



fair trade coffee

good coffee. good cause.

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EXECUTIVE SUMMARY

UBC Food Services is a for-profit organization serving as the primary food supplier for students, faculty and staff at UBC, and currently employs over 400 employees throughout UBC in various food related services. They offer a wide array of food supplies ranging from chicken to napkins, and in the case of this marketing plan, fair trade coffee. Our client, UBC Food Services, had one mission statement in mind when discussing the direction of our efforts: increase awareness of fair trade coffee at UBC, as measured by an increase in fair trade coffee sales proportion.

After administering primary research in the form of a Fair Trade Coffee Awareness Survey, we found that a staggering 57% of the UBC population does not have a clear understanding of what fair trade coffee is. Thus, a huge opportunity currently exists to educate the campus about what fair trade coffee is all about and why it is such a good cause. Survey results confirmed this extraordinary opportunity in that after unknowledgeable consumers gain awareness about what fair trade coffee is, they are willing to pay more for the product and thus place it at a higher value.

To help our client achieve its goal of increasing fair trade coffee awareness on campus, our team has compiled an education program for UBC Food Services in the form of several activities. The program's five components are 1) The Fair Trade Coffee Punch Card to encourage fair trade consumption at UBC retailers, 2) Point of Purchase Displays and Retailer Education to increase involvement of day-to-day coffee purchases, 3) Fair Trade Coffee Tastings that will boost awareness around campus, 4) Specially-printed Hot Beverage Sleeves or Stickers to help recognize fair trade coffee purchases amongst consumers, and 5) Posters and Pamphlets placed at high traffic retail locations around campus. Threaded throughout the program is a bold, bright design schema for fair trade coffee that holds the logo, "good coffee. good cause." In the following pages, UBC Food Service's story will unfold, as well as our strategic recommendation plan for their company.

CUSTOMER ANALYSIS

UBC Food Services divides its customers into three categories - students, faculty, and support staff/other. The first two are by far the largest and account for the bulk of sales at UBC. The last category includes both plant operations and the increasing number of condominium owners on the UBC campus.

People sometimes forget the scope of operations at UBC. The university has 32,376 undergraduate students and 7,045 graduate students, as well as 3,342 international students. There are 1,883 full time faculty and 4,695 full time staff at UBC. UBC itself is the second largest employer in BC, and its somewhat remote location gives any retailers located there a large customer segment to service, which cannot travel far during breaks from work or study.

An amazing 63% of adult Canadians drink coffee daily, with an average of 2.6 cups per day. This adds up to roughly 15 billion cups a year. Coffee is second only to water as a proportion of all beverages consumed. In world trade, only oil is imported and exported more.

Of course, most students do not consume coffee at such a frenetic pace. Still, the amount is considerable. At Vanier residence in February, 2,200 12 oz. cups of coffee were sold, as well as 2,750 16 oz. cups. At 99 Chairs, for the winter semester from September to December, over 5,000 cups a month were sold. Regardless, the takeaway lesson here is that coffee consumption is significant at UBC.

Customers, however, are by and large unaware of what *fair trade coffee* is. According to the Coffee Association of Canada, only 17% of adult coffee drinkers were aware of fair trade coffee in 2003, with 8% saying they had purchased fair trade coffee at some point. This 17% compares favorably, however, with 11% awareness in 2001, so some progress is being made. Ultimately, it's safe to say that UBC Food Services will have its work cut out for them.

Survey

The purpose of the survey is to answer three questions regarding UBC residents and fair trade coffee. First, we needed to know what proportion of UBC students already know what it is and how many do not. Then, if we separate UBC residents into two groups of those who *do* know and those who *do not* know what fair trade coffee is, is there be a difference in the amount of money they would be willing to pay for fairly traded coffee? Lastly, if we gave a brief, concise definition of fair trade to the unknowledgeable group, would their average increase in willingness to pay match that of the knowledgeable group? (see **Appendix A to view survey layout**)

Question 1 - "How much coffee do you drink at UBC?"

This question was listed first in order to make sure the survey would only be administered to residents who consume coffee on campus.

Question 2 - “Where do you buy coffee on campus?”

This question is primarily designed to tell us where the optimal locations for a fair trade education program would be. We chose six high traffic areas and an “other” option for any unlisted coffee retailer locations. Respondents were instructed to choose as many locations that apply so these proportions exceed 100%. The SUB location was by far the most popular with 43% of respondents buying coffee there at least once a week, and often a lot more. Of the “other” option, the only noteworthy alternative was Arts 200.

Question 3 - “Do you know what fair trade coffee is?”

This is not the pivotal question in terms of deciding whether a respondent is qualified as being knowledgeable or not. If a response was listed “no” it went straight to the “unknowledgeable” group, but if a response was “yes” a correct definition for Question 4 would also need to be present for the respondent to be classified as “knowledgeable.” Therefore, once the groups were arranged we were able to find the proportion of residents with a misconception of fair trade coffee. Some common responses include stating that fair trade coffee is “organic, being low quality, being high quality, coming from Africa, coming from Colombia, and costing twice as much as regular coffee.”

Question 4 - “If yes, describe in your own words what fair trade means.”

This question made sure respondents actually did know what fair trade coffee was and eliminated dishonest or incorrect results.

Question 5 - “About how much of the coffee you drink is fairly traded?”

This question is meant to examine customer preferences regarding fair trade coffee and the differences between the two groups.

Question 6 - “Was your last cup of coffee fair trade?”

The question we wanted to answer here was regarding the proportion of respondents who could not remember if their last cup of coffee was fair trade and if there would be a significant difference in this proportion between our two groups. There was a difference, by almost 20%; respondents who are knowledgeable pay closer attention at the point of purchase.

Question 7 - “How much more would you be willing to pay for a cup of fair trade coffee over regular coffee?”

This response was used to measure how much value was conveyed by the term “fair trade,” even among ignorant respondents.

