

## Café Campesino: Coffee As A Force For Good

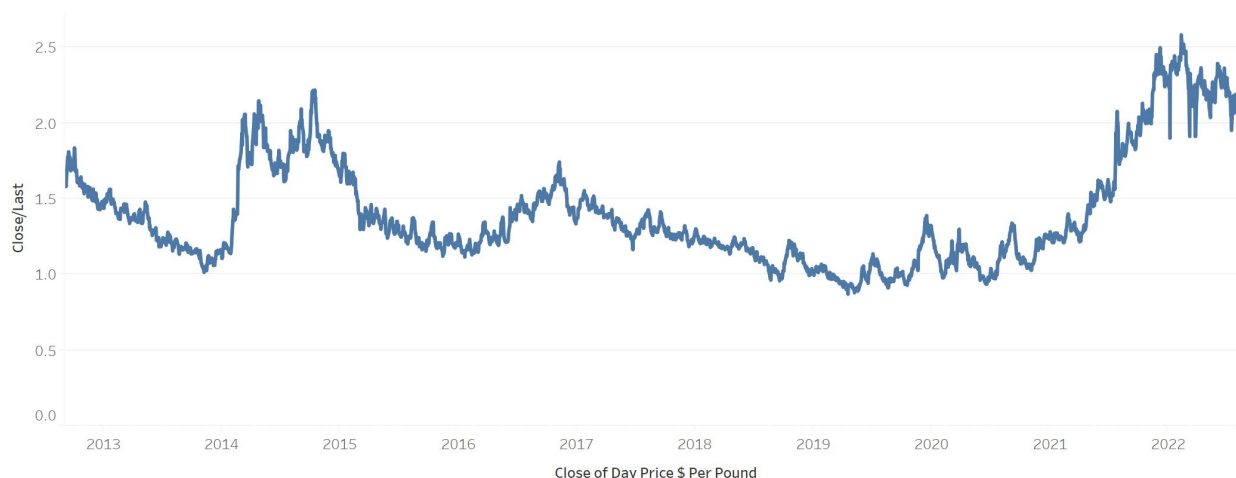
Café Campesino is a certified B Corporation based in Americus, Georgia. The explicit intention behind the company is to provide a fairer market in coffee between consumers in the US and coffee farmers in places such as Guatemala.

### From Farmer To Consumer

Coffee cherries are harvested from bushes. Removing the bean at the center and drying these gives green coffee. Green coffee is then roasted, which brings out caffeol, an oil that gives coffee its dark appearance. Special processes can create decaffeinated coffee or instant coffee<sup>i</sup>.

There are two main varieties of coffee plant: Arabica and Robusta, with Arabica seen as higher quality and often used as the benchmark price. Coffee is traded as a commodity in New York (see coffee prices in Figure 1).

*Figure 1. The Commodity Price Of Coffee In Dollars Per Pound<sup>ii</sup>*



Coffee producing countries tend to be less wealthy than consumer countries. Indeed, a recurring theme in discussions about coffee has been the relatively weak power of coffee producers.

This problem has existed for a long time. The United Nations helped broker an agreement to set up the International Coffee Organization (ICO) in 1963, with the latest revision of the agreement taking effect in 2011. (The Millennium Development Goals were the predecessor to the Sustainable Development Goals):

*The Agreement recognizes the contribution of a sustainable coffee sector to the achievement of internationally agreed development goals, including the Millennium Development Goals (MDGs), particularly with respect to poverty eradication.<sup>iii</sup>*

As of February 2, 2022, the ICO has 42 coffee exporting country members<sup>iv</sup>, including the five largest producer countries: Brazil, Vietnam, Columbia, Indonesia, and Ethiopia<sup>v</sup>. This covers 93% of world coffee production. There are 7 importing members<sup>vi</sup>, including the EU, UK, and Japan, covering 63% of world consumption. (The EU is counted as a single member of the ICO.) Coffee consumption is high in many European countries, especially in Scandinavia, with Finland topping consumption per head<sup>vii</sup>. The world's largest market in revenue terms<sup>viii</sup>, the US, withdrew from the agreement in 1989, rejoined in 2005 under George W. Bush, and left again in 2018 under Donald Trump<sup>ix</sup>.

## **Café Campesino And Its Mission**

While on a Habitat for Humanity program in Guatemala in 1997, Bill Harris witnessed the challenging lives of coffee farmers. He did some research which suggested that farmers were getting low prices for their coffee. Indeed, at the time they had started to form cooperatives with the intention of demanding higher prices. Bill had the idea of connecting coffee roasters and other end-users in the US with the farmer cooperatives being formed. He would buy and import the green coffee, paying the farmers fair wages:

rates substantially higher than the market prices determined on the New York C market<sup>x</sup>.

