



# COFFEE- BLACK WATER OR THE NEW WINE

**Insights on consumer coffee needs and how they influence the coffee category and the requirements for coffee suppliers and producers**

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Paulig Coffee Division





**1**

**Paulig  
Group in  
brief**

**2**

**Consumers'  
coffee needs:  
black water  
or the new  
wine**

**3**

**Paulig's  
approach:  
actions &  
activities**

**4**

**What does  
this mean to  
coffee  
suppliers and  
producers?**

# Paulig Group in brief

Family-owned company, founded by Gustav Paulig in



1876

Net sales per market

Others 1%

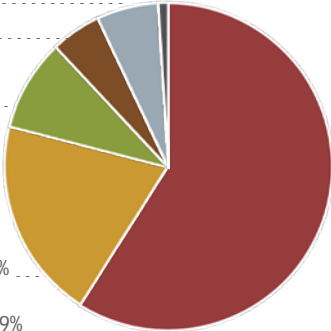
Baltics 6%

Russia 5%

UK 9%

Central Europe 20%

Nordic countries 59%



Net sales per division

Coffee



World Foods  
& Flavouring



Snack Food



Naturally  
Healthy  
Food

4%

Net sales

905 MEUR

Strong brands



Risenta

# Paulig Group in brief

Mission

*Exploring Great Taste*

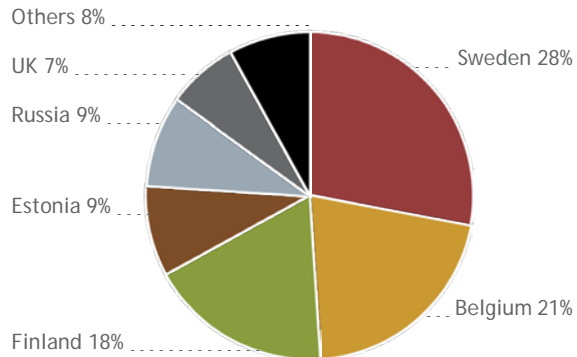
Values

Stay  
Curious

Strive for  
Excellence

Grow  
Together

Personnel by country



Personnel

1890



58%



42%

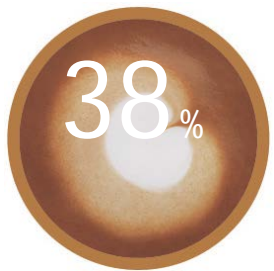
Operations in 13 countries



# Coffee



Net sales



346  
MEUR

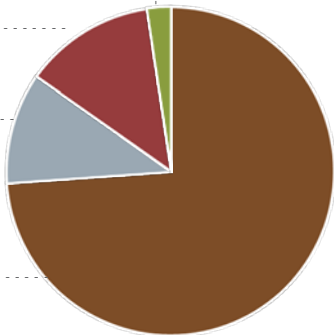
Net sales per market

Others 2%

Russia 13%

Baltics 11%

Finland 74%



Business in retail and out of home



Personnel

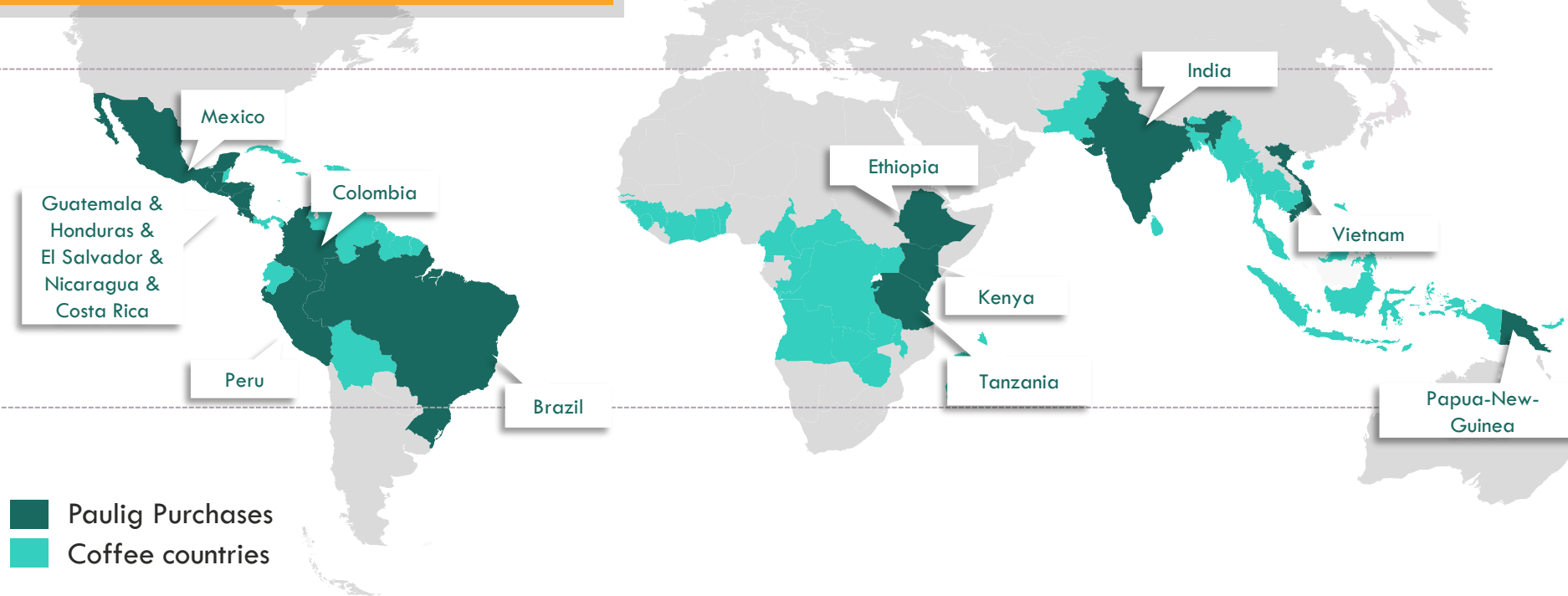


530



## Paulig's green coffee purchases in 2015

- 890 000 bgs (60kg)
- 53 400 tons
- 2500 containers





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# It's all about the consumer – consumer is King!

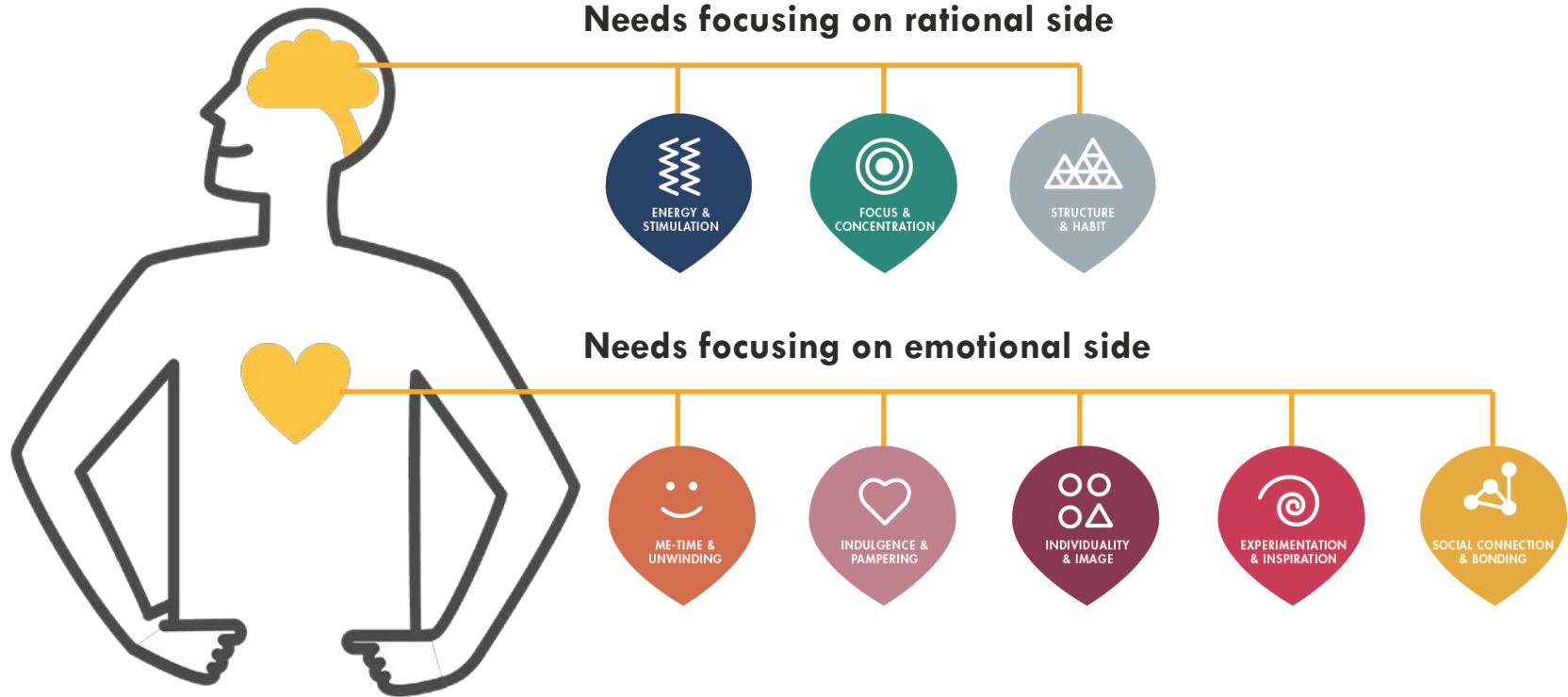
Consumers' interest in coffee has been increasing steadily

