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**Colonialism to Cup: Consumer Connection and Industry Action
within Coffee Commodity Chains**

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Undergraduate Thesis

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Table of contents

Table of contents	2
Abstract	3
INTRO	5
Purpose	7
Chapter 1: Coffee Value Chain Analysis	18
Chapter 2: Third Wave Coffee Members	52
Chapter 3: Coffee Consumers	87
Conclusion	114
Bibliography	121

Abstract

This thesis presents a historical commodity chain analysis of coffee, with a focus on the connection between the evolution the coffee commodity chain, US specialty coffee industry perspectives, and consumer relationships with sustainable supply chains. This paper looks to fill a gap in commodity chain literature that tends to focus more on the producer than the consumer. Analyzing the coffee commodity chain can fill this gap through evaluating the efforts made in coffee to ethically connect consumers with value chains.

My thesis explores this connection through analyzing the production and consumption histories of coffee and its evolution into its current value chain through the “three waves” of coffee production. I then offer my own ethnographic research with interviews from US specialty coffee industry members and consumers. With interviews from industry members, I gather data on each member's interactions with the value chain and their perspective and ability to address historical inequities of the supply chain from that position. With this data, I focus my commodity chain analysis to analyze leverage points for sustainable change within each employee's position and identify common themes among the specialty coffee employees. The employee’s I interviewed are situated as part of the leverage point of the “third wave” of coffee, which draws in the most value for coffee and has the most room to make sustainability considerations in their supply chain. Focusing on the third wave identifies the latest perspectives towards sustainable value chains. Problems encountered in the third wave are also likely to be quite relevant if not more relevant for other coffee industry members whose business models allow less room for sustainability considerations.

Next, I analyze interviews with coffee consumers on their relationship and meaning with their coffee consumption and their thoughts on the effects of their transaction with coffee on those further down the coffee value chain. This adds a level of analysis for unpacking the desires and interests informing consumers’ decision making in the coffee value chain and serves to evaluate consumer driven changes efforts in the value chain. Overall, my paper provides qualitative systems view into the coffee commodity chain, and a thick description of the context of this commodity chain. From this emerges an analysis of the leverage points for change, power dynamics within the coffee commodity chain and the possible emergence of more sustainable supply chains.

Acknowledgments

First off, I would like to give my deepest thanks first to all my interviewee participants in this project, speaking with you all was the most enjoyable part of this process and reflecting on all your words and perspectives has helped learn so much.

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Thanks to my defense committee, Dr. Jonah Steinberg, and Dr. Dan Tobin, for your feedback, time, patience and understanding with my work. Your guidance in this project and my education has been incredibly formative for me.

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INTRO

Coffee is one of the world's largest commodities, 2.25 billion cups of coffee are consumed each day, approximately 125 million people depend on coffee for income, and a cup of Folgers Coffee can be brewed for approximately 6 cents (Coffee Farmers, 2021). So how has coffee come to be produced and consumed at the scale it is today? While it is a convoluted question, the short answer is Western colonialism. Coffee is native to a region of the Ethiopian Highlands and the spread of its cultivation outside of this region was driven by colonial expansion and fueled by slave labor for European consumption (Pendergrast, 2010). This production and consumption relationship of coffee among other drug foods was a key turn in a mercantilist system to our capitalist global system. These colonial conditions are in many ways reproduced today by the nature of the coffee commodity chain, which leaves many coffee farmers stuck in positions of constant insecurity due to a dependence on a highly volatile coffee market.

The fact that coffee could be obtained for as little as six cents/cup was the fact which started my inquiry into coffee. This struck me as an inherently gross misallocation of resources that a nonessential good for survival such as coffee was produced on a scale that made it so incredibly inexpensive. Since the same efforts in coffee instead be put towards crops that would help the 2.37 billion across the globe that do not have adequate access to food as of 2020 (FAO, 2021). This question of how coffee production and consumption came to be so cheap and how

those conditions are reproduced by each agent in the coffee value chain would drive my research to better understand the emergence, operations and impacts of the global coffee value chain.

My analysis of the coffee value chain focused on the emergence of the three different supply chain groupings, which are known as ‘the three waves’ of coffee. The first wave being nondifferentiable coffee that competes on price that emerged in the 1850’s (Folgers, Maxwell House, etc.). The second wave was the introduction in the 1970’s of specialty coffee that differentiated coffee quality with a focus on roast quality (Starbucks, Peets, Etc.). The third wave emerged in the late 1990’s and pays extreme attention to detail on quality and green coffee bean quality. From the historical emergence of these three waves, I looked to understand how agents acting within the value chains of these waves produce our coffee system. This investigation was driven by the following research questions: What historical conditions are embedded in the evolution of the coffee value chain? How does the contemporary organization of the coffee value chain impact producers’ livelihoods? How do members of third wave specialty coffee plan to ensure sustainable conditions in their supply chains? What role do consumers have in sustainable coffee value chains? Which I found the following answers:

Colonial slave plantation systems shaped a coffee system designed to produce the cheapest possible coffee, and this system is reproduced today through the exploitation of insecure coffee producers. The emergence of differentiated coffee has led to increased considerations of ethics in coffee value chains, although many efforts still fall short to produce

stable livelihoods with coffee. Third wave roasters have learned from prior sustainability efforts and plan to focus future efforts on long term relationships and look beyond price. Consumers have a role is to view their consumption relationship beyond price and to participate in some dimension towards sustainable supply chains.

In this thesis, I expand upon these findings through 4 chapters. In this introduction I will develop the purpose of my research with its theoretical and historical context. Chapter 1 describes the current framework and stakeholder conditions of the coffee value chain. Chapter 2 is a qualitative analysis of perspectives and positions of US specialty coffee industry members. Chapter 3 is a qualitative analysis with coffee consumers and their relationship with coffee. Last my conclusion will revisit the above research questions, give recommendations for the coffee industry and address limitations and areas of future research. Continuing in this introduction I will further expand my purpose for writing this thesis and explain the methods I used to answer my questions as well as my possible biases in those methods.

Purpose

This section details why I undertook my research and the underlying goals and questions that drove my thesis, starting from what questions and interests led me to anthropological modes of research. I then discuss how commodity chain analysis allowed me to use those methods and explore the questions I was interested in. Lastly, I describe the details about coffee that make it a unique object of analysis for my research goals and questions.

Why Commodity Chain Analysis?

Before I can answer the question of “why coffee?”, I first must answer the question “why study a commodity?” The answer to this can be found within the larger area of study of commodity chain analysis. The premise of commodity chain analysis is to unpack the social and political conditions and relations that are embedded within a commodity, which in transnational commodity chains can also unmask the dynamics of power between ‘developed’ and ‘developing’ economies. Commodity chain analysis is embedded in the ideas of use value and exchange value developed by Adam Smith and Karl Marx. These ideas describe how value is given to labor and goods, and how labor is also assigned to be commodified and sold upon the market. Marx differs in his view that value of labor should be proportional to effort, not to education and skill-based value that Smith does. Marx views this skill-based value as exploitative because of the unequitable access to education and training. Commodity chain analysis often focuses on the nature of this exploitation. The term commodity chain analysis was first used by Immanuel Wallerstein in his *History of Capitalism*, which is a part of his greater World Systems theory. Commodity Chain analysis is usually positioned within this World Systems framework to specifically show the divisions of labor across national borders and their social relations and how this is ensured in a system dependence (Dougherty, 2009).

When I started my study, I was unaware of the field of commodity chain analysis but the questions I had about coffee would eventually align me with its goals and interests. The initial

question that I built my studies from came before I even drank coffee, and it was sparked when I learned that the 100% Colombian Hannaford brand coffee that my roommate drank cost him approximately 10 cents per cup. It shocked me that something as seemingly unessential to life as coffee would be grown with such abundance that it could be consumed for almost nothing. This sparked my study with the goal of answering why it is that a cup of coffee could cost me ten cents.

In answering this question my goal was to learn the historic systems and mechanisms of consumption and production that led to our current coffee system. After exploring this in a class research paper, I began to see the solid connections between coffee's history as an explanation of world systems theory and dependency theory. I wanted to go a step beyond this historical analysis and show the decisions that each agent in the coffee supply chains face and the various contexts that shape each agent's decisions, which aggregate to form our coffee system.

Understanding the contexts that surround each of these decisions that reproduce our coffee system helped to better inform me of the factors that limited decision making and how these key decisions could be leveraged to make change towards a more desirable coffee system. In my thesis I came to complete this commodity chain analysis with a broad description of the contexts of each node in the coffee supply chain with a focus and dive into the description of the contexts and agency of US coffee industry members and consumers. Through this study I hoped to further

learn about the structures of power entwined in decisions in the coffee industry, and what contexts enforce perpetuate the dependence of coffee growers on global markets.

After completing my commodity chain analysis and learning about the history of this method, I believe my thesis is uniquely positioned to contribute to this growing body of work in commodity chain analysis and coffee studies. In *Origins and Orientations of Commodity Chain Analysis* (2009) Michael Dougherty writes, “commodity chain analysis... has been more concerned with production than consumption... but as we have moved from a world system to a global economy, commodity chain analysis has been slow to react”. This gap in the literature is where my thesis can add to the body of commodity chain analysis through the focus on consumers and US industry members' decision making in the global coffee market. In my next section I expand upon why the context of coffee is a fit subject to make these connections.

Consumption and the Unique Example of Coffee

Place

For the most part, in the U.S. we are very disconnected with the means of production for our consumption. This phenomenon and disconnect is part of what Marx coined as commodity fetishism. When the origin of the goods are brand names and a grocery store, not people and the earth, it forms the basis for the large-scale exploitation of producers, whose realities are often disconnected from the consumption decisions that perpetuate market conditions and their positions. Yet in this system, efforts in the coffee industry have been an area where attempts

have been made to reconnect consumers with the producers and origins of their goods. This emphasis on origins in the coffee industry has resulted in coffee dependent countries trying to promote their nation's coffee. This could be seen with Colombia's international coffee group, and their creation of the Juan Valdez character, which ran advertisements in the U.S. to emphasize the superiority and naturalness of Colombian coffee. It then became more common for emerging specialty coffee companies in the 1970s to list the region of their coffee, which were associated with different tasting notes. Nowadays it is not uncommon for specialty coffee roasters to advertise the specific lot from a single farm on which a particular coffee was grown.

Connection of Coffee

Consumer relationships with coffee is also a unique subject for a commodity chain analysis due to the scale at which coffee is consumed. Over 2.2 billion cups of it are drunk around the world every day. This is second only to water. Through this enormous volume of consumption, people all around the world and on every continent connect with it in some way. For many, the connection with coffee extends beyond that of a typical beverage, much of which can be attributed to "magical" energizing effects that go with caffeine and coffee. The energy that coffee gives makes drinking it a ritual that helps start each day. It also makes it a social lubricant as it helps to drive thoughts and conversations. The integration of coffee in everyday life and its stimulation of uniquely human things leads many drinkers to intertwine coffee consumption with their personal identity.

Producers

The history of the production of coffee and its continued impact on the Global South today make it a high impact object of analysis. For this one crop there are over 125 million people across the world in over 90 countries that rely on it in one way or another to survive., and over 80% of its production is by smallholder farmers (Fairtrade, 2022). Yet, the prices paid for coffee are quite unstable and can often drop to below the cost of production. This can be quite chaotic and was evident in the coffee crisis in the early 2000's when the coffee price dropped to astronomical lows of .50/lb. compared to averages of around \$1.50. In Central America many farmers had to abandon coffee production to cross the US border in search of work, leading to many tragic stories and hundreds of deaths in these border crossings (Jaffee, 2007). Even in years with stable prices, coffee farmers operate far below the poverty line in their countries and are at high risk for food insecurity. In a study in El Salvador average income per capita of coffee farmers was \$298 compared to average annual income per capita of \$3547 (Mendez, 2013) In rural, and often remote regions where coffee is grown, it is often the only option for farmers to access cash and connect with the global economy. This income is often needed to provide children with an education and to get access to foods that farmers do not grow. The greatest impact of this state of poverty is that most small holder coffee farmers are in a position where they are food insecure for 1-7 months throughout the year. Which can be attributed beyond even the amount paid to farmers but the fact that they only get paid once a year. Making coffee

systems more stable to be able ensure the food security of coffee farmers should be an ultimate aim for coffee systems (Mendez, 2013).

Colonial History

Coffee is only native to Ethiopia and its spread out of East Africa and the Arab Peninsula is tied with European colonial expansion. This expansion of its cultivation was fueled by slave labor and made increasing European consumption possible. Slave labor was the only method of production in these colonies because there was not yet an exploitable labor class that was dependent on global trade. So, to gain that dependent labor class in these regions, ways of life were disrupted, and local populations were decimated and repopulated with African slaves to create new regions that were built to harvest resources. These regions became dependent upon trade with their colonial mother nations for survival. This trade relationship, in which European consumption of coffee and other drug foods (e.g., sugar, tobacco, cacao, tea) relied on importation from their colonies, started the key transition from a slave labor mercantilist-based export system to a wage labor capitalist free trade system. The coffee industry's origins of production in slave labor and its transition to a dependent labor class offer key insights to the nature of trade in the coffee system today. Through learning the history of coffee production, it can be seen at each step along the way how the dependence of coffee growing regions has been reproduced and how present coffee production is a clear example of neo-colonialism.

Unique position of coffee

These various factors about coffee make it a leverage point in our globalized food system to impact livelihoods in various contexts of smallholder farmers around the globe. The history of coffee rooted in colonial slave production also may share similar stories to other colonial systems in which small holder farmers are intertwined. The issues discussed in the coffee system represent only a portion of the problems that are dealt with by the 570 million smallholder farms (less than 2 Hectares) around the world who produce over 70-80% of the worlds food (Ritchie, 2021). The coffee industry in this context of small holder farmers represents among the most problematic among the global food system. This can be attributed to its chronically low and volatile commodity price (also known as C-market price) and the fact that it cannot aid in subsistence outside of its economic value, which heightens the problem of food insecurity.

Although coffee represents a problematic area for smallholder farmers it also is the focus of many interventions to support more sustainable supply chains. For this paper I will define sustainable or ethical supply chains as any supply chains deliberately attempting to ensure the long-term health and security of producers. Sustainable interventions can be seen in the advent of Fair-Trade and Equal Exchange in the 80's which got their start in coffee, as well as a whole other host of sustainable certifications such as the Rain Forest Alliance, Smithsonian Bird Friendly, USDA Organic, and many others. So, while coffee represents a problematic area for small holders it also represents an area of hope where many attempts are being made to organize value chains in a way to write the historic wrongs of coffee. In my next section I will analyze the

history of coffee production and consumption to trace where the historic wrongs of coffee emerged from and where attempts to differ from these systemic norms emerged from.

Methods

To address my research questions, I first applied basic historical and commodity chain analysis methods to understand the context within which decisions in the coffee industry are made. Next, I completed 9 ethnographic interviews with various members of the US specialty coffee industry including roasters, importers, researchers, and NGO members. These interviews were done to examine how change within the industry is being conceived and to understand how these members felt about their position in these changes. I then completed 13 ethnographic interviews with coffee consumers at a local Burlington coffee shop. Through these interviews I tried to understand consumers' relationship with coffee and how that relationship is impacted by their ideas of the producers and places where coffee is grown. The combination of these methods gives a systems-based view of the contemporary third wave specialty coffee industry, and what the drivers and barriers of change are present in the industry. It also provides an understanding of where opportunities for change lie and the extent to which they can impact change.

Value Chain Analysis

My next section is focused upon the evolution of the coffee value chain and U.S. market. For this section I analyzed the emergence of the different demands for the coffee value chain through the historical emergence of the three waves of coffee, which essentially yield three

different coffee products. From the perspective of the supply chain demands of each product I then analyzed the organization of the various nodes of the coffee supply chain. With each node I described its role the various value adds possible and the possible exploits that take place. I then focused on the impacts that this current value chain makes for coffee grower livelihoods.

Ethnographic Interviews

I gathered my primary data for this research through the completion of ethnographic interviews with US coffee industry members and coffee consumers. This addresses a relative gap in coffee studies and commodity chain analysis, where there is a lack of qualitative data on the US side of coffee. A focus on individual agency in the commodity chain I believe reveals important leverage points that when addressed can be scaled up to make large scale change in the industry. These interviews give a more holistic detailed view of the commodity chain.

I completed interviews with 5 individuals from the US coffee industry ranging from 30 to 180 minutes. In these interviews I focused on learning the position that each member is in and the decisions they are responsible for, and how or if they address issues of the coffee value chain from their position and their decisions.

I completed interviews with 13 coffee consumers ranging from 10-30 minutes and an outlier lasting 90 minutes. These interviews were mostly completed at the Muddy Waters coffee shop in Burlington, Vermont, with 2 completed at local diners also in Burlington. Muddy waters addresses

Interviews focused on consumers' relationship with their consumption of coffee and if they ever think about the effect of their purchases down the coffee supply chain.

Before completing these interviews, I had received IRB approval. Pseudonyms were added for all interviewees to protect their identities. The audio from these interviews was recorded, then transcribed, coded, and analyzed using the software NVivo.