Bill then founded Café Campesino (Spanish for “coffee from a small farmer”), which bought green coffee and sold it to roasters in the Eastern US. He brought in his brother, Lee, to begin roasting the green coffee, allowing Café Campesino to supply the coffee in a form usable by end-consumers. This increased the pool of potential buyers. The company in doing so became the first roaster in Georgia. To add additional experience, the brothers, Bill and Lee, recruited Tripp Pomeroy in 2005. Tripp had originally moved to Americus for a volunteer post with Habitat for Humanity and stayed to manage a restaurant in the town before studying in Washington DC and working for a marketing firm in Paraguay<sup>xi</sup>.

In December 2008, the team acquired the Sweetwater Organic Coffee company in Gainesville, Florida<sup>xii</sup>. The company sold wholesale and direct to consumers, including through coffee subscriptions. They also sold associated products, such as teas, compostable cups, and syrups<sup>xiii</sup>.

## **Cooperative Coffees**

In 1999 Bill helped set up a second organization that would later become a certified B Corp. He convened a meeting in Atlanta which established the cooperative. Cooperative Coffees is an alliance of 23 roaster members from across the US and Canada, including Café Campesino and Sweetwater. The organization imports green coffee, which roaster members prepare for their customers.

*“Our roasters know that by working together, cooperatively, they can more readily impact and multiply the positive effects of their selective coffee purchasing.”<sup>xiv</sup>*

Cooperative Coffees has also imposed a voluntary carbon tax paid by roasters. They invest the funds in producer partner communities to encourage carbon sequestration

projects. Cooperative Coffees explicitly hopes to improve the lives of small-scale farmers in Latin America, Africa and Asia.

## **Fair Trade Certified Coffee**

There are a number of ways to demonstrate ethical business practice in the coffee industry. Café Campesino is a member of the Fair Trade Federation. The principles of the Fair Trade Federation are:<sup>xv</sup>

- Cultivate New Market Opportunities
- Develop Accountable and Transparent Relationships
- Build Capacity
- Promote Fair Trade
- Pay Promptly and Fairly
- Support Safe And Empowering Working Conditions
- Ensure The Rights Of Children
- Cultivate Environmental Stewardship
- Respect Cultural, Racial, and Ethnic Identity

Many well-known coffee brands, including Starbucks, Van Houtte, Ethical Bean, and Seattle’s Best Coffee, have committed to using Fairtrade coffee.<sup>xvi</sup> According to the NGO Fairtrade America, “The Fairtrade Mark is the most recognized ethical label in the world.”<sup>xvii</sup> Coffee buyers pay a Fairtrade Premium which is used to support the producer communities. Fairtrade provides details on how this explicitly links to the UN SGDs. They suggest that, in 2019 and 2020, 64% of the premium went to SDG 2 Zero Hunger, 16% went to SDG 1 No Poverty, and the rest to SDGs 3 Good Health and Well-Being, 4 Quality Education, 8 Decent Work and Economic Growth, and 11 Sustainable Cities and Communities<sup>xviii</sup>.

## **Pricing In A Supply Channel**

How much do farmers get paid? There are a lot of factors that influence the price of coffee. Furthermore, the price of coffee on the New York markets varies considerably. It

fell to around \$1 before the COVID 19 pandemic, but since late 2021 it has been over \$2.00 per pound, rising to \$2.58 in July 2022<sup>xix</sup>.

What does this mean for prices at various points in the supply chain? A pound of green coffee beans will lose 15-18% of its weight when roasted<sup>xx</sup>. Allowing for some further wastage, let us assume that a fifth (20%) of the weight of the coffee is lost during this process. Thus, 1 pound of green coffee makes 0.8 of a pound of roasted coffee.

Obviously, coffee type (espresso versus pour over, etc.), cup size, and how strong you like your coffee influences how many cups of coffee are produced from a pound of roasted beans. In general, we might expect to get around 30 10-ounce cups per pound<sup>xxi</sup>. Thus, a pound of green coffee produces around 24 10-ounce cups. ( $30 * 0.8 = 24$  cups per pound). If farmers get about half the market price<sup>xxii</sup>, this is about 4-5 cents per cup to the farmer at current market prices. (The market price also includes money going to processors, transportation and the exporter).

