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COFFEE HOUSE

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Mar/Apr 2011

Sausage man Manfred starts Euro-row over takeaway VAT

An unexpected row has broken out over the issue of VAT on takeaway beverages, following a ruling by a European court.

The European Court of Justice decided the case of Manfred Bog, a German who sells sausages and chips from three mobile snack bars, and who argued that he should not have to pay VAT for supplying hot food to his customers. The court agreed, and said the same should apply to certain other products.

The licensed trade was the first to pick up on the wider implications of this, saying the ruling is good news for pub operators who have moved into takeaway coffee. The VAT rules are that everything that is consumed on the premises is taxable, as 'a supply in the course of catering services', and coffee sold as a hot drink is standard-rated, even as a takeaway (beans to take home are not).

There are many confusing elements in the ruling, and arguments have already arisen over the interpretation of terms such as 'catering', 'goods', 'supplies' and 'services', all of which appear in the VAT regulations.

Many accountants have quickly advised clients that there is a possibility of retrospective claims for repayment of VAT. The HMRC has equally rapidly said that it does not believe a European decision concerning trading in Germany can be applied to the UK.



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Coffee prices keep going up - and the worst is still to come

Fears of another cycle of boom and bust for the coffee trade have been expressed by many senior players, as the price of the raw product continues to reach unexpected heights. In mid-March the New York price rose to \$2.72 per pound, compared to \$1.35 at the same date last year. Even the head of the giant Illy brand told Reuters that he is worried about a repeat of the experience of the 1990s, when a big rise was followed by a glut of coffee, lower prices, and the 'coffee crisis'.

Suppliers have told caterers that there is no option but to get used to high prices – or, as several have pointed out, to what is 'a more correct price' after many years of cheap coffee. The only course, agree all suppliers, is to pass rises on to the consumer.

In Dublin, David McKernan of Java Republic predicted more increases of up to 45 per cent, and said that we could see prices possibly move to an all time high of \$3.20, a level not seen since the mid-70s.

And yet, he pointed out, small farmers are still doing badly – thousands of coffee farmers produce tiny amounts of green coffee on small parcels of land, and have experienced low harvests which will effectively wipe out any gain in price.

"Small farmers remain at the mercy of speculators, mills, exporters and even certain roasters," he said. "Most of the larger roasters have changed to lower-priced coffee which in turn has led to huge surges in poorer quality Arabica and Robusta coffees."

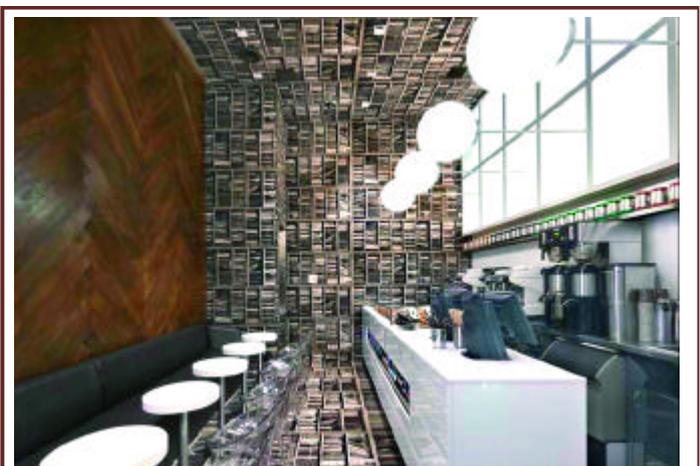
Several players believe the market will peak and crash as it did in the 70's.

"The fact is that coffee has been cheap for a long time, and we have been saying for ages that the era of cheap coffee is over, and you had better get used to it," James Sweeting of the roaster Lincoln and York has told his trade customers.

"For the last ten years it has been dead easy to be a coffee buyer in the UK – supply outstripped demand, sterling usually appreciated against the dollar, and Starbucks reinvented coffee and a brand new group of players invigorated the market.

"Fast-forward ten years, and the picture is different – Arabica demand is outstripping supply, Colombia has had three low crops in succession, creating a tightness in washed coffee availability. Demand is rising in non-traditional markets generally, and sterling is weak.

"We advise you to make sure you



You have to look very carefully at this coffee house – it's designed to look like a library, but the walls are where the floor should be, and the ceiling is behind the counter. How's it done? See our Bar Awards story on page 3.

pass on price rises to your customers. I know it is not easy and there will be grief and hand-wringing all the way. Yet you must protect your margins."

Ian Breminar, of the bean importers Ridge and Breminar, said the same.

"The message to the hospitality trade is to be realistic in their expectations, because what we are experiencing is the natural reaction to prices having been too low for too long.

"I suspect there are very few trade customers still hoping to pay unrealistically low prices, as this market has been on the rise for twelve months or more. However, if it goes much higher I suspect we will start to see resistance from the consumers.

"My great fear is that, once again, the coffee industry and governments round the world have fallen into the trap of 'bust and boom'. If prices continue to strengthen, more coffee will be planted and then, when there is too much coffee in the world, prices will start to fall and we will go through the whole cycle once more.

"The problem for farmers is that typically 'bust' periods last seven times longer than 'boom' periods."

Meanwhile the Fairtrade Foundation has now increased its minimum price to \$1.35-\$1.40 for arabicas, and increased its premium to twenty cents per pound. The differential for organic coffees has also risen by ten cents. This was not welcomed with much enthusiasm by importers – one remarked: "one has to remember that the vast majority of coffee is still standard non-certificated coffee, and that if the market does fall back, then once again farmers will suffer."



John Gordon has won the UK barista championship for the second time - full story, page 4

In a rather surprising announcement, the Fresha café on the Sowton Industrial Estate, Exeter, was named the UK's 'most-loved coffee shop', in a campaign by www.thebestof.co.uk to find Britain's most popular local businesses. 200 customers left positive testimonials for Fresha in a fortnight.

The Handmade Cake Company is ready to provide trade samples of its first sponge cake made with rice flour rather than wheat flour, intended for café customers looking to reduce the amount of wheat in their diets. It's a chocolate and orange, 25cm diameter, pre-cut into 14 portions, made with rice flour and then topped with chocolate and cream.

Vegware, the compostable-cup pioneers, are one of four finalists in the New Product section of the inaugural Climate Week Awards.

Sandwich chain Subway has claimed to have overtaken McDonald's in total number of outlets - 33,749 sites in 95 countries, almost exactly a thousand ahead. Britain is Subway's third largest market with 1,385 stores.

The Ivory Coast, the world's largest supplier of cocoa beans, has nationalised the country's two main cash crops, coffee and cocoa. The government said 'the purchase of coffee and cocoa from producers is now done exclusively by the state, and export is carried out by the state.'

The use of artificial sweeteners is

predicted to rise following an increase of 14 per cent in sugar prices over the last year, and global production predicted to be down by several million tonnes. One report says that British sugar production may be down by 30 per cent.

Taylor's of Harrogate is sponsoring the two Sky Arts TV channels for a year, and will promote Lifestyle coffees to suit each programme genre.

The entry forms for the BSA awards are now available from the association's website. BSA members will pay £30 per entry, while non-BSA members pay £45. The closing date is Friday 29 April.

A Jersey coffee shop could be one of the world's fastest internet hot spots. Jersey Telecom is installing a wireless internet connection with a speed 25 times faster than the fastest mobile broadband connection so far available in the Channel Islands. However, they are not revealing the name of the venue.

There has been another scalding incident - a baby was airlifted to hospital following an accident at a big-brand store café in Welwyn Garden City. The store has not answered questions about the incident.

Origin Coffee of Cornwall has again been encouraging local artists, giving the front of their latest seasonal collection coffee bags as a place for six young artists to exhibit their work.

Starbucks - why the logo changed

It has emerged that there was a reason behind Starbucks dropping the word 'coffee' from its logo, a strategy which puzzled many in the coffee trade.

In an interview with the *Wall St Journal*, Starbucks' top man Howard Schultz said: "it's very possible that Starbucks as a corporation will be marketing and selling multiple products that don't have coffee in them or coffee associated with them."

He added: "We are building a significant consumer products business that over time will rival the size and scale of our retail company. I suspect there will be a number of acquisitions over the next 12 to 18 months."

Meanwhile, Starbucks has come in for its usual amount of criticism in the UK. First, a feature in the *Independent* spoke of 'rare beans' and 'new theatrical methods' of brewing - which, said others, turned out to be a perfectly ordinary single-cup ceramic filter.

At the same time, *Ethical Consumer* magazine rated Starbucks the least-ethical coffee shop chain, and wrote: "we've uncovered a record of unethical behaviour that runs completely counter

to Starbucks' image as an environmentally friendly, bohemian Seattle coffee shop."