Chapter 1: Coffee Value Chain Analysis

Introduction

Today worldwide coffee production is in over 80 countries and produces 22.35 billion pounds and the value of coffee in US GDP is over 228 billion (Krishnan, 2017, ICO, 2020, Capital 2020). In this section I analyze how the coffee market came to meet the production and consumption that it sustains today, examining the history of the coffee market and emergence various coffee value chains through the three waves of coffee. I then show in depth how the history of coffee expresses itself in the commodity today, following the process from how coffee beans are grown to where consumers are drinking coffee and everything in between. This section should give readers a basis of understanding for the histories, processes, decisions, and conditions that are embedded in a cup of coffee.

Evolution of Coffee Value Chain

To start off this value chain analysis I will trace the history of the three waves of coffee and the coffee products and value chains that emerge from them, starting from the origins of coffee out of Ethiopia to latest evolution of the coffee supply chain. Special acknowledgments must also be given to Mark Pendergrast and his book *Uncommon Grounds* which provided much of the history of coffee provided in this section.

Coffee Value Chain Origins: Slave Plantations to the First wave

Origins

Coffee originated out of Ethiopia and was cultivated and consumed as early as the 6th century and was eventually integrated into Arab trade in the 14th century and into the Ottoman empire in the 16th century. By the 17th century the first European coffee houses opened and were increasing in popularity. This increase in European demand led to all major European colonial powers in the 18th century establishing coffee slave plantations on their colonies. These slave plantations were designed to get the cheapest possible coffee to Europe to expand consumption and wealth. The low prices driven by slavery allowed coffee prices to drop and for it to become one of the original commodities among other drug foods (sugar, tea, tobacco, etc.) that an emerging European working class would begin to consume. ((Pendergrast, 3-21, 2010).

Transition to capitalism

The consumption of imported coffee among other drug foods also helped make the ideological shift, from a protectionist Mercantilism system focused on minimizing imports and maximizing exports to a capitalist system focused on maximizing consumption and global trade. Although it is debated, some camps say that the shift to capitalism entailed the abolition of slavery. My study of coffee would say otherwise, and I agree with what Sydney Mintz shows in his book *Sweetness and Power (1986)*, that the transition to capitalism and industrialism was very much underway with a slave producing class providing raw materials. The first wave of coffee roasters brands such as Folgers and Maxwell House emerged in the mid 1800s and were built around coffee sourced by slave production. Brazil (the world's largest coffee producer)

produced using a slave plantation model until its abolishment in 1888. For its sourcing, the first wave of coffee roasters was and is only concerned with sourcing the cheapest possible coffee, and thus would perpetuate a system of coffee that would exploit growers to get the cheapest possible coffee ((Pendergrast 21-28, 2010) (Mintz, 1986)).

The actual transition of coffee production away from slavery would occur when systems of wage labor could be cheaper and more stable than slave production. The ‘inefficiency’ and instability of slave production appears to have driven transitions to wage labor much more than ethical concerns. Examples could be seen of the slave revolt of Haiti, and the fact that the average lifespan on a Brazilian slave plantation was only seven years (Pendergrast, 17-25, 2010). Thus, after violent colonial processes shaped the framework and the lives in these colonies, we see how these areas were torn apart from self-sufficient societies to export-centric societies dependent upon global trade. As life in colonies was shaped around exports it would soon become more efficient to pay for wage labor than slave labor and more stable than to have to worry of slave revolts. Slave labor was then replaced by an exploited class of growers and laborers who would be entrapped in a state of economic dependence and food insecurity. This labor class which would exist in an insecure state of dependence and a colonial elite ready to exploit to gain access to the wealth of the global north would allow for the unbridled expansion of first wave coffee producers.

The transition in Brazil

The expansion of coffee production and consumption in the transition to capitalist wage labor production can be best seen through the world's largest coffee producer, Brazil. After gaining independence and its transition to capitalism Brazil was run by an elite class of coffee plantation owners. The development of the national infrastructure was then based upon coffee. This elite class replaced slave production through an indentured immigrant class who was brought in through government incentives and replaced slaves in the new *Colono* system. Brazil by 1915 would produce as much of 84% of the world's coffee, at such cheap rates that helped First wave roasters further expand their customer base. (Pendergrast 26-28, 2010)

During the Great Depression a crash in coffee prices led to the collapse of the entire Brazilian national structure which was incredibly dependent on coffee, leading to a revolution in 1930 and a course that would try to lessen Brazil's dependence upon coffee. At the time Brazil's only route out of this situation was to then burn their entire reserves of coffee which throughout the thirties would burn over ten billion pounds of coffee. During the same time first wave coffee corporations were consolidating power in the industry and these low prices for coffee would lead to rising high profit margins for coffee roasters. Maxwell House launched the world's most expensive advertising campaign. This led to growth of these large brands differentiating their product on advertising and a corporate takeover of the coffee industry that would be completed by the 1960's. The large corporations that came to dominate the coffee industry are many of the

same coffee roasters in the market today using the same price cutting tactics ((Pendergrast, 168-172, 2010) (Williams, 1994)).

First Wave Today

These first wave producers such as Folgers and Maxwell house still control about 60% coffee beans roasted today and thus their tactics also dominate the conditions of the coffee market. The business tactics of these companies that originally were sourced by slave production have changed little and thus the conditions of their supply chains can reproduce conditions like slave labor. These business tactics can be seen in the coffee crisis in the early 2000's where astronomic lows saw near famine like conditions for some coffee producers and record high profits for coffee roasters (Jaffee, 2004).

Second Wave and The Introduction of Quality

The evolution of coffee value chains away from the tactics of first wave roasters can be seen in the emergence of specialty coffee and the second wave of coffee. This era of coffee production emerged as a reaction to the low-price low-quality coffee offered by the dominant roasters of the time. Specialty coffee formed with the ideological goal to produce the best cup of coffee possible. This era was brought about by companies such as Peet's and Starbucks who emphasized the quality of their roasts and the tastes of different beans from different regions. Chasing the goal of a better cup of coffee, roasters helped to transform the perception of coffee from an undifferentiable commodity to an artisan good differentiable by quality. Differentiating

coffee beyond price also made the price of coffee more flexible and allowed for the first endeavors into ethical supply chains.

Ethical Supply Chains

This introduction of quality into the coffee supply chain marked a big change in the organization of coffee supply chains. While quality being subjective, for the purpose of this paper I will define the pursuit of quality as the holistic pursuit of a best cup of coffee possible (Pirsig, 1974) This pursuit of quality in specialty coffee also made room in the coffee market for considerations of ethical supply chains to be considered as another marker of quality coffee. Thus, specialty coffee is where the first Fair-Trade and Equal Exchange movements formed in the mid 1980's and the first organization attempts of sustainable coffee supply chains.

These first ethical supply chains attempts do not mark a solution to the exploits of the coffee supply chain but would be very important to be built off in the future of coffee supply chains. Throughout the nineties and two-thousands Starbucks would grow astronomically and with it grew specialty coffee. While small independent roasters in this time were also growing, corporations were also beginning to enter and consolidate business in the specialty market. Today most ready to drink coffee sold by any retailer meets the requirement to be called specialty coffee, which is a score of 80 out of 100 or higher on the Q grading scale (tested by certified graders), even coffee sold by McDonald's is now considered specialty. Overall, these specialty supply chains offer some improvements in coffee price, and stability through

certifications and offered consumers their first chance to contribute towards more sustainable supply chains with their purchase.

Third Wave

Through the corporate takeover, the pursuit of quality in many second wave roasters would be watered down, and the third wave of coffee roasters emerged in the late 90s to continue the pursuit for the perfect cup of coffee. Third wave roasters consider coffee as having almost infinite amount of differentiability, with each coffee bean containing a unique flavor from the *terroir*, or the taste of the environment, of where it is grown. This consideration of coffee leads third wave roasters to focus on sourcing of beans to often not just from a nation but from a single farm often or even a single lot on a single farm. The hyper focus on the sourcing of coffee leads roasters to be in conversation with producers to bring out the best flavor of the coffee bean. Therefore, the pioneers of third wave coffee roasters were also the pioneers of direct trade.

Direct trade was also meant to be a double-edged sword for quality and sustainability. Companies engaged in a direct relationship with their producers, could also directly consider the contexts of various producers and work to make a build a unique sustainable relationship with them. In this way sustainability is considered as a prerequisite of the third wave of coffee, not just an option that is available to be explored.

Today the market for third wave coffee has solidified, there has been an industry that has formed around the third wave coffee that has developed the philosophy of third wave roasters.

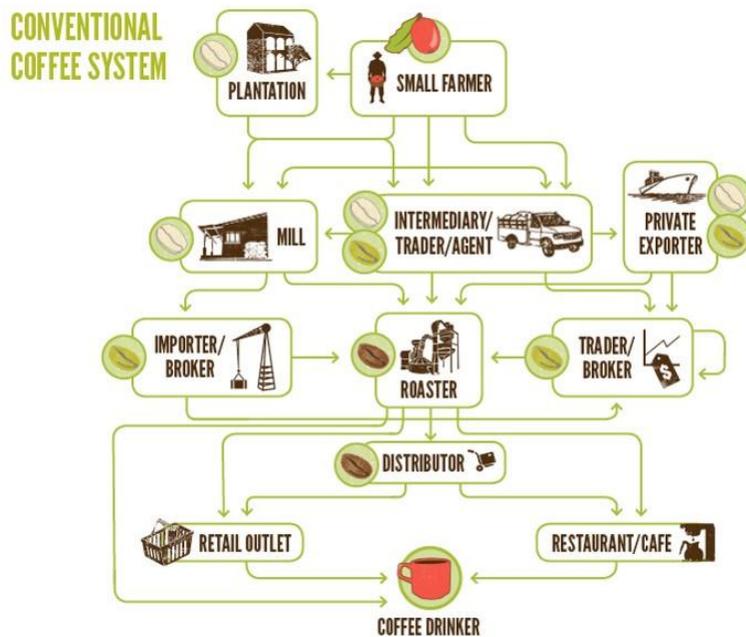
The emergence of third wave importers has made third wave philosophies more accessible to emerging small roasters who can work through the intermediate of an importer who is in a relationship with producers. While the third wave of roasters is also not perfect in terms of its sustainability strategies it is the area in the coffee industry where most of the greatest improvements on sustainable supply chains are being made. It's position that focuses more consumer value on coffee offers more potential room for improvements with producers and its focus on relationships with producers offers the possibility for more flexible approaches to sustainability.

These three waves of coffee mark the finished products that drive the coffee supply chain and demand different specifications for green unroasted coffee beans. Each product also drives a different value from consumers that it can distribute along the value chain. For first wave a tin of Folgers blended coffee sells for \$3.5625/lb., a second wave Starbucks blended coffee sells for \$10/lb., and a third wave Intelligentsia direct trade blend coffee costs \$18.75/lb. with prices for a single lot of Intelligentsia going for up to \$31.25/lb.

Contemporary Coffee value chain

I started my value chain analysis by grouping the finished products of coffee beans into three groups the first, second and third wave of coffee each of these waves demand different supply chain specifications and interactions. I will start by describing the three finished products and then work my way from producer to consumer about the various roles that each node in the

supply chain plays. Figure 1 below shows a summary of the various nodes that coffee travels through on the value chain.

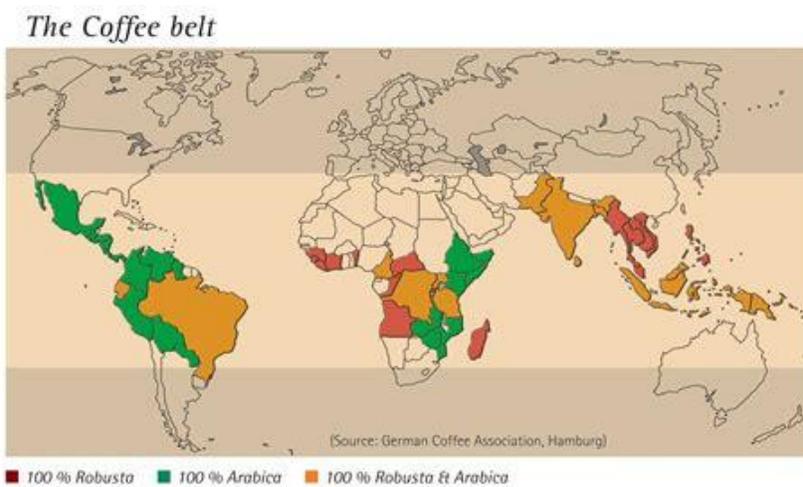


(Figure 1, Equal Exchange)

Geography

Coffee is grown in over 80 countries in a band along the tropics known as the coffee belt. Coffee is grown in this belt because of the quite specific conditions that it needs to grow. Coffee grows in climates with a mean annual temperature between 64-70 degrees and can tolerate mean temperatures as high as 73 degrees; sustained temperatures over 86 degrees can severely stunt growth and if temperatures drop a single frost can kill an entire crop (Scott, 2018). Coffee also needs a significant amount of rainfall but cannot handle torrential downpours. Lastly, coffee is

most ideally grown between 3,000 and 6,000 feet of elevation with the most prized coffee being grown at higher elevations (MacDonnell, 2022). These specific criteria necessary for coffee growing regions is spread throughout a region called the coffee belt and is located largely in the global south (see figure 2). The suitable land available for cultivation is also decreasing substantially due to climate change. The average altitude that coffee can be grown at in Central America is expected to rise from 2,000 to 3,000 feet by 2050, which could put a large portion of the region's farms at risk of no longer being farmable (Scott, 2018)



(Figure 2, German Coffee Association)

Growers

Coffee is grown in over 90 countries by 25 million coffee producers, and a total of 125 million people rely on coffee in one way or another (Fair-Trade, 2022). In this section I review the different production methods for coffee. The processes and products that are created by these

different methods are quite varied across regions and each production system falls in its own unique place, but here I break these down into the largest differences that exist between them. These include the difference between smallholder production and plantation production and their different labor requirements, the difference between Arabica and Robusta [JC1] beans, and sun vs shade grown coffee. The price paid to growers for unprocessed coffee is generally whatever the commodity price for coffee is, minus the processing fees. For example, in Nicaragua, the average price paid to growers ranged from \$.72/lb. to \$1.05/lb. for coffee, with an average .83/lb. and a Fair-Trade average of .88/lb. Coffee commodity prices ranged from \$.97 to \$1.26 in this same time. (Valkila, 2009)

Plantation vs Smallholder

As shown in the history chapter, in most areas outside of East Africa and the Middle East coffee production was built off a slave plantation model. Today, this is not the dominant mode of production with 80% of coffee now produced by smallholders (Fairtrade,2022). While small holders are the dominant model Plantations are common in most regions. In Brazil plantations are still the dominant form of production and Guatemala is known for its higher percentage of plantations in Central America despite its declining prevalence there. The typical plantation in Brazil versus Guatemala though is quite different. In Guatemala, plantations are still run quite similarly to slave plantations of old, in that they rely on a large underpaid labor force, mostly comprised of migrant workers from all around Central America. The Brazilian plantation model,

while it varies by region, is dominantly a highly mechanized system where 5 workers could work a field that would take 1,200 workers for a Guatemalan plantation (Reichman, 2018).

On small to medium size farms production is done by hand. Most small farms are mainly worked by families and during harvesting season outside help from a couple harvesters is contracted. Contracted work may be completed by other smallholder farmers who often work on other coffee farms outside of their own harvest season. On medium sized coffee farms this model changes, as they can have up to several dozen workers on their coffee farm.

The hand worked smallholder coffee farms also allow their coffee plants the potential for higher quality. The attention to detail in smallholder farms gives their farms the potential to capture the highest value from their coffee plants, and to be sold to high value third wave roasters. For small holders to capture the higher value for specialty coffee requires a much higher input in time, and for coffee workers who are managing multiple crops getting the most value out of each crop may not always be their priority. So, while small holder growers do make up a high percentage of specialty coffee it is not always an investment that is worth it (Vicol, 2018). Which in the next sections I shall describe some of the differences in these value-add processes for producers.

Arabica vs Robusta

The next difference in production is the choice between Arabica or Robusta coffee beans. Robusta coffee beans are a hardier plant and are more disease resistant. They also thrive in lower elevations from sea level to three thousand feet, hence the name Robusta. Robusta also has a

higher caffeine content but is often described as having a terrible taste resembling burnt tires. These differences were great enough that it was banned from the world coffee exchange in 1912, it now has its own market exchange, but it still does have a large impact on the Arabica coffee market (Pendergrast 141, 2010). Vietnam is the main producer of Robusta beans, making up 80-90% of their production (Summers, 2017). Robusta is grown by both smallholder and large growers. Vietnam mostly consists of mostly smallholder growers, where Brazil's Robusta are more largely plantation grown. Robusta beans are most used in instant coffee which are sometimes 100% Robusta and are added as fillers in traditional coffee blends.

Arabica is the more dominant variety of coffee with it making up about 75% of the global coffee market. It is also the more desirable of tastes with coffee, it has about 60% more lipids and twice the sugar content of Robusta. Arabica generally thrives at higher elevations. The specialty coffee industry is also almost entirely dominated by Arabica. There are also a few other niche species of coffee that are grown for specialty coffee but only make up around 1% of coffee produced.

The market value for low quality Arabicas beans almost doubles the price of Robusta. There is a small niche for specialty Robusta but is quite insignificant for the rest of the market. Robusta adds value through its less intensive growing process and its ability to weather storms and disease, making it a less risky crop even though it fetches a lower price. Arabica adds value and has the potential to sell at very high prices, at the cost of being more susceptible to disease.