Question 8 - “When you buy coffee, do you know if you are buying fair trade or not?”

This question is meant to examine the success of point of purchase marketing of fair trade

coffee at UBC thus far. Our survey finds that nearly 74% of residents are either not paying attention or the attempts at advertising fair trade have thus far failed in terms of point of purchase signage.

Question 9 - “Fair trade coffee is coffee that has been sold to make sure growers receive a reasonable wage from the coffee they grow. Knowing this, how much more would you pay for fair trade coffee over regular coffee?”

Here we wanted to know how much more a previously unknowledgeable person would pay for fair trade coffee once a brief description was given.

Survey Results

The proportion of unknowledgeable residents is about what we expected at 57%; this figure also includes residents who hold an incorrect definition *but claim* to be knowledgeable (**see Appendix B for full survey analysis**).

Some of our results were quite interesting, in that people who have a correct definition of fair trade are willing to pay 17 cents more while those who carry no definition or an incorrect definition are only willing to pay 10 cents more. This is also fascinating since we can conclude that even people who do not know what fair trade is view fair trade as an ethically superior option and are willing to pay more based on their small fair trade coffee knowledge base. The findings for question 9 (which describes what fair trade coffee is) are favorable for our ensuing education initiative, as the average willingness to pay for fair trade coffee rose within the unknowledgeable group to meet the knowledgeable group at 17 cents. Respondents are *more* willing to pay once they become aware that fair trade is the ethically superior option.

We found that a relatively large proportion (19%) of respondents carry a misconception of fair trade from our analysis of questions 3 and 4. Since all responses were arranged into the two groups based on question 4, incorrect responses who also claimed in question 3 to be knowledgeable about fair trade coffee were therefore labeled as “misconceptions”.

Also, not surprisingly, knowledgeable respondents were less likely to forget whether they had previously bought fair trade or not. Knowledgeable respondents were nearly 20% less likely to forget or even notice whether or not they had recently bought fair trade coffee.

Survey Implications

There are several important implications from this survey. The floor and ceiling of what prices can be charged for fair trade at UBC has now been defined. If an extensive education program - one that uses the definition of fair trade as its focus - were to be put in place, retailers could presumably charge up to but not more than 17 cents per cup *more* for fairly traded coffee than non-fairly traded

coffee. The survey makes the goals of an education plan clear; UBC residents are most of the time unaware of what fair trade means or carry a misconception of it, and in order to make this alternative more attractive it must be viewed as the ethically superior option. In many cases, UBC residents had no idea what fair trade consisted of but were somewhat convinced of its superiority - and were willing to pay more for it. Therefore, presenting fairly traded goods as ethically superior, as well as superior in quality, will likely shift the preference of UBC residents in this respect.

COMPETITOR ANALYSIS

The mission statement given to us by UBC Food Services is to spread awareness of fair trade coffee at UBC. Consequently, we view regular coffee to be the main competitor of fair trade coffee rather than any particular store or brand.

Fair trade coffee must compete head to head with regular coffee, often times within the same store, when a choice is offered. Regular coffee often has a price advantage as it is cheaper to buy. If we are unable to convey the value of fair trade coffee, people will not be willing to pay the extra \$.10 or so it takes to supply each cup of fair trade coffee.

Fortunately, fair trade coffee has made some strides in Canada. In fact, the government in Victoria recently made the news for serving only fair trade coffee. Even so, many misconceptions exist for customers, which we have seen in the survey analysis.

Coffee as a whole also faces competition from beverages in general, but most students drink coffee for its caffeine, making the coffee resistant to these forms of substitution. Our marketing efforts will examine students who want coffee rather than a generic beverage, and how to convince them to ask for FTC. We will also concern ourselves with people who buy their coffee at UBC, as this will help limit the scale of what we must do.

While regular coffee is the main competition that our recommendation tackles, an examination of UBC Food Services' competitors that serve coffee is important to note. UBC Food Services must compete with many stores, several of which are owned and operated by the Alma Mater Society.

The AMS itself is a significantly large organization. It owns several businesses and provides employment for over 400 students. The more significant AMS coffee sellers include Blue Chip Cookies and Bernoulli's Bagels located in the Student Union Building. It is worth noting that all AMS food and beverage outlets have switched over to 100% fair trade coffee.

There are also other vendors on campus that are independent of UBC. The UBC Village is one example, which, while not technically part of UBC, is located very close to it in both proximity and in students' minds. Stores at the village range from specialty shops like Starbucks, to the ever-ubiquitous McDonalds.

In general, convenience plays a powerful role for consumers in determining which store they decide to purchase from. Coffee shops run by the AMS, such as Blue Chip Cookies, have prime real estate. Making issues more difficult is the fact that Blue Chip serves fair trade coffee as well. As a result, we doubt consumers will be willing to travel any extra distance to buy coffee simply because it is fairly traded.

The simplest way in which to increase consumption of fair trade coffee is to simply stop serving regular coffee. However, according to UBC Food Service's experiences at 99 Chairs, customers enjoy choice and resent being forced to pay for something they may not want. If UBC Food Services is forced to pay for the extra cost, the organization will reduce its effectiveness in making money for the University. Also, consumers themselves may be unaware of the benefits of fair trade coffee or what it is. Merely presenting the choice helps educate consumers and creates awareness of the product. The success of our marketing campaign could determine who bears the cost premium for a cup of fair trade coffee - the consumer or UBC Food Services.

CHANNEL ANALYSIS

FTC Sales Volume

Determining the sales volume of FTC on campus is a difficult task. Each retailer, if it is part of UBC Food Services or managed by the Alma Mater Society (AMS), has different systems regarding FTC sales, as it will be explained in the next subsection. While certain retailers sell FTC as an alternative to regular coffee all year long, other retailers sell FTC on a rotational basis while some sell coffee on a "serve yourself" system.