Consumers' needs and expectations are becoming more diverse





# Paulig has identified 8 different needs for coffee



# There are coffee drinkers who are very function driven, some look for the total experience with coffee



Functional and rational needs for coffee  
Coffee is “just a drink”  
Price sensitivity  
Role of brands is weaker  
Safer choices

Emotional needs for coffee & holistic coffee experiences  
Higher expectations, quality counts  
Experimentation with coffee grows  
Willingness to pay grows



←

Coffee Function

Coffee Experience →

# Black Water

**“Keeps me going”**

**“I need my morning kick.  
Strong kick.”**

Male, Moscow

**“I often drink coffee at Big  
Burger because I get a lot of  
coffee at a low price. I’m not  
too picky about my coffee.”**

Male, Sweden

**“I always drink the same  
coffee. Why fix it, if it isn’t  
broken?”**

Female, Finland



# The New Wine

“Pampers all my senses”

“Coffee is an enjoyment, a small escape from the everyday. A delicious break.”

Female, Finland

“Coffee is happiness at the bottom of the cup”

Male, Moscow

“Coffee is about good feeling through all senses – scent, taste, appearance, and so on.”

Female, Latvia





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# Black water or the new wine?

## Paulig's approach

- Quality matters
- Sustainability is more and more important
- People are more interested in trying and experimenting with new coffees
- Coffee has become a tool for everyday pampering and a “small luxury”
- People are enjoying a new type of café culture and the growing professionalism of baristas



**In many ways, coffee is the hot drink in town now!**



**Taste Pairs**  
Combining Coffee & Food



Offering new  
coffees for  
consumers to  
experiment with



# MILTÄ KAHVISI MAISTUU?

Tutustu kahvien makuprofiileihin ja opi, mistä kahvin maku muodostuu. Makuprofiilien ymmärtäminen auttaa vertailemaan eri kahveja ja helpottaa oman lempikahvin löytymistä.



**A new coffee language  
that enables & encourages  
discussing the taste**

## TUNTIJAT KERTOVAT

...jamme, kahvin parissa 30-vuotisen uran  
...atin suorittanut Marja Touri on yhdessä  
...yt kahvin valtavan laajan makumaailman  
helposti omaksuttavaksi kokonaisuudeksi. Tutustu ja opi, mitä tarkoittaa kahvin täyteläisyys,  
hapokkuus, aromikkuus ja makuvivahde.



**Guiding customers and consumers to prepare coffee in new ways**



**Educating coffee professionals and promoting coffee culture**





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# Increasing consumer expectations

Expectations for quality, enjoyable coffee moments and new ways of preparing coffee



## → PAULIG SOURCING

- Quality focus on all fronts, strict quality descriptions & assurance
- Continuous improvement programs in place
- Performance management, evaluations, regular reporting
- Careful supplier selection, test periods
- Joint business planning with strategic partners

# Increasing consumer expectations

Expectations for quality, enjoyable coffee moments and new ways of preparing coffee