In response, Starbucks said, with quite uncharacteristic modesty, "we're the first to admit we're not perfect, and we have never claimed to be", and then said that the campaigning magazine had "ignored the tremendous strides we've made in recent years reducing energy and water consumption in our stores". It was recalled by the rest of the trade that in October 2008, Starbucks was taken to task by the daily press for wasting an alleged 23 million gallons of water through a policy of leaving taps running.

However, *Ethical Consumer* did have a go at other high street chains, basing its criticism on the fact that those chains did not use Fairtrade goods, without taking account of the fact that some prefer other certifications and buying methods. The magazine's top ethical coffee chain was AMT, an all-Fairtrade business.

The self-spinning milk jug is here

A new idea in the steaming and frothing of milk for cappuccino has come up - it is a jug designed to spin the milk automatically as it heats.

Graeme Stewart of Newcastle, a former barista himself, created the jug as a way of overcoming training problems in small cafes, or in businesses with high staff turnover.

"We have seen great advances in coffee-making technology, but virtually none in the critical area of obtaining the correct texture of milk for latte or cappuccino," he told *Coffee House*. "Barista training courses can be expensive, and standards difficult to maintain due to staff turnover, so here is a cost-effective product solution."

A major problem, he believes, is in training staff to manipulate the jug during steaming. By adding a stainless steel tube to the centre of the jug, he found that the milk would effectively



create the right vortex by itself.

"The initial thinking was to create a centrifuge, using an obstruction for the milk to flow around, and we tried many different sizes of centre tube. I am very proud to say that the result is of British design, but although I also wanted

to keep the manufacturing here, to be competitive with other milk jugs on the market, I had no choice but to look abroad."

The design has been matched by a second invention, an audio digital thermometer which sounds when the right temperature is reached.

The jug has already been sold to customers in seven countries, and is priced at about £19.



There are two launches in chocolate. Paul Eagles, formerly of Esquires coffee houses, has created Koko Collection to supply hot chocolate to the café trade. His product is, he says, 'for coffee shops who share our passion for premium hot chocolate'. Meanwhile, Java Republic has introduced its Other Bean Chocolate for Kids. While kids love chocolate, says the company, they don't like it the way adults do - so this is an add-milk hot chocolate to suit the younger taste.

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Greggs, the Newcastle bakery and coffee group, has announced pre-tax profits of £52.5 million for 2010, and chief executive Ken McMeikan has said that offering coffee at 40 per cent cheaper than some chains had been a strong area of growth. The next move will be 60 store re-designs featuring seating, soft lighting and dark wood fittings - those launched in London have already seen double-digit sales growth. Mr McMeikan remarked that various factors mean that the average consumer has an average of £9 a week less in their pockets, and that he does believe he is winning sales from other coffee venues. Greggs has 1,480 stores in the UK, and plans to open 80 shops this year.

A coffee bar in Topsham, Exeter, faces legal action to reduce the size of its signs, painted on the side of a listed building. Liz Hodges of Route 2 says that her building has always had large signs on it, that she painted the sign to be in keeping with the historic nature of the building, and that there is no precedent for the council demanding a smaller sign. The planning department said simply that the signage is 'unauthorised'.

Solo Cup Europe has won the Foodservice Packaging Association marketing award 2011 for its work with Closed Loop Recycling to produce the Event cup, a sustainable alternative to PET for event organisers. Solo was shortlisted for two other prizes, manufacturer of the year, and the environmental prize.



Coffee shops in for design awards

The shortlist for the 2011 Restaurant & Bar Design Awards includes half a dozen in the coffee-bar sector - **Tinderbox in Spitalfields, Costa in Great Portland Street (above), Beas of Bloomsbury, Chilango of Kent, Peggy Porschen of London, and Moo:bar of Birmingham. The section was won last year by Outsider Tart.**

The 'almost upside down' bar on our front cover is an entry in the international section of the same awards - it's D'espresso of New York on Madison Avenue near Grand Central Station. Inspired by a famous local library, the designer decided to make the booklined shelves become the floor and ceilings, and the wood floor become a wall... while the lighting pendants come out horizontally sideways from the ceiling, which is the opposite wall. How did they do it? It's a series of sepia-toned full-size photographs of books printed on custom tiles, which run along the floor, up the wall and across the ceiling. The illumination behind the wall-with-lights is a frosted window. In designer-speak, they tell us that: 'the thrust of this concept finds expression in the lighting and materiality, and ultimately the space gives definition to the emerging brand'. Whatever that means...

Meanwhile, the London Lifestyle awards, which apparently drew 100,000 votes last year, will again have a London Coffee Shop of the Year category - last year's was dominated by Soho, with Bar Italia winning over Sacred and Flat White.

More pubs eye coffee trade

The latest pub operator to make a move towards coffee is Oakman Inns, which runs half a dozen pubs in the home counties. It is testing the concept of a designated barista area, created at the end of the bar to look like a self-contained coffee shop.

The trial begins at the Kings Arms in Berkhamsted, from the beginning of April. The venture will be promoted by handing out complimentary coffee vouchers around Berkhamsted, and a large banner on the town's high street.

Oakman's chief executive Peter Borg-Neal said: "We intend to rival the coffee-shop chains. When we look at our competition, it is not just the next pub restaurant we look at, it is Costa."

Punch Taverns is testing a similar concept in its Wacky Warehouses.

After pubs moving into coffee, we now have the first pub to move into afternoon tea - the Coach & Horses in Greek Street, London, has opened Soho's Secret Tea Room. It is based in a room above the pub, and offers 15 types of loose leaf teas with the traditional homemade scones, jams and cakes.

The 'secret' part is because access is by a concealed door from the bar. The pub has been famous for having a former landlord known as the 'rudest in London', for being a haunt of notable writers, and for hosting the fortnightly *Private Eye* lunch.



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From left - Dale Harris, Hayley Draper, Neil le Bihan. Pics : Glenn Watson

Baristas who roast show the way in UK finals

It has been said that today's baristas are getting more and more involved in coffee roasting – and the top three in this year's championships have all been closely involved in roasting work in the last few months. John Gordon, UK champ for the second time in a row, works with Square Mile of London; second-placed Neil le Bihan, the cart-trading barista, has just started his own roastery, and third man Dale Harris is with the Has Bean roastery of Stafford.

In this year's final, John also took the 'best espresso' prize, Neil won 'best cappuccino', and the two of them shared the best signature drink prize. In fourth place was Max Colonna-Dashwood of Bath, fifth was Hayley Draper of the Window in Norwich, and sixth was Alice Cook of London's Taste of Bitter Love.

"This year I felt a lot more nervous - I'm not sure why," John Gordon told us after the final. "With taking on a small role in roasting recently, I think I've learnt so much in the last six months. The standard this year was fantastic - I had my money on Dale, and his performance was world-standard.

"My signature drink was based on an Old Fashioned, which is orange peel, sugar, ice and whisky. I used an Ethiopian coffee with delicate flavours, ice made from pure water, then a small knot of lemon peel. I added a syrup made by infusing a peach with water and sugar in a cream whipper charged with nitrous oxide and left overnight... it dissolves the fruit a little and you're left with a fantastic syrup. The syrup was added to the lemon and ice and stirred together.

"Then the espresso was added, and to top I made an aromatic spray from hops that I got from the Kernel Brewery in London. The idea was for it to be light, delicate and refreshing."

Third-placed Dale also gave an example of the unusual methods used by modern baristas.

"We captured the smoke from coffee roasting and delivered it as a palate-teaser of ice cubes, then as a milk foam atop a mix of espresso and a coulis made from coffee cherries picked in El Salvador and air freighted to us last week - a once-in-a-lifetime drink!"

Neil le Bihan said that his second-place finish will help promote his own new roasting venture, Dark Fluid.

"We invested in a roaster last year, and it was great that the judges received our coffee so well. We'll be selling our coffee to home users via our website (www.darkfluid.co.uk) and brewing and selling it at festivals and

events, as well as down at Lewisham market on Saturdays.

"My signature drink was a Madagascan Bourbon Vanilla, to reflect the African theme of my coffee, which was two-thirds Kenyan. I infused it with a hint of orange aromatic oil, warmed some cream and gently added this to some eggs and sugar to create enrichment before adding to my espresso. The chocolate notes of the La Perla (the other coffee in the blend) really came through."

Surprisingly, Neil said this could be a commercial drink: "I wanted to create a wholesome drink that was tasty, and something I'd serve my customers on my stall."