In the case of Totem Park and Place Vanier Cafeterias, they work on a system where you can serve yourself. There are different pots located where all the coffee related items are found (tea, sugar, hot chocolate, etc.), and each pot is labeled according to its content. Once a consumer has poured his or her 12 or 16 oz cup, he or she then goes to the cash register and is charged for "coffee." There is no way to determine what kind of coffee it was; if it is dark roast, organic, or fair trade coffee. There is no fair trade coffee label in any of the coffee pots located in either cafeteria, which makes it even more difficult to establish a higher proportion of FTC versus non-FTC sales in these locations. As an example, Vanier Cafeteria sold 2,200 12 oz cups and 2,750 16 oz cups of coffee in February this year, where no differentiation between FTC and non-FTC is made.

On the other hand, retailers such as 99 Chairs have a very precise way to monitor FTC sales in their establishment. As information provided by UBC Food Services reveals, coffee sales from September to December at 99 Chairs of FTC measured in at 1,743 12 oz cups, while regular coffee 12

oz cup sales added up to 13,574, which represents 11% and 89% respectively of total sales. In the case of 16 oz cups, FTC accounted for 16% of total sales with 794 units sold, while regular coffee represents 84% of total sales with 4,307 units sold. This clearly shows that fair trade coffee currently holds a very low proportion of total sales compared to regular coffee in this location, which also reveals the outstanding growth potential for FTC sales on campus.

Map of locations of FTC retailers at UBC (Please see Appendix C for Map)

Student Union Building (SUB)

The Student Union Building is located on Student Union Boulevard between the North Parkade and the Aquatic Centre. It is a centre of student activity due to the cafeteria, travel agencies, haircut salon, movie theater, arcade, night club, bar and a art gallery. It has 3 different fair trade coffee retailer locations.

1. **Bluechip Cookies**: This store is run by the AMS and entirely student operated. They have four different kinds of FTC: Mexican, Guatemalan, Bluechip, and Swiss Water Decaf. They have the same price; the price for a 12 oz cup is \$1.36 and \$1.64 for a 16 oz cup. All coffee sold at Bluechip is fairly traded.
2. **Express on the 90**: They only sell FTC twice or 3 times a week. All of their coffee is by Starbucks, with the price for the house blend running at \$1.60 for the 12 oz cup and \$1.85 for the 16 oz cup.
3. **Bernouli's Bagels**: This is a baked goods and coffee retailer located right next to the movie theater. It only offers fair coffee and is managed by the AMS. The price for FTC is \$1.45 for the 12 oz cup and 1.75 for the 16 oz cup.

Residence Cafeterias

FTC is sold in the residence cafeterias such as Place Vanier and Totem Park. The people that go there are young students from different faculties that live in residence. The cafeterias offer different options of coffee that are brewed in separate pots. The fair trade option is called the French Roast. UBC Food Services manages the cafeterias and requires students to purchase a meal plan in order to get their discount. With the meal plan, students receive a special \$.80 price on the 12 oz cup of coffee.

99 Chairs

99 Chairs sells Seattle's Best Coffee, and is located at the corner of Main Mall and Agricultural Road. The most repetitive customers at this location are commerce students who have class at the nearby Henry Angus Building. The price for a regular cup of coffee there is \$1.80 for the 16 oz cup, and the price for FTC is \$1.87.

Starbucks by Forestry Building and at the Village

There are two Starbucks locations on the UBC campus vicinity; near the forestry building and in the Village. All Starbucks coffee is fairly traded coffee, but not all of the coffee is certified. This is because Starbucks buys coffee from small, medium and large-scale coffee farms. Starbucks pays premium prices that are substantially over and above the prevailing commodity-grade coffee prices and in 2003, when prices for commercial-grade *arabica* coffee ranged from \$0.55-\$0.70 per pound, Starbucks paid an average of \$1.20 per pound for all of its coffee. Their price for a 12 oz cup of coffee is \$1.60 and the 16 oz cup is \$1.75.

Bookstore

Steamies is a small coffee stand located in the bookstore at the corner of University Boulevard and East Mall. Their coffee is from Starbucks, and they offer fair trade coffee on a rotational basis 3 days a week. Customers are students, faculty, and staff from all the faculties with an emphasis on chemistry students.

High traffic coffee retailers

As shown by our survey, the SUB is the highest traffic coffee retailer with 43% of respondents choosing this location as the place where they buy coffee at UBC. Following the SUB, the next most popular place to buy coffee is in the University Village, either at Starbucks or Second Cup, with 30% of respondents selecting this alternative. Following is 99 Chairs, with 21% of total respondents picking this option. Starbucks by the Forestry Building holds 17% and Totem/Vanier Cafeterias holds 15%.

Target locations for education programs

Taking into account the results mentioned in earlier, the SUB and 99 Chairs are perfect locations for the educational program presented further, since they are the two highest traffic locations inside UBC. Customers at these locations are people who are familiar with drinking coffee and do so on a regular basis, making them a fruitful group to target.

Another excellent location for an education program would be Totem Park and Place Vanier Residences' Cafeterias. Customers at these locations are primarily students who are in their first or second year of college, many of which are just starting their coffee drinking habits. To capture their attention with a fair trade coffee education program means capitalizing on a group who has huge near-future buying potential at UBC.

COMPANY ANALYSIS

Mission Statement

“UBC Food Services will promote and support the University and the greater community by providing good food, friendly service and value, while maintaining financial integrity through dedicated and skilled employees. Throughout the campus at the University of British Columbia, our food service outlets are strategically located so you can access good food, quality service in a pleasant environment whenever you want!”

Description

UBC Food Services is a for-profit organization that is the primary food supplier of the students, faculty and staff at UBC, and they currently employ over 400 employees throughout UBC in various foods related services. Their sales consist of 4 major segments, which include retail operations (36%), residence dining (37%), special catering (17%), University Center - Sage bistro (8%), and other (2%).

