies to promote their products. Real as these possibilities were, they faced the same barriers mentioned in the

previous paragraph. These barriers could not be countered by the consultants alone without strong practical support from member countries that either did not fully realize the potential of CCN or lacked the means to enlist support in their countries. On the other hand, the consultants may have developed over-expectations about the actual resources that member countries could or were willing to devote to CCN.

2.3. USER INDUCED CHANGES

The Network had been in operation for 10 months and had over 500 members and 40 communities in March 2009. P&A insisted that there was a need to find active mediators, as mediation was essential to the success of the initiative. The Executive Director had formally invited all members to nominate mediators and to establish links to the CCN on their websites.

In an internal movement, CCN users started to create their own communities. Nine country communities were created by users from different origins, but with no official support from ICO member countries.

Other possible paths started to be evaluated, such as the incorporation of the much larger Cafés do Brasil network. Its success in Brazil could be an example for other countries using the CCN platform to develop their own networks.

The “Coffee Researchers Forum” was established to integrate the scientific coffee sector and enable researchers and stakeholders to discuss coffee and science. Another development was “Coffeepedia”, a special community along the lines of the Wikipedia.

P&A suggested to the Promotion Committee that the Network could also be used for inbound marketing (where organizations and companies are found by potential clients, who are attracted by the content of the website such as blogs, papers, photos etc.), search engine optimization (web 2.0 technologies) and social media (coffee websites, other networks and blogs). Consideration could also be given to integrating the operation of the Network with the ICO website. The challenge was to attract young people to become mediators, as they would be critical for the future success of the Network.

At this point the consultants started to identify the need for technological updating of the platform but at the same time they felt there was no climate yet to propose it.

2.4. CCN ACHIEVEMENTS - “CONNECTING THE COFFEE WORLD” CONCEPT AT FULL OPERATION

By September 2009, the CCN had over 700 members and 60 communities on topics ranging from climate change to world coffee events. It had received over 25,000 visitors from 155 countries in a year and 95,000 page views. Approximately 26% of the traffic originated from reference sites, including that of the ICO. The Network provided a facility for problem-solving and was also useful for developing coffee connections and business transactions.

FIGURE 1 – Source of visitors in September 2009



FIGURE 2 – Source of visitor in September 2009 - cities



New communities emerged, such as “From Guatemala”, “Climate change and coffee”, “Cocoa Community”, “DO Café Marcala”, “coffee/espresso tamper”, “Coffee Agribusiness & Honduras”, “coffee machines”, “India International Coffee Festival 2009”, “COFFEEPEDIA – world coffee encyclopedia” and the community “Coffee Business Opportunities”. The latter had the objective of establishing a special place to trade coffee and services in response to the demand of CCN users.

Many offers were made by CCN members such as:

- “Coffee from Cundinamarca, Colombia”;
- “Want to sell The Exotic LUWAK COFFEE origin Sumatra, Indonesia”;
- “Supply of Robusta Coffee Bean”;
- “Coffee supplier – Honduras Highlands”;
- “Partnership for 500 plus acres of Jamaican Blue Mountain Coffee”;
- “Offer used / refurbished equipment as good as new”.

Most offers came from growers trying to sell their coffees in an attempt to develop a different market channel. P&A stated that the community could be considered a success and, although it was not possible to transform it to a potential source of revenue for the CCN, a business model could emerge from this service in the future.

It was also clear that participation was increasing. A much discussed subject was “*Can we use the CCN platform to connect small growers to buyers?*”, in the Growers and Origins community which received over 1,300 visits and more than 35 comments (see http://www.coffeeclubnetwork.com/redes/form/post?pub_id=960).

It was concluded that the CCN members were redefining the platform to meet their own needs. There was a great interest in developing coffee origin communities, coffee connections and coffee business opportunities.