Sun vs Shade

In its natural environment, coffee grows in shaded jungles, but an increasing percentage of world coffee production takes place in full sun conditions. There are different levels of shade coffee, with the traditional way (full shade) being coffee integrated into a jungle and grown with other trees and plants. What is considered partial shade would be a coffee crop that has trees sparsely placed on the property and more clearing of other forest life. In full sun production, there is no canopy over the coffee plants. Today about 25% of world coffee production is managed under diverse shade, 35% under partial shade and 40% in full sun conditions. Both Arabica and Robusta are grown in shade and sun conditions, but Robusta is more dominantly sun grown with about 80% of beans being grown in the sun (Summers, 2017)

Sun grown coffee is increasing in use because it increases the yields per coffee tree, has more trees per acre, and shortens the time until the coffee tree produces cherries. (Bylos, 2017) It is also easier to harvest since it is the only thing being grown and harvesters don't have to walk through denser jungle and worry about insects and other life that shade grown systems can support. It also allows for mechanized picking on large plantations. It comes at a cost though, since sun coffee is exposing the coffee tree to more energy it also drains energy from the soil and depletes the soil's health quickly. Thus, sun grown coffee requires fertilization and is much more resource intensive in general. It also can decrease the average lifespan of coffee trees to about 15 years instead of 30 years in shade grown environments. (Bylos 2017). It also requires that the

land lies fallow between harvests to regenerate its health. Sun grown coffee makes the beans mature quicker which also changes the flavor of the coffee to a less desirable and more acidic flavor.

Shade grown coffee on the other hand is generally the more utilized method for smallholder coffee farmers. Shade grown coffee is also promoted by many environmentalists, for its ability to coexist in natural jungle environments. On farms in southern Mexico 180 different species of birds were harbored in coffee farms (Smithsonian,2022). Shade grown coffee is also very regenerative for soil health and makes farms more resilient to erosion, provides natural pest control, increased pollination, and helps farms mitigate impacts of temperature increases and rainfall changes from climate change. Shade grown coffee is also very conducive to a diverse polyculture system that supports many crops. Shade grown coffee also leads to more fully developed tastes and is the preferred method for specialty coffee and is perhaps the exclusive method for third wave coffee.

Origin Processing

Once the coffee cherry is grown there are then several steps taken by intermediaries to get the coffee from origin to a shipping service in the destination. Depending on the region, the steps taken can look quite different in terms of how many different entities are involved in the intermediate processes. These processes can be broken up into transport from the farm, processing and milling, and exporting. The commodity price of coffee is in reference to the price

of processed coffee paid to an exporting agent. Only the largest of plantations can process and export their own coffee. So whatever price is paid for coffee by an importer can change many hands through these origin processors before reaching producers. The multiple changes taken place here can show why it can be difficult to determine what payment farmers receive, or what is known as the farm gate price. On average in a Nicaraguan Co-op, fees charged for these services were \$.09 for exporting, \$.09 for dry milling, \$.07 for administrative costs, \$.01 for municipal tax and \$.02 for technical assistance in total charging the growers \$.28 USD.

In this section I will explain the various intermediaries and their role in coffee processing.

‘Coyotes’

From the moment the bean leaves the farm, the transportation is commonly handled by either a cooperative organization, or by an individual buyer -- often called ‘coyotes’ in Central America. Small farmers may sell to these coyotes for various reasons. One reason being that a co-op may only be able to purchase a proportion of their beans and the coyotes are the only other option. Smallholder farmers coffee beans may not meet the quality standards or organic certification standards needed to sell to a particular Co-op. Co-op’s often also make delayed payments, so if a farmer needs cash instantly then they will take the lower price offered by coyotes. Families are also known to store beans like cash reserves to trade in small amounts to coyotes for groceries when needed (Jaffee, 2007). If there is a rapid increase in the commodity price for coffee, there is also a chance that a co-op locked in their deals with an importer for a

lower price and the coyote could offer a higher price. Coyotes are often known to take on many price gouging techniques and exploit a lack of knowledge regarding price that farmers have access to. So often this could be just lying about the price that the local co-op was currently paying or saying the C-market price for coffee had recently dropped. (Milford, 2012)

Co-ops

Transport is also commonly organized in the supply chain through coffee cooperatives as well as providing several other intermediate roles. The International Co-Operative Alliance defines a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Due to the high prevalence of smallholder farmers, coffee cooperatives are quite common. In just about every country where coffee is grown some sort of cooperative structure is likely to exist. Given their democratic orientation, each member of the co-op is supposed to have a role in the running of the organization and votes for the leadership. Profit in the co-op if exceeding operating costs is also supposed to come back to its members in the percentage of shares that they make up. However, it is often thought that profits are not paid back to members. For example, in a study on Indonesian coffee farms over five years, no payments were sent out to any members on profits (Vicol, 2018). It is also often the case that membership of the co-ops can be dominated by the few largest landholders who have a much higher percentage of co-op shares.

On average, though, co-ops offer higher prices than their competitors and membership can often be vital in securing access to credit and other agricultural services to farmers. Co-op membership has been picking up since the 1960's and with the recent coffee crisis in the early 2000's led to an increase in the prevalence of small holder farmers and the number of co-ops. Co-ops range in size with the largest co-op out of Brazil (formed in 1954) has 12,000 members and exports over 237.6 million pounds of coffee according to their website, but most fall in the range of having around 500 members and export a few million pounds of coffee per year. (Wollni, 2013) Most of these co-ops have been formed with the help of an NGO or religious charitable group. In a study of 38 co-ops around Chiapas Mexico, only 8 had formed without some access outside help of a development group (Milford, 2012). Cooperatives are also the form of organization that most Fair-Trade bodies operate through, which has also helped their prevalence. Cooperatives in coffee often take on a variety of the intermediary roles from transport, to processing and milling to export.

Processing, Milling and Exporting

Once the coffee leaves the farm the next step is processing and milling. These are the steps that take the coffee cherry (the bean still encased in its fruit) to coffee greens, the fully processed product that is exported. Coffee processing is either done through a process of dry or wet processing, and produces an intermediary product called coffee parchment. Coffee milling is where coffee parchments go through an intermediary sorting by size and weight and are graded.

Coffee parchments are then dried from up to 50% moisture down to 10-12% moisture content that is then the finished product of coffee greens. These coffee greens are then packaged and sold to an importer who from the time of purchase owns the beans and pays for shipping of the beans.

Dry Processing

Dry processing, also called natural processing, is the traditional way to process coffee which involves letting the coffee bean, still encased in its cherry, sit in the sun for 2-3 weeks and turned over 3 times per day. This process is not resource intensive and it can be completed by small farmers who can then sell their coffee at a higher price for completing this additional step. Although this step does take minimal resources it does take some attention to protect the crops from rainfall, and risk, to make sure the beans do not rot. A week-long rainstorm for example could be quite dangerous to a dry processing coffee method. In a study of Indonesian coffee co-ops, 86% of members who sold to a specialty co-op listed being able to sell coffee cherries to the coop as a reason for using the coop (Vicol,2018). Dry processing is also the less preferred method for specialty coffee since the flavor of the coffee cherry can have flavors that distract from the natural flavor of the coffee bean itself.

Wet processing

Wet processing is the preferred method for specialty coffee although it requires specialized equipment and uses more resources. (Wrigley, 2017) Wet processing involves submerging all the coffee cherries in water, in which unripe cherries float, and ripe cherries will

sink to the bottom. The cherries are then placed in fermentation tanks for 2-3 days and then the membrane of the cherry is removed, and beans are dried until reaching the desired 10-12% moisture level. Since the coffee bean is processed in less time with the husk, the bean is then said to preserve more of the flavor of the soil, or the *terroir*. Wet processing is completed by Co-ops or private centralized milling and export companies or by large farms.

After the coffee beans are either wet processed or dry processed the coffee then goes through the milling process where the beans are then graded and cleaned of their dried husks and membranes to give you the final green coffee product. The coffee is graded based on various characteristics such as size, color, bean shape, region, altitude, number of defects, bean density and cupping quality (taste test).

After coffees are graded this is how coffee prices are assigned, with the next step being selling the coffee to an importer in the states. The milling and exporting companies that exist outside of Co-ops are large national companies who usually exist in municipal centers and deal in millions of pounds of coffee per year.

Commodities Market

The important node in the commodity chain linking importers and exporters through price is the commodities futures market for coffee. The commodities and futures exchange were founded in 1880 to stabilize the world's coffee price (Pendergrast, 2010). This exchange is theorized as a price stabilizing tool that allows sellers and buyers to hedge their bets and lock in

deals for the coffee they are selling or buying prior to that year's harvest (purchases may be up to 2.5 years in advance). Allowing this purchase to be advanced through a futures contract allows both parties to stabilize their margins. In general, this price is determined by the Commodity price for coffee which is set by the International Commodities Exchange (ICE) in New York for Arabica and the London International Financial Futures and Options Exchange (LIFFE) for Robusta. When used between an exporter and an importer, the commodity price is generally a standard for the baseline price, upon which a differential is usually added or deducted from the price based on the various quality indicators depending on the relationship between the importer and the exporter.

The basis of the commodity price is made by the aggregate price of coffee futures contracts made by buyers, sellers, and traders. These contracts are all standardized for one shipping container or 37,500 lbs. of coffee that meets a standard grade and is then held at certified warehouses. Buying or selling coffee directly through the commodities market, makes up a small percentage of how coffee is purchased and sold by importers and exporters, but the aggregate price that is derived from this commodity sale is the basis for practically all coffee contracts. (Newman, 2009) (Coffee Trading Academy, 2021)

The commodity price of coffee though is not simply just determined by coffee importers and exporters. Being a public market, this determination is available to literally anyone who would like to purchase a contract. Speculators or financial institutions can invest in coffee and

bet on changes in the coffee price, through the purchasing of a coffee options contract. An option is a contract where the seller of a commodities futures contract makes another deal upon their contract to sell the premiums made upon their current contract. So, a commodity option contract can be bought with no obligation to buy or sell the underlying asset, in this case coffee onto which the original contract was based off.

This works in a very similar fashion to how someone would invest in a company on the stock market, but instead of companies it is goods such as coffee, corn, and oil on the commodities market. With commodities instead of betting on the performance of a company it involves betting on things such as if Brazil will have a good rainfall. This speculation on the market can heavily influence the volatility of the market, and rumors such as news of a possible frost can send the market into a frenzy. Although it is difficult to track speculation on the coffee market vs hedgers (important companies trading contracts), in Sarah Newman's 2009 paper she suggests evidence shows that the number of speculators from the 1980's was around 10-30 percent of market trades, and in the 2000's that number had increased to 40-70 percent of market trades. Commodity options are the method that speculators and hedgers mainly use in their exchange, coffee exporters for the most part only have the financial capabilities to engage with the futures market for coffee. (Newman, 2009).

Importer

Importing coffee is the next step in the process, and here I focus on the example of US coffee importers. Coffee importers are the important connection between coffee consuming countries and coffee producing countries. Although it is not necessarily the farmer that these companies are having the conversation with since they are usually only working with the exporter. The importer's job consists of meeting the demand of various roasters that they work with, maintaining relationships with various exporters, and making contracts to meet those supply and demand constraints. The US importing business is very top heavy with the top two importers Neuman Kaffee Group and Volcafé in 2006 having over 30% market share for importers and the top 5 importers representing over 55 % market share in 2006.

The way that these contracts are made typically involves the shipping of a coffee sample, and then a price is made based upon the price of the commodities market or based on the commodities market at an agreed upon time before the coffee is to be shipped. Then the coffee is shipped, the minimum amount of coffee in these deals is usually a shipping container full, which is about 42,000 pounds of coffee green. For specialty coffee it is often shipped in airtight plastic bags to prevent molding compared to conventional burlap bags. From there the coffee is stored in a warehouse. Coffee greens can be stored then for quite some time, ranging from as little as 6-12 months to 5 years to up to 20 in proper storage. (Nguyen, 2022) Coffee importers will then offer

a menu of options to their different roasters who can pick and choose between various qualities and elevations of coffee.

Roaster

As mentioned, since the roaster creates the finished products of the coffee supply earlier in the coffee chain it is often the main driver of changes and trends in the coffee industry. As of 2012 in the coffee industry second wave and third wave (specialty) coffee made up 37% volume of coffee sales but nearly 50% of the value. (SCA 2012) As of 2008 Fair-Trade made of 4% of the US coffee market, and 8% of the industry is made by some sort of certification coffee (Craves, 2008) The industry overall has been growing with a 7.3% increase in the past 5 years to 3,742 businesses and is expected to continue growth for the next 5 years. The coffee industry is a highly profitable industry with average margins being 11.4% for roasters which are up from 9.7% in 2016.

The coffee industry is a highly competitive industry with thousands of businesses and substitutes in the form of tea and cola. The top 5 companies in the industry make up 61.8% of the business and are considered highly entrenched in their positions due to high levels of consumer loyalty and the price advantages held by these large corporations. The market leaders for sales of coffee products today (not considering retail) are JM Smucker Company (19.6%), Keurig Dr Pepper (17.1%), Nestle (16.5%), Kraft Heinz (5.3%), and Starbucks (3.3%), with the rest of the market making up 41.5% of the industry. It is important to note with this as well that Nestle

owns the rights to roast and sell Starbucks beans outside of Starbucks retail locations. Keurig Dr. Pepper also competes for market share in the specialty coffee business with its 29 different specialty brands. (IBIS, 2021)

Retailer

In the US alone there are over 500,000 retailers. Although the top 3 brands, Starbucks (31.7%), Dunkin Donuts (15.5%) and Caribou Coffee (1.1%) account for 48.3% of industry revenue. Profits in this industry are above average for the food and beverage industry at 7.3%. Starbucks is far and away the leading retailer with 31.7% US market share, and 32,900 stores around the globe. Starbucks revenue 14.9 billion dollars and has been increasing a steady 4.6% and is expected to continue growing. Dunkin Donuts the second leading brand has a 15.5% market share with 9,000 US based locations and retails in over 20,900 locations worldwide. The retail industry is dominated by specialty coffee and even Dunkin Donuts and McDonald's McCafé coffee are considered a specialty coffee. Today Starbucks sells a 12-ounce cup of coffee for \$2.25, Dunkin Donuts sells their 12-ounce cup of coffee for \$2.05, and McDonalds equivalently sells their coffee for \$.75 per 12 ounces (although their smallest size is 16 ounces and sold for a dollar).

Consumer

The United States is still the top coffee consuming country in the world. In 2020 the country consumed 16.41% of the world's coffee with 64% of adults drinking coffee daily.

(Market share reporter,2020) The next highest coffee consuming countries are Brazil (14.15 %), Germany (6.2%), Japan (5.3%) and Italy (3.7%) and the European Union consumed 27.84%. The amount of money spent on coffee increases with income, with households making less than \$20,000 spending \$47/year on coffee and households making 100,000 or more spending \$141/year. Coffee is consumed by all age groups but the 60 and older category are the largest drinkers of coffee, consuming 28.7% of all coffee, and a higher percentage of traditional, instant, and decaf coffees. Consumers under 24 make up 18.2% of the revenue and drink more prepackaged coffees and espresso beverages. Those 25 to 39 consume 25.1% of the market share and drink the most specialty coffees, and 40 to 59 consuming 28% spending the most on coffee and consuming the most coffee per capita.

Value chains impact of Growers Livelihoods

Harvesters

In an interview with an employee from the nonprofit Food 4 Farmers I asked about the livelihoods of coffee farmers, She told me the following, “well if you’re looking at coffee farmers they are really the middle class of these very rural areas in Central America, if you want to look at who’s the most in poverty you have to look at those who harvest on the plantations and work in the mills”. This shifted my focus for quite a bit considering that coffee farmers in Central America on average make far below the average wage per capita in their countries. (Jaffee 2004) Yet, in searching for coffee harvester and mill livelihood indicators there seems to

be quite a large research gap. These coffee harvesters and mill workers are often small holder farmers who leave their farm during the harvest but that still makes up a fraction of this total workforce. In Nicaragua there are 48,000 coffee farmers, 80% of whom are small holders but 280,000 coffee laborers who represent 42% of the rural Nicaraguan labor force. A large portion of this labor force are migrant populations who move around Central America working on various coffee farms and plantations. Coffee farms of all sizes employ labor during the four-month harvest season. Small producers of 2-3 hectares (HA) hired 3 or 4 laborers during harvest and 1 or 2 during off season. In contrast, farms bigger than 5 HA hired dozens of workers during the harvest and several during the off season. Large coffee plantations that are thousands of HA's can employ thousands of workers. In Nicaragua, the minimum wage on these farms was 1.6 USD and three meals a day, and the value of a basket of goods for a family of 6 was 2.4 USD in 2006. This wage paid to laborers was on average the same regardless of if the farm was Fair-Trade or not. Mill workers also received a similar wage and did not on average see any change in income from working at a Fair-Trade co-operative's mill (Valkila,2009, 2010). Fair-Trade seems to have little impact here and the livelihoods and conditions of coffee harvesters represents an area that could use more research.