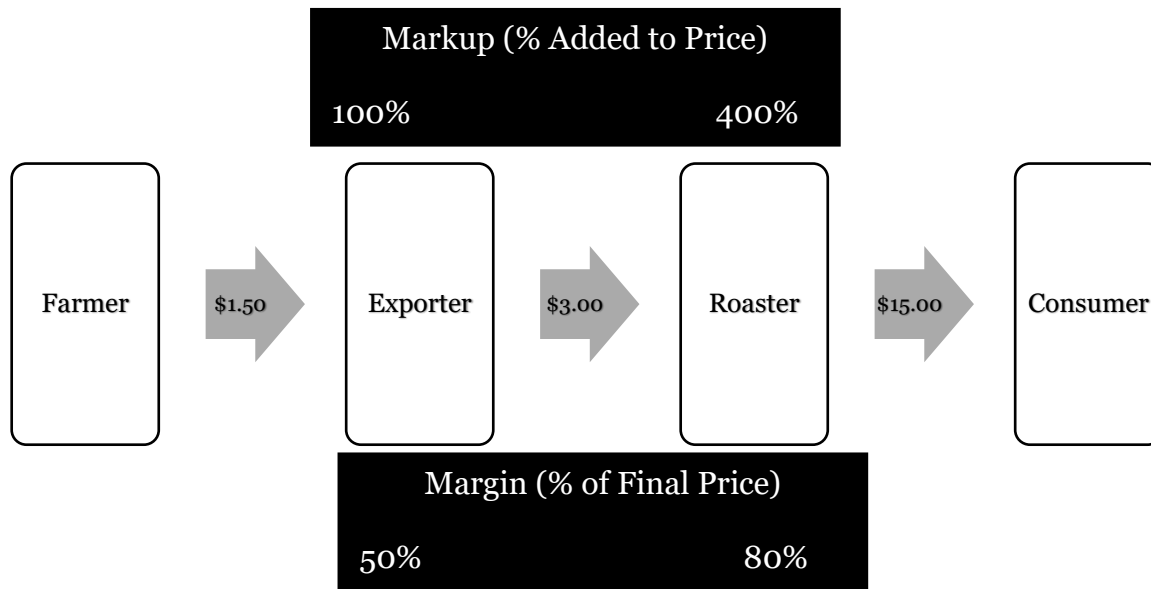
In 2019, Peter Kettler, Senior Coffee Manager at Fairtrade International, suggested that a family of four would need \$10,000 to have a living wage in Northern Columbia. A farm of about four hectares of land might produce 3,307 pounds of coffee at the Fairtrade minimum of \$1.40. This barely beats the poverty line. A price in excess of \$2 is needed for a living income<sup>xxiii</sup>.

In another 2019 analysis, the FT estimated that growers got about 1 pence (1.3 cents<sup>xxiv</sup>) per 12-ounce coffee served<sup>xxv</sup>. This was on a £2.50 purchase of a coffee at a cafe.

## **Illustration of Pricing In A Channel**

Channel pricing can be complex and depends on the players involved. Using merely illustrative figures we can look at how prices work in a channel. Imagine the consumer buys directly from a roaster for \$15. The roaster might have bought from an exporter for the equivalent of around \$3. The farmer might have sold to the exporter for \$1.50.

Clearly there are costs at all parts in the chain, but just to illustrate the math we will assume that there are not.



## Café Campesino’s B Corp Status

Given their commitment to making the world a better place, the Café Campesino team sees a natural fit with being a B Corp. They first certified in 2017, scoring 89.9. (Scoring 80 or higher gains the company the right to be B Corp Certified). As of 2021 they have improved their score to 100.1 (see Table 1).

Table 1. Café Campesino’s B Impact Score

<i>Area of Assessment</i>	<i>Score (3/4/2021 certification)</i>
Governance	18.0
Workers	16.4
Community	39.4
Environment	22.9
Customers	3.1
<b>Overall Total (Rounded)</b>	<b>100.1 (80 meets B Corp requirement)</b>

The team is determined to be a force for good in the coffee industry and hopes for a world where coffee farmers’ lives are made better.