2.5. THE MARKET PLACE OF 2020: CONNECTING INDIAN COFFEE WORLD

The Coffee Board of India invited P&A to make a presentation at the India International Coffee Festival, in October 2009 on the use of the CCN as a coffee market place, aiming at the year 2020. The potential of the CCN to connect small roasters to small coffee growers was one of the main reasons why the CCN attracted the attention of Indian coffee growers. India is the third country in number of visits to the CCN. The number of Indian participants increased considerably after the presentation.

3. NEED FOR TECHNOLOGICAL UPDATE

At the Promotion Committee meetings in September 2009 and March 2010, P&A outlined future needs including identifying and training mediators and the need to upgrade the technological structure every year, since new web 2.0 service tools were constantly being introduced and the CCN needed to be customized to meet participants' needs. More integration was necessary with social networks such as Facebook, Twitter, Orkut and the "Cafés do Brasil" network as well as the establishment of contacts with all coffee-related websites and networks.

The CCN could act as a "problem-solving platform" for its members, but its structure needed to be equipped with the proper tools to develop this potential. The new CCN should enlarge the possibility for members to establish their own coffee connections with other members and communities in a more "user-friendly" way.

Until then, P&A's consultancy role as central mediators was essential to the success of CCN. This involved initiating discussions, promoting the CCN on other platforms, posting content and information, managing the network, helping users and sending weekly newsletters which were essential to the Network development. This mediation role was well beyond the scope of the consultants' contract. P&A nevertheless accepted it free of any cost in order to support CCN and the client.

In discussions during the Promotion Committee meetings, participants noted that the CCN had great potential as a marketplace for business opportunities, allowing micro-roasters to contact small producers to obtain small quantities of quality coffee. As with other social networks on the Internet, business was transacted outside the CCN and it was unlikely that it would generate revenue from transactions.

P&A undertook to consider ways of raising funds and Members were also invited to contribute ideas.

At the Promotion Committee meeting in March 2010, P&A made another presentation regarding the development of the CCN Network and new paths for the future.

Consultants noted that social networks were an established reality with 400 million and 150 million users of Facebook and MySpace respectively. Many sophisticated social networks were not profitable, as even in large networks users were not disposed to pay for access since they considered online interaction to be a free thing. However users were starting to see social networks as web service providers for fun, business and travel. Profit would come from perceived value and when the networks achieved maximum utility for their users.

By March 2010, CCN had received more than 30,000 visits or 100,000 page views from 160 different countries and had enabled participants to establish connections and interact online. CCN had 69% more new visitors in one year and country access rank was:

1. USA
2. Brazil
3. UK
4. Mexico
5. Colombia
6. Canada
7. India
8. Australia
9. Germany
10. Spain

Regarding the origin of traffic, 52% of visitors came from search engines (Google, Yahoo, Bing, etc.), 26% from reference sites (e.g.: ICO website) and 22% from direct traffic. The average time spent on the CCN was around 3 to 4 minutes. Users' needs included coffee business opportunities, specific coffee connections and community customization.

FIGURE 3 – Source of visitors in March 2010



FIGURE 4 – Source of visitor in March 2010



Technological development was required as internet technology evolves quickly. New web 2.0 service tools needed to be developed and the CCN needed to be customized to meet participants’ requirements. However technological updating without a solution to the mediation problem would not be an effective step forward. The Network had been managed by the consultants at no cost to the ICO for the previous 18 months but required further investment, either from the ICO or private partners.

The consultants’ experience with CCN matched that of the managers of other social networks with regard to mediation: the limitations caused by the transient character of voluntary mediators. With few exceptions, mediators last until they develop their own network of acquaintances and then leave mediation. The solution to this problem is professional mediation to support the ever-changing team of voluntary mediators.

Options for the future would need to be considered which could include transferring the management and operation of the CCN and sharing future profits. Although the fact that it had been initiated under the auspices of the ICO had many benefits, taking it outside the ICO could allow greater freedom of operation.

The consultants estimated that the platform structure update, maintenance and 12 months of mediation would cost around US\$ 40,000 to the ICO.