Smallholders

Smallholders are the backbone of the coffee industry and have been increasing in prevalence throughout coffee's history. Smallholder coffee growers have risen to greater levels

of prominence in the industry due to the conditions and regions in which coffee grows best. The shaded high altitude mountainous regions where coffee is grown are generally harder to cultivate with larger industrial methods and work well with intercropping systems such as *milpas*. So coffee, while at its best in regions like Costa Rica, can provide small holder farmers with a connection to global markets that help them gain access to markets to supplement their subsistence crops and other diverse crop systems. Yet at its worst coffee can be a dangerous crop in its reliance on the c-market price and its inability to help in subsistence. This can be seen in Santa Cecilia in Mexico, a town where *milpa* systems were all but forgotten and replaced with all coffee crops. When coffee prices dropped in 1991 the town approached a near famine level crisis, 100 percent of children under 12 in this community were malnourished and 75 percent under 5 and 80 percent over 5 were suffering from emaciation (Low weight to height ratio). (Jaffee, 2004).

Los Meses Flacos

The story of food insecurity amongst coffee farmers is a defining feature in many regions of smallholder coffee farming. In 2006, 97% of households in an organic co-op in El Salvador experienced food insecurity in some form (Mendez, 2013). This food insecurity is tied to chronically low and volatile coffee prices. Members in an El Salvador Fair-Trade co-op had a mean income of \$2,037 per farm or \$298 per capita which is compared to the El Salvador average income per capita of \$3,547. This income per capita is an aspect that is improved by

working with Fair-Trade and improved almost all aspects of life related to this but food insecurity or “los meses flacos” were not improved. This relates more to the nature of the coffee payments rather than the amounts since coffee growers receive their payments only 1 to 2 times per year. The time farthest from these payments are the thin months. This study of the thin months found that it was prevalent in all Central American Coffee growing regions in the study varying by regions from 1-7 months of food insecurity. In my interviews industry members also discussed similar issues prevalent in East Africa and South America. Fair trade has also been shown to have little impact on the thin months. The thin months have found to be mitigated the best when farmers have more diversification in their crops which helps reduce the thin months through more self and community reliance. (Mendez, 2014)

Fair-Trade

So, is there any benefit to Fair-Trade for coffee growers? While Fair-Trade was founded and marketed as a method to get a higher price paid to coffee farmers, it is very often the case that these higher prices are substantial for the coffee growers. In a high C-market price time it can often be the case that non-Fair-Trade exporters pay higher than a Fair-Trade coop. (Valkila, 2009). It is also common that growers cannot sell all of their crop through Fair-Trade avenues and must sell the remaining crop to ‘coyotes’, which will fetch the commodity price (or lower) regardless of quality standards that growers may have to meet Fair-Trade standards for. In terms of price Fair-Trade seems to only be very important in times of C-market fluctuations, that is

when the price floor that Fair-Trade holds have its greatest importance. The other most important aspect that is had with Fair-Trade is the access to credit that the members receive. It is quite ubiquitous that coffee farmers must take out loans to get the necessary resources to start the season. Given this, cycles of debt are a significant problem experienced by coffee growers. Being connected to a Fair-Trade co-op though gives members the access to the Co-ops credit lines, and their going interest rate of 11% is a massive improvement to the 18-22% rate non-co-op members received. These connections and other social benefits such as schools and better infrastructure being built around these Fair-Trade enterprises are often seen as the real benefit to Fair-Trade. (Valkila, 2009) (Fischer, 2014)

Specialty Coffee and Relationship Coffee

Third wave specialty coffee roasters have the position to offer much higher prices than even Fair-Trade with the highest quality coffee greens can be paid as high as 10 per pound. It is true that roasters and importers today will pay top dollar for quality coffees, but it is still the case that these prices don't often find their way back to producers. One issue is that with high quality coffee, there is a high cost associated with the processing of the coffee beans, through more resources intense wet processing and taking care to make sure a single lot of coffee makes it through the supply chain without any mixing with other coffee beans. In a 2018 study it was found that in the relationship coffee model, which is like direct trade but relationships with producers are maintained by the importer, higher prices paid to farmers were not found. Yet

almost all producers were happier with their relationship because in their relationship it meant meeting pre harvest to discuss challenges for the coming harvest and allowed producers to meet with lenders and again secure better access to credit (Hernandez, 2018).

In one example of an Indonesian co-op there was a case where a co-op worked with a direct trade roaster and allowed the co-op to pay 124% the going rate for 'Mild' coffees. Despite the high prices that they would pay, only 26% of farmers intended to try and sell their coffee to this co-op, the number one reason being that their quality demands are too onerous (37%). 86% of coffee farmers also cited that the reason they chose to sell to the co-op was because they could sell their coffee as coffee greens and not have to spend the extra time processing the coffee. A perspective that is often neglected is that farmers may not be trying to maximize the profit of each individual tree but rather balance their time between competing interests (Vicol, 2018).

In this same co-op the direct trade buyer stopped doing business and terminated his relationship when heavy rainfall affected the quality of their coffee beans that harvest. The Direct Buyer since the impacted harvest has not returned to the region (Vicol, 2018). This is also a problem with direct trade is that there is no regulating body or standards that holds roasters to their commitments. This can also be seen with two of the founders of direct trade of Stumptown and Intelligentsia recently changing many of their standards when it comes to their direct trade relationships with their recent buyout by JAB Holdings group. In my interviews with an employee of Stumptown, he described that one of the most shocking changes was that JAB asked

Stumptown to change their buying terms with coffee producers to net 30 to net 120, meaning that producers do not receive payment for their coffee until 120 days after the original transaction. These buying terms were also echoed in an interview with a former employee at Green Mountain Coffee (who was also purchased by JAB) who said terms were expected to change to up to net 360. These terms force growers to further rely on going into debt and credit with exorbitant payment terms being involved in these loans. These seem to negate the largest positive impacts that working directly with growers has in terms of easing access to credit. (Macgregor, 2017)

Conclusion

The coffee commodity chain today can be broken into three categories: first wave, second wave, and third wave. The first wave drives demand for the low-quality coffee beans. Producers of these beans are plantations and small producers who want to spend the least amount of time and resources on their beans or just need quick cash and selling to coyotes may be their only option. The second and third wave is where more value-added processes come into the coffee production system, and standards of coffee roasters may call for certain specifications such as shade grown coffee or wet processed coffee. These can help producers make small improvements in price or more importantly secure more consistent access to resources and credit that purchasers may be connected to. Second wave coffee roasters now make up a large share of the marketplace through roasters like Starbucks. The production of their high-quality beans often comes from large plantations like the highly mechanized Cerrado region of Brazil. For third

wave roasters, the supply chain often involves a direct connection with producers or producer co-ops to get strict quality from their beans. These beans come from high altitude regions with medium and small sized farms supplying the high-quality beans; growers here can possibly fetch double the commodity rate for their beans but have an increased time commitment that makes the differences in payment quite negligible. Often this mode of operation often works well for medium sized growers who can operate under more careful conditions rather than large plantations and want to devote time and resources to getting the most profit out of each of their coffee plants.

These changes in the coffee industry have resulted in trends that have marked slight improvements for coffee growers. Yet the most vulnerable members of the coffee industry, the harvesters and mill workers, are often still forgotten about and receive little to no improvements from Fair-Trade and direct trade initiatives. The benefits that are received are often not in the form of high prices but the stability that comes from Fair-Trade price floors and being connected with a buyer. The perspective that farmers are not always after the highest profit per plant is not always recognized and neglected. Farmers may also be looking to balance their time between coffee and other obligations.

The coffee industry today is making improvements from the colonial histories of the past but despite much effort and different initiatives many coffee farmers in the commodity chain are still at risk from the underlying problems of price instability, as shown by the 2001 coffee crisis.

It is only a matter of time before another crash occurs. This is when the continued increase of Fair-Trade and direct trade buyers will be tested to support the coffee communities.

Chapter 3: Third Wave Coffee Members

Introduction

Up to this point I have detailed in large generalities how the coffee value chain arrived at its current condition today, with this section I hope to connect those large trends and historic flows down to the individual human decisions within those broader trends. I interviewed five specialty coffee industry members, each from a different level of the US-based coffee supply chain. In these interviews I focused on learning about each individual's position, where they feel they have the opportunity to make sustainability considerations and what factors drive those considerations, and the areas that they see as problematic but beyond their control. I attempted to reach out to members of the traditional coffee industry and financial holdings groups active in the industry, but these companies all declined to comment. The information presented here adds another layer of detail into this commodity analysis. Given that the US coffee industry is the largest coffee market, it is a leverage point for the rest of the coffee industry. Learning about the goals driving different agents in the industry and their bottom lines provides an intimate glimpse into leverage points for the coffee industry. The presentation of these interviewees is based on the scope of their decision-making impact, from the widest impact to the most focused impact.

Kate, Chief Sustainability Officer at Specialty Coffee Association (SCA)

Who is Kate and What does she do in Coffee?

Kate has been the SCA's sustainability and knowledge officer for 5 years although Kate has been involved in coffee for almost 20 years. Kate first got into the industry after studying

English, Spanish and Latin American studies in university and got a job for a coffee roaster as a buyer at Counterculture Coffee, and eventually became their first sustainability manager. Joining the SCA in 2016 Kate was their first sustainability officer and undertook the main responsibilities of curating critical knowledge for the industry and developing strategies to increase demand for sustainable coffee. The conversation that ensued with Kate was mostly on a grand scale of the entire coffee industry, how Kate and the SCA for how the specialty coffee industry could best be leveraged to achieve a 'sustainable' supply chain.

Goals of the SCA

My first question was in her own words what is the SCA and its goals? and how does her position fit into those goals. She explained to me that SCA is a non-traditional international trade organization, and due to its large scope encompassing issues along the entire coffee supply chain and the educational and research roles they hold as well, which she elaborated more on.

“In the context of the sort of bigger picture of specialty coffee everyone has the same goal, which is to increase the appreciation [of coffees value chain] by consumers..., and in that appreciation is willing to pay more for it, which it not just demanding more coffee, but increasing the demand for coffee that is sustainable.”

This quote reveals how Kate's position as a member of a trade organization may shape her perspective, since her starting point into her role in sustainability is through the market mechanisms of consumer value and demand. This points to increases in demand being a bottom line for sustainability strategies from Kate's position. The position of the SCA lead it towards

favoring various types of strategies that coincide with an increase in demand. This position could be considered a positive or realistic perspective, since the market operates on a system of constant growth and increasing demand is a prerequisite for the survival of business. This could also be seen as a negative in that their approach could reinforce the problems of the existing market.

This market-based approach to sustainable coffee taken by Kate is touched on again in Kate's response to what she saw as the biggest hurdle the coffee industry had to overcome.

"I would say that, you know, for the SCA, from the vantage point that we have and what we see as the leverage of specialty coffee versus commodity coffee... People do pay \$5 for a cup of coffee in a beautiful cafe But, how does that value get distributed?... In commodity coffee, the prices might be cheap at the consumer level and the prices might be cheaper at the producer level, but if it works efficiently, it is possible for someone with economies of scale, to make a living doing that. It might be harder in some cases for someone who has a very small amount of coffee that they're working with and invest a lot of time in to run a profitable business. If we are not thinking about, you know, what those costs are and what that additional value is and how we structure businesses and supply chains differently as a result."

The starting point of Kate's sustainability strategy is based on increasing the price that people pay for coffee. From this price-based approach though Kate navigates into issues of the coffee value chain and what considerations are made along that value chain regarding producer inputs and if the increase in price for producers is proportionally higher. In considering the input costs of producers this is also calling for a supply chain that is in conversation with its growers making decisions based on their changing inputs and conditions. This acknowledges the problem

that in its present condition value chains for specialty coffee are not inherently better than conventional supply chains, but through their higher value they have higher potential for equity. The higher potential is because increasing margins for producers would lead to proportionately higher increases. The higher overall value also means that supply chains have more with more room to improve efficiency and distribute value. For example, in the case of the Indonesian Direct Trade co-op the co-op ran very inefficiently and took 6 of the 9 dollars paid for coffee greens (Vicol, 2018).

Sustainability as Marketing?

Much of the way that higher prices paid for coffee that makes sustainability considerations along its supply chain are through marketing these sustainability positions to drive a higher price. Kate had mentioned that this marketing was a key strategy for specialty coffee. I questioned Kate if this as a long-term strategy would be viable, if the goal was for sustainability to become an industry standard and thus no longer be a price differentiator.

“I feel like it is an example of both. It's both there because consumers, you know, Millennial's gen Z, whatever, because consumers demand it more. Um, and it's also there because, um, there are instances, you know, I'll use cooperative coffees again where like it's their mission. So, they're going to push it out there and make sure people know it and try to create that demand for their products.”

Kate pointed out to me that sustainability marketing is not only bringing in customers who value sustainability in their coffee but also creating knowledge for consumers who don't have a knowledge of their supply chain. So marketing is not only a way to draw consumers who value sustainability in their coffee but is a way of getting to the point where more consumers than not are demanding sustainably sourced coffee.

Multiple models of Sustainability

What does it mean for coffee to be sustainably sourced though? This was a question I circled around with Kate trying to get her to say what she thought the business model was that the coffee industry should be striving for. Eventually after asking in a few different ways, she told me this

“I think that there are so many different models that will need to work, including models that are for coffee that doesn't taste very good...If it finds a market, you know, someone's valuing this, we have to change the way that the supply chain looks or how, um, and margins and things so that we don't, um, we don't sort of leave that coffee out of the promise of like coffee being valued and being a, um, a, like an generator of a sustainable income”

This is where I thought Kate's realist perspective was very refreshing, because in my research all the academic focus and research I read is all on specialty coffee and small holder farmers. Yet this negates the fact that commodity coffee still makes up a large portion of the coffee market and is not going anywhere soon, so one thing I asked in many of my interviews is

how it could be possible to have a sustainable coffee industry while commodity coffee still exists and brings down and controls much of the price for coffee. Kate acknowledges here that specialty coffee is not the only path to sustainability, and even within specialty coffee there are multiple paths to sustainability.

Commodity Market

While having multiple models of sustainability in coffee is important, I think it is also important to consider that these models do not exist in a vacuum but that their prices are connected through the coffee commodities market. So, when speaking on the relevance and power of the commodity price for coffee Kate said

“I see it as both [something to consider and to ignore], it is not the right tool for many jobs but because it's such a widely used tool, it's an important one to be fluent in.”

Kate acknowledges in buying decisions and contracts the commodity price cannot be the sole driver of price decisions, again implying that further conversation needed along the value chain may be needed to drive price. Although she does not call for the total abandonment of the price which she believes has value due to the universal acknowledgement of its relevance in price currently.

Payment Time

Kate addresses that even though getting a higher value for coffee and the more equitable distribution of that value seem to be Kate's starting point for coffee. Higher price and value are not the only considerations in coffee to be made.

There's a lot of focus on the price, you know, the job price of coffee or the price paid by a roaster or the commodity futures price, and less attention paid to. Sort of timeliness of payments, not so much how much it is, but when it's paid and what the, uh, you know, what the interest rate or the access to credit.

Kate continued to explain that these are areas that do not receive enough attention because they are beyond consumers scope of considerations with sustainability. So, it is an area where it is the responsibility of roasters and importers to make these considerations and not expect a value return from consumers. This is a recurring theme I have seen in my research, that access to credit and timeliness of payments are some of the highest impact activities for growers but often receive little academic or media attention.

Coffee future

Kate's responsibility in coffee is to ensure the long-term sustainability of the coffee industry so I was of course curious to see what her outlook for the industry is, and if she ever thought the coffee industry would become entirely sustainably produced.

“I can see that future, but I also see that future is not in my career in coffee. You know, we've been on this path for decades now, and I don't believe in quick fixes”

I think this answer fits with everything else that Kate has mentioned about her perspective on the coffee industry. She is realist and not expecting any radical changes to sweep over the coffee industry and overnight make a sustainable coffee industry, but she instead is looking to make the most feasible nudges in each step in the coffee supply chain to continue the shift towards sustainability.

Ethan, General Manager for a Cooperative Importer

Who is Ethan?

Ethan was the first interview that I completed with anyone in the coffee industry and was also a great first interview because he was so energized and enthusiastic to talk on the subject. So much so that the interview was maybe less of an interview and more of Ethan detailing to me his coffee philosophy. To describe Ethan in one sentence I would say he is simply a man on a mission to create a guilt free cup of coffee. Ethan came into the coffee industry at Green Mountain Coffee as a store manager in Portland Maine, eventually he became the head of Fair-Trade buying for them for 15 years. After Green Mountain Coffee got bought out and became Keurig Dr. Pepper, Ethan left and became the General manager for an Importer cooperative that prioritizes transparency and long-term relationships in its supply chain.

What is wrong with coffee?

Ethan in our interview did not waste any time. After introducing himself and asking what my thesis was, he told me the following story.

“I was down in DC around 4 years ago [in a meeting] and a large NGO was realizing, ‘we feel like we are part of the problem because our projects aren’t making a dent in producer livelihoods’ cause when the market comes in and goes down, they get right back to where they started’. There was a union worker from united farm workers in the room and it was the first time that I heard someone say this in a coffee meeting and not get thrown out he said, ‘you need to address the fact that this is all steeped in slavery’, like just acknowledge this to move forward”

Ethan in this interview was determined to show me down from its deepest roots what was wrong with coffee and how he planned to do a better way of business. So, for Ethan this started in coffee’s roots that were based upon slave production and the roots are still very influential upon the market and business practices today which Ethan then further explained.