Maxwell Colonna-Dashwood from Bath, seen as a rising star, told us that he enjoyed the experience of reaching a national final, despite spilling a signature drink and desperately having to remake it. He told us that he managed to show how some coffees work differently as straight espresso and with milk: "the coffee was a naturally processed El Salvador. As espresso it had positive strawberry notes but lacked body... when combined with milk, it balanced out and tasted like strawberry cheesecake!"

Perhaps an unexpected finalist was Hayley Draper, of the UK's smallest coffee house, the Window in Norwich. She had won her regional heat with the third-top score of the entire contest.

"I'm sure it has created awareness of my little coffee shop," she told us. "I've already had heaps of local press. I would recommend every dedicated barista to take part at some point - it's the best coffee course out there!"

"My signature drink was sweetened with my own honey, taken from the hive late last summer. I added organic lemongrass grown in India and filtered water. I served the drink with a small teaspoon that had cascara jelly set on it (cascara is the dried fruit of the coffee cherry). I then got the judges to add a small shot of sparkling water, and the result really did resemble a lemon sherbet!"

Coffeetech Assist becomes trade's biggest machine service company

The biggest specialist coffee-equipment servicing organisation in the UK may have been created by the merger of Coffeetech and GVS.

Coffeetech, run by brothers Duncan and Deryck Gaffney, is the espresso and fresh coffee specialist which maintains machines for such names as Pizza Express, the Co-op, and Coffee Republic. GVS is the largest third-party maintainer of vending systems in the UK, and works for Nestle, Kraft (Kenco), M&S, and Tesco.

"We recognised that the old demarcation lines between the vending and coffee industries were becoming blurred," Duncan Gaffney told *Coffee House*. "Vending machine makers have made more reliable fresh coffee systems, and espresso is finding its way in to workplaces which were the preserve of vending."

The result was that the two companies, run by people who are near neighbours, found themselves competing for the same tenders, and decided to pool their resources.

The GVS division Cafe Assist will now become Coffeetech Assist.

"Without any doubt, Coffeetech Assist will possess the largest technical and support resources of any espresso maintenance supplier in the UK beverage market," said Duncan Gaffney.

"This is only half of the story. We will also be developing relationships in the independent sector, including artisan and specialist roasters and the barista community - we have innovative plans in place for this sector, and we will develop into the most dynamic, customer-responsive service organisation in the UK and Republic of Ireland.

"But we will not become some sort of corporate monster - we earned Coffeetech's reputation over many years and we are not about to throw that away.

"In every way, the Gaffney Brothers will still be driving the same service bus. The only difference is that we have traded in the old one for a new double-decker!"



Eyebrows have been raised by a recent Nescafe advertisement in support of its Milano machine, which serves 'cappuccino' from an instant coffee base and using skimmed milk powder. The advert suggests that a drink with an intricate etching of art from chocolate sauce can be achieved in 35 seconds - that is, twenty seconds for the drink from the press of the button, and fifteen seconds for the creation of the design, from the pouring of the sauce in a star shape to the spreading of the pattern with a spatula. Reactions have ranged from 'it can't be done' to 'I could do it in ten!'

The sale of Coffee Nation to Whitbread will earn the company's top man and management team an estimated £11.9 million, the financial press has suggested. The private equity companies who backed Scott Martin's purchase of the company three years ago have also been publicly congratulating themselves for the return they have made for their investors from the £59.5 million purchase price.

Costa, the Whitbread section which will benefit from the purchase, has been remarkably silent about its plans. All that is known is that Costa intends to use the Coffee Nation format for a new on-the-go Costa Express brand, operating from supermarkets, motorway service areas, railway stations, hospitals, universities and other busy public spaces. Coffee Nation had its units in 900 sites, and returned a profit of around £4 million on a turnover of about £25 million.

An entirely new SCAE contest will be launched at the coffee show in Maastricht in June. This is the Brewers' Cup, which recognises the resurgence of filter coffee, and the skill of 'non-mechanical' brewing - that is, a filter, an Aeropress, an ibrik, cafetiere, or anything which isn't a machine. The theory appears to challenge baristas to get the best out of a coffee - in one round, the contestants will be given a coffee to use, and told to brew it to best possible effect. What's the point? "It shows that all brewed coffees aren't equal!" says barista trainer Paul Meikle-Janney. "Brewed or filter coffee is coming back, but this shows it is not a uniform product."

Monin's proprietary flavour challenge

Another interesting contest is about to appear - the flavour company Monin has pointed out that while the winners of this year's barista contest generally made up their own flavours, syrups, and sauces, the everyday high-street coffee shop and tea-room is so pressed for time that the flavoured syrup in a bottle really can be their best friend in commercial signature drinks. We all know that certain proprietary flavours move like a flash at certain points of the year, and the typical 'gingerbread latte at Christmas' phenomenon is well known. Monin will be looking for the best such hot drink recipes from coffee shops using a Monin syrup. We expect full details before the Caffè Culture show.

Paul Abernethy of Worcester, and Nick Sayan of Nottingham, are the winners of the Cafe2U mobile chain's barista awards. Managing director Tom Acland tells us that instead of a conventional barista contest, Cafe2U has devised a scheme which takes account of the problems of working outdoors, and becomes part of the 12-weekly audit which every franchisee goes through, covering customer service, presentation and hygiene. The barista element, devised by trainer Jon Skinner, is loosely based on the usual format for championships - but adapted for common-sense outdoor conditions!

Drink Me Chai, the powdered drink invented by Amanda Hamilton, has won the 'best product' prize in the National Best Business awards. Observing that the product is now used by high-street chains, the chairman of judges remarked that "Drink Me Chai is an outstanding example of a successful niche business in a competitive market full of conglomerate global players."

A coffee house claiming to be the oldest roaster in Wales is reported to have closed down - the Costa Rica Coffee Company left its premises closed for several months, and the landlord has confirmed a new tenant is taking over. A trade customer said that 'one day we went to get our supplies and just found it shut'.

Pumphrey's of Newcastle has achieved a 25 per cent increase in visitors, and a 43 per cent increase in returning online customers, as a result of its website design. The website designer says that among the features which contributed to the growth were an online welcome voucher, and a facility for regular customers to easily re-order supplies.

More consumers are interested in 'health' claims than 'ethical' ones, says a survey by MMR Research. The research showed that 'healthy' is by far the most looked-for product claim, by 51 per cent of people, followed by 'low or no fat', and 'no or low sugar'. Following those, the highest-rated ethical requirements were 'free range', 'recyclable', and 'local', followed by Fairtrade.

In an interesting local promotion, twelve independent coffee shops in south Wales linked up with the local folk group Paper Aeroplanes in a project which involved giving a four-song CD free with food. One of the band, who used to work in a coffee shop, explained that they had managed to get on the Costa playlist, and were aware of Caffè Nero's live music interests, and then realised that their ethos and tastes fitted those of independent cafes.

A consortium of five investors led by Justin Slawson, founder of the Cheese Cellar Company, has acquired the coffee roaster Layton Fern of Basingstoke. The new owners spoke of 'ambitious marketing

plans that take account of new technologies and how our customers like to operate'.

Cafes and pubs in the Royal Mile, a favourite Edinburgh tourist street, have declined to work with the local council in a plan which proposed scrapping all local public conveniences as a cost-saving exercise, and directing members of the public into local caterers, who will in return be offered acknowledgement on the local tourist map. Graham Kenny, owner of the Has Beans coffee shop, said he has allowed non-paying customers to use his facilities for nearly ten years, but will stop doing so if the council is using him as a way of avoiding the provision of basic facilities. The local paper reports that nearly every caterer in the area agreed with him.

Kimbo has opened up its barista academy in Chiswick, London, and has both basic and 'better barista' sessions running in April and May - for existing customers the course is free, for new customers it is £25, refunded on first order, and for readers of this paper it is £20. Details: sales@kimbo.co.uk, 02087438959.

Kona Blue, a company owned by three midlands operators, have reopened what was the Gloria Jean's coffee branch in Derby, and have also taken on former Gloria Jean's sites in Leicester and at the East Midlands Designer Outlet, South Noranton.

The North East chain Central Bean has begun to stock a tea brand called Charbrew, which was invented by a Newcastle graduate and won the 2010 Blueprint award, which recognises business ideas from the region's universities. The brand uses the 'pyramid' tea-bag style, and includes a flavoured tea - strawberry and cream.

There have been several reported cases recently about whether shisha cafes contravene the smoking laws, but the most dramatic story is of a 19-year-old café owner in Blackburn who tried to light his shisha with a blowtorch - the explosion which followed cost him a total of £4,000 in fines and damages.