4. THE WAY FORWARD

At the meeting, the Executive Director noted that the CCN was a valuable initiative and consideration needed to be given to its future development. He highlighted the need for additional human and financial resources that the ICO was unable to provide in order to enhance the performance of the CCN and welcomed ideas on taking it forward. Several members expressed disappointment that the CCN required further resources so soon after the original investment had been made. The Promotion Fund was almost exhausted and consideration would need to be given to finding resources to continue operating the CCN, or not proceeding further.

The Executive Director also pointed that there were various ways of marketing coffee on the internet and members should consider whether this was the best option, or whether there were better alternatives. The costs of the CCN came from coffee producers and members should bear this fact in mind. The point made was that it would be wasteful to lose the investment that had already been made and it would be useful to continue developing the CCN.

It was discussed that ICO's reputation was a significant asset. Avenues for making the CCN self-sustainable needed to be explored and the Executive Director should be given flexibility to look at the various alternative options and solutions for generating resources, while safeguarding the interest of members.

There was also a point made that this was an ICO initiative developed with ICO resources and members should not lose sight of the original aim of benefitting the coffee sector as a whole. It was also suggested that it would be useful to have a detailed assessment of the CCN which would analyze what had been done and problems which had arisen.

The Promotion Committee decided to authorize the Executive Director to explore all options for the future of the CCN, including discussions with private enterprises as well as with the consultants who assisted the ICO in creating this project, taking into account the interests of the ICO.

It noted that the Executive Director would invite the consultants to advise him about possible solutions for the management and development of the Network and, in any negotiations with interested parties he would raise the possibility of recovering some of the original investment.

5. CCN STATUS AND STATISTICS IN MAY 2010

By May 2010, CCN had received more than 47,000 visits or more than 170,000 page views from 165 countries since the beginning of its operation. The average time spent on the Network was around 3 minutes.

The country access rank was:

1. USA
2. Brazil
3. UK
4. Mexico
5. India
6. Canada
7. Colombia
8. Australia
9. Germany
10. Italy

Regarding the origin of traffic, 35% of visitors came from search engines (Google, Yahoo, Bing, etc.), 25% from reference sites (e.g.: ICO website) and 37% from direct traffic. The figures below show the general status of the network.

