



Organización Internacional del Café
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Report of the Steering Group on Promotion on the meeting of 30 January 2006

1. The Steering Group on Promotion, chaired by the Executive Director, Mr. Néstor Osorio, met on 30 January 2006.

Item 1: Adoption of the Agenda

2. The draft Agenda contained in document WP-SGP No. 14/05 Rev. 1 was adopted.

Item 2: Promotion activities

Item 2.1: Step-by-step guide to promote coffee consumption

3. The Executive Director said that the Step-by-step guide to promote coffee consumption had been made widely available, both in the form of a CD-Rom which had been distributed to Members, as well as being made available free of charge on the ICO website in English and Spanish. The French version was currently being prepared and should be available shortly. The Guide was a valuable tool for Members in developing national campaigns to promote coffee. Carlos Brando of P&A Marketing International, the consultancy firm which had developed the Guide, had kindly agreed to continue beyond his contract to participate in workshops and meetings to disseminate information on the use of the Guide. It was important for Members to make maximum use of the Guide which could be used in a wide range of ways, such as making it available to advertising or PR agencies to assist them with preparatory work in developing promotional campaigns, or in campaigns in traditional and emerging markets.

4. The Group took note of this information and further noted that as a result of previous presentations of the Guide by Mr. Brando, including at the RAMACAFE meeting in September 2005, terms of reference for consumer research and for a programme to increase domestic consumption in Nicaragua using the Guide were being developed, while in Guatemala an advertising agency was developing a campaign with the Guide.

Item 2.2: China

5. The Executive Director introduced an outline proposal to renew promotional activity in China prepared by Mr. Paul Hai Wang, a consultant based in China, contained in document WP-SGP No. 15/06. Exporting Members had agreed in September 2005 to allocate up to US\$15,000 for the preparation of this proposal. To date US\$7,000 had been committed and the remainder would only be allocated if Members agreed that it should be further developed. Funding for the final project could be raised for example at a pledging meeting. He noted that Japan had previously been a tea-drinking nation but was now one of the world's largest consumers as a result of activities to promote coffee.

6. In discussions on this item, Members noted that the proposal raised a number of points which needed to be considered. These included the high level of retail coffee prices, which deterred consumers, and which could result from high taxes on imports, a matter which would need to be addressed at government level. The implications of the project activities on local roasters and producers should also be considered to ensure that they were not undermined. One company had found that the pleasure of drinking coffee and social interaction were positive points which were worth highlighting in campaigns. Another delegate noted that research had shown almost 45% of Chinese perceived coffee to have a bitter taste, and it could be counter productive to use cheaper coffee. Coffee and health was an important concern which needed to be addressed, as did the identification of target groups in the Chinese market who could afford to drink coffee. As China was traditionally a tea-drinking nation, the benefits of drinking coffee over tea needed to be highlighted. Tea was seen as a source of energy, whereas little was known about coffee. One Member suggested that an information campaign to promote the high levels of antioxidants in coffee could be implemented, possibly in collaboration with academic institutions.

7. Several Members noted that previous ICO promotion activities had been very successful. They had been run by an experienced and capable manager, with a budget of around one million dollars and had focussed on trend leaders. With the ICO's involvement, a number of external companies had been encouraged to develop activities in the Chinese market, and the ICO had played an important role in this respect. It was a major market and if a pledging conference were to be held, it would be important to have a proposal for

activities in China. However it would be preferable to consider funding for a comprehensive programme to develop the most appropriate activities to increase consumption in this country rather than proceeding with this proposal. In the meantime, promotional activities could continue to be undertaken by commercial companies.

8. The Executive Director noted that resources were currently very limited and there did not appear to be support for proceeding with this proposal. He would contact private companies to discuss their interest in participating in promotion activities in China, and would also consult the coordinator for the Positively Coffee Programme about the possibility of developing a programme using materials already available, and report to Members in May on how promotion activities could be taken forward. The Group took note of this information.

Item 2.3: Domestic consumption

9. The Group noted that at the meeting of the Promotion Committee in September 2005, the Secretariat had been requested to update the project proposal “Expansion and development of the coffee market in producing countries” for submission to the Common Fund for Commodities (CFC). The proposal had previously been circulated as document WP-CGP No. 4/02. As CFC priorities now included market development, a request for project preparation facilities to develop the coffee market in producing countries had been submitted to it. The CFC Consultative Committee had considered this request at its 37th meeting from 23 – 28 January 2006, but its final decision was not yet known. The ICO understood from preliminary discussions that the CFC considered that the ICO should meet the costs of preparing the proposal, however once a full project proposal was submitted, it would be disposed to consider this favourably.