The latest instant coffee which claims to have the taste of roast-and-ground is from Kenco - Millicano instant coffee for "lazy coffee lovers". The curious description is of 'the very first Wholebean Instant from Kenco... it contains instant coffee and finely-milled wholebeans'. It is also one of the Kenco products that is involved in the 'upcycle' scheme, by which packaging can be returned for re-manufacture.

Ristretto, the Northern Ireland roaster, has begun exporting south to the Republic, as a direct result of a research and development grant worth £20,000, supplied to help the company produce ten new coffee blends for the Republic of Ireland and Great Britain markets

The biggest brand in modern coffee has had a notable setback. In March, Nespresso lost its case against a Swiss discount supermarket which sells compatible coffee capsules that work in the big brand's machines. A Swiss court ruled that only the three-dimensional physical form of Nespresso capsules was protected, not the concept of compatibility. This may turn out to be a 'landmark' ruling.

Capsules are an extremely fast-growing method of coffee brewing, primarily in the home, but more and more are becoming seen in restaurant and small cafe use.

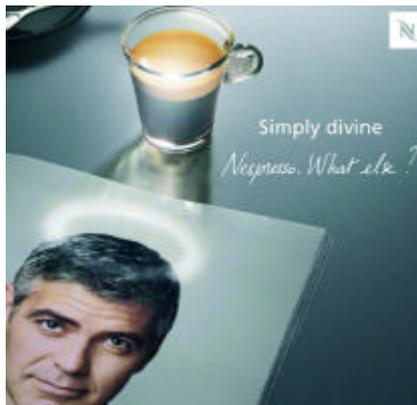
A 'capsule' is a closed plastic compartment, generally shaped like a milk jigger. The Nespresso machine pierces the top of the capsule, which becomes a small brewing chamber, and the liquor pours out through more holes pierced in its base.

At present, Nespresso capsules can only be used in Nespresso machines, and the same applies to other capsule brands. It is foreseen that standardisation will come at some stage in the future, but for the moment, Nestlé's reason for being upset with compatible products is clear - Nespresso is its fastest-growing 'billionaire brand', worth \$3.44 billion, and still growing in double digits.

It is the world's most chic coffee brand. In its boutiques on the world's flashiest shopping streets, high society form queues for capsules.

It is used by celebrities, most notably in the UK when Nespresso famously

What else, indeed...?



Nespresso's George Clooney ad asks - 'what else?' Well, as with all new product ideas, similar ones spring up quickly.

What does the capsule trend mean for the coffee trade?

And what else is there in the market?

put several machines into chef Heston Blumenthal's restaurant (although whether this was because the chef genuinely admired them, or whether he acceded to a clever promotional offer by Nespresso, has never really been explained!)

Nespresso clearly does not want anyone else's capsules in its machines, but compatible products have already appeared. The Ethical Coffee Company, which sells compatible capsules in France, is led by a former Nestlé chief executive who now says most of the 1,700 patents held by Nespresso are 'a smokescreen'... and has added that he quite understands why his former employer now hates him!

Douwe Egberts, which sells similar capsules, says it has monitored the

legal case, and is confident its capsules are legally safe.

(The one thing that the Swiss supermarket did get wrong was to go too far with the concept of 'compatibility', and cheekily translated Nestlé's advertising slogan 'what else?' into Swiss-German. That one did not get past the court!)

In Britain, the capsule concept is building, and two of the most active players are Italian companies, although their capsules as yet work only in their own machines.

Growth is certainly expected in both domestic and catering use.

"In Italy, capsules are the fastest-growing part of the market," says Angus McKenzie of Kimbo Coffee. "People do not see them with the distrust that they used to. The capsule has now moved away from the cheap-and-cheerful to good quality, and although the very early machines were cheap and Chinese, they're now made in Italy, as decent robust machines at a decent cost.

"Here, we see it is a solution for a lot of kinds of catering sites. I honestly believe that we are now at the stage where we can say that if a caterer is in a situation where a bag of coffee lasts them more than a week, or is doing less than thirty coffees a day, then there is a strong argument to say that the freshness of your coffee will be an issue, and that you may do better with a capsule."

At Lavazza, Barry Kither is unequivocal about the potential:

"This is definitely the future. The capsule can correct some of the compromises that have been made with coffee in certain catering situations.

"The purist will compare a capsule with a champion barista's coffee, but

that's wrong - you need to compare it with the average coffee being served in the trade, and the capsule delivers a coffee well above the average catering standard. For small restaurants and hotels, it's a no-brainer - and we're even in Michelin-starred hotels now!"

Kither makes several helpful points about the capsule concept. Just as there are different formats, he says, they do different jobs.

"Our own capsule is designed for espresso - to be fair to Nespresso, theirs is designed for 'a cup of coffee'. Another option is from Green Mountain in America, of which Lavazza is a shareholder, and they've blitzed America with a 12gm capsule, which is designed to fill a mug! It's a very credible option for the larger drink, because although you can brew a 'longer' Nespresso, it isn't quite right."

Early capsule machines did not have steam arms - this was because they were made for European use, where the taste is for black coffee. Now, both Lavazza and Kimbo have brought machines with steam wands to Britain.

Both agree that a problem with small machines has been inadequate steam capacity for even small restaurant use, where a machine needs to be able to handle steam for at least four cappuccinos very quickly.

While Kimbo has devised a two-boiler machine to cope, Lavazza has created a traditional two-group espresso machine with a portafilter adapted to take a capsule. This too is expected to become a familiar sight - Kimbo is working

on the same idea, and in our last issue we reported that Crem International are ready to adapt conventional espresso portafilters to accept most capsules.

Although no branded compatible for the Nespresso has yet appeared in the UK, one novel option has done so.

This is the Ne-Cap, a do-it-yourself Nespresso-compatible product, for which the list of stockists in its native France is breathtaking.

You fill the capsule with the coffee of your own choice, then seal the lid on, and use it in a conventional Nespresso machine. In Britain, the stockist is Fiandre of Nyetimber in Sussex.

Marc of the company tells us that he usually sells them in a package - 100 capsules and 500gm of Attibassi coffee retail for £20.



Top, the Lavazza machine which takes capsules in a portafilter. Bottom, the Ne-Cap fill-it-yourself product.



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Paul Ettinger, a director of Caffe Nero has now launched his social-networking website, originally conceived as a promotional medium based around coffee houses. It is www.streetlife.com, and after a six-month trial in south London, the project already has 10,000 users. "In a nutshell, it's a community Facebook," he told *Coffee House*. "It brings communities together, and allows local businesses to market themselves in a cost-effective and flexible manner. Local businesses can join up for about £25 per month and send out as many special offers as they like to the local community - so for instance a coffee bar might say 'next Monday from 10am to 12pm and 2pm to 4pm anyone buying a coffee gets a free muffin'. These offers are local, targeted and can be updated on a daily basis which for coffee bars is a big plus. I now receive an e-mail every night with all the local chat and special offers."

Costa is again fighting the planners of Midhurst - one unidentified application failed in January on the grounds of 'a significant loss of retail use', but the appeal to Chichester District Council now has the chain's name on it. Local traders have said: "We need variation in the high streets, not more of the same".

A worldwide food research database says that new ranges of 'dairy alternative' drinks reached over 600 in 2010, with the number of almond milks doubling. American reports say that almond milk has benefitted from a move to non-soy milks, including those made with ingredients such as rice, hemp, oats, coconut, and other nuts.

Tim Bacon of the north-western food business Living Ventures, is to open a 'coffee-deli concept' in Manchester, possibly to be called Marmalade.

Street café licence fees in Leicestershire are to be halved, following a campaign begun by a councillor in Melton Mowbray. The charge will go down from £300 to £150. Annual renewal will be £100.

Boston Tea Party, the south-western café chain, has taken on Andrew Tucker, formerly of Jika-Jika in Bath and Origin in Cornwall, as 'head of coffee'.

Environmental concerns are going backwards in the American seat of power, reports the Washington press: the Democrats brought in a green policy which included compostable coffee cups, trays and cutlery, low-energy vending machines and the like... and the Republicans have brought back foam cups and reversed the composting programme. Local environmental groups are said to be incredulous.

Nescafe paid a reported £100,000 to be the first company to use 'product placement' in a TV programme, putting its Dolce Gusto machine into

the set of ITV's programme *This Morning* for a three-month period.

In a strange coincidence, the concept of fund-raising at 5p per cup has cropped up twice in a month. We have already reported the theory behind UK Coffee Week, in which several chains are invited to charge an additional 5p per cup and give it to a Water Aid project in Africa. We now hear of the Deli Ecosse in Callander, Scotland, which is using the same idea in support of conservation and enhancement projects in Loch Lomond and the Trossachs National Park.