FIGURE 5 – General overview of visits from November 2007 until May 2010

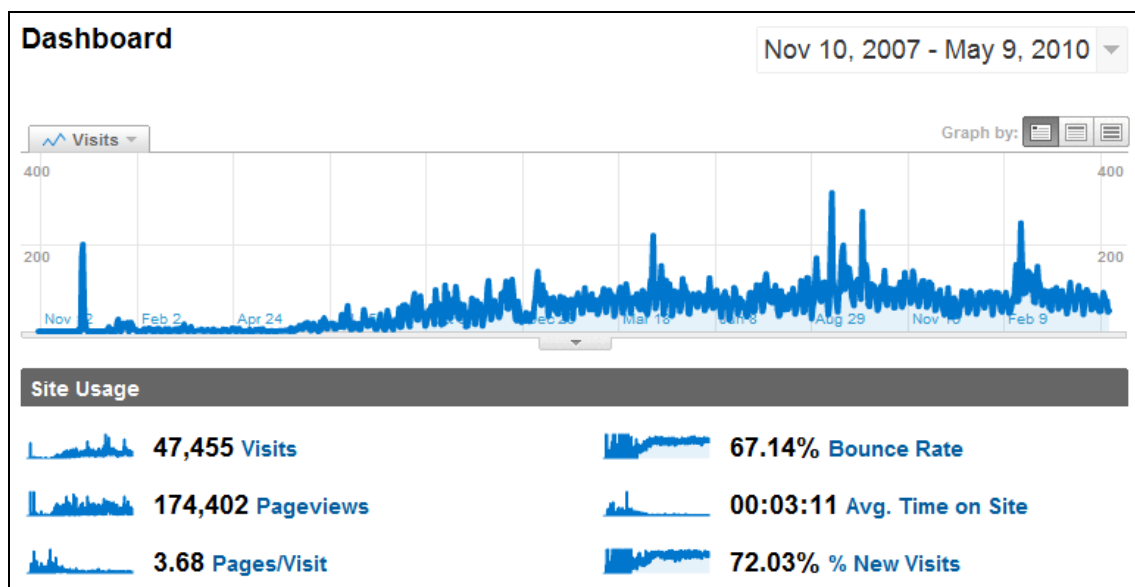


FIGURE 6 – Countries access rank in May 2010

Visits		Pages/Visit		Avg. Time on Site		% New Visits		Bounce Rate	
47,455		3.68		00:03:11		72.10%		67.14%	
? % of Site Total: 100.00%		? Site Avg: 3.68 (0.00%)		? Site Avg: 00:03:11 (0.00%)		? Site Avg: 72.03% (0.10%)		? Site Avg: 67.14% (0.00%)	
Detail Level: <input type="text" value="Country/Territory"/>		Visits ↓	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate			
1.	United States	11,205	1.94	00:01:08	80.32%	80.43%			
2.	Brazil	6,130	7.13	00:07:36	46.62%	46.25%			
3.	United Kingdom	3,725	3.94	00:02:49	80.11%	65.05%			
4.	Mexico	2,134	4.36	00:03:27	60.68%	61.57%			
5.	India	1,957	5.11	00:04:30	72.87%	59.43%			
6.	Canada	1,493	2.12	00:01:28	86.60%	79.77%			
7.	Colombia	1,453	3.62	00:03:31	70.20%	65.66%			
8.	Australia	1,324	1.77	00:01:20	90.33%	80.14%			
9.	Germany	1,164	2.81	00:02:01	60.31%	71.39%			
10.	Italy	741	3.89	00:02:42	68.15%	60.86%			

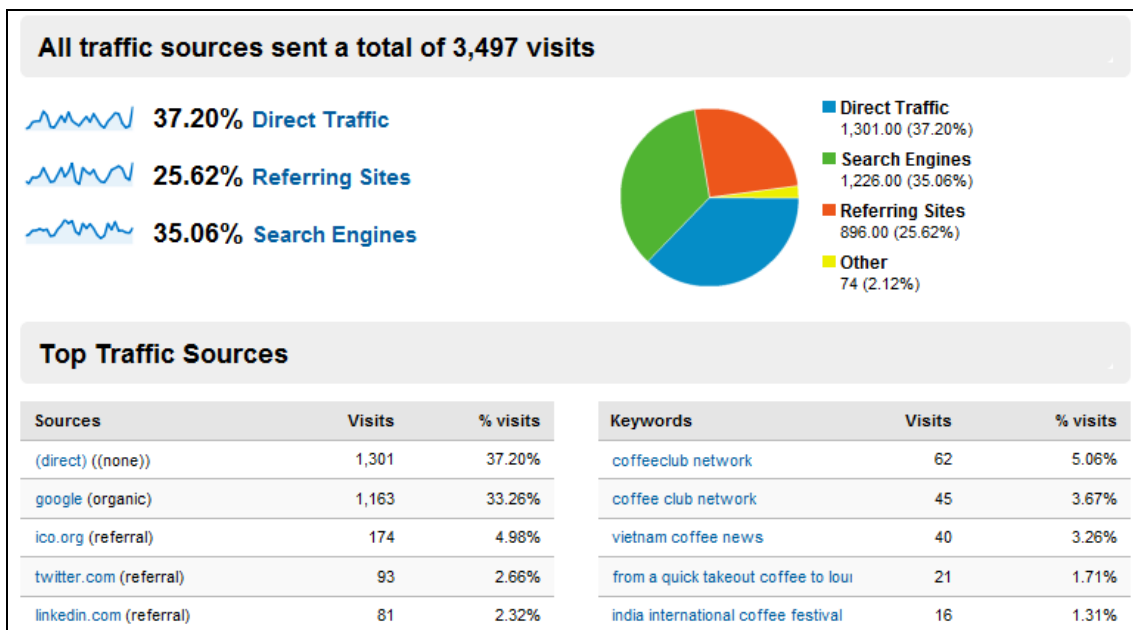
FIGURE 7 – Source of visitors in May 2010



FIGURE 8 – Source of visitors in May 2010 - cities



FIGURE 9 – Traffic analysis in May 2010



6. CONCLUSIONS

The CCN clearly showed its potential to become an important virtual platform in the coffee world. There is no other platform in the internet today that presents all features and possibilities offered by the CCN Network.