10. In discussions on this item, Members noted the importance of this project which would improve the structure of the coffee industry in producing countries. It was suggested that the ICO should investigate the costs of a consultant to develop the project proposal, so that a decision on funding could be taken. One Member suggested inviting Carlos Brando of P&A Marketing International and the former ICO Promotion Manager, Michael Heath, to work together on preparing a proposal for submission to the CFC.

11. The Executive Director noted that if the CFC recommended that only one or two countries should participate in the project, consideration would need to be given to deciding which countries should participate and whether they should provide counterpart funding. He would inform Members of the final decision of the CFC Consultative Committee once this was available and review how best to proceed in the light of these discussions. The Group took note of this information.

Item 2.4: Seal of Approval

12. The Executive Director said that in September 2005, the Steering Group had considered a proposal for cooperation with the Norwegian Coffee Association (NKI) on a Seal of Approval (contained in document WP-SGP No. 11/05) and had raised the need for further analysis of this proposal, including legal aspects. These issues had subsequently been investigated and there did not appear to be any legal implications. If Members decided that the ICO should endorse the use of a Seal of Approval for brewing equipment, the Executive Director would proceed to develop a Memorandum of Understanding with the NKI.

13. The Group took note of this information. In discussions on this matter, Members reiterated the need to be clear about the benefits and any financial implications of the ICO endorsing such a seal, which would be sold to the manufacturers of the brewing equipment. This was a proposal with commercial implications, and it would not be appropriate for the ICO to get involved.

Item 2.5: Salon International de l’Agriculture, 2006

14. The Executive Director said that information about the Salon International de l’Agriculture which would take place from 26 February to 6 March 2006 had been circulated at the last meeting (document WP-SGP No. 13/05) to enable Members to consider whether they wished to participate in this event as part of an overall ICO coffee space. Agro Business Consulting Development (ABCD) had consulted a number of producing countries about this proposal. As it was no longer feasible to coordinate this for 2006, participation by Members in 2007 was now being considered, however the Group noted that Members did not support this suggestion.

Item 3: Coffee and health

15. The Group noted that the Private Sector Consultative Board (PSCB) had received reports on the Health Care Professions – Coffee Education Programme (HCP-CEP) and Positively Coffee Programme at its meeting on 30 January 2006. Copies of these presentations were available on request. A dossier of lessons learned (both positive and negative) from the HCP-CEP would be created during the year. The representative of the NCA had reported on a public relations programme on coffee and health in the United States and had been invited to give a full report on this initiative at the next meeting in May 2006. Regarding finance, the Institute for Scientific Information on Coffee (ISIC) Board had agreed to continue financing the HCP-CEP programme in the medium-term.

The Chairman of the Promotion Committee said that ISIC had increased its budget for research on coffee and health by 150,000 euros to around 450,000 euros a year. This should provide information which could be used in the future in the Positively Coffee Programme and the HCP-CEP.

16. The Executive Director said that following the decision by Exporting Members in September 2005 to contribute US\$150,000 over three years to the Positively Coffee Programme, the first payment of US\$50,000 had been received by the Programme for 2005/06. It would be useful for Exporting Members to nominate a representative to formally participate in the Positively Coffee Working Group and he would discuss this with Exporting Members.

17. The Group took note of this information.

Item 4: Resources for promotion and pledging meeting

18. The Executive Director said that arrangements for convening a pledging meeting should only be considered once there were specific project proposals for consideration. Until there were concrete proposals requiring resources, it would not be helpful to convene government and industry representatives for a pledging meeting. The Group took note of this information.

Item 5: Other business

Association Scientifique Internationale du Café (ASIC)

19. The Executive Director informed the Group about a request from ASIC for support for the 21st ASIC Conference which would take place in Montpellier, France from 11 to 15 September 2006. He invited Exporting Members to consider making a contribution from the Promotion Fund to the Conference. The Group noted that Exporting Members would consider this proposal and a decision would be taken in May 2006.

Item 6: Date of next meeting

20. The Group noted that its next meeting would take place during the week of 22 – 26 May 2006, with the final date to be confirmed by the Executive Director after this meeting.