Starbucks has launched a range of bakery products called Petites - these are essentially small novelty cakes, including 'cake pops', which are little cakes on lollipop sticks, and 'whoopie' pies, the successor to the cup-cake. An interesting aspect is the multi-buy offer - eat-in prices are £1.55 each, £1.45 each for two, and £1.20 each for six. The takeaway prices are about 20p less.

Cappuccinos in Liverpool can now have a regional chocolate topping - a retired teacher has invented the Liver Bird sprinkler-stencil, a plastic disc with handle. He has demonstrated it to several local coffee-houses, but says that he placed no copyright on the idea, and that any Scouse café is welcome to make up their own.

Boston Tea Party, the south-western coffee chain, found itself up before the council for changing the front of one of its Bristol sites without permission, and for putting out tables and chairs in front of the shop without permission. "The old shop front was in serious danger of falling down and posed a serious health and safety risk, so we submitted a full planning application, but on safety grounds started work prior to getting consent," said managing director Sam Roberts. Most councillors felt that if they had seen the plans for the work before it was carried out they would not have approved it, but said that as it had been finished already they couldn't turn it down 'out of spite', and voted to give retrospective permission.

Costa is going to open in Knowle, near Birmingham, despite objections from the Knowle Society, who told the council of the 'possible dilution of a conservation area' and made the imaginative point that in the village there were already a total of 450 seats for coffee provision and any more would lead to smaller establishments being closed.

Poppy Mae's coffee shop in Westbourne, Bournemouth, has expanded into adjoining premises less than two years after opening. The husband and wife team Matthew and Laura Lasek told their local paper: "people have got sick of the chains - they brought coffee to the masses, but independents are taking it a step up."

In the bad times...

It is too easy to pretend that everything is well in the café trade. It is too easy to crow about all the cool coffee-shops springing up in east London, and to pretend that everything is fine.

It isn't.

A supplier in Devon says 'times are really hard for cafes in the south west', and an online guide to the best tea-rooms in Kent recently went out to visit a fair selection of them - and found half closed down. The classic English tea-room, they complained, is struggling to survive.

How many are going? Nobody knows - but every supplier *Coffee House* has spoken to is aware that too many are failing. And every serious supplier wants to stop the trend, because a shrinking customer base is bad news.

A clue can be seen in wholesale supply to the cafe trade, says James Roberts at Peros, the specialist supplier of Fairtrade beverages and snacks.

"Wholesaling is a very competitive business. We know that foodservice caterers in general are buying seven or eight per cent less by volume, but sales to the independent cafes are twelve or fifteen per cent less. There is a perceptible drop-off in business to cafes by wholesalers.

"The café trade is experiencing a lot of turmoil and a lot of threats. We have the 'high street squeeze', with Costa out for world domination, and we also see landlords still being unrealistic - they are still expecting 20-year leases!"

If the chains are expanding, that has to be at someone's expense, argues Angus McKenzie at Kimbo Coffee. "In my town, Costa doubled its size, and two independent cafes closed down. Nine out of ten Costas may double in size - no wonder I have customers who are worried."

We all know about the expansion plans of the giants, and we know about the problem with coffee prices (and indeed sugar and other consumables). But what other reasons are behind the closure of independent cafes, and what will happen next? And crucially, what is the attitude of the trade supply chain? Do suppliers want to guard the survival of their own customers?

So far, it could have been worse, says John Richardson of the Coffee Boys, the Irish business consultants.

"The rate of café closures has actually been less than was predicted. At the beginning of the credit crunch, the '£3 latte' image took a serious beating in the press, who told readers how much cutting out coffee could save them in a year.

"But they didn't cut out their coffee -

consumers kept buying it, but they stopped paying £3 for a mediocre product. That meant the good cafe operators kept trading, but the weaker ones dropped like a stone; they blamed the recession, but really, most of them simply weren't good enough."

However, he warns, the true clues to failure are in basic business methods.

"If you look closely at cafe closures, you find clear patterns. The closed big boys generally simply had a rubbish product; the smaller closures often had a better product, but didn't grasp the harsh reality of business.

"Coffee shops have a very odd perspective on this. One of the most damaging things in the marketplace is the ludicrous myth that if you have really great coffee, then you'll have a good business. Marketing it is seen as a bit tacky, as if you shouldn't have to market a great product.

"So, when things get tough, these people just put their heads down and work on a better cup of coffee. They focus far too much on the coffee, which is only one part of their business mix. What they never do is sit down with the figures from the previous week and think: 'okay, this is how we'll drive down our cost of sales, and we'll market this to drive sales next week'.

"Accurate thinking and brutal honesty, followed by a simple plan, is almost non-existent among small café operators."

To be fair, bad suppliers have also been to blame, says Steve Penk of La Spaziale, the espresso machine company. And the espresso machine is one of the café's biggest costs.

"There has been massive over-selling. A lot of three-group machines are sold to people who don't need them, by suppliers whose companies are in a mess of their own, and need to make

a bit more by selling a bigger machine. I spend a lot of time telling people not to buy an £8,000 machine, because if they train properly, they can make great coffee from virtually anything."

This has inspired new ideas.

"A recession is an opportunity to look again at everything you do, and you can come out stronger for doing it. As it is now very difficult to for small cafes to get credit, our rental business for espresso machines has gone through the roof, and I believe this is the way forward in coffee machines.

"There are two interesting trends here. One is that very busy bars are turning to using two 2-group machines instead of one big beast - it actually allows for far more flexible working.

"The other is that a lot of those companies who have been mis-selling and



The key to survival is not in great coffee - it is in business.

- John Richardson

...who's with you?



Photographer: unknown

Suppliers aren't fooled by all the talking-up about how 'vibrant' the coffee bar trade is... they know cafes are still going under. But what to do?

giving bad advice are themselves still in a mess. We can expect casualties among those suppliers in the next twelve months."

So what is the way to help cafes in hard times?

Cafes can survive if they set their targets properly, do their homework, and are willing to learn, says Steve Mooring of Caffe Society and the Brew Group.

"Cafes are still going under, for sure, and the average cost of that to us is £300-£500 in ingredients alone.

"A big problem is that many of them think they know best. We will give advice and all kinds of help with promotions - but some of them won't even take barista training up when it's free!

"The truth is that even on a small budget, and low footfall, the right training will get you good coffee from a £2,000 model, and that will build you a customer base."

True, agrees Ian Balmforth at Bolling Coffee.

"We cannot stop Tesco being built next door, or clean the coffee machine for them when the Saturday staff want to go home without doing it. But we have a responsibility to help them sell the best possible coffee.

"We can do that by training, but a most frustrating problem is the lack of understanding by owners as to how much skill it takes to create great drinks which will help develop a base of customers who keep coming back."

It is also true that some cafe owners don't appreciate what they can do well, says Ken Cooper at Pennine.

"I have seen a number of cafes dumbing down on quality to survive, which we all know starts a spiral that can lead to closure. Quality does count - but another reason why cafes fail is that the owners don't know what they want to be.

"A greasy-spoon operator may be happy to be brilliant for their type of clientele, but new coffee shop owners always want to be another Starbucks, though they never will be. Some of them worry so much about the big competition that they fail to see what they themselves do best."

This is where true partnership applies, says Angus McKenzie of Kimbo, who believes it is a supplier's responsibility to help his customer survive, possibly by interpreting the right response to what the big names do.

"As too many independent cafes don't have anyone to talk to, a supplier who tries to be a good friend can make a big difference.

"And the dynamics of marketing cafes have changed, as we saw last year in the flat white issue. When a new product idea like that comes along, there are two reactions from the high street - one side says 'marketing bullshit', while the other half turns it into a best-seller.

"So I say that we ignore the marketing of the big chains at our peril, and that it is my job to walk my customer through the process of a high-quality response. A simple example is that our Kimbo loyalty card is redeemable after six drinks, when all the others are on ten. We explained this to the trade, so they could promote it to their customers - and now we can't print them fast enough. And we fund it, too.

"Whatever argument you can muster, shout about it. You will find that your argument can be as potent as any big-brand image."

A truthful discussion of a café's situation can bring support, says Marco Olmi at Drury Tea & Coffee.

"When so many café owners keep saying 'everything's fine', when it isn't, and they go under next week, suppliers can be forgiven for being cynical!

"However, if a café operator says 'I need to fight', that's different. When an operator comes to us and says 'Starbucks has opened next door, and Costa across the road, and I want to fight back', then we'll help.