“What gets me is when coffee operates like it's just general business like a lot of big companies and traders do and they go out and bid and work through the supply chains, who's the cheapest option and be like yeah I'll take that option. That to me brings us right back to the slavery question, to the colonial question. It's assuming that the bargaining table is equal and it's

not.... The coffee trade was set up so that people could buy low and sell high. Folks just still don't understand that its operating like that “

Ethan addresses that if companies and corporations function as they are supposed to in a capitalist market and try to achieve higher profits then in effect, they are going to continue to reproduce the colonial mercantilist conditions that the capitalist coffee market was built off. Since buying low for coffee in a time of low markets may mean that growers cannot feed their family. Ethan then told me a story of how a coffee buyer had gone out of his way to operate in his perspective of coffee being ‘just business’.

“I was once visiting a convention and talking to a producer group and they mentioned that they had sold to a large group, it wasn't Kraft, but it was the guy before that, and I realized he was actually right over there and as I went to approach him, he took two steps back tripped and fell and he ran away. We were all like what the hell is that. I talked to him later and was like ‘are you okay’ and he was like ‘oh I don't talk directly to them’, and yeah that's the problem.”

This story for Ethan is reminiscent of the problem that there is often no conversation between origin countries and large roasters. If they don't understand that what they are doing is not just business but is highly impactful upon people's lives, then there will never be a change. Ethan doesn't blame this on the individuals in the industry but rather blames the large structure of the industry.

“I don't think that these supply chains are cruel, I think they are ignorant. I don't think anyone in there is realizing, yes I believe in the colonial model, it's not on their radar it sounds like a lot of development speak and they don't get it.”

This problem is not that individuals are evil and want to exploit producers but rather they are in a position with goals, and they are focused on meeting those certain goals. Their job is to make the most profitable decision for their company, and anything else is considered their responsibility. I would go a step further than Ethan and say even if individuals in these positions were not ignorant that the nature of their position would not allow them to decide any differently. Ignorance I believe certainly would not help the problem and Ethan makes the argument that the nature of the hiring for coffee buyers makes this issue systemic.

“You will never see anyone go to college to be a buyer. It's a lot more likely to go to college to be in sales, so you got a lot of people out there for businesses who just don't get the bigger perspective and they're not trained in sustainability they're not trained in the commodification of the world”

Entering coffee buying roles people are acting exactly as they are trained to. This is an area where industry initiatives could be made to make standards for industry trainings upon implications in the value chain for coffee buying decisions. Ethan said that on his first day of buying that's exactly what he did as well was to try and get the best deal. Ethan described that as not only unethical business but also bad business as well.

“Your job as a buyer is to highlight value. When someone says they need more money, you ask why, and you document why. Then later when you find that those fees, match the product [that you’re looking for] now, you’ve got a direction, and you may realize maybe I’m not paying enough money for these things, maybe I need to make sure that all of my purchases contain these services or things involved “

Ethan considers these the essential roles that a buyer plays. By not lowballing producers it then sets importers and roasters up for more future success by incorporating all the costs that go into making the best coffee beans in your price. This then also assures that producers will not have to skip steps in their process and will be able to continue providing the best possible coffee beans. So essentially this means that in buying coffee beans it requires not looking only at short term profit and purchasing beans at the lowest price possible but looking long term and beginning to set up a relationship with producers. Which Ethan incorporates into his coffee buying strategy in the following way.

“The single most important metric for me is what percentage of the coffee did you buy this year that were from relationships you’ve managed for three years or longer... being judged on that, then my purchases are going to be making a lot more sense. So, you got to have these other metrics as a buyer and have your organization be accepting of them. “

Buying when thinking about your relationship is a completely different way to buy coffee but it is really the best way to ensure sustainable practices. This is due to the fact of how contextualized the coffee market is. Coffee is grown in over ~50 different countries with

incredibly different layouts sizes etc. to the farm. So often just looking at the metric of price paid to growers can be an oversimplification of the Markers of a fair trade. Yet when looking at relationships and buying year in and year out from the same grower it is at least some indication that there is a conversation between the buyer and the grower and that the buyer may be working with the grower through their problems or highlighting the value of their coffee as Ethan said. So, shaping a coffee industry that can emphasize the importance of these relationships can be a huge step towards making a more sustainable coffee industry. This is the core principle of what Ethan told me about as his model for “better trade”.

For Ethan’s idea of better trade to work there are a few prerequisites for this trade model. The most important one being a mission driven supply chain. Ethan worked at Green Mountain for 20 years and he said they did a whole lot of good there but when it was sold to an investment group and the business model shifted from emphasizing relationships to bolstering K cup sales Ethan said it was no surprise. He said the company had no real core values as a part of its business structure so, the good they did he equated to the effort of the good people at the company but when a more profitable avenue presented itself in the end, he said that is where the business was always going to go.

So currently he says he will not work for a company unless they are a co-op or B-corp structure to their company. He also says more important than the producer group being a Fair-Trade organization for himself is that they have a co-op structure since it does not rely on the

benevolence of a landowner to govern producer operations fairly. So, giving those prerequisites for trade for Ethan gives him the confidence that the business that they are doing is going to be structured to be able to adapt and do well into the future.

From this base Ethan then works with producer groups for the long run at Co-op Coffee's they have about a ~95% rate currently of working with producer groups for longer than 3 years. One thing that is fundamental to keeping these relationships is the long-term contracts that they also base their business off. These contracts are still in some way based off the commodity price which Ethan describes as a necessary evil until there can be a market mechanism that replaces it but what he does is not make the commodity price everything about these contracts. So, in every contract he makes sure they have minimum prices set and makes sure there is a differential on the commodity price so that if the price does increase in growers favor that they can access those higher prices in some capacity as well.

These practices are not only exclusively viable for a B corp or nonprofit though many of these practices Ethan had utilized in his time at Green Mountain Coffee. One example that sticks out for this is the practice of value mapping that Ethan had been involved with at Green Mountain Coffee.

“At Green Mountain I did something called value mapping where I had every participant fill in their role in the supply chain with the total money, they received the services that they provided so we could see on a map what happened. So, guess what the importers freaked out on me. They said ‘Yeah I’ve always known your importing fee but now I’m writing it on paper and

turning around and sending it to the producer. They were like that can't happen, they're going to know, they're going to leave us.

This value mapping was a way of adding a new level of transparency into the supply chain that gives producers access to information on price that previously had been unavailable. This allows producers to better leverage their position to demand a fair price and keeps other members in the supply chain more honest. These value maps also went beyond that of just the price for each node; it was also a way of describing the cost of inputs of each node. This is how Ethan described he would highlight value by learning the costs of producers and understanding how those prices and costs factored into a better product. These value maps were key for how Ethan would build his prices and decentralize the importance of the commodity price of coffee in his work.

Beyond even the ethics of implementing these policies for Ethan this value mapping was also good business. For this Ethan told me the example of what he called the Consejo Verde. The Consejo Verde was Ethan's value mapping project in Peru where he took the heads of the largest farms and producer organizations in the country and brought them together to share and expand their value map. At this council producers were able to map their inputs as well on the map and advise Ethan what would be a stable price considering all their inputs. These considerations of producers' supply chains would then be the basis for a new long-term contract. These councils and long-term contracts proved to make Ethan's supply chain more stable. This stability is how Ethan was able to fulfill his duty as fiduciary for the publicly traded Green Mountain Coffee. A

fiduciary duty is a varying responsibility that employees must act in the best interest of their company or organization, usually to increase the value of that organization (Dubois, 2021). This is because the stability of supply chain helped make his branch even more profitable than his counterpart non-Fair-Trade buyer at Green Mountain Coffee.

Eventually despite the success of operations like this Ethan described that the core purpose of Green Mountain as a publicly traded company to be profitable was inevitably going to shift the business model.

“I felt I had a lot of change, I was able to have an impact on the world, but the core values of the organization, the business structure showed that things could change.... we didn't have them [Core values], we had great people. The values were more marketing, but we weren't a B Corp it wasn't a for benefit it was a for profit.

So you know Keurig, the little capsules, green mountain bought Keurig it wasn't the other way around but Keurig ended up being 90% of all of the purchases so it just kind of took over...at the end of the day that 90% of the business drove it to where it wanted to go and we don't want to make this about Green Mountain but they don't even exist anymore it's Keurig Dr Pepper, they're completely gone. Everyone I know who worked there, there might be one person left, they're all gone.”

So, while Ethan was able to operate in ways that were sustainable, the business model would eventually lead to its resources being put into its biggest growth sectors, being Keurig and K-cups. So, despite Green Mountain Coffee being able to accomplish good things he attributed this to the constant effort of individuals to shape Green Mountain this way, but eventually once

Green Mountain was acquired, by JAB holdings group and merged to become Keurig Dr. Pepper the pressure to maximize profits for the corporation would compromise their sustainability models.

Summary

All in all, Ethan is trying to work within the existing structure of the market to create a coffee value chain that is sustainable. His model for a sustainable supply chain is focused on long term relationships with producers and helping them work through their issues before the coffee harvest. He also held importers and other members of the supply chain accountable for these standards by having a highly transparent supply chain and cooperative governance in his organization. He also wants to prove that this way of coffee can not only produce more ethical coffee but can produce higher quality coffee at a better price. Ethan has been able to achieve these goals by working through other value driven companies in the supply chain, including value driven financiers.

Nevin Co-Owner of Roastery

Nevin is the co-Owner and a roaster for a small third-wave specialty coffee roaster in Burlington VT. Nevin and his wife took an interest in coffee as consumers, where they considered themselves a part of the ‘third wave coffee movement. Nevin was at the time working in international development where he had some exposure to working with coffee as a means of economic promotion. In his switch to working in the coffee industry, Nevin had said that he had always wanted to start a business and the perfect opportunity presented itself in coffee. In our

interview we discussed what it is like making decisions as a small coffee roaster, focusing more specifically on the decisions he makes that impact growers down his supply chain and influence change in the industry

Nevin's Coffee Business Model

Third Wave Coffee

Nevin identifies strongly with the third wave coffee movement and aligns many of his business operations and values as part of the wave. Nevin's wife and co-owner explains why they made their business apart of this third wave movement in a newspaper article

"We wanted to introduce people to the unique nuances of every coffee. We brought in coffees with different flavor profiles. We put origin information and roast dates on our bags, and we talked about processing methods. This is all sort of a given now, but at the time it was new."
(McKenna, 2022)

From this quote and what Nevin described to me at their coffee roastery their goal and business model revolved around providing consumers with the highest quality cup of coffee possible. This goal of producing the highest quality can be seen with Nevin and his wife's participation in various coffee competitions. Nevin participated in the US roasters championship competition, and his wife competed in the US Brewers Cup. I was aware that this roastery had focused on very high-quality expensive coffee, but I wanted to understand if considerations of quality also correlated to considerations of grower livelihoods.

Business models Impact on Growers

When inquiring about the considerations for growers that Nevin makes in his business model he told me the following,

“So, to really understand what's unique about the coffee, which is important to us as a roaster, um, we either need to be working with that farmer, or we need to have an importer that's working very closely with that farm and that's for smaller roasters like us. It's usually, it's usually the importer that does most of that work. So, there's an importing industry that's grown up around this style of coffee.”

Nevin's answer here fits with the greater philosophy of third wave coffee roasters that to have the highest quality cup of coffee there needs to be communication with producers. Unlike other third wave roasters like Intelligentsia who are mid-sized, communicate directly with their producers, Nevin's roasting operation is much smaller, and this means his communication takes place through the intermediary of the importer. Nevin said the nature of the conversation with the producers is giving them information as to how the quality of their green coffee bean could be improved, so that the grower could get more value from their beans. The nature of the relationship that Nevin has with his roasters is thus little different than Ethan who is an importer, in that Nevin's interactions are for the most part based around quality.

Price

I was curious to see how Nevin's goal of high-priced high-quality coffee impacted his sourcing for his coffee. When asking this, his perspective differed from many others in the industry I had spoken with, starting off with his consideration of the commodity market.

“The differentials that we're paying are usually as much or more than the market prices. So, most of the costs, a good percentage of the cost of our, of what we pay for coffee is in the differential. So, if the market price fluctuates on like a percentage basis, it doesn't change the, it doesn't change our cost by a huge amount”

The higher price of Nevin's coffee beans means that volatility and fluctuations of the commodity market have less of a bearing for him, and for his margins. Regardless of whether growers' margins are substantially higher for specialty producers, one positive impact could also be decreasing the reliance on the commodity market price for their livelihood. The higher price that Nevin pays for his beans makes him feel comfortable in his position in the supply chain.

“It's such a competitive market, you can assume that most of that price that you're paying for a coffee is going to whoever sold that coffee at the origin. The importers are not making much money”

This position differed from others in the supply chain that I had spoken to. Ethan said in his previous position in the supply chain a lack of transparency would allow importers to take advantage of price premiums. Nevin admitted that with past importers and in countries of origin he could be uncertain if exploitative practices would take place.

“There could be exploitative relationships at the level of the supply chain in that particular country where perhaps a mill or an exporter that has excess market power could be leveraging that to pay unfair prices to the farmers that they're buying the coffee cherry from. That's where you must be a little bit careful. To some extent co-ops can be, um, a solution to that. but co-ops also present their own set of challenges and problems. So, it's a mess. It's a messy, very messy, very opaque picture. You know, the industry is still trying to figure out a way to make it more transparent and a little clearer for everyone.”

Nevin acknowledged this as the area where the most strides had to be made to help create a more sustainable coffee industry and he admitted that this is something they were still very much working on in their business.

“Right now, the coffee that I'm drinking I couldn't tell you exactly the price that was paid to the individual farmer. We don't have that level of visibility into our supply chain. That's something we are aiming to achieve in the future.... A lot of small roasters like us are trying to sort out, you know, how do we get access to the information that we want to have, which ideally would be. What was the price paid to the farmer? What was, uh, the costs of the logistics? And then what did I end up ultimately paying?”

This issue of farm gate price is still a weak link in Nevin's sourcing strategy because even though he is paying more for his beans it is still unknown to him how much of that is making it back to his roasters. This also shows that even though Nevin is in conversation with his producers it is not a constant enough relationship that he is able to learn about the price his growers receive. This issue of farm gate price and transparency in the supply chain were two common themes in my conversations with industry members.

Nevin also did not see Fair-Trade as a solution to these issues in the coffee supply chain either:

“It doesn't make sense for us as a roaster to only buy Fair-Trade certified coffees. We'd be locking ourselves out of a huge portion of the market for quality green coffees. Yeah. Um, many of which are very ethically sourced.”

Nevin explained that, for many of the farms they buy from, it would make very little sense for them to pay the fees and go through the bureaucracy of getting Fair-Trade certified when in fact they will only sell half a container of beans total per season. For him there is no point to limit himself to buying just Fair-Trade coffee beans when he can pay just as good or better prices to non-Fair-Trade farmers. Nevin was happy to support producers who were Fair-Trade certified if they offered a good coffee bean. When speaking about making sustainable and ethical considerations as a small roaster, Nevin saw the importance of their roastery's position as being a part of greater initiatives through participation in the SCA:

“The power of this industry is in the association because that's really the forum where all of these smaller players, whether it's small importers, small roasters, even chains of coffee shops and what have you, and then the growers all come together to try to figure out how to create a more ethical supply chain and, you know, continually progress that from year in, year out.”

Overall, Nevin seemed to have felt the least personal responsibility to make ethical considerations for coffee growers from his position in the industry. That is not to say that in his position that Nevin did not make these considerations, but for the most part he felt no qualms about his participation in the industry. He saw the premium price that he paid for coffee as being more than enough, though he did admit they still were looking for more information on the farm gate price of their beans.

Danielle, Buyer for Specialty Importer

Danielle is a green coffee buyer for a multinational importer/exporter. She got into the coffee industry through doing research on Fair-Trade coffee in college and got a job as a buyer and cupper in training after college. She was in her late twenties and the youngest person that I interviewed in the industry. She got into the industry because it was something that combined a lot of interests for herself such as helping the environment, working in developing countries, and impacting livelihoods. In our interview we discussed what her role as a buyer is, and the various factors that impact her buying decisions, and her own motivations in her work.

Role as Buyer

“I’m a specialty coffee trader and my specific role is East African specialty buying for North America. So, like anything our company is buying and then selling to coffee roasters, I’m sort of the one that’s negotiating it on the supply side to purchase it and then bring it in... an average day for me, is like a pretty even split of talking with [growers and] specialty coffee roasters. Usually for me that’s more like medium size roasters.”

Danielle does not hold an executive position, unlike the previous interviewees, so the scope of her decision making is more concerned with day-to-day operations and tactics, rather than the long-term strategy of her organization. This changes the scope of the questions and decisions that she has in her position and the nature of our conversation. Her link to producer livelihoods is key as she is the agent responsible for the decision of the final price that producing countries will receive. Danielle does her buying through fixed orders ahead of time to offer a

menu of green coffees to her customer or a large amount of fulfilling specific green coffee requests from roasters.

As a buyer she has many roles from cupping (tasting/grading) coffee, calculating price, organizing transportation across the globe, and nurturing relations with roasters and growers in the context of 8 different producing countries. In Danielle's position at her company, she is the only buyer for all their East African purchasing operations. Some examples of things that she must deal with in her position are global shipping container shortages to an emerging civil war in Ethiopia. Danielle's position offers key insights into how these variables are considered and how roaster demands are turned into green bean purchases from producers.

Contexts

When I asked Danielle about the biggest adjustment she had when entering the coffee industry, she said the following:

“Even now it just is incredibly [murky] even with price transparency and with actually like getting more money back to farmers and all of that, it's ever increasingly interesting and surprising to me, how murky it all can be and just, and how complicated it is to really effectively do this.”

