

**Marketing insights for coffee
companies selling to coffee
consumers at home.**

Beyond the Beans and Machines.

**zero
decaf**

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Beyond the Beans and Machines

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Introduction

This report is for coffee professionals who market to coffee consumers making gourmet coffee at home.

These consumers buy coffee and coffee subscriptions. They buy coffee brewers and espresso machines, they buy coffee grinders and perhaps some other accessories.

Your task is to persuade them to spend their money on your coffee beans or your coffee equipment.

The key questions addressed within this report are:

1. Who are these consumers? Who is within your target market?
2. What do they actually want from you?
3. Why would they buy from you, rather than from your competitors?

As I seek to answer these questions, I am working within some basic assumptions and observations about the specialty coffee industry.

First, the industry is relatively young. For the sake of argument, let's say the industry was born, at least in the public eye, in 1966, with the opening of the first Peet's Coffee & Tea store.

In other words, the industry is less than 50 years old.

Coffee companies of all stripes are still looking for new ways and hopefully the best ways to stake their claim. And consumers are still learning, and unsure about which coffees they should buy, from which brands, and with what equipment they should brew their coffee. The industry is still volatile, shifting and rich in opportunity and pitfalls.

Second, I see the market, and coffee buyers, divided into three broad groups.

Group 1: Buyers of low quality ground coffee in cans and plastic tubs.

The big brands in this area are Maxwell House, Folgers, Yuban and so on. These brands dominate the low end of the market, their core attraction being their low price.

Based on what I hear from consumers, through my consumer informational website, CoffeeDetective.com, the quality of these coffees is in rapid decline, and a growing number of people are abandoning them and looking for alternatives.

For Kraft and Smucker's, this is a numbers game. They are doubtless aware they are losing customers, but keep their eyes on the math that holds the majority of their customers captive because of their low pricing. (As far as I can see, the only companies making a real effort to gain from these companies' losses are Starbucks and GMCR.)

Group #2: Buyers of single-serve brewers and coffees.

The single-serve market is even younger than the specialty coffee market. It is also the most dynamic right now. GMCR (or Keurig, before its purchase) and other companies entered the market with a more sophisticated understanding of what coffee drinkers actually want. Yes, they want gourmet coffee, or something close, but above all they want convenience. Regardless of what they buy, across any industry, consumers crave the easy button. And that's what the Keurig, Senseo, Nespresso, Tassimo and other brewers are giving them.

The lure of convenience has, so far, overwhelmed negative considerations, like the cost of single serve coffees and their negative environmental impact.

Put simply, a lot of people don't care, just so long as you make brewing easy for them.

Group #3: Buyers who really do want to make a great cup of coffee.

These coffee drinkers care about the quality of the coffee beans they buy. They also experiment with different brewing methods.

Of course, this last group can be divided into sub-groups. At one end are the buyers who pick up a bag of beans at the supermarket and then may brew them in a brewer that is incapable of making good coffee. At the other end are single-origin or estate buyers who check out the roasting date before buying, invest in a quality grinder and make sure their brewing system is up to the task.

There is a significant opportunity to be found in understanding the layers within this last group, and giving buyers what they want (rather than what you think they should have).

A consequence of youth...

This industry is still young and in a state of constant movement and flux.

One result, with the exception of those marketing single-serve brewing systems, is a singular lack of sophistication when it comes to marketing.

For example, someone with the best of intentions may establish a new roasting business, announce the arrival of their artisanal roasted beans, and hope people will rush to buy them.

Or a small company might create a new version of the press pot, or a new kind of pour-over system, and do the same. They launch their offering and hope for the best.

This isn't marketing. This is wishful thinking.

Large companies are just as guilty. Manufacturers of drip brewers have sat to one side, twiddling their thumbs for an entire decade, while single-serve brewers bit into their profits. I have yet to see any large marketer of drip brewers write a promotion that says something like, "5 Really good reasons why a drip brewer is better than a single-serve brewer."

In a sense, the industry appears to be relying on the curiosity of its customers. It's that curiosity that drives people to try different coffees and brewing systems. But again, that's not a marketing plan.

If you want to sell more, you need to focus more on your marketing and become more sophisticated in your approach.

You need to take off your rose-tinted glasses, identify your core prospects, and give them what they want.

Remember, buyers in any industry or category (with the exception of insurance) don't buy what they should buy or need to buy, they buy what they want to buy.

With that thought in mind, let's move on to the three sections of this report, beginning with the first one on Positioning and Differentiation.

Positioning and Differentiation

If you have a background in marketing you'll already be familiar with the concepts of positioning and differentiation. But there is no harm in a little refresher course. If you are not familiar with these terms, pay close attention.

First we'll look at *positioning*.

Imagine a massive flat area, like a dozen football fields, filled with hundreds of thousands of people – just a small sample of the coffee-buying public.