Their retail operations are numerous with convenient locations around campus for their restaurants, mini-marts, snack and coffee bars. UBC Food Services also has a variety of restaurants that offer different styles of food, ranging from fast and affordable options like 99 Chairs to upscale dining at the Sage Bistro. They also operate residential cafeterias that are located in the Totem Park and Place Vanier residences.

When students stay in either Totem Park or Place Vanier residence, they are required to purchase one of the three meal plans offered by UBC Food Services. These three meal plans vary in size from small, medium, to large, and are based on a points system. The meal plans also allow students to purchase their meals from either of the campus cafeterias or any other UBC Food Services outlets.

UBC Food Services also offers the service of custom catering for any event at UBC. The catering service offers fine dining buffets, plated meals, receptions and barbeques. They help with the logistics, setup and coordination of events such as weddings, conventions, conferences, and tradeshows. UBC Food Services also offers themed Care Packages and Gift Baskets that can be sent to students living in residence. The available themes are birthdays, holidays, get-well, and exams.

Recently UBC Food Services has introduced ThinkFood, their own line of meals and snacks. ThinkFood was created to target consumers who demand quick and easy meals. Currently, ThinkFood consists of three products: ThinkFresh, ThinkComfort, and ThinkExotic. Two new lines are currently being introduced, ThinkHot and ThinkGoodness. The ThinkHot line includes a range of microwaveable and oven-heated foods that vary from Seafood Lasagna to Chicken Alfredo. The ThinkGoodness line consists of a variety of baked goods such as cookies, bars and loafs. Through the introduction of ThinkFood, UBC Food Services is diversifying itself into a company that not only

serves food but also offers its own unique brand.

Beliefs

UBC Food Services has a strong belief in promoting environmental awareness and in creating a sustainable food system at UBC. They have five guiding principles and goals involved with these beliefs:

1. Protect ecosystem diversity and quality.
2. Rely on food that is locally grown and produced when possible. Waste from cultivation and production must be recycled or composted locally.
3. Provide affordable, nutritious and ethnically diverse foods.
4. Enhance community through the enjoyment of food. Educate consumers about the food's cultivation, processing and nutritional values.
5. Rely on food - whether local or imported - that are produced by socially and ecologically conscious producers who receive fair prices for their products.

UBC Food Services has several initiatives in place that are helping to meet these goals. They offer discounted prices on coffee and foods to all students who reuse their mugs and take-out containers. In order to reduce styrofoam usage around campus, UBC Food Services offers reusable containers to UBC students and staff. They have also placed recycling bins for non-organic material in all of their outlets and have recently installed a new type of bin that allows students to recycle their organic waste, which is later composted and used as fertilizer for the UBC grounds. UBC Food Services also offers fairly traded coffee throughout its campus coffee shops and residences, and are in the process of expanding this offering.

Marketing and Promotion

UBC Food Services does not use a wide variety of advertising channels to market their products. This is due in large part to the fact that their target market is located in a highly concentrated area (the UBC Campus). When UBC Food Services does advertise, they rely mostly on print media in local newspapers. The primary newspapers they advertise in are community papers like the V6T and school newspapers like The UBC Report, The Point, and The Ubyyssey. The primary purpose of these advertisements is to promote special events, new products like ThinkFoods, and new locations. These advertisements are also used to inform current UBC Food Services customers of its changing hours of operation.

Along with print advertising, UBC Food Services uses other types of marketing initiatives around campus to promote its services. With the introduction of ThinkFoods, samples and coupons were given out at several of the UBC Food Service outlets. 99 Chairs, an outlet of UBC Food Services, currently uses free samples to promote fair trade coffee. Volunteers at this location devote 1.5 hours each day for one week at the beginning of each semester to distribute fair trade coffee samples to patrons waiting in line. This initiative has resulted in a significant 10% increase in the sales of fair trade coffee. UBC Food Services also uses coupons that are offered in both the academic calendar and the AMS student calendar. A yearly Campbell's contest is run by UBC Food Services to promote the soup served in all its outlets. The prizes consist of a range of bonus cards, with the grand prize equaling one thousand dollars worth of points.

UBC Food Services is also active in the sponsorship of events in and around the campus. They are one of the primary sponsors of Storm the Wall, and recently sponsored a Human Kinetics 3 vs. 3 tournament. They are also involved with goodwill initiatives around campus, such as the United Way barbeque to which they donate food supplies. Through these sponsorships, UBC Food Services promotes itself while making a positive contribution to the surrounding community.

Future Plans

UBC Food Services has an aggressive expansion plan for the next five years. They plan to spend \$5 million on new developments, renovations, equipment and furnishings. Currently they have several business projects in the works that include purchasing and installing new cash register systems in all of their outlets. They also plan to renovate both the Totem cafeteria and the lower floor of the University Center, along with many other facilities throughout UBC. UBC Food Services will also be expanding its initiatives for its sustainability goals by incorporating a more comprehensive marketing, advertising, and education campaign to increase awareness around campus.

SITUATION ANALYSIS

UBC Food Services finds itself in a situation where they must be a profitable, UBC-linked company while still offering low price, high quality food products to their customers. Fair trade coffee is amongst the product offerings that they are currently trying to promote and increase demand in. To more thoroughly examine the company's situation and environmental factors effecting UBC Food Services, a SWOT analysis has been conducted below.

Strengths

- Excellent, experienced employees who are very familiar at dealing with the food industry.

- Passionate employees who are motivated to increase UBC Food Service's bottom line while simultaneously supporting good causes, such as fair trade coffee.
- Operating as a company in close association with UBC, UBC Food Services benefits from the security and stability that a large university linkage brings.

Weaknesses

- UBC Food Services must make profit for themselves which makes the company's budget for any additional spending very tight.
- UBC itself does not provide money for UBC Food Services; instead *they must pay UBC* fees to exist.
- There is not enough staff to grow without outsourcing or hiring additional staff.