"I believe you can take on a big brand if you know what you're doing. I know someone who has an option on a café directly opposite a Caffe Nero, and he's rubbing his hands - he has decided how much of their business he's going to take. Don't be scared!"

And don't be scared to lean on a supplier, says James Roberts at Peros.

"A café's clear point of difference is to offer something unique.

"But marketing that difference is something that independent operators just don't do well. We can help with this - we did 300 events for our trade customers during the Fairtrade period, and we'll do it all year round.

"I say it is reasonable for an operator to expect as much support as he can from a supplier. The request 'James, I buy these products from you and I want support in shifting them' is a perfectly legitimate thing to raise."

And if you don't get constructive support, agree several trade companies, that simply tells you something. Change your supplier!

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We have recently reported on the general approval given to Caffe Culture for its

concentration on tea this year. What does the café trade do to make the most of this momentum? What are the most important things you hope trade visitors will take away from Caffe Culture with them, for the benefit of both ends of the tea trade?

Ed Berry, Newby Teas: "The idea that tea quality matters, that taking the tea story seriously and new ideas on the offer and service of tea is good for us all.

Marco Olmi, Drury: "That the time has come to fully explore tea. The time has come to get involved, and that means moving from 'a nice Darjeeling' to 'a really nice, single-estate Darjeeling'. You do this in baby steps, and don't go over the top - you don't need to name the tea-picker! But you do need to check your equipment and your brewing temperatures, and consider how diversification can be done easily, and quickly.

"And then decide - are you going to go to a supplier who just throws boxes at you, or is it time to look for a truly specialist tea-supplier?"

James Roberts, Peros: "There is, in tea, still a big-brand culture - as an integral part of the beverage offer, it does have massive potential, but it is a massive job to get consumers away from the big three.

"The 'premiumisation' of coffee was a steady move which went in stages from instant to very high-quality. In tea, the move from traditional to 'boutique' is going to be far more difficult. There is a big premium for the operator in a unique tea product, and that presents a problem.

"Now, there is a story that a big fast-food chain went from bog-standard tea to premium pyramids, put it under their own brand, pushed the price up, marketed it strongly - and it became their star performer. It was definitely perceived as a success story. But the point is - they pushed it!"

Nick Kilby, Teapigs: "I know that we always sound as if we're banging the same old drum, but at the IFE show in March, what stuck out was the complete apathy from some very big buyers towards the subject of tea... 'no, we don't have any plans to do anything about our tea'.

"We drink a lot of tea in this country, and most of it is drunk at home. Why? Because the out-of-home industry doesn't do anything interesting with it. How are you going to interest the consumer in your tea if you keep serving them rubbish? It's a chicken-and-egg, and the worry is that if the apathy gets to us in the tea trade, I expect it communicates itself to the consumer, too!

"According to the feedback we get from café operators, tea upgrades work.

Tea-time is here...

This year, the Caffe Culture show in May makes a whole new concentration on tea - there will be tea presentation, tea seminars, and a general programme concerned with doing more from the nation's favourite drink.

What do the tea producers believe the trade will take from this? We asked a selection of suppliers to the trade.



Is there a future for in-pack sales through cafes? This is Drury's new Art Deco packaging.

"The interesting thing about being at the Caffe Culture show is that coffee has already done a better job of selling itself sexily. In the US, Starbucks have done far more with tea than they have in the UK - and with full-leaf tea, too. I'm very surprised they haven't done it here.

"A number of the smaller tea companies are now putting forward ideas for more interesting ways of serving teas, such as iced teas, and tea lattes, and as a result we're already doing a lot more in the bar environment. We're helping to create a kind of tea menu which means that operators now provide 'tea moments' - which may just mean they offer a feature tea with their breakfast menu. The 'tea moments' are breakfast, lunch and afternoon - and on the right kind of day, an afternoon tea themed around iced tea and ice-cream may be what gets you attention.

"We can overcome that apathy, and some caterers are now beginning to say 'I can create that coffee success all over again, with tea'."

Paul Maxwell, Beyond the Bean: "The main thing to promote about tea is that there is life beyond the big brands, and the big potential is to meet the other brands who produce something distinctly different.

"The generic transport café can probably get away with a big brand. The coffee shop has to do something different, something with a pedigree,

something which shows an element of speciality, and to offer something the customer can't buy at home - they know perfectly well that it's a penny a bag, so being charged £2.30 for a cup of that tea really does try the consumer's patience!"



We have had it said to us, even directly by an Indian tea farmer, that the British

taste for what we call our 'everyday' tea means that we in the UK buy some of the worst tea in the world. Is this a fair criticism? Do you believe that in the form of what we believe to be 'classic British everyday tea', we could significantly improve the quality and profitability of tea served in our cafes, coffee-houses and tea-rooms?

Ed Berry: "We have a culture here that food should be cheap. We also expect little, and accept mediocrity. Customers deserve more, so why should we not change the customer's aspiration? Instead of your customer leaving having had 'a cup of tea', how about making them expect a 'good' cup of tea, or a 'great' cup of tea, one to travel for, one to talk about?"

"In the coffee sector, this strategy has been more than appreciated. And it's not about money - even if a quality tea-bag costs ten times more than a cheap bag, when you sell at a good price, the gross margin hardly changes!"



Several brands have recently redesigned their packaging. We are told that for

all the packs of coffee you see in the high street coffee houses, very little of that packed coffee is sold - what do you believe is the potential for packed tea sold from cafes? What should be done to make the most of this potential?

Ed Berry: "I visited one outlet recently where I was offered the cup free if I purchased the pack of tea afterwards. But this was really a shop selling loose-leaf tea, not just a café, and it might not be such a good wider business model."

James Roberts: "The sale of the retail pack add-on is very difficult to judge. The big problem is that 'tea has become the new bread', in that it is used as a loss-leader for a lot of retailers. So selling the pack is going to be hard - I think some operators might be better to focus on selling the second cup."

Nick Kilby: I believe the potential for pack sales of tea is better, because it's easier to make at home than coffee. We've found that a lot of our catering customers weren't doing any retail packs before... they are, now!

Paul Maxwell: "Our Cosy tea has been going less than a year, and what has been surprising is the glossy press coverage, for a product which is not a generic high-street brand.

To be fair, it is the packaging which first gets attention, and the second question is 'I wonder if the product lives up to the packaging?' Well, we now get responses saying that our Blueberry in particular is excellent, and that people who don't normally drink green tea, are drinking Cosy. When I did the first blueberry tastings, my thought was that it was 'tart', but this is a good thing, in that it means you can sweeten it to taste - some berry teas really are too sweet. The black tea has gone well, and the decaf version will be launched at Caffe Culture.

"So in certain locations, I believe so. The consumer does see our name, as there is a display stand, and we have shipped it into a couple of big-name chains.

"The big difference is that tea is quicker to make, and it is easier to brew a flavour or a speciality tea, so the impulse sale probably does have more of a possibility. There's more of a typical chance of someone picking up a pack and thinking 'I'll take that in to the office with me'."

Marco Olmi: "I agree completely! Tea works as the add-on retail sale because anybody can do it, and anyone can brew speciality tea at home.

"Caterers must push this as much as they can - and don't be scared that



Beyond the Bean's Cosy Tea display

Continues on page 12

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"Some caterers are now beginning to say 'I can create that coffee success all over again, with tea!'"

- Teapigs

Continued from page 10

it means they won't buy another cup while they're at the table, because the margin is good.

"With our new teas in the Art Deco packs, we have a pack which will stand out. Certainly, the teas in the cup are more expensive - we're talking 15p a bag. But for those who seriously want to move their tea service upmarket, without hassle, this is the way to do it. And remember, this is not tea you sell at a pound a cup - this is tea you sell at £2.

We are now packing in pyramids, and we do it ourselves - we've bought the machine. We had tried to do our Art Deco range in our old normal teabags, and it just didn't work... now we're filling our own pyramids, it works better, and we are also now in the business of doing short-run promotional teas, as low as 3,000 bags at a time."



Without going down the same old route of 'what should be included in the standard tea menu', what items in your range are absolute scorchers, which for one reason or another, will get attention, and will would do the café/tearoom/coffeehouse owner a good job?

Ed Berry: "We are a black tea nation, so you must make sure that your black tea offer is well serviced with both Darjeeling and Assam for a

nice balance of lighter and stronger black teas. Then perhaps the attention-getter is our Newby Indian Breakfast."

Nick Kilby: Yes, please look at your English Breakfast. Don't think this is where you can afford to go down the cheap bog-standard route - it isn't. This is the tea where you have to get it right, and do it best.

James Roberts: "The Drink Me Chai powdered product by Amanda Hamilton moves forward, and we have found that the ethnic market picks up on this product very well, particularly in universities.