At the center of this area is a small hill or mound.

Climb to the top of the mound and look out over the crowd of people. You'll notice that people are clustered into groups. One group represents everyone who buys Maxwell House coffee and similar brands. Another group is made up of single-serve coffee fans. And over there is the group of true specialty coffee addicts who are devoted to hands-on coffee making methods. And so on.

Let's say you are in the business of roasting and selling high quality coffee beans. Walk around the mound until you are in front of that group of true specialty coffee addicts.

Now wave your arms until they notice you.

This is positioning. It's understanding who your prospects are, finding out where they are, and then waving your hands until they notice you.

With the story of the field and the mound I make it sound easy. In real life it's a little more complicated. Instead of being all clustered together in one group, your audience of true prospective buyers may well be scattered all over the country. There will also be gray areas of overlap between groups.

But the need remains...the first step in building a professional marketing plan is to position yourself in front of the prospective buyers who are most likely to want your product or service.

Now for the topic of *differentiation*.

Let's get back on that mound, stand in front of our group of potential buyers again, and wave. And this time let's say you are selling a single-serve brewing system of some kind.

As you stand there waving to your prospective customers, look around at where you are standing on the mound. Oops. What you'll see is a bunch of other merchants trying to sell their own single-serve systems to the same crowd of prospects. They are all waving and holding up cards that say, "Choose me!"

You are positioned in the right place. You are in front of the right audience. But...you find yourself in a very competitive environment.

Now you have to differentiate your brewer. You have to find a way to make prospective buyers see your product as being different and better, so they spend more time looking at you and less time looking at your competitors.

In the world of marketing, you would now start looking for a Unique Selling Proposition, or a Unique Value Proposition.

In other words, you would have to present your brewer in a way that communicates a unique and real value in the eyes of your prospects. You have to give people a reason to want your brewer and not any of those being sold by your competitors.

There are a couple of ways to do this. First, you look to see if there is a real and clearly visible difference that has obvious value in the eyes of your buyers.

An example of this can be found when the first single-serve brewers came on the market and they were competing, for the most part, with traditional drip brewers.

Their Unique Value Proposition went something like this. "With our brewer you can make gourmet coffee without the usual mess or hassle. Pour in the water, plunk in the K-Cup/pod, press the brew button, and you're done. Fast and easy!"

Their value was that they made making coffee easy.

Now move forward a few years and you find several different single-serve brewing systems on the market. They can no longer use that value proposition, because the same is true of all single-serve systems.

A similar situation arises among a group of artisanal roasters. They all sell fresh-roasted beans from exotic origins. They all have the same value and message to share.

And it's the same for the two coffee shops at opposite sides of an intersection downtown in the city of your choice.

In the face of competition, how can you create a unique value proposition?

You have to sell the *perception* of value. And don't worry, because *perceived* value can be a whole lot more powerful than *real* value.

Why would you buy a Rolex watch for \$10,000 when you can buy a watch that tells the time more accurately at your local drug store for \$10?
Perception of value.

Why would you buy a Porsche 911 instead of a Toyota Corolla when both will get you to the next set of red traffic lights at exactly the same time?
Perception of value.

Among discussions of positioning and differentiation, this has been one of the shortest on record. Entire books have been written on both topics.

But hopefully I have written enough for you to sit back and consider your own coffee business.

Are you crystal clear about your positioning? Are you in front of the right audience?

And have you defined a Unique Value Proposition for your products and/or services? Are you giving your prospects a powerful reason to choose you over the competition?

I believe these questions are particularly important when applied to the specialty coffee business. At the risk of sounding blunt and rude, it seems to me that most companies in this space, in spite of being in a very competitive marketplace, understand little about either the concept of application of perceived value.

To illustrate what I mean, let me highlight an exception among single-serve brewers.

With its Nespresso brand, Nestle has done a great job of differentiating itself through the use of high-end product design, high-end photography and celebrity endorsement. They give the impression of being the Porsche of single-serve brewers, and attract a particular slice of the market – who are willing to pay more – as a result.

Among other companies selling brewers of any kind...it's hard to find a similar example.

Does this mean you have to spend a ton of money in order to create the perception of value? Not at all. One very powerful way to do this, at relatively low cost, is to tell the best stories. And, fortunately for us, the specialty coffee business is blessed with an abundance of great stories.

Storytelling is the topic of the next section.

The Power of Storytelling.

Check out the website for Jack Daniels.

It isn't about whiskey. It's about the story and origins of Jack Daniels. It's about the town of Lynchburg, Tennessee. It's about craft and culture and nostalgia. It's about getting together as a community of friends at events created or sponsored by Jack Daniels.

When you sell whiskey – or whisky - you are in a competitive environment. You need to pay attention to positioning, and differentiation.

And one of the best ways to do this is through the use of story. You build a unique and irresistible brand by telling the best and most compelling stories.