Danielle said in college she had been focused on sustainability certifications as a way of improving farmer livelihoods, which she realized often fell short of their goals. Given this, she pivoted to make change from within the industry. Entering the industry, she quickly realized that

her notions of what a fair price is began to change. She attributed this to the context that the price needs to be considered in.

“It seems like an easy thing to fix, right? Like all this stuff should be very clear you know, was a farmer paid, what were they paid? When you really understand how these different supply chains work and how they can look so different between Rwanda to Kenya, from Kenya to Burundi, um, you know, they are very specific [contexts]”

She gave the example of Rwanda, a region where 70% of farmers have mobile phones and thus can take digital payments for their coffee, which is very helpful since the currency volatility rate and traceability is very easy to have with these mobile payments. Yet these mobile payments are not a possible reality in many of the contexts that she works in, where there are various roadblocks in the way of traceable payments. Considerations of different currencies are also important and can vastly change the price paid. There's also the consideration of what coffee product is being purchased:

Some countries you can buy and sell coffee cherries, some countries you buy and sell parchment. Some countries you buy and sell clean green coffee. So, each of those stages have a different value add and essentially a different value to that and so like sometimes I guess with price transparency and all of that, it gets confusing. Cause it's hard to talk about it because coffee is super specific to each country.”

Describing the variety of different contexts that are faced in eight different countries and considering that coffee is grown in over 80 different countries, it can be staggering to think about all the different contexts and considerations that go into making coffee ‘sustainable’ for each context. These considerations are needed when making industry standards in coffee and

considering how standards align with contexts of different nations and even regions within nations. It is also in a way concerning that in a multinational company, Danielle is the only buyer in the North American branch responsible for buying in East Africa and understanding the contexts of these different nations. While Danielle is a buyer who is informed and aware of buying contexts, another issue that could be brought up here is if she can be expected to have substantial enough time to make all the necessary considerations for the various contexts and responsibilities that she deals with in her position.

For Danielle, some difficulties in her position she was currently facing are that the commodity price of coffee was climbing, and she had the worry that if prices continued to rise that her roasters would stop purchasing beans from certain farms altogether if they could not allow for the margins. Danielle described that C-Market price for coffee was very harmful due to its volatility, but it is ingrained as a standard and there is almost no other way to go around it. Despite the unavailability of the C-Market her company was experimenting with long term strategies to manage this volatility better which she asked me not to disclose the details of. In Danielle's position she was very positive about her own position and the work that she could do from it in an overall exploitative coffee industry. One of these spots was that she can keep long term relationships with producers.

“I prioritize buying from the same estates, year on year, whenever possible. Then follow that up with meeting those people and then you have a bit more of an actual relationship, and with a lot of these people we are able to talk to on WhatsApp or Skype.”

One thing to note here is that the ability to communicate with producers over WhatsApp and skype and other free applications is still new, and this represents an area for further study with the role that it can play in value chain relationships. She was also able to be involved in other initiatives meant to address inequalities, such as second payment systems, and other development projects undertaken by their company in producing regions. Danielle seemed very positive about the impact she was able to have from her position.

Summary

Danielle, like me, is very much a student of coffee, which she studied in undergrad projects and is currently studying for her masters. She got into coffee to be involved in positive efforts in developing communities. As a buyer interacting with producers at a large specialty importing firm, she very much feels she has the capacity to make change. In her position she has tried to implement what it means to be a fair buyer of coffee beyond just price and to consider the variety of contexts that her relationship with producers occurs in.

Interview with Brett, Roaster

My last interviewee was Brett who was in his late thirties early forties and had held a variety of positions in the coffee industry, working his way from a barista to Roast Master to his

current position as a consultant. In my interviews with Brett, I learned in depth his life story with coffee, starting from his first memory of coffee to his present thoughts on it the day of the interview. Brett was also an outlier in that in his position as a roaster he did not have the opportunity to make decisions that would impact the livelihoods of producers, which is more largely reminiscent of the positions of many US coffee workers. So, in our interviewee we talked more about his love for coffee and how his relationship changed with coffee throughout his career and how considerations of sustainability entered his coffee relationship career decisions and his interactions with the value chain.

Entrance into Coffee

In our interview Brett started by telling me his first memories of coffee smelling it in the grocery store, to going to the coffee shop in middle school with his older brother and feeling cool getting away from his parents and seeing all the cool folks at the coffee shop. Brett self-described that he had not taken a traditional path in life and did not get a formal university education and when he got his first job as a barista in 2006 it was the first time that a career path had emerged for him. At this time coffee for Brett represented a cool and artisanal good but the thought of grower conditions had not crossed his mind. Despite not thinking of growers often in his early days with coffee he began making the association between taste and region. He described that he would study the flavor notes and eventually built out a mental map of the different flavor connections between regions. Brett, becoming a roaster, began further evolving

his relationship between coffee and place, which he described in his process learning about how to combine flavors of regions into blends. Then becoming the Roast Master, he described the transformation.

“It went from, in some ways, being like a sous chef, who executes the menu for the chef, who decides the menu. You know, I make sure that the product gets done the way that it was designed and gets out to the customer. Then it started getting into learning about what goes into creating the products and buying the supplies. So, from a chef perspective, going to the produce market and finding the tomatoes that you think are the best that you can afford, you know, and figuring out the cost of benefit. What quality am I getting priced out? How good am I going to make this? Or what can I adjust to make the best product, but still make a profit. And I started learning more about how, uh, the coffee was priced once it was purchased.”

In the transformation from coffee consumer to Barista to Roaster, Brett’s relationship with coffee transformed from a relatively indistinguishable good to a good tied to place, to artisan crafter of these flavors, to a craftsman who has the knowledge to consider price and profits in the creation of these goods. At this point still Brett described that grower conditions were not on his radar since he was largely focused on perfecting his own craft and meeting the price restrictions and goals of his boss.

Roasters Guild

It was not until Brett attended the Coffee Roasters Guild of the SCA that he seriously began to take issues of the coffee supply chain and sustainability into his perspective.

At the week-long retreat Brett was able to meet members from across the coffee supply chain from roasters to importers to growers. Through the Guild Brett was able to take classes such as economics of a coffee farm and learn about the investments in time and resources it takes to grow coffee and the slim margins that they operate at. As well as learning that there were businesses like Intelligentsia who were doing business that focused on relationships between producers and roasters. Brett described that at the guild it was the first time that he was seriously educated on the conditions of coffee growers. Learning about these conditions and learning about the ways that businesses were operating to address them, really made Brett start to question the penny-pinching practices of his current business.

“That kind of started to trigger like just a general idea like, hey, we should care about this. It started to make me question our business practices of trying to buy the cheapest coffee we could, but without any way to remedy that though, I had a boss that I had to report to, you know, who gave me a budget and I was expected to work within that. So even as a roaster at the level of not being an owner, it has felt like a compromise. The more I've learned, the more I've wanted it to be this ideal, but I haven't always felt like I had, you know, any way to, to implement that [ideal] other than just by talking about it”

Brett's situation I think describes the lack of agency that many other employees feel in working in Industries with exploitative conditions. He had a job to do and a budget that is as simple of a decision as it gets. Brett really had very little choice involved in the matter. This triggering for Brett would eventually contribute to his departure from his home midwestern roastery. Although not before he initiated a few changes from his position that he acquired from

newfound knowledge, confidence, and sense of identity from the guild retreat. His confidence was especially brimming considering he had won the Guilds roasting competition in his first year. Brett at his roastery would eventually buy one container of beans directly from an Indonesian buyer and help to introduce and educate a customer base in his city on light roast coffee. Eventually though Brett would leave his coffee roastery to become the head roaster for a new location of the direct trade roaster Stumptown coffee.

“When I was even just applying for the job, I watched this video that an independent filmmaker had made that was, you know, maybe like a five-minute video about what it's like the culture of Stumptown essentially. When I watched this video, I was brought to tears thinking about working for a business that shared values with me, you know? “

Brett, it seemed would finally be able to meet that idealistic goal that he had for coffee in being able to work at a company that had its goals and morals aligned with his own. Sadly, though the reality of that dream was cut short because when Brett had joined Stumptown coffee he did not know that it was also recently sold to investment group TSG (eventually to JAB). In his time at Stumptown Brett witnessed the transformation of culture and policies to bolster short term profits for resale. This ranged from changing quality standards on coffee to cutting employee Benefits, to changing buying terms with growers from net 30 to net 120. This takeover and change in company culture eventually led to Brett voluntarily stepping down from his position.

“I'm not just like this social justice hero or anything like that, you know, my leaving, somebody else took my job. I didn't make a giant ripple when I left, but hopefully in some ways it

reverberates a little bit. Somebody may have a different thought, but I personally have made choices where I want to be involved with people that are doing things that are right.”

I think the position that Brett took here and the similar actions that Ethan and other employees at Green Mountain took when they were purchased by JAB as well. Although Brett would be replaced in his position, the message that he and other employees are taking could have lasting impacts on the future of the coffee industry. Which Brett tries to embody in his work as a consultant, Brett has made it part of his business model that he is only doing business with those who make growing relationships a part of their business model. Although he still questions if there is any work that he can even do in coffee that would be morally sound.

“The more I've learned about it. I came to that conclusion where I don't think coffee is actually a very healthy crop to be growing in most of the places it's grown, not at least on the scale that it's grown. I think that that has caused me to even step back from wanting to do it as a career. It kind of made me feel like, hey, I don't like how this works. I don't know what I can change. I don't know if I want to participate in this that much. I've got to take care of myself too, but it's definitely a big issue for me”

The state of the coffee industry at times can seem as though it is unchangeable, and this position perhaps is exacerbated for Brett since it was something that became so intertwined with his life yet was something he could never do anything about. The question as well of if the world needs anymore coffee is often one, I've considered as well but a question I have also never seen asked anywhere or explored. Which makes sense considering the model of constant growth

promoted in a capitalist system where one can either grow or die. Although coffee being deeply intertwined into the fabric of Brett's life, he still has plenty of love for the bean.

"I have a pretty complex relationship with it and any single day, you know, depending on which part of it I'm thinking about, that the answer could change... I love the taste of coffee., I like all the different nuances and flavors of it. I love the craft. I like roasting coffee, that process of taking a raw material and sort of being an Alchemist and turning it into something else, it's cool... Sometimes I can just focus on the part that I do, like, which is, you know, making friendships, tasting the product of somebody's hard work from another country.

There are two sides to every story, and coffee is no different, this duality of love and hate for coffee will be central to my next section in interviews with coffee consumers.

Common themes

Commodity Price

So, in this chapter we moved from the coffee industry overview to an insider's perspective of specialty coffee roasters. In these interviews there were some common themes that emerged one is that the commodity price in coffee is currently a necessary evil. It is an evil in that it connects the output of one coffee growers from a farm from its unique context that it took to grow it and places it in with the whole global scene of coffee beans. So, in that way the price of a Kenyan coffee growers' price they may receive may be more influenced by if Brazil had a good rainfall year over the quality of their coffee bean. Yet it was unanimous that it was still a

necessary tool to have a ground on which to build a fair price for coffee beans and could be involved in a sustainable purchasing strategy if used correctly. This “correct” involved not being the only parameter to set price and using other tools such as price differentials, and price floors to set the coffee price.

Multidimensional Price

Another common theme I found beyond the commodity price was in almost all my interviews’ models for a sustainable coffee industry needed to be based not solely on what was paid to growers but how growers were paid. One focus of this was the timeliness of payments. Often corporations will try to bolster finance through delaying payments to producers which can harm producers due to having to rely on very expensive credit. This was something that every industry member I spoke with agreed that it needed more attention but was too far removed from consumer periphery to be addressed. With price besides the timeliness of payments another frequently cited issue was the frequency of payments. Industry members were working on figuring out ways to make coffee payments more spread out throughout the year.

Supply Chain Transparency

One last common theme that emerged was that the need for more visibility and supply chains was needed. This extended on a few levels one things that several members spoke on was the farm gate price. Lastly, the concern was the confirmation of payment to farmers, or the ‘farm gate’ price. The Farm gate price to roasters and importers can remain largely unknown so the

impact of paying higher prices to exporters and co-ops is unverified if the farmers receive more of the price. It is also worth noting that the coffee researchers that I spoke with from the University of Vermont had no problems with getting the farm gate price from the growers they worked directly with. So, this in a way represents a possibility for an information gap to be bridged.

Beyond Fair-Trade

One last thing that I noticed was that every single participant also spoke that Fair-Trade was an insufficient guarantor of ethical supply chains. This I think is very interesting considering that it is just about the most widely recognized and implemented ethical supply chain intervention. Although Fair-Trade is also one of the first attempts and implementations of Fair-Trade initiatives, this generation of coffee industry members that I interviewed who were all about 40 and younger, will be the first generation that can learn from the attempts of Fair-Trade and build from them. In learning from the failings of Fair-Trade this generation of the coffee industry has begun setting new standards for ethical supply chains. I think this may be one of the most hopeful findings that I have seen in my paper and the idea of a new generation of ethical purchasers could be an area for future study that could be quite exciting.

Chapter 4: Consumers Relationships with Coffee

Introduction

In a free market the market the design of the market is supposed to allocate the desires of consumers, in my research with coffee consumers I wanted to understand how consumers position and desires influence the market. In my review on literature of coffee I found a focus of consumers to be solely focused on consumers relationship with the price they pay for a cup of coffee. While price is important, I believe a focus on price for consumers leave many aspects about consumers relationship hidden, just as price can with producers. In my interviews with coffee consumers, I looked to unpack the various thoughts and ideas embedded within each consumers relationship with coffee. Through understanding the embedded relationships that each consumer holds with coffee I hoped to come to a more holistic understanding about consumers role in the commodity chain.

To understand the embedded relation present in coffee I asked consumers an array of questions ranging from what brought them in for their cup of coffee that day to their feelings on their power to impact change as a consumer. These interviews I broke down roughly into three sections: consumers feelings on drinking coffee and its effects, their knowledge of the coffee supply chain and their perspective on engaging with sustainable supply chain within coffee.

The research on consumers I conducted came from interviewing participants in Burlington, Vermont, and most of which took place at the Muddy Waters coffee shop. Muddy

Waters could be described as a coffee watering hole where people of a variety of ages and backgrounds gather in Burlington and reflects with my interview participants who ranged from 19 to 90 years old. Muddy Waters would be considered a specialty coffee shop but is on the lower end of price for specialty coffee with a cup of coffee costing \$2, and thus I got a variety of participants from self-described coffee ‘snobs’ to less serious coffee drinkers. The atmosphere of Muddy Waters is suited for conversation with tables packed closely together and no WIFI provided. This atmosphere made it easy to find enthusiastic participants for these interviewees. Only one person I spoke to declined my invitation for an interview. To start off my interview data I will include a summary of my interactions with each consumer.

Interview Summaries

Zebulon

Zebulon was in his late twenties or early thirties and was quite enthusiastic about being interviewed. He was unaware of the condition of coffee growers, but he said he was glad I was looking into it, and mostly enjoyed his Folgers coffee for its energizing effects.

Matilda

Matilda was a sophomore anthropology major at the University of Vermont. She started drinking coffee frequently in the past year and enjoys the ritual of making a cup and listening to start her day. She was unaware of the conditions of coffee growers, despite being an avid local food buyer.

Mark

Mark looked to be in his early to mid-thirties and had come to Muddy Waters from the Adirondacks for a change of scenery to work on writing. He really enjoyed coffee and had more recently acquired a taste for it that he described as snobby. He had assumed the conditions of growers were quite bad and would look to purchase beans from a roaster that seemed to have a relationship with its growers.

Karl

Karl was a 90-year-old man who had come to Muddy Waters to chat with a friend. He had consumed coffee every day since he was 20 but said that coffee meant little to nothing to him and insisted multiple times that he was a pointless interview subject. He was aware that conditions for growers were probably not well which was the case with agricultural industries in general. He would buy Fair-Trade when he could, but the thought of producers' conditions rarely crossed his mind. He also suggested to me after our interview to, "follow my bliss," hinting that I should not get too occupied with hopeless issues.

Richard

Richard was a 36-year-old man who had stopped in to end his workday with a cup of coffee. He drank coffee for caffeine or just as a ticket to access the space of a coffee shop. Richard vigorously insisted that he did not care about conditions since he didn't have time and exploitation was just a part of life, yet he said he was not opposed to paying upwards of six

dollars for a cup of coffee but if he only had a dollar for a cup, he would drink it “regardless of if a slave in China was burned after laboring for it”. Richard also questioned me further after my interview questions and tried to explain that my project and anthropology were a waste of time, which turned into a passionate debate with multiple patrons of the coffee shop joining in.

Susan

Susan was a 32-year-old woman who came to meet with a friend. She drank coffee every day and was scared to stop for fear of withdrawal symptoms. She was aware of grower conditions and in the past spent substantial effort purchasing coffee that aligned with her values and felt guilty of her purchasing of Starbucks and hoped to start drinking coffee that aligned with her morals again soon.

London

London was a recent college grad who came in for a cup of coffee after being jet lagged. She drank coffee a couple times a week now but had earlier in life “railed” coffee to help her with sleeping problems. She was aware of the conditions of coffee growers through her education in history. She tries to drink Fair-Trade but didn’t think that her choice to do so mattered.