"In a student environment, it can be awkward for Asians when the main option is the bar! Now, we have found that Asian students are very willing to take Amanda's product.

"While it is a powdered chai, which is unfamiliar, the product has a taste profile which many people from that area do find familiar."



Will we see price rises in tea?

Paul Maxwell: A drought in Kenya made the tea production low, and then there was a glut, which meant that prices were good. China could actually become a net importer of tea for the first time, because speciality tea is an aspirational thing for people whose livelihoods are improving. However, at the same time, you get less people willing to work for a low wage - so you have more people wanting to buy tea, but less wanting to produce it. This could increase prices dramatically.

The Fairtrade situation in tea is different from coffee. It is becoming a cornerstone product in supermarket own-brands. And, unlike coffee, the standard of average Fairtrade tea is probably higher than the equivalent bog-standard product.

Tetley goes to the Rainforest

Tetley has launched an online shop to allow the trade the opportunity to more easily order bespoke delivery quantities. The 'shop', which is online at www.tetleyforcaterers.co.uk, allows caterers to choose individual packs in quantities of 25 tea bags. The minimum order is six boxes of 25 bags.

The first Tetley foodservice pack of entirely Rainforest Alliance certified tea is available. Tetley has committed to purchasing all of the tea for its branded teabag and loose tea products from Rainforest Alliance farms by 2016, and says it is on schedule to meet that target.

Tetley has also launched an online idea, by which consumers can be in touch directly with the growers. The scheme uses a Facebook method, and is called Farmers First Hand.

Peter Haigh at Tetley says that consumer interest in new and different teas is evolving.

"It is no longer acceptable to simply offer 'tea'. The variations are developing a serious following - Redbush



(rooibos) is now a serious sales generator, worth over £10 million a year. Decaf continues to grow at 6 per cent, and can be found in one in ten homes, and green tea shows significant development among female consumers.

"Promote tea to its full potential - those who embrace the new flavours and communicate the brands do better than those who see it as just another beverage."

Twinings first with a wedding blend

Following our recent report of Lincoln and York suggesting that the royal wedding is a fine promotional event for a limited-edition coffee, Twinings is probably the first to launch a Royal Wedding tea blend, as a way to drive impulse sales around the occasion. It is a white tea with bergamot and rose petals, described as giving peachy sweet notes and a refreshing citrus essence, a deliberate variation on Earl Grey. It is available in string and tag pack and commemorative gift tin.

We now also have details of the first commemorative happy-couple compostable takeaway cup. This comes from Vegware, who describe the design as 'an intricate one incorporating their portraits as well as all sorts of symbols associated with the happy couple's lives and characters - a sort of intricate tapestry'. A penny from each sale goes to the Vegware Community Fund.

Twinings is also looking to move more into retail. It already has its quite historic site on the Strand in London, but is now looking for a new 'flagship' store location, possibly in Covent Garden or Regent Street. Twinings also intends to open a number of shops across the country, and may offer concession sites in large stores.



PG's breakthrough?

The trade has been intrigued by one aspect of the publicity used for the launch of the New Ones from PG Tips. The product claims 'a unique taste achieved by making use of fresh technology'.

This, says the brand's owner Unilever, is a different method of pressing leaves. They press tea leaves at different stages during fermentation, with an additional cold pressing, and say that this 'preserves the genuine taste of fresh tea'.

The New Ones range is comprised of three products, The Fresh One, Strong One and Delicate One, which go through different pressings.

PG Tips has modestly said that this is "one of the most significant innovations in black tea in recent years. It will offer consumers fresh-tasting products, create real excitement in the tea category, and we expect to see existing consumers trade up and enjoy more cups of tea during the day."

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Tea is a moving thing. It is an ever-changing subject. If you think you know what tea is - you are probably not getting the most from it.

Tea evolves, and there are always new ideas which will help you make that valuable difference, the thing which will allow you to stand out from your competitors and become profitable.

And you may not know who is behind many of these innovations, because tea has its 'backroom boys', who create new ideas, and supply tea products to brand names you probably know very well.

One of the most influential companies in the modern development of tea is Haelssen and Lyon of Hamburg. Germany has always been a trading base for tea, and companies who were first known simply for sourcing great teas have now become equally known for pioneering new ideas.

The Haelssen and Lyon site has been called 'the tea room of the world', and many of the company's ideas have already made their way to the UK - some new ones are still on their way here.

And yet, although it is a supplier of immense importance to major brands, the company remains largely unknown to the coffee-house or tea-room operator.

"The sectors that are probably not intensely aware of our activities may very well be coffee shops, and caterers," acknowledges the company's Managing Director, Dietmar Scheffler.

Haelssen and Lyon's warehouse holds some of the best teas in the world. And yet, agrees the company's chief, the British taste tends to be divided between the very best and the not-so-good.

"To a certain extent, we do have to agree with the theory that the 'everyday' tea consumed in the UK is really of less than the highest quality.

"This is because the teabags used for daily consumption are extremely affordable, for many tea-drinkers who are really not particular on 'quality' but on 'taste'. The reason for this is that cheaper teabags generally contain tea 'dust' which dissolves easily in water, giving it a dark colour and a strong cup which does taste relatively good with milk and sugar - which is just how the British enjoy their everyday tea."

However, he adds, the British market also includes many customers who much prefer to drink a loose tea, like English Breakfast or Earl Grey in the morning, and maybe a Darjeeling (the 'champagne of teas') in the afternoon. For these, suggests Dietmar Scheffler, the caterer who prefers not to use loose tea will do well to look to the quality of their teabags.

"They may prefer to use a quality teabag such as the pyramid teabags which are comparable to the loose tea but convenient to use.

"To significantly improve the quality of tea served in cafes and coffee houses, they will have to use quality teabags and offer a variety of either black, green, white or fruit and herbals. Consumers are becoming more demanding and are conscious of quality which should be available in the tea served to them... but consequently

Great ideas are coming forward in tea...

... so ask your supplier to get them for you!



One of Haelssen and Lyons' most entertaining references to its importance in the UK market was this picture. The caption was: 'I'll never reveal the secret of where the English get their tea from...!'

The company does of course supply the teas which are used in some of our very biggest brand names.

they are also willing to pay the higher price, as tea is the most affordable drink after water.

It is in both quality and practicality that Haelssen and Lyon ideas can help the British caterer.

One particularly astonishing breakthrough is in flavouring. This now affects mainstream tea in a vast number of ways, having developed from the concept of flavoured black tea, such as Earl Grey, through to speciality infusions which appear on more and more tea menus, and which contain varying amounts of conventional tea or herbals as a base.

A typical invention is Juicea® - in technical terms, this is complex, but the practical result for the caterer is a product with a more sweet, and fresher, flavour.

"In conventional teas the liquid aroma that is used loses its flavour after some time," explains Dietmar Scheffler. "Juicea® is a micro-encapsulated fruit flavour, in which the juice concentrate, the fruit flavour, is encapsulated by maltodextrin and thus is protected and remains intense. When the tea infuses, the maltodextrose dissolves, and the infusion retains the full fruit flavour.

"We want to achieve the closest possible fruit taste. Juicea® achieves the best possible balance between sour and sweet, and we can guarantee that after two years the flavour is still retained and the infusion tastes the same as on the first day."

This works best on fine-cut teas, but there is another invention, MicroLeaf®, which does very much the same job with coarse-cut leaves.

"Microleaf® is a combination of liquid flavour concentrate and micro-encapsulated granule flavour. It was invented for the use of black and green teas to enable the granules to mix homogeneously with these teas, and it is so light that there is no danger that the flavours will rest at the bottom of the teabag, or the box or tin. Tea made with this flavouring method retains its intense aroma, with a shelf-life of over two years."

The concept which has already appeared in the UK is the TeatoGo.

One of the most recognisable icons of the modern British scene is the takeaway coffee cup - it has become the standard accessory in every high street and office in the land, and makes millions for the coffee-bar trade. But one of the biggest problems for the takeaway beverage trade is... tea.

The reason is straightforward. The only practical way to make tea for takeaway use is with a tea-bag, in which case the perennial problem is - what does the consumer do with the bag when they're ready to drink the tea? They don't want to leave it floating in the cup, nor do they want to hold a wet tea-bag while they look for somewhere to dispose of it.

Haelssen and Lyon is the company which devised an entirely new kind of tea-bag, big enough to take the large-leaf tea which is generally considered to be the very best quality. The tea-bag is attached to a card header, which is slotted through a hole in the takeaway cup lid - when the consumer reckons the tea has steeped sufficiently, a tug on the card brings the tea-bag up into a pre-formed holding socket inside the patented lid, where it can stay until the entire cup is thrown away.