As some companies in the coffee business have already figured out, coffee is blessed with an abundance of stories.

Coffee comes from exotic, tropical locations. The farmers toil long and hard. Coffee roasters work with steampunk machinery that is reminiscent of Victorian blast furnaces. The brewing of coffee can be transformed into performance art with hands-on brewing methods.

Not to mention the history of coffee, or the stories of historical figures changing the world over cups of coffee in coffee houses.

If Jack Daniels can differentiate its whiskey through storytelling, with only sour mash and some pictures of oak barrels to play with, imagine the potential for coffee.

As I mentioned, coffee shops and some roasters are already tapping into the power of story as a tool of differentiation.

But many in the specialty coffee business are yet to jump on board and are trying to communicate value simply by describing – often in the blandest terms possible – the origins of their coffees or the features of their brewers.

Origins and features alone are boring. Add story, and you can bring them to life.

Coffee stories also lend themselves to multimedia – photos, videos, slideshows and more. This is a perfect match for today's social web.

If you can't easily see a coffee "story" in your mind's eye, think of Juan Valdez. A fictional character, created by the Doyle Dane Bernbach ad agency back in 1958, Juan Valdez was at the heart of a story that differentiated Colombian coffees and attracted a huge and loyal following of coffee drinkers for several decades.

Another example is Rogers Family Company Coffee & Tea. They bring their story as a family to the front of the "store", and include employee profiles, to differentiate themselves from their competitors.

Stories are hugely powerful, and if you are not creating stories around your own coffee products or services, you are missing out.

Once you have hooked your audience with storytelling, and brought them to the product and subscription pages on your website, you then have to convert those visitors into buyers.

You have to convert their attention into sales.

Sales Page Optimization

Speak to any veteran of the direct response industry and they will tell you there is both an art and a science to getting people to click the “Buy” button on a product page, or click the “Sign me up” button on a subscription page.

Direct response advertising is a branch of advertising and marketing that lives or dies by results. Over the decades millions of tests have been conducted to determine which approaches work the best.

Online, this discipline is called sales page optimization. It’s about designing and writing a page that is optimized to maximize conversion rates. In other words, the task is to maximize the number of page visitors who complete a purchase.

In some areas of commerce online this discipline is fairly well advanced. In particular, many companies that sell subscriptions and memberships online have taken on board the best practices of traditional direct marketers.

But in the world of coffee sales, most sales pages reflect the title of this report. They are simple about *beans and machines*. “Here are our beans and here are our machines. Buy them if you want.”

Simply describing your products or subscription services is not the way to maximize sales. The features of a product don’t make people buy. What people buy are the benefits. And they buy the story.

And selling online is different from selling from a physical page or leaflet. You need to move people from one page to the next, and the next. In other words, within every ecommerce website there need to be sales funnels, where you move people from your homepage or an information page through to a sales page. How you create these funnels, and move visitors through them, impacts sales dramatically. It’s that simple.

In addition, there are numerous “secrets and tricks” to maximizing sales conversion rates.

The correct use and placement of simple words and phrases like *now*, *free*, *bonus*, *limited time*, *limited supplies*, *today*, *new*, *last chance* and others can make a huge difference. (If you think those kinds of tricks don’t work with “your audience”...sorry, but you’re wrong. They work with all audiences, right up to the buyers of Rolls Royce cars.)

The design of a sales page also makes a big difference. In most cases the layout of the page should not be the same as on your other pages.

The text within the “Buy” button makes a difference, as does the color of that button.

There is a huge amount of data on this topic. Every aspect of selling online has been tested in almost every way imaginable. There is a science to this, and when it’s applied well, it makes a huge difference to your conversation rates and revenues.

The one area where you can very quickly improve results is on coffee subscription or club membership pages.

I have yet to see one of these pages that has been expertly optimized to maximize sales.

Of all aspects of coffee marketing I have studied, I believe the biggest and fastest wins can be achieved through paying more attention to the science of sales page optimization.

Wrapping it up...

As I mentioned in the introduction, the specialty coffee industry is relatively young. It is full of youthful exuberance and excitement.

Old, established companies are, with some exceptions, trundling alone in a predictable manner. Younger companies are making significant innovations. Startups are bravely jumping into the fray, some succeeding and others falling by the wayside.

This is a time of change and innovation, and there is still plenty of time for smart companies to make a difference.

From my perspective, as a professional online marketer and writer, I see endless opportunities for coffee companies to improve on how they market their products and services.

This is why I founded [ZeroDecaf Marketing](#). Our core expertise reflects the three sections of this report – Positioning & Differentiation, Storytelling and Sales Page Optimization.

If you feel we can help your company in one or more of these areas, please contact me at nick@zerodecaf.com.

And if nothing else, I hope you found this short report to be both stimulating and useful.

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