Natalia

Natalia was a freshman in college and came to Muddy Waters to enjoy her time off. She had started drinking coffee because a vlogger (video blogger) she watched always went to coffee shops and she thought it looked cool. She was unaware of the conditions of coffee growers and

was unaware of Fair-Trade. She associated sustainable consumption with local purchases and did not think of coffee in that sphere. She was shocked to learn of grower conditions.

Kathy

Kathy's interview audio was very distorted, so I have only what I have written down from my notes and memory with her. She was a freshman at UVM and came in to work on an exam. When discussing my paper, she was upset that coffee was only a symptom of the problems we discussed. In her position without a large disposable income, she said it was impossible for herself to consume almost anything ethically.

Melody

Melody was in her late twenties or early thirties and visiting Burlington and was touring coffee shops downtown the day of our interview. She had drunk coffee every day in her life from the time she was in kindergarten. She mostly drank conventional coffee to save money but would splurge on specialty coffee for special occasions. She had thought about her coffee growers but was not aware of details of their livelihoods. After our interview she had vowed to make changes in her coffee decisions, because coffee was something important for her.

Mickey

Mickey was in his late fifties to mid-sixties, and I interviewed him at Handy's lunch in Burlington. He enjoyed coffee for "the jolt" and said the conditions of coffee growers were probably good since they had everything they needed to live, and coffee was in demand. Upon

further discussion he said he tried not to think about these things too much because it could make one go crazy (like his girlfriend), he would purchase organic goods and that was enough for him.

Stuart

Stuart was in his mid-fifties and came to enjoy the ambiance of Muddy Waters. He drank one to two cups of coffee a day, and he was not concerned with the conditions of growers because he didn't think that it impacted the quality of his coffee. He said he makes his decisions for his purchases based on price, and whatever a coffee grower agreed to sell their price at is none of his business. He admitted there are complicated issues at play in these scenarios, but he did not think this was the setting to discuss things, which he said would only be in superficial terms.

Charles

Charles's audio was also muddled so I only have my notes and memory of this interview. Charles was in his late fifties or early sixties, and I interviewed him at Henry's Diner, where he was stopping for breakfast while dropping his wife off at work. He said that he was deeply aware and concerned about the conditions of coffee growers. He said that at this point in his life his involvement with helping was through buying Fair-Trade coffee. He spoke that he was in a very fortunate position to do so and was aware that Fair-Trade was often not enough.

Lindsey

Lindsey was a woman in her late sixties to early seventies; she was homeless and came into Muddy Waters to use the restroom and get out of the cold. She told me about her love for coffee

and all the great coffee shops around Burlington and always carried a tin of Maxwell House coffee which was one of the few comforts she could afford.

Price

I will give this price to start independent of any other information because this is often the only role considered for consumers is the price, they are willing to pay.

“I could do \$6 for a cup, but if I’ve only got a dollar and one cup of coffee cost \$6 and the other one’s grown by slaves in China, who get burned alive when they’re done. I mean, hey, I’m thirsty. I do what I can with what I got. It’s just the reality of life.”

-Richard

“In my own daily life, I usually am cheap, you know. It’s like \$10 for three weeks or two weeks [worth of coffee]. So, I feel less guilty splurging sometimes on specialty coffees, because my normal daily coffee is very inexpensive”

-Melody

“It’s one of the few comfort foods that I can afford... but I love all the wonderful roasters that Vermont has”

-Lindsey

[You’ve got to balance it] because you got to go out and earn the money to buy that cup of coffee which is continuing to go up as well as the cost of everything else.

-Mickey

[if prices went up] I probably just wouldn’t get it as often. Honestly, it already feels like it to me. Like it can be, if you go to a nice place, it can’t be four bucks here at least.

-Mark

“I don't even look at it as little as I drink, if you use very little or something, it's really not important.”

-Karl

“It's definitely something that you notice but I feel like if I want a coffee, I'm near a place, I don't really stop to consider like, oh, this place is like \$5 for a cup versus \$3.”

- London

I've paid like \$5 for coffee. I think that's average, \$4. I think like five. That's like getting up there a little bit. I prefer if it was like \$3

-Natalia

“I mean, it's all relative, here it's like two bucks for a coffee. If it was \$3, maybe I'd consider it. If it were four, I wouldn't, I wouldn't spend it. I wouldn't do it. So, yeah, it Matters....

[later in interview]

Any last thoughts?

- Interviewer

“Yeah, one more thing. If the price went up significantly, I would still buy it because I love coffee.”

-Stuart

The image that I was painted of this pool of interviewers for buying a cup of coffee from a store that they would often be price takers. In that once consumer had made the decision to go to a coffee shop to get a cup of coffee, they would spend whatever the store was offering. In this regard many consumers elaborated that they thought the price of coffee was already too expensive. This being since many consumers once at the store would need the coffee and whatever they had to for it. For many they felt when on the go this purchase had little to do with it being fair trade or

not. The extreme end of this spectrum could be put very bluntly by Richard's response that he would pay \$6 for fair trade coffee but if it came down to it, he would drink coffee made slaves who were burned in China for it. Although many felt more comfortable that when buying coffee from these retail locations that their purchase most likely included some ethical considerations in it.

The question of class came into play more with the frequency in which consumers would purchase coffee out and the coffee they chose to purchase for at home brewing. The elder consumers that I interviewed seemed to not consider price as much in these decisions, and the price consumers were willing to pay did not necessarily correlate with the strength of their relationship with coffee or their knowledge of the supply chains. Which is why in these interviewees I choose to focus on the more holistic aspects of consumers relationship with coffee, which to contrast this I will describe each consumers relationship with drinking coffee.

Relationship and Significance of Coffee

“An individual is bound up in a series of symbolic or mythic representations – man is an animal suspended in webs of significance he himself has spun” -Clifford Geertz (quoted in Nelson, 2017) My goal in this first theme is to deconstruct some of the webs of significance that coffee gets spun into in the lives of my participants. I focus on the webs of significance, independent of the purchasing choice and more connected to what their actual consumption of the beverage means to everyone. Going into this project I was a new coffee drinker and thought

that consumers hanging out at a coffee shop were likely to have a keener interest in the taste and quality of their coffee. However, the picture that coffee consumers painted for me in Muddy Waters was for the most part largely independent from taste and quality. The more prominent themes that emerged from interviews with coffee drinkers are the ritual of coffee, its use of social value, and its caffeinating effects. The drug effects that coffee has, perhaps not surprisingly, entered what many shared about their meanings with the beverage. The ubiquitous presence of the biological effects of caffeine serves to bind the multiple aspects of consumers relationships together. This is not to say that personal importance of these effects did not differ between participants or that, for some, the other meanings derived from coffee were much more significant than the caffeine itself. Nonetheless, these effects play a role in each theme my participants touched on. I hope this investigation into meaning and one's relationship in coffee will reveal how much consumption can get embodied, and eventually leading to how sustainable supply chains could add to these meanings. I will start this investigation into the ritualistic aspect of coffee that millions across the globe start their day with.

Rituals are a deeply ingrained piece of what it means to be human, yet in contemporary American life and culture there is a large void of any formal day to day rituals. Rituals can be very powerful through their habituation that can take a user into a place of emotional familiarity that comes with a habitual ritual. In this habituation a ritual can take a subject out of their day

and realign them on the familiar tracks of the ritual (Westman, 2004). In the absence of formal ceremonies, the ritual of brewing a cup of coffee every morning can become of great importance.

“Brewing a pot of coffee is really nice, very therapeutic. Just to start your day with the ritual of it... it's not even about caffeine, it's waking up and saying okay, this is the first bit of non-work I can do to be a person, it's like my entry way into productivity.”

-Matilda

Matilda holds the value of her coffee ritual not in the caffeine that it gives her to be productive, but in the familiarity and time that she allocates each morning for it. For Matilda each morning, regardless of what her day holds, she knows that the time she has in making her cup of coffee is devoted to herself. During this time, she will listen to jazz and come through the whole ritual feeling refreshed. This time allocated in the morning to coffee, or a midday coffee break are times and rituals where people can catch a breath and help find themselves during their day. A lifetime of these rituals can lead to the time allocated being embodied with a whole host of meanings. Melody, who has been drinking coffee every day since kindergarten, describes:

“I think the root of the memory of coffee is so ingrained in me... it just always kind of centers me, it really calms me. It's always like the first thing I do every day. So, it's very ritualistic. It's just a part of me, it feels good.”

For Melody, coffee is ingrained in her and it is seemingly a part of her identity, drinking it and her positive associations with the beverage have the power to change her day. Coffee is so tied in with her emotions and life that she described to me that her coffee drinking patterns

mimic her life structure. On a special occasion Melody might double her consumption to six cups a day and go to a specialty coffee shop. Powerful associations like this can make coffee a very powerful leverage point for change since it is something people care deeply about, which is not the case with many other goods. For example, I am not aware of any people who are fanatics about bananas in the same way that people like Melody are about their coffee.

While the meaning of and ritual of coffee for Melody is very strong, Melody does not deny that coffee's caffeinating effects are very much part of that meaning for her.

*"It's, I guess, my drug of choice... like my vice, I guess it's better than the other ones.
That's what I tell myself."*

While the ritual aspect of coffee takes its own meaning and for some may be stronger than its caffeinating effect, that ritual itself is never divorced from the drug. Whether or not coffee means the world to someone or means nothing at all, it is still a drug and caffeine still has some effect. This makes coffee consumption and the relationship between its psychoactive effects universal (excluding decaf). Although the way each person deals with the effects is still different, many people I spoke with began to develop addictive tendencies with the beverage.

Susan shared,

"When I was a teenager, going to Starbucks was a really big thing at the time and everybody was doing that where I lived. So it was like a social thing, and then I think it just became a habit and then totally became an addiction that if I stop, I'll get withdrawals. So, I'm in that phase."

Susan's statement also touches on the important social relationships that I will soon discuss further, but also shows how coffee consumption can start in one place and how the relationship can change from a habit to an addiction. Many interviewees described the addictive tendencies and dependencies that can form with coffee, and many also started off their consumption of coffee strictly for its caffeinating effects.

London remembered,

"I have sleep problems, so caffeine was very great. I was like oh I'm drinking this thing and it makes me feel more awake... I went through high school, railing coffee until I realized, I just can't do this anymore. ... So, I dropped [my consumption of] it down, so that if I needed coffee, I could drink it, and actually feel the effect of it."

London used coffee as a self-prescribed way of dealing with her insomnia, which just shows how powerful of a drug it can be. She was able to change this dependence on coffee and has since adopted an intentional relationship where she tries to limit her consumption to only when she needs it and to around twice a week. The caffeinating effects of coffee also help make the price for coffee relatively inelastic, meaning coffee roasters can charge higher prices and demand will not be dramatically impacted. Therefore, during times of high coffee prices, roasters can pass higher prices off to consumers. This also means that prices could be raised to help benefit producers. It is also relevant that this can make the uptake of coffee more predictable since new markets that are exposed to coffee are more likely to continue consuming it in larger

amounts. This is relevant in that China, the world's largest market, has recently been introduced to coffee and could see an uptick in demand in the relative future.

The other nature to the caffeinating effects of coffee is that energizing and stimulating effect which a friend described to me as 'The Magic of Coffee'. These powerful social effects, combined with the public meeting space of the coffee house, can give coffee some very powerful effects. There is a reason that the French and American revolutions were both started in coffee houses. As a new coffee drinker, I neglected questions on social importance initially, but it was something that revealed itself to me naturally through completing these interviews with strangers over a cup of coffee, in a coffee house. Through this study I learned about the "magic of coffee" and its importance.

Entering these interviews, I was told quite a few times that getting strangers to agree to 15-minute interviewees was going to be quite a challenge. So, I was very surprised when undertaking my project that I was almost never turned down for a single interview at the coffee house. The nature of many of these interviews also helped me learn the magic of coffee. An interview that stood out was with Richard, which got quite heated to the point that multiple strangers joined into our debate that went on until barista's had to push us out the door since they had closed fifteen minutes before. I remember leaving that feeling as though I'd stumbled upon some mysterious ghost of the "Penny Universities" that I had read about from the early days of coffee houses. The social coffee house I stumbled upon seemed in stark contrast to the coffee

shops that I have known as a place to plug in and bury yourself into your laptop. The very social nature of coffee and coffee houses also revealed a utility in sustainable consumption. During my interviews I had multiple interviewees tell me that they were going to change their coffee buying habits after our conversation and others learn about these conditions for the first time. This shows the importance in the word of mouth for creating consumer change, as well as the fact that the social nature of coffee can help provoke this word-of-mouth change.

Coffee Knowledge

Grower Regions

To begin the shift to talking about the conditions in the coffee supply chain, I first asked my participants if they had any associations with the places where their coffee might be grown. The most popular response to this question that I received was along the lines of the following:

“I know there’s a lot from Colombia, but I don’t know. I’m not very, informed on that type of stuff”

-Natalia

“Starbucks is the only store I’ve heard of, but I don’t know where their coffee is grown, is it in the USA?”

-Zebulon

“Brazil, of course, but I don’t think about it, not at all”

- Ken

“Do I know where it comes from? It could be Thailand for all you know.”

-Mike

“You always see like a Kenya roast coming up, probably think of the African continent, most likely Colombia, yeah I just think of Kenya a lot when talking about roast so probably that”

-Matilda

The associations that these people seemed to have between their idea of coffee and place was on the national level. This idea of national production reveals a certain level of detachment that coffee is not a product of people in environments but is a product of a nation. While this shows a level of detachment it still shows some knowledge of place which may be more than many other agricultural products, considering every participant I interviewed besides one had an idea of the regions that coffee was produced in. Then beyond these participants there was another group of consumers that had an idea of a place that related to the conditions of growers. This could be seen as positive evidence for efforts in the coffee industry to connect consumers with the places their coffees were grown. Mark offered the following,

“If I buy a bag of it, I read everything on it. Look into it maybe a little bit, but it doesn't really stem too much farther than that. If they're showing that part of it off, then I'm more inclined to trust that it's a good Company. That they actually care about where it's being grown.”

This shows that Mark has some stake in the supply chains he interacts with and hopes to purchase through supply chains that are more connected. Mark also described to me a time that he bought coffee and received a card with a picture of the grower in it. He told me this has influenced his choices and helped him think of coffee as a unique way to connect with people

through tastes from across the globe. This question of place also began to make the leap to my next set of questions on ethical considerations. As London hinted at in her answer,

“Yes, A bit, probably not as much as I should.”

Her response shows that the idea of thinking about a place and coffee for her is something that she *should* be doing. Associating knowledge of place with as an ethical responsibility could also show that she has an understanding that by disconnecting coffee and place that you can disconnect your decisions to its repercussions. On the other side of this response, interviewees began informing me not only did they not associate the place with their cup of coffee, but this was also because they had no reason to do so.

No. I don't think about where it's grown because I buy the same coffee over and over. But if I couldn't find the coffee that I always buy in the grocery store for home, then I would maybe think about it a little bit, but if it's from Africa or South America, I don't care. As long as it's the kind of roast I like”

-Stuart

“It doesn't really have much to do with me. So, I don't even know if you could grow coffee here, but if I was going to grow coffee, I'd investigate it a little more into it, but with me just being a shopper not so much “

- Richard

These participants both would continue in the interview to inform me that they felt no need to consistently participate in sustainable purchases. In general, these responses on knowledge of place in coffee, generally correlated with a desire to make sustainable purchases. Those with knowledge of place were for the most part people who had a high desire to make an

impact on the supply chain and roasters sharing that knowledge helped them feel more secure in that purchase. Those with some idea of place but on a national level were either consumers who were new to coffee or those who felt less connection with the beverage. Lastly, people who showed quite a disinterest between the connections for place and their coffee were also not interested in making considerations of the supply chain. This shows that strengthening this connection between place and coffee products may be an impactful strategy for sustainability.

Knowledge of conditions

The conversation of place naturally progressed into knowledge of the conditions of coffee growers. In this conversation I wanted to explore further perspectives on conditions of the supply chain and how their perspectives on these conditions influenced their decisions, learn where people's knowledge of the coffee supply chain stemmed from.

As I had discovered in the process of my own interviews, word of mouth seems to be the most common way that people started paying attention to coffee conditions. Susan explained,

“I knew somebody when I was probably 20 and she was really conscientious about that kind of stuff more than I knew to be at the time. And she kind of introduced me to thinking that way or paying attention to that stuff. And it just so happened to be coffee. That was the first thing she pointed out and was able to pay attention to.”

For Susan her connection with the coffee supply chain had been started because someone not only showed her the importance of these supply chains but also how to support ethical ones. This seems to be a common story especially since, “sustainability” branding in the marketplace

has become a common (but often watered-down) marker for ethical consumption practices. Having a trusted friend give information can leave a much more lasting impact and a path to action. Only one person in my interviews expressed that their knowledge and concern for the coffee supply chain came from industry initiatives. Mark elaborated,

“When you see people, companies take it seriously like where it's sourced, you know, single origin and all that kind of stuff you know it's serious, but I think it needs more attention.”

- Mark

Mark may have been an outlier in some sense because he was from a rural, typically more conservative region of upstate New York. Mark's rural home may have made him more reliant on these sources to independently find out more instead of through the more common route of word of mouth. Another important thing some interviewees expressed to me was that coffee was often a focus of their ethical consumption.

“Coffee's probably a big one, like it probably occurs to me more with coffee than other things”

-London

“More so just the coffee and I am pretty conscious. What I buy and where it comes from, who's making it and how they're treated.”