This product is already available to the trade in Britain - ask your usual supplier to source these, and other great new ideas in tea.

It is always dangerous to make assumptions – every cafe owner says they know their customers, but to assume anything about what makes up a customer base may be to miss a lot of business clues.

Here's an example - the Ace café of north London is a venue known by motorbikers around the world. It is licensed. So what would you guess to be the top-selling products?

The man who knows the answer is Mark Wilshire, who rescued a great café and made it famous again. And, with a thousand bikers in front of him on a Friday night, he knows his demographics.

"This is an extraordinary place, in its history and in the diversity of people it attracts. It was a landmark business because in the 30s it consisted of a café, a showroom, a workshop, and a filling station - the founder created what motorway service areas are today. I have seen a book documenting the establishment of the motorway network, and the Ace is referred to everywhere - this was clearly the model they followed.

"It became the hangout for bikers in the immediate postwar period. It became notorious, because of kids on bikes, and carnage on the roads - this was the beginning of the 'teenager as a consumer' phenomenon, thanks to the introduction of HP, which meant they went out and bought the fastest bikes they could.

"They gathered here, and Thursday night in particular was the bikers' night – they came in after the speedway at

Wheels within wheels...

It's dangerous to make assumptions, even about the demographics of your own customer base. Do you really know how many different customer groups you serve... and what they want?



Mark Wilshire - a man who knows his customer base

Wembley, which attracted bigger crowds than football!

"The tale of bikers putting money in the jukebox, and rushing out to do the three-mile run down the North Circular and back before the song finished, is true. Just as true today, and just as

daft, is that someone will go past the Ace flat out, come back and park, walk in and say proudly: 'that was me!' It has never changed - I expect the Romans had the same trouble with chariots going up the North Circular..."

It was a national disaster when the Ace closed in the 1960s. In time for the 25th anniversary of the closing, Mark took on the reopening as a labour of love, and it became a responsibility - 'England Expects me to Rescue the Ace!' Now it is a business phenomenon - every picture you see of the Ace has hundreds of bikes parked outside, and this often reaches a thousand.

But to run away with the idea of entirely leather-clad clientele is a mistake. And it's a mistake to assume what they drink - were those historic burn-ups along the North Circular fuelled by booze or caffeine?

"We're open very early, and we have a late licence. Our demographics are very distinct – at 7am it's workmen, who give way in the mid-morning to white-collar types, until you can't get into the car-park for business meetings and people working on laptops. In the afternoon, we're getting an increasing number of tourist visitors.

"But at 6pm, a marshal on the gate lets in the 'vehicle meet' of the night – these go from 'air-cooled VW nights' to 'Fast and Furious' nights (it was a street-racing film series) and the common thing between them is a shared passion for vehicles, speed and thrills, but woe betide if two factions meet! Fridays are always bike nights, and Sundays are bike days.

"So we have several different demographics between times of day and

again between different evenings, and all are distinct catering requirements. The Fast and Furious night is all kids dressed like Ali G, who want bags of chips and fizzy drinks, which outsell the coffee. The daytime white-collars are all lattes and cappuccinos, and they overwhelmingly eat from the specials board.

"People think for us to be licensed, with bikers on the premises, is asking for trouble - but the Harley-Davidsons eat steak and pies, and they overwhelmingly drink a good old British cuppa!"

What does this mean for throughput?

"When we have a big meet, we can average fifteen thousand a week. When you turn sausages into ton-nages, it gets quite grotesque to think about."

Another misconception is that a classic London café, big in the 50s, will be a typical espresso haunt. It isn't.

"I'm a consumer of large quantities of tea and the odd coffee, and I'll ride any bike you give me, and indeed any horse, but I'm not a barista. So we don't use a 1950s chrome and enamel espresso machine, and why not? Because we've been there, they can't take it, and they break down.

"So today we use a bean-to-cup. It's a Franke Sinfonia, and this machine really gets hammered.

"At lunchtime, it gets hammered. At Italian car night, which is for people who buy into the classic Italian marques, it gets hammered again for cappuccino and latte. It gets through upwards of 150,000 coffees a year, and our coffee is Segafredo Buono."

But those coffees are only part of the equation.

The Ace menu shows latte and cappuccino are £2.50, espresso is £2.20, but there is a curious option of instant coffee at £1.40. Why?

The answer, says Mark Wilshire, is in queue management – when there is a queue of a thousand bikers in front of you, what comes into its own for speed is actually Nescafe.

And an Ace bargain price is tea for a pound. This is demographics again, says Mark – the lunchtime businessmen might want an Earl Grey, but leather-clad bikers don't. Remember, he says, who is the average biker of today.

"The big irony is that the bikers started in the 50s as kids – fifty years on, there are more bikers aged fifty-plus than anyone else.

"So tea by the thousand is a standard cuppa – it's PG Tips!"

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Coffee - Philosophy for Everyone.
Parker and Austen, published by
Wiley-Blackwell. ISBN 1-4443-3712-2
£11.99

This may possibly be the most unusual coffee book you will read. Instead of just the usual history of it, this is the latest in a long series of titles written by philosophical heavyweights, discussing subjects from Christmas to cycling.

This is a big work, 250 pages, and when you find that the first section is entitled *Coffee and Metaphysics*, with chapters like *The Unexamined Cup is Not Worth Drinking*, the first tendency may well be to put it back down. But...

The chapters do offer some gems, although not *Starbucks and the Third Wave*, which sounds like a typical trade seminar subject, but is actually about 'the relationship between branding and neo-liberalism', or 'neo-liberalism and the espresso aesthetic' (see what we mean?) and 'the hermaneutics of taste'.

The quite brilliant chapter comes with *Is Starbucks better than Brand X?*, for which the publishers had the good taste to call in the great coffee authority Ken Davids. In twelve super pages, he discusses the comparisons of coffee tasting, allowing himself just one quasi-philosophical sub-heading, 'A Way out of Relativism'. Terrific.

And there is humour, even in the depths of existential philosophy. Jean-Paul Sartre was in a Paris café and ordered coffee with sugar, but no cream. The waitress said: 'I'm sorry,

Book reviews

Neo liberalism and the espresso aesthetic...



monsieur Sartre, we're out of cream – how about coffee with no milk?'

If you laughed at that, buy this book.

Coffee Talk, by Morton Satin.
Published by Prometheus. ISBN 978-1-59102-644-4. \$22 US (about £9 from Amazon UK)

We have said a hundred times that every year you get another book with a subtitle like this – 'the stimulating story of the world's most popular brew'. One often wonders if these authors have never read any of the ones before them.

But sometimes they do come up with new things worth knowing or revisiting. Morton Satin is a molecular biologist, but don't worry about that - he has written a book with a big friendly typeface, with a delightful easy style and many

humorous stories.

We learn that before coffee reached Europe, it 'came to represent the unbridled ambitions of men who would stop at nothing to enrich themselves' - no change there, then. Along the same lines, and maybe referring to the same people, we read in the Womens' Petition Against Coffee of 1674 that 'never did men wear greater breeches, or carry less in them of any mettle whatsoever' (same applies!)

There are some interesting illustrations of coffee-house tokens of 400 years ago (another item re-introduced here within the last few years) and a few nice remarks: 'cappuccino foam should be like a Swedish mattress - dense, yet soft and rich'.

One enjoys the observation that Italian baristas have never won a world contest, because they think their 'real' job is not relating to drink-making rules, but to the requirements of the customer in front of them. And one does enjoy the story of the barista in Rome who one day served the writer's espresso in a cappuccino cup, explaining that for the connoisseur, the nose appreciates the aroma better from a large cup.

For all this enjoyment, we can forgive the one bizarre opinion that Fairtrade is 'generally superior in quality'.



Kaldi

The old joke about Starbucks appearing in every conceivable location has reached a new stage - a branch has opened in a funeral home in Texas. The *Dallas Star* commented: 'at last - coffee to go!'

Starbucks is being sued in Missouri after a café robbery. When a thief snatched the tip jar, a customer gave chase, but was hit by the robber's escaping car, and was killed. His family has begun a lawsuit - not against the killer, but against Starbucks for inviting crime by having a tip jar in view without a security guard.

There have been terse words in the latest council-v-café planning row in Garstang, the world's first Fairtrade Town, where one of the cause's main campaigners, Bruce Crowther, applied to open a café as part of his Fairtrade information centre. Councillors said it was unfair competition to other café owners, and when one speaker asked: "can't we just wish him good luck?", the mayor retorted "no!"

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