## Endnotes

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- <sup>iii</sup> International Coffee Organization, “History”, [https://www.ico.org/icohistory\\_e.asp?section=About\\_Us](https://www.ico.org/icohistory_e.asp?section=About_Us), accessed September 2, 2022
- <sup>iv</sup> International Coffee Organization, “Members of the International Coffee Organization”, [https://www.ico.org/members\\_e.asp?section=About\\_Us](https://www.ico.org/members_e.asp?section=About_Us), accessed September 2, 2022
- <sup>v</sup> Café Direct, “Which Country Produces the Most Coffee?”, <https://www.cafedirect.co.uk/shop/which-country-produces-the-most-coffee/>, accessed September 2, 2022
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- <sup>vii</sup> World Atlas, “The Top Coffee-Consuming Countries”, <https://www.worldatlas.com/articles/top-10-coffee-consuming-nations.html>, accessed September 2, 2022
- <sup>viii</sup> Statista, “Revenue of the coffee market worldwide by country in 2021”, <https://www.statista.com/forecasts/758662/revenue-of-the-coffee-market-worldwide-by-country>, accessed September 2, 2022
- <sup>ix</sup> Nick Brown, Daily Coffee News, “US State Department Confirms Withdrawal from the International Coffee Agreement”, Oct 22, 2018, <https://dailycoffeenews.com/2018/10/22/us-state-department-confirms-withdrawal-from-the-international-coffee-agreement/>, accessed September 2, 2022
- <sup>x</sup> Café Campesino, “Our History”, <https://www.cafecampesino.com/our-history/>, accessed September 2, 2022
- <sup>xi</sup> Café Campesino, “Our History”, <https://www.cafecampesino.com/our-history/>, accessed September 2, 2022
- <sup>xii</sup> Anthony Clark, The Gainesville Sun, “A perk of the job: All the Sweetwater you can drink”, 02/07/2009, <https://www.gainesville.com/story/news/2009/02/08/a-perk-of-the-job-all-the-sweetwater-you-can-drink/31596372007/>, accessed September 2, 2022
- <sup>xiii</sup> Café Campesino website, <https://www.cafecampesino.com/sustainable-coffeehouse-supplies/>, accessed September 5<sup>th</sup>, 2022
- <sup>xiv</sup> Cooperative Coffees, History, <https://coopcoffees.coop/about/history/>, accessed September 5, 2022
- <sup>xv</sup> Fairtrade America, “Fairtrade Certified Coffee”, <https://www.fairtradeamerica.org/shop-fairtrade/fairtrade-products/coffee/>, accessed September 2, 2022

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<sup>xvi</sup> Fairtrade International, , Fairtrade Premium spending on the Sustainable Development Goals <https://www.fairtrade.net/impact/fairtrade-premium-spending-by-sdg>, accessed November 10, 2022

<sup>xvii</sup> Fairtrade America, “Fairtrade Certified Coffee”, <https://www.fairtradeamerica.org/shop-fairtrade/fairtrade-products/coffee/>, accessed September 2, 2022

<sup>xviii</sup> Fairtrade International, , Fairtrade Premium spending on the Sustainable Development Goals <https://www.fairtrade.net/impact/fairtrade-premium-spending-by-sdg>, accessed October 27, 2022

<sup>xix</sup> Markets Insider, “Coffee”, <https://markets.businessinsider.com/commodities/coffee-price>, accessed September 06, 2022

<sup>xx</sup> Josephine Walbank, MTPAK, “How much weight does coffee lose during roasting?”, <https://mtpak.coffee/how-why-coffee-roasting-causes-beans-to-lose-weight/>, accessed September 06, 2022

<sup>xxi</sup> Brian Haines, “How Many Cups of Coffee in a Pound? (Chart of 6 Brew Methods)”, <https://enjoyjava.com/how-many-cups-of-coffee-in-a-pound/>, accessed September 06, 2022

<sup>xxii</sup> Chelsea Bruce-Lockhart and Emiko Terazono, FT, “From bean to cup, what goes into the cost of your coffee?”, June 3 2019, <https://www.ft.com/content/44bd6a8e-83a5-11e9-9935-ad75bb96c849>, accessed September 06, 2022

<sup>xxiii</sup> Peter Kettler, Fairtrade America, “We love coffee. Are we willing to pay the price?”, <https://www.fairtradeamerica.org/news-insights/we-love-coffee-are-we-willing-to-pay-the-price/>, accessed September 06, 2022

<sup>xxiv</sup> ExchangeRates.Org.Uk, “British Pound to US Dollar Spot Exchange Rates for 2019”, <https://www.exchangerates.org.uk/GBP-USD-spot-exchange-rates-history-2019.html>, accessed September 06, 2022

<sup>xxv</sup> Chelsea Bruce-Lockhart and Emiko Terazono, FT, “From bean to cup, what goes into the cost of your coffee?”, June 3 2019, <https://www.ft.com/content/44bd6a8e-83a5-11e9-9935-ad75bb96c849>, accessed September 06, 2022