Opportunities

- Increase the sales of FTC on campus by offering FTC at more locations.
- According to our survey, an education initiative would increase FTC awareness at UBC.
- Open new coffee/food outlets on campus where demand is high and no outlet currently exists. At these locations, fair trade coffee could be sold.
- Like the AMS's current practice, UBC Food Services could support the FTC cause and increase sales by only selling FTC in all current and potential outlets. This would involve the discontinuation of non-FTC coffee sales.

Threats

- Lack of budget could make implementing a proper education plan difficult or impossible.
- Education plan might not work.
- New coffee retail outlets may be too expensive to build, and once built it is difficult to know for sure whether or not they'd be highly profitable.
- Great difficulty in changing people's perceptions and opinions for low-cost goods like coffee.
- Taste of coffee may not be perceived to taste any better than regular coffee
- FTC price is inelastic, and customers may not want to pay the extra amount.
- FTC currently has a "granola, hippy-like" reputation which many potential customers find unattractive.

OBJECTIVES

UBC Food Service's primary objective is to increase overall awareness and demand of fair trade coffee. This will be accomplished through a fair trade coffee educational program. UBC Food

Services hopes to reap increased sales through this campaign, and the effectiveness of this program will be measured by the amount of increased fair trade coffee sales proportion on campus.

It is important to note that the company is not only trying to increase their own FTC sales, but also that of coffee buyers everywhere. This will help coffee farmers earn a stable, reasonable income, while making UBC Food Services more profitable in the long run.

RECOMMENDATION

Our team has compiled an education program for UBC Food Services in the form of several activities. The program's five components are 1) The Fair Trade Punch Card to encourage fair trade consumption at UBC retailers, 2) Point of Purchase Displays and Retailer Education to increase involvement of day-to-day coffee purchases, 3) Fair Trade Coffee Tastings that will boost awareness around campus, 4) Specially-printed Hot Beverage Sleeves or Stickers to help recognize fair trade coffee purchases amongst consumers, and 5) Posters and Pamphlets placed at high traffic retail locations around campus.

Fair Trade Coffee Punch Card (See Appendix D for Visual Example)

The Fair Trade Coffee Punch Card is an involvement initiative that will encourage campus wide support for fair trade coffee consumption. The cards will be available at all vendors on campus who provide fair trade coffee. Much like non-FTC coffee punch cards, when someone buys a cup of coffee their card will be punched, and once ten punches accumulate, the customer will get their next cup of coffee free. The three primary differences between the non-FTC coffee punch card and the Fair Trade Coffee Punch Card are as follows:

- Unlike a non-FTC coffee punch card which is only usable and redeemable at specific coffee stores (i.e. Second Cup); the Fair Trade Coffee Punch Card will be redeemable at all locations selling FTC on the UBC campus. Thus, if vendors are participating in the proposed FTC education plan and offer fair trade coffee, a card owner could get their card punched at 99 Chairs one day, Second Cup the next day, and at the Pendulum on another occasion.
- Secondly, in order to get the FTC Punch Card punched, a cup of fair trade coffee must be purchased, not *any* kind of coffee drink as is the case with a non-FTC coffee punch card.
- Finally, the FTC Punch Card will be unique because the back will be covered with a clear, concise, and thought provoking overview of what fair trade is and what its implications are. In terms of design, the FTC Punch Card graphic and color usage will be in-line with the rest of the education plan initiatives in order to best reach consumers by building brand equity and offering bright,

aesthetically pleasing graphics and colors.

By utilizing this card, coffee consumers will not only be *educated* about fair trade coffee, but with the added “10th cup free” incentive, they will be apt to purchase *more* fair trade coffee as well.

Estimated cost of Fair Trade Coffee Punch Card initiative:

- We recommended that 20,000 cards per year be produced in order to match potential demand (more can be made if this supply runs out).
- An outside card supplier such as Overnight Prints charges the full price of \$639.80 US for 20,000 double sided cards; however UBC Printing Services can provide the punch cards at a heavily discounted price.

Tastings

Tastings were previously conducted at 99 Chairs in order to help spread awareness of free trade coffee and to give consumers a memorable, hands-on experience. One way in which tastings might be successful is if coffee was given away in small cups, similar to how promotions are run at Starbucks when offering new types of coffee. We will avoid comparative taste tests as this could lead to people believing that fair trade coffee is more expensive due to its taste, rather than its qualities as an ethical good.

The costs of such a venture will be very low - mainly labour for administering the tastings and the cost of the coffee samples themselves. The program will be simple enough that volunteers can be used to help reduce expenses. Whoever is handing out the coffee will need to be educated on what fair trade coffee is, however.

The tasting itself can be timed to occur at any time during the winter session due to the simplicity and ease of running the program.

Educating the Employee

One recommendation that can increase both awareness and consumption of fairly traded coffee at UBC is for UBC Food Services to educate their own employees. It is crucial that those that are serving the students and staff at UBC are knowledgeable about fair trade coffee. Employees must have a full understanding of the benefits involved with FTC so they can help increase sales of fairly traded coffee by fielding questions in an informative and professional manner. UBC Food Services must also reiterate their goals regarding the awareness program for fairly traded coffee. Essentially all employees should understand what FTC is and how important it is to UBC Food Services to increase its awareness around UBC. This should help promote FTC by increasing the overall quality of service and convert all employees into fair trade coffee advocates.

Educating all UBC Food Services employees must be done efficiently in order to maintain low costs. The education program should be delegated to outlet managers who can conduct a 15 to 30-minute seminar at the start of any new shift. The seminar should consist of a thorough explanation of FTC and a brief newsletter reiterating the definition of FTC and explaining the goals of the awareness campaign.

Point of Purchase Program

Displays

One of the main problems involved with the awareness of FTC around UBC is that most of the time consumers do not know that fairly traded coffee is available at their regular coffee outlets. In fact our survey showed that a staggering 74% of UBC coffee drinkers do not know whether they are purchasing fairly traded coffee or not. To resolve this problem we recommend a simple display that should be erected in a visible area. The display should be large and clearly state, “We proudly serve fair trade coffee.” The display’s main purpose is to notify patrons that fairly traded coffee is available at that particular outlet.