Unfortunately, the platform is technologically outdated, requiring immediate investment to continue its growth.

For the future, ICO could consider new investments to the software and the creation of a mediation structure among its own staff. Another idea would be for the ICO to establish partnerships with investors in order to share risks, but continuing to have a key role in the development of the Network. Still another idea would be to transfer management of CCN with a profit sharing agreement, but retaining the ICO's founding role.

APPENDIX 1

COFFEECLUB NETWORK CONCEPT AND STRUCTURE

The CoffeeClub Network is a virtual platform, or a virtual social network, focused on coffee relationships. Its objective is to establish virtual interaction among individuals, companies and institutions related with the coffee world.

Virtual social networks aim to organize and strengthen connections between people and companies. They develop new capabilities and forms of interaction using the opportunities and advantages offered by information technology and the web structure. As example, there are many successful networks like the Facebook, MySpace, LinkedIn, Twitter, Orkut, etc.

The basic feature of a social network is to allow users to exchange information among each other by means of forum tools and/or instant messages. Other possibilities include the exchange of files, like video, photos and documents or presentations. By doing this, users strengthen their relationships of the real world or establish new relations, including new friendships and business contacts.

The CoffeeClub Network was designed to enrich and maximize coffee connections. It uses three main tools, or virtual environments in its structure to promote interaction:

1 – Homepage: the place where all new participants and visitors come first. It comprises all updates and information about the network;

2 – Communities: a second level platform inside the network. Discussions take place in communities – virtual environments coordinated by a mediator and a team of collaborators – which, through debate and sharing of information, involve the network participants in a collective construction process. Each community has its own objectives and they are designed to receive all content posted by members. Each member can create his/her own community;

3 – Profile: the members' page at the Network. That is the place where users show their personal data, interests and other relevant information.

It is the interaction in the communities by its members that creates the whole CoffeeClub environment.

The Network brings together various agents of the international coffee market, under the coordination of a governing body (network governance) to create, in a collective, collaborative and shared manner, new coffee connections.

The management structure of the network is described below:

- the Management Group, made up by ICO staff and the Consultants;
- the Mediators, made up of individuals, like institutional representatives, company professionals, consultants, researchers and other members;
- the Participants, made up of members of the coffee world, mobilized by the Management Group and the Mediators.

A process of journalistic information management takes place simultaneously with the structuring of the network. That's why the CoffeeClub Network is now a reference as a source of coffee information in the web. This job is key to the success of the network and is performed, mainly, by the Management group.

Initially, the process of information management seeks to give cohesion and objectivity to participation in the network through a journalistic coverage of all important coffee subjects that are being discussed at the moment in many different platforms in the web. Those topics serve as catalysts to promote discussion and interaction.

All the content in the CoffeeClub communities is also published in other social networks, like Twitter (www.twitter.com/coffeeclubnet), Cafés do Brasil Network (<http://www.peabirus.com.br/redes/form/rede?id=134>), LinkedIn (<http://www.linkedin.com/groups?mostPopular=&gid=2783436>), etc. The objective is to spread the information throughout the coffee web, reaching as many people as possible.

Two main objectives derive from interactions within the CCN:

- Coffee information exchange;
- Build up new connections.

The CoffeeClub has the goal to position itself as a connection platform in the web for all people related with the coffee industry. In the near future, it will serve as a link to other sites and social network communities. By promoting virtual interaction, the CoffeeClub can help people and organizations to establish a better communication among each other.