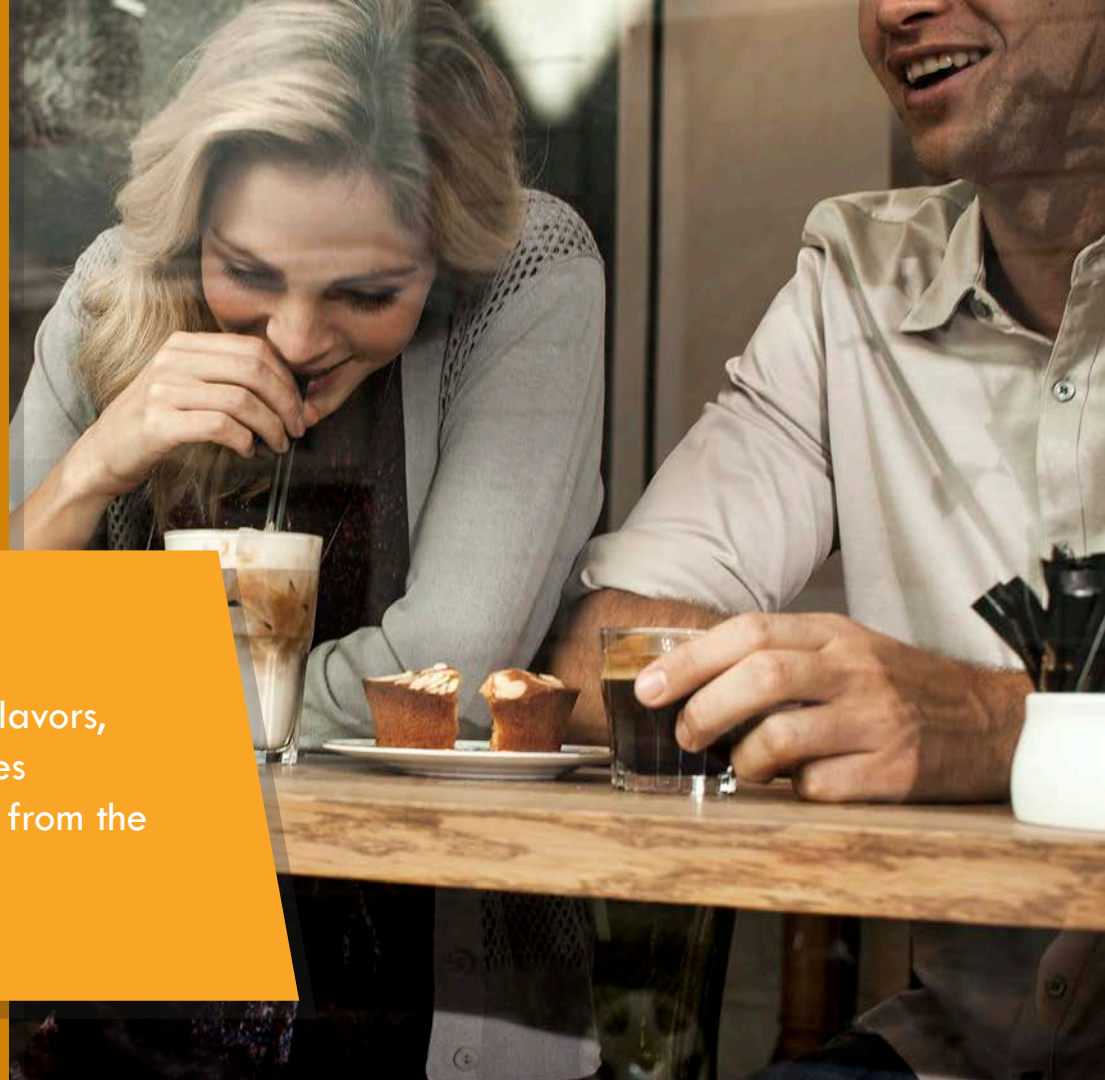
## → COFFEE SUPPLIERS AND PRODUCERS

- Good and consistent bean quality
- Tight collaboration with the buyer in order to create extra value for the consumer
- Right mindset for supporting continuous improvement





# Consumers' desire to try and experiment with new coffees



## → PAULIG SOURCING

- Active sourcing of new bean varieties, flavors, qualities, plantations, farmers and stories
- Active partner co-operation, benefiting from the knowledge of the whole value chain

# Consumers' desire to try and experiment with new coffees

## → COFFEE SUPPLIERS AND PRODUCERS

- Good and constant quality
- New varieties & enhanced flavor profiles
- Branded beans
- Active exchange of information and ideas



# Consumers dislike paying for inefficiencies

## → PAULIG SOURCING

- Lean philosophy
- Process performance management
- Active partner co-operation at all levels



# Consumers dislike paying for inefficiencies



## → COFFEE SUPPLIERS AND PRODUCERS

- Efficient processes
- Short value chains
- No waste
- Deliveries on time
- Reporting on challenges which might occur

# Increasing demand for sustainability & respecting the environment



## → PAULIG SOURCING

- Partner (supplier) selection process & long term commitment
- Paulig Code of Conduct
- Use of certified coffee and/or coffees under partner program
- Sustainability projects
- Regular visits / verifications

# Increasing demand for sustainability & respecting the environment

## → COFFEE SUPPLIERS AND PRODUCERS

- Concrete actions and evidence in social, ethical and environmental subjects
- Active local ownership of development
- Transparency and traceability
- Proactive and open approach
- Story sharing



# Consumer is King!



## Coffee Experience





**Thank you!**  
**Obrigada!**  
**Kiitos!**