UBC Food Services is faced with another problem that involves its patrons not having a clear understanding of the benefits to fair trade coffee. Our survey showed that approximately 40% of UBC coffee drinkers do not know or have misconceptions about fair trade coffee. To address this problem a small number of informative displays should be placed around each outlet. These displays should be comparative in nature providing the benefits of fairly trade coffee vs. the drawbacks of regular coffee. One of these displays should include both visual and written material. The visual should consist of a pie chart that will compare the revenue allocation of fairly traded coffee vs. that of regular coffee (**See Appendix E for Visual Example**). Placing this display by the cash register will ensure that patrons will see the display prior to ordering their coffee. Other displays can be placed in outlets that state short and informative facts about fairly traded coffee. These displays should include such facts as: “Fairly traded coffee improves living conditions for poor farmers” or “Buy fair trade coffee and help reduce clear-cutting.” Regarding the coffee apparatus itself, coffee pots should also have clear labels on them. In the cafeterias the self-serve coffee canisters should be clearly labeled “Fair Trade Coffee.” The more customers are exposed to the fair trade coffee displays, the more aware they will become.

Displays can peak interest and provide quick explanations, but a more thorough definition should also be provided by way of an informational pamphlet. All outlets should provide a stand containing pamphlets that have an in-depth description of all the positive attributes involved with fairly traded coffee. This will allow patrons to proactively seek out information on fair trade coffee. It will also provide busy employees with an easy way of helping customers interested in FTC by directing

them towards the pamphlets. By combining all of these display methods, UBC Foods Services can guarantee an increase in both awareness and sales. The cost of the displays and pamphlets should be minimal.

Employee Training

Employees will play an integral part in the success of the Fair Trade Coffee plan. With a few new point-of-purchase service techniques, staff in all of UBC Food Services outlets will be able to contribute to an increase in both the awareness and sales of FTC. The first technique will occur when a customer places an order for coffee at one of the outlets. Once the order has been placed for a cup of coffee, the checkout-stand employee will ask the customer whether they would like fair trade coffee or regular coffee.

The results of this technique will depend on the customer's awareness of FTC. If the customer believes in and understands the concept of fair trade coffee, they will generally agree to the purchase of FTC. This will also address the problem of customers not knowing whether or not they are drinking fair trade coffee. If the customer does not fully understand the concept of FTC they will either ask for more information or just order regular coffee. If they ask for more information the employee can either explain what FTC is or direct them to the educational pamphlet. Regardless of what the customer chooses to do, fair trade coffee awareness will have increased for that customer.

Some UBC Food Services outlets may *only* serve fairly traded coffee, in which case the employee will not be able to implement the first technique. In this case when they hand the customer the cup of coffee they should state: "Here is your fairly traded coffee." This will have generally the same affect as the first technique, in that the customer will at least know that they are drinking FTC.

The costs involved with implementing this recommendation are also relatively low. The implementation of these techniques can be incorporated in with the employee education plan. During the educational seminar managers can debrief employees on these techniques and quickly implement them. This is an inexpensive recommendation that will have an immediate impact on both awareness and sales.

Beverage Labeling

In order to maximize the chances of success for the FTC campaign, we must appeal to the emotions of the target market. Since the target market consists primarily of students, and students are generally highly sensitive to social status and peer acceptance, it makes sense to appeal to this characteristic. Once the audience has been educated about FTC and its benefits, an effective tactic in linking peer acceptance and FTC is to create packaging or labeling that clearly indicates the customer has opted to purchase fairly traded coffee. This will allow the consumer to appear socially conscious

to their peer group, and once the campaign gathers momentum, to fit in with their peers.

One method to achieve this is to place highly visible stickers on coffee cups that contain fairly traded coffee (**See Appendix F for Visual Example**). The cost of these stickers will be based on the intricate design, color and quantity ordered. With a basic design and a high quantity order you can expect to pay approximately 10 to 20 cents per sticker. If the cost of stickers is prohibitive, a rubber stamp with the same design as that of the sticker could be used as a cost-effective alternative. A more indulgent route would be to make customized Hot Beverage Sleeves printed with the recommended color scheme and graphic design.

Posters and Literature (See Appendix G for Visual Example)

Posters, pamphlets, and other paper material are widely used for informational purposes. In this case, they will be used to convey what FTC is, what its implications are, and to encourage fair trade coffee sales around campus.

- Poster media should also encourage fair trade coffee awareness with precise, relevant, thought-provoking content regarding FTC.
- Strategic location of posters will ensure and increase fair trade coffee awareness as customers view them each time they walk into an FTC outlet.
- Pamphlets are helpful since they contain the same image and idea as the posters, but can provide more detailed information. They are handy to give away in cafeterias or coffee shops, and are a good diversion to read. Their advantage is that they are portable and each customer can have one.

Style of Literature

The content of the pamphlets and posters will focus on the life of coffee farmers and the ethical importance of fair trade coffee purchases - that is the role of the consumer in the coffee market and the social impact of the coffee purchase. Any other agendas, such as differences in terms of quality, are secondary to this as specified by UBC Food Services. Our team has titled this material "A Day in the Life of an Indigenous Coffee Farmer" and its purpose is to show UBC residents the human side of their purchase decision. To this end, we would include comparison of a fair trade coffee farmer vs. a non-fair trade coffee farmer, including the contrast of relative qualities of life, wages, and trends of coffee market prices and the catastrophic effect this has on the coffee farmers.

This section is pivotal since our research shows that a substantial proportion of UBC residents carries a misconception or is uninformed about fair trade coffee. The pamphlets and posters will expand on the above statements in several areas including: benefits of purchasing FTC, quality differences, and FTC retailers on campus.

We have included a brief section below that outlines what we feel is the most important

information concerning the human side of the coffee market.

“A Day in the Life of an Indigenous Coffee Farmer”

As of January 2003, world coffee prices were at their lowest level in 30 years, having fallen by 50 percent in three years. The global supply is estimated to be about 8 percent above demand and has accordingly depressed world prices. The oversupply is often influenced by centralized political decisions; small coffee farmers are encouraged to grow more by governments eager to boost export earnings. These governments are sometimes encouraged by the IMF and the World Bank to produce more, without being made aware of the potential catastrophic price falls. These dramatic drops in price force coffee farmers to take drastic measures to compensate. Often this means selling farms, starving, or turning to drug cultivation just to survive. Most cocoa farmers are so poor they have been using child labor, sometimes even child slaves. Most farmers get only about half of the world price because they are forced to sell their next crop in advance to exploitative middlemen who pay far below a fair value. Some farmers have also cut down the rainforest to sell the trees for extra money, or to make room for more profitable crops. Artisans face poverty and the loss of culture as they find the need to work in sweatshops.

Coffee farmers are at the mercy of recently volatile market prices and exploitative purchasers. Small-scale farmers and artisans in the developing world lack access to affordable financing, which impedes on their profitability. Fair Trade Federation members that buy products directly from producers often provide financial assistance either through direct loans, pre-payment, or by linking producers with sources of financing. Unlike many commercial importers who often wait 60-90 days before paying producers, many Fair Trade organizations ensure pre-payment so that producers have sufficient funds to cover raw materials and basic needs during production.

Given the different regions of the world, production circumstances, and Fair Trade intermediaries involved in delivering a product to the consumer, it is difficult to say with certainty how much money actually gets to farmers. An informal survey of Fair Traders seems to indicate a retail ratio of 1:6. What is certain is that Fair Traders are obliged not to exploit coffee farmers and to guarantee that the trading relationship is a true partnership, allowing all to make fair profit margins.

Design and Logo (See Appendix H for Visual Example)

In order to perpetuate brand awareness and to truly tie together our recommendation activities, the developed design, logo, and color scheme will be used on all marketing materials throughout the campaign. The lime green, white, and black colors are fresh and bold, avoiding the negative “granola” reputation that fair trade coffee currently holds amongst many. The slogan “good coffee. good cause.” is catchy, simple, and truly encompasses the spirit of the recommended FTC initiative.

The Custom Educational Program

Our program can be implemented by performing *all* suggested activities or by only implementing a certain selection of these activities. We realize UBC Food Services is running with a limited budget and thus created a program that can be tailored to fit whatever time and budget constraints the organization faces. All media for participating campus coffee retailers will be distributed at the Coffee Retailers Management Meeting to be held prior to semester. The media package will contain (per retailer): two (2) Point-of-purchase decals, two (2) posters, two-hundred (200) pamphlets, four-hundred (400) punch cards, and one (1) employee training booklet.

Timeline (1st Semester example)

Week 1-2 (August)

Preparation; Hiring/appointing of Marketing Coordinator, Production of print materials (stickers, posters, pamphlets, point-of-purchase decals, punch cards).

Week 3-4 (August)

Coffee Retailers Management Meeting will take place to distribute fair trade media packages and field questions about the initiative.

Week 5 (September)

Staff Education (new and current), attract volunteers for tastings.

Week 6 (September)

Tastings located at half of selected high-traffic areas.

Week 7 (September)

Tastings at remaining half of selected high traffic areas.

Week 8 (September)

Maintain contact with participating fair trade coffee retailers on campus.

MONITORS AND CONTROLS

Define Specific Leadership Role

We recommend that UBC Food Services hire a managerial individual who will be in charge of implementing, coordinating, and overseeing the yearly eight-week FTC Education Initiative. As this isn't a role that will require employment on a yearly basis, we propose that the FTC Marketing Coordinator job be positioned as a paid internship for UBC Commerce Marketing students. This will give Marketing students an excellent opportunity to use and refine their marketing skills, and will be a

cost effective way to fill the leadership role on a yearly basis.

The FTC Marketing Coordinator position will be posted at the Business Career Centre at the mid-point of Term 2, which would allow UBC Food Services over a month and a half to make their selection. The FTC Marketing Coordinator would be employed from May to October, with all preparation of materials taking place in the summer. This person will also be responsible for holding the Coffee Retailers Management Meeting for all participating FTC coffee locations in order to energetically explain how the initiative will unfold. In September and October, this individual will get his or her chance to oversee, manage, and make the FTC Education Initiative flourish on campus.

Implementation Team

Providing aid to the FTC Marketing Coordinator will be a team of volunteers who will help distribute and set-up the Education Packages for each location. They will also help to administer the “tastings” activity as outlined in our recommendation. Volunteers will only need to provide a limited amount of service during the very end of the summer when locations receive and set up the FTC Education Package, and when the tastings take place in September and October. The FTC Marketing Coordinator may deem it appropriate to provide compensation to the volunteers in order to provide work incentive.

Monitoring Program's Success

UBC Food Services will be able to monitor the success of the FTC Education Initiative program by analyzing FTC sales figures before, during, and after the program has been administered. Specifically, the proportion of fair trade coffee sales vs. regular coffee sales will be looked at. The goal of the program is to be selling an increased amount of FTC as compared to its Regular coffee counterpart. If FTC sales proportion increases as a direct result of the Initiative, UBC Food Services will know that the program has been successful and will be apt to continuing the program on a yearly basis.

Maintaining Adequate Supply to Retailers

The quantity of marketing supplies produced during the summer months will ensure an adequate inventory in order to handle excess demand. The FTC Education Packages will include a hearty supply of FTC Cup Stickers, FTC Punch Cards, Posters, and Literature, and should locations run out of any of these supplies, UBC Food Services will provide additional materials.

Regarding the fair trade coffee supply itself, UBC Food Services will be responsible for monitoring and providing for the predicted increase in demand once the FTC Education Initiative is implemented. The company is used to fluctuations in product demand, and will handle the supply of fair trade coffee accordingly.

CONTINGENCY PLAN

Our primary research shows that educating UBC's population about fair trade coffee and its implications will *increase* FTC awareness and sales. However, should the FTC Education Initiative fail in providing objective success for UBC Food Services, the contingency plan is quite simple. The recommended education initiative suggests an active 8-week program for the months of September and October, repeating the process each year. Should the first year of implementation be unsuccessful, UBC Food Services can either make improvements upon the Initiative for the following year, or they can halt the program altogether and return to status quo.

Because the Marketing Coordinator, volunteers, and FTC Education packages are newly hired and produced on a yearly basis, the cancellation of the program would come with ease as UBC Food Services would simply not support or implement those activities in the following years. Fortunately, no other capital investment or obligations will come in the way of halting the program.

APPENDICIES

Appendix A: FTC Awareness Survey

This survey is being conducted on behalf of UBC Food Services by Sauder students to examine coffee drinking habits on campus. Please answer all questions honestly and thank you for your time.

Please circle the response that most closely suits your preference.

1. How many cups of coffee do you buy at UBC?
 - a. None, I do not buy any coffee at UBC.
 - b. 1 or 2 cups a week
 - c. 3 to 7 cups a week (i.e. up to a cup a day)
 - d. 8 to 14 cups a week (i.e. up to two cups a day)
 - e. 15 cups or more (i.e. more than a cup a day)

 2. At UBC, where do you usually buy coffee? (Circle all that apply)
 - a. Steamy's at bookstore.
 - b. 99 Chairs/Trekker's
 - c. Totem/Vanier
 - d. Starbucks by Forestry Building.
 - e. SUB.
 - f. University Village (Starbucks or Second Cup).
 - f. other_____.

 3. Do you know what Fair Trade Coffee is?
 - a. Yes
 - b. No

 4. If yes, describe what fair trade coffee is in your own words.
-

5. How much of the coffee you drink is Fair Trade Coffee? Please choose the answer that matches your preference as closely as possible.
 - a. None
 - b. About a quarter (25%)
 - c. About half (50%)
 - d. About three-quarters (75%)
 - e. About all of it (100%)
 - f. Don't know

6. Was your last cup of coffee Fair Trade Coffee?
 - a. Yes
 - b. No
 - c. Don't know

7. Based on what you already know, how much more are you willing to pay for a cup of Fair Trade Coffee over regular coffee? Please choose the answer that matches your preference as closely as possible.

- a. \$.00
- b. \$.05
- c. \$.10
- d. \$.15
- e. \$.25 or more
- f. Don't know what Fair Trade Coffee is.

8. When you buy coffee, do you know whether or not you're buying Fair Trade Coffee?

- a. Yes
- b. No
- c. Not sure

9. Fair trade coffee is coffee that has been sold to make sure growers receive a reasonable wage from the coffee they grow. Knowing this, how much more would you pay to buy fair trade coffee rather than regular coffee?

- a. \$.00
- b. \$.05
- c. \$.10
- d. \$.15
- e. \$.25 or more
- f. Would not pay any more at all.

10. Circle the option that best describes you:

- a. Student
- b. Faculty
- c. Staff

Thank you for your time!

Appendix B: DYLAN LOOK AT THE EXCEL DOCUMENT FOR SURVEY ANALYSIS!

Appendix C: Map of locations of FTC retailers at UBC



Appendix D: Fair Trade Coffee Punch Card

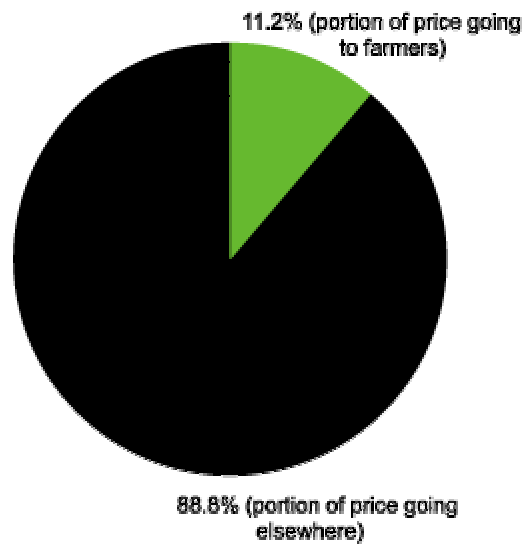
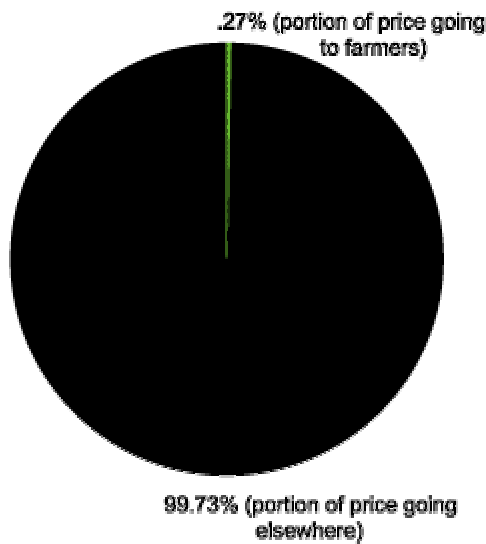
front



back



Appendix E: Point of Purchase Pie Chart Display



Most coffee farmers get less than 1% of the world price because they're forced to sell their next crop in advance to exploitative middlemen who pay far below the fair value.

Some farmers have also cut down the rainforest to sell the trees for extra money, or to make room for more profitable crops.

Artisans face poverty and the loss of culture as they find the need to work in sweatshops.

>>Make a difference. Buy fair trade coffee.



Appendix F: Sample Cup Sticker

Sample Cup Sticker >>



Appendix H: Design and Logo



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