- Susan

This shows the strength of the position of coffee to grow as a focal point of ethical consumption. Despite the strength of coffee for focusing these issues, this also shows possibly limitations of consumers capacity to have ethical consumption strategies. This shows possible problems in sustainable consumption. To be confident in one's ethical consumption it takes so

much effort, that consumers may only have the capacity to focus on one aspect sustainable consumption, in this case coffee. This concentration of ethical consumption efforts can also be seen in Matilda and Natalia who were unaware of conditions in coffee.

“I come from a big farm to table family, but I feel like coffee is just kind of entered like my realms and I haven't, I haven't been brought up with it per se, so I think less about that. Like what I'm drinking versus what I'm eating.”

- Matilda

“There's like a bunch of farms in Vermont, but they don't grow coffee. So, I know that it's going to be imported either way. So, I haven't really thought about Fair-Trade coffee.”

- Natalia

The responses show possible disconnects that may exist within coffee. One that coffee as a beverage may not always be viewed as an agricultural product do it being a beverage, and coffee being grown only internationally may make it not correlate with a locally driven ethos for ethical consumption. The coffee industry has in some ways helped bridge these divides by bringing it into a sphere of ethical consumption.

The largest portion of participants though said that they didn't know exactly what was going on in the coffee industry or with who grew their coffee but that they could assume that their position was not so great.

“No, just except as an industry grown food, we're certainly interested in who harvests it and the modest wages that they generally make and are largely underpaid. That's just the way it is, we're both fully aware of that, the nature of agriculture that is.”

. -Karl

“It's just one product, but it's something millions of people consume every day and I'm sure there are tons of farmers who are being abused or underpaid. It's a huge industry, so it's easy for companies that have leverage over the little guy.”

-Melody

“I go out west this summer and There's no shortage of cows, more cows than you could think. Left side was cows, the right side was corn. There are only four companies that control the meat in this country, and they can raise the prices as much as they want, that's what they're doing

-Mickey

On a certain level these interviewees shared an understanding that the general nature of agricultural production and consumption involves exploitation. I think Mickey's answer as well speaks to the nature of how this issue is beyond that of coffee. Mickey didn't know about the conditions of coffee, but he knew about the conditions of industrial agriculture. Which he assumed was also the prevailing conditions for coffee.

Knowledge and Impact on Purchases

In this section I explore the impacts of this knowledge further, asking; Does this perception change the way that these consumers think about buying coffee? Does this knowledge make its way into their thoughts about their cup of coffee? Do they believe they should act on it? Does it not matter to them? In general, I wanted to understand how other consumers handle the duality of being connected to unethical supply chains while trying to also live ethical lives possibly. The responses participants told me in this arena were related to a spectrum of two groups, one side being the camp that Believed 'you got to live your life' and the other side of the

spectrum struggling to make ‘the right’ buying choice. Richard’s answer on this epitomized the ‘you got to live your life’ camp to me.

“It’s one of those things where you have exploited workers and all that, but so is everything, it’s just another thing. If you went through life, trying to be a hundred percent moral, and you know, never buy anything from anyone who’s been exploited. You wouldn’t go anywhere, crying about all the evil that there is.

I mean, you can do a little bit, but you can only do so much. It’s just an unfortunate part of life. I ate my hamburger, some poor little cows got to die for it. That’s just life.”

While Richard was at an extreme end of the spectrum for not making ethical considerations, it seemed to have not been from a lack of desire but perhaps a lack of hope of being ethical in an unethical society. He expressed many times in the interview that he was not happy with the choices he was given but it is the only way he could go about life. Kathy’s response shows a similar but slightly different take,

‘In my situation and most other broke students it’s just not an option to buy anything that’s fairly traded. Everything I’m wearing right now is probably tied to violence in some way. It is just unavoidable”

Kathy showed she was very knowledgeable about exploitative supply chains but her financial position was a main limiting factor. The extent of knowledge she had may also have been paralyzing in a way or make action seem pointless when some part of her consumption will still be exploitative. These show the limiting factors of class and time/resources for making their desired ethical consumption choices.

Melody felt like Kathy in her financial position restricting her but had decided that her personal connection with coffee had made it worth it to try and make future change.

“I get a little jaded about it because I feel like millennials, we're just broke, you know, like we work a lot or really are never making anything.

So, I think sometimes I'll just try not to think about the larger repercussions and just buy the cheaper item but anything we're supporting is what's going to be continued to be produced. ... which are things I should probably think about when I'm buying my super cheap \$10, not Fair-Trade coffee. After this conversation, I'm going to change! I'm going to be a better coffee buyer.

Melody's example differs from Kathy's in that she expressed plans to focus her ethical consumption on coffee, which she later described is because of coffee's unique importance to her. Susan had felt like Melody in her connection with coffee driving ethical purchasing:

“I think that paying attention to that stuff is important. I think I feel kind of bad. Not paying more attention to it when it comes to coffee, especially since I drink it every day. Um, but yeah, I think knowing where things come from and the people who make them make them is important....

I feel. Guilty drinking Starbucks, because even though they call themselves Fair-Trade, I don't know that they are as Fair-Trade as other companies. In the past I've been conscientious of it, but I think I've gotten a little lazy with that”

Susan explained that she drank Starbucks because it was her wife's favorite coffee and even though Starbucks takes sustainable supply chain efforts, Susan did not trust that they were substantial enough. This discontent and lack of trust in ethical standards was another common

theme that emerged. Every person who I spoke to who made ethical purchases in some way showed discontent with the impact of their efforts. Charles described,

'My wife and I are in a very fortunate position where we don't have to think about price and always buy Fair-Trade coffee, But I know that is not the case for most people and that is why it isn't a real solution'

Charles was also retired and had the time and resources to make buying choices that aligned with his ideals. Even though Charles was putting the time and effort into these buying choices he described to me that he did not feel like he was doing enough. This general feeling of not doing enough was frequently stated by people I spoke with that were trying to make ethical consumption choices. The feelings of discontent with current options and market frameworks could be leveraged in creating a push for a more ethical market that at least can provide producers with the bare minimum stability that they need to survive. My participants who did not make efforts to make supply chain considerations almost universally voiced a desire to have more ethical consumption. So, more sustainability options at more price point could perhaps be a strong starting point for increasing more industry wide effects and involving more consumers in ethical supply chains.

The only interviewee who did not acknowledge exploitation in the coffee industry was with Stuart,

"I'm not preoccupied with it, let's just put it that way. To me that's between the coffee roasters and the agriculturists or whichever coffee growers. I'm not an activist in

that area, but I'm assuming that there's a relationship between a higher price and lower price. There's a bit of difference in quality [in coffee] but I don't know if it has anything to do with Fair-Trade."

Stuart's focus with his coffee purchases were strictly on whatever would make the best cup of coffee for himself. I followed up Stuart's response asking him if he believed that his choice and other choices had power in the marketplace to which he responded the following.

"I think consumers have a role in everything and we exercise our power every time we make a purchase or don't make a purchase. So, we always have a role. It's just not an orchestrated role. We each have an independent role and the way we behave in that when we go to the market. So, we do have a role of course."

-Stuart

At the time of the interview, I was expecting Stuart to say that he acts in his own self-interest in his decisions because it ultimately does not. Instead, I believe that his response shows that his decisions are in accordance with a belief in the free market and its "the invisible hand" wherein individuals acting in their own self-interest naturally align with the best allocation of resources. In a way this makes Stuart's purchase align with his ethics if he believes his purchase is going to contribute to better products in the market.

The question also left the realm of just coffee and expanded to consumers values and beliefs of consumer power and change. Melody found her belief in consumer power to help motivate her own decision.

“Our whole market is based on what the consumer wants, you know? So, if consumers were passionate about, like, Fair-Trade, and they stopped buying the things that aren't Fair-Trade, then obviously companies wouldn't want to produce those things...

I feel like maybe consumers don't realize how much power they have over these things or maybe like, they're not like thinking about it a lot. Cause you know, everyone's busy, you know just going through the motions.

Melody believes that consumers can not only act in their own self-interest but to orchestrate their role with other consumers to help create the market makeup that they desire. She held this as a firm belief for how change could be created and central to her motivations to purchase Fair-Trade coffee.

Questions of consumer power in change also went beyond a step farther and brought up some thoughts on if change is even possible.

“What do you want to do? Go back and have everybody starve, your kind of backed into a corner there. No, there's no easy way out.”

- Richard

“Been like that forever.”

Yeah... but not forever though.

“Well, it's been like that for how many years though”

- Mickey

This seemed to reflect a common position of more existential dread that nothing will ever get changed. Richard also reflects a belief that the current arrangement of systems is the only way to get things done and changing would involve some reversion to the stone age.

'I don't think change will actually happen unless something happens where people cannot get their coffee anymore.'

-Kathy

This shows that these simple decisions of what coffee to purchase is tied to many larger systems of thoughts and decisions for consumers. So, for some consumers to interact in sustainable supply chains may require addressing deeper issues of hope. Although for many focusing these issues into a more manageable problem such as coffee was enough to give them hope.

Consumers Conclusion

Through my interviews with consumers, I have come to better understand the context that surround consumption relationships with coffee and decisions to participate in various coffee supply chains. Though each decision arose from a consumer's unique context I found to roughly be a product of their relationship with the beverage independent from its purchase, their knowledge of the supply chain and their relationship with consumption and power as a consumer. These factors are then intermediated by their class which affords them the time or resources to freely choose the coffee product they desire. While this somewhat simplifies the relationship that consumers have with coffee it can explain many of the actions of these consumers. So, by this I mean that each of these three themes had varying levels of importance

for consumers and each led different consumers to act on sustainable supply chains. Yet in all these considerations the class of the consumer was either a limiting or enabling factor.

Given these understandings I think the role of the consumer in the establishment of ethical supply chain is to have a relationship with their coffee that extends beyond price and attempts to better understand the embedded relationships that exist within. This position can be taken by any consumer regardless of class and can help to spread this by sharing knowledge of conditions and embedded relationships with other consumers.

Conclusion

Revisitation of purpose and Research questions

My research on coffee was originally driven to simply answer how it is possible to make a cup of coffee that costs six cents? My initial understanding that western colonialism and subsequent systems of capitalism that reproduced these colonial systems was not wrong but lacked depth. In my research I have not only come to understand the origins of this system in slavery but the subsequent frameworks that were built in the transition from slavery to the current coffee value chain and the embedded positions of various actors in this framework, as well as the position of the various theories that underpin these relationships and how the history of system of coffee can fit within these frameworks. To display my findings, I shall revisit my research questions and answer them to their fullest extent. What historical conditions are embedded in the current evolution of the coffee value chain? How do the various contemporary

organization of the coffee value chain impact producers' livelihoods? How do members of third wave specialty coffee plan to ensure sustainable conditions in their supply chains? What role do consumers have in sustainable coffee value chains?

Value Chain Through the Three Waves

The basis for my findings is that the coffee value chain is driven by the three waves of coffee roasting with each emerging out of distinct eras of coffee consumption, and each demanding different organizations of the value chain. The first wave of coffee production and treats coffee as a undifferentiable product and demands for lowest possible price for green coffee. This era of coffee roasters started in the mid 19th century and originally sourced many of their green coffee beans from slave plantations. The transition away from slave plantations was only made when the dependence of colonies and labor classes were intermixed within a world system of global trade. This dependence allowed coffee plantations to replace slave labor with a class of exploited wage laborers who would be kept in a position of food insecurity and dependence from their position in the coffee system. This exploitation of dependent coffee producers is continued by the business models and sourcing strategies of first wave roasters today. These roasters most directly reproduce colonial conditions in the coffee market today and set the basis of market conditions in coffee through the commodity market.

Specialty Coffee and Quality

While first wave coffee roasters still purchase most green coffee beans today, the second and third waves of coffee roasters of specialty coffee industry are growing quickly and now draw in a higher total revenue than first wave roasters (SCA, 2015). Specialty roasters differ from first wave and colonial production by adding the dimension of quality into coffee, and thus make coffee a product that can be differentiated beyond price. Therefore, the organization of the value chains of specialty coffee is not strictly organized around the lowest possible price. The pursuit of a higher quality cup of coffee created consumers that would pay a flexible price for a cup of coffee. This is where we see the first attempts to incorporate ethical considerations into the coffee supply chain and with it the emergence of Fair-Trade and Equal Exchange in the second wave of coffee.

Limitations of current Interventions

Ethical considerations in the third wave coffee are taken as a prerequisite to their coffee business models. This is because a basis of Third Wave Coffee is to have some form of a direct relationship with coffee producers since the practices of coffee producers are integral to the final product third wave roasters yield. While the ethical considerations of second and third wave roasters mark a step in the right direction for coffee value chains, the higher value they demand for coffee does not always make it back to coffee producers. Even were third wave roasters who may sell coffee for as much as 30 dollars per pound, producers may not receive wages that are proportionally higher to the time they would put into traditional coffee. Even if value can be

distributed more equitably, coffee producers still experience many problems beyond the amount, they get paid. Many producers are still food insecure because get paid only once a year and must make that payment stretch out over a year. Overall, the organization of even these specialty supply chains still experience many problems of the greater system.

Improvements from Interventions

While the problems of these supply chains are still very apparent, even within these more sustainably oriented supply chains, improvements can be seen in a few ways. The higher prices in specialty coffee help decrease the reliance on the commodity price by having the commodity price contribute a smaller percentage of the total price producers receive, and thus helps insulate against the volatility of the market. Fair trade organizations also help insulate against instability by providing a price floor that will help producers still maintain margins even if the commodity price drops below them. Connection with Fair-Trade organizations also helps secure access to better credit which producers need to secure their inputs. Most importantly perhaps, the increase in value brought about from these coffee roasters also gives room to reshape these supply chains to be more ethically driven in the future.

Third Wave members Strategies and Obstacles on Sustainability

In my interviews with members from various positions in the third wave of specialty coffee they recognized the shortcomings of previous sustainability attempts and looked to build on them from their higher value position. Analyzing the position of third wave roasters and their

strategies to shape sustainable supply chains, gives insight to perspectives that non third wave members can scale into a way that fits their business model.

The principle of future third wave sustainability strategies is to holistically meet the needs of the various contexts of producers by forming a long-term relationship that incorporates aspects of sustainability that extend beyond price. The long-term relationship is a baseline measure for sustainability and communicating helps to meet the needs of producers prior to the coffee harvest. Communication prior to harvest helps ensure that producers are in a secure position and from the business perspective, that roasters and importers will have a more stable long-term supply of coffee beans. Communicating with these supply chains can also improve the transparency of these supply chains and help make sure that value is being distributed equally through intermediates down to producers. Lastly, considerations are made so that sustainability can be viewed beyond the reach of coffee to help coffee growers alleviate dependence on coffee through strategies such as second payments in livestock and other systems setup to help farmers diversify their farms away from coffee dependence.

While these attempts are being made there are still many barriers to achieving these more holistically sustainable supply chains for third wave members. One is that with relationships and transparency there is still difficulty in maintaining communication within the supply chain beyond the level of producer co-ops and verification of prices received by producers. Some attempts to surpass these problems are in the form of traceable mobile payments to coffee

growers. The commodity market for coffee and commodity price are still universally used in the industry and seen by third wave members as mostly a necessary evil, but the use of long-term contracts and increased differential payments can minimize its importance. Last, is the issue of how these methods and strategies of the third wave coffee can be implemented in models of sustainability that do not demand as high of a price as the third wave. This is beyond the scope of my evidence and research but will be very important to consider in future research, since not all coffee consumers can afford third wave coffee currently.

Consumers Relationship

With my interviews with consumers, I have found that consumers relationship with ethical coffee extends far beyond the price that they pay for their cup of coffee. The price paid for coffee is more often a marker of societal position and class more than the extent of a consumer's relationship and desires with ethical supply chains. Thus, just as price can be a deceiving factor of sustainability for producers, it can also be just as deceiving a factor for displaying consumers relationships in ethical supply chains. Discovering more about the embedded relationships that exist within a consumer's coffee purchase was how I was came about determining the role of consumers in ethical coffee supply chains.

The relationship that I found to be embedded within coffee consumers' decisions was a mix of their consumption habits (independent from purchase), their knowledge of coffee supply chains, and their perspective on their power as a consumer. The interplay of these three aspects

of their coffee consumption was then intermediated by the time and resources they have afforded to them by their class. These different aspects seemed to determine consumers interactions with various coffee supply chains, with some consumers feeling a very strong connection to the role of drinking coffee in their life and wanting that role of coffee and its production to align with its morals. Some had learned in depth of the story of coffee and saw it was an area that required particular attention. Others felt the desire to make the most difference they could with all their purchases and coffee being included with that. Some of these participants perhaps felt strongly about all three but then were not able to act on that relationship due to the inhibiting factor of price, and others not caring about any of these aspects but still engaging in ethical supply chains because they happened to afford more expensive coffee.

That leads me to assert that the role of consumers in sustainable coffee supply chains is multifaceted and extends beyond price. While the role of price is not to be ignored, with specialty coffee higher prices leveraged from consumers made room in the supply chain for more sustainable positions. Paying higher prices should be an aspect to engaging with sustainable supply chain and should be taken by those who can afford it. Yet, I think the true power of the consumer is to try and address the fetishization of their relationship with coffee, through gaining knowledge on the embedded relationships that exist within their supply chain purchase and the role of their purchase in it. This should be an option for all consumers regardless of if they can afford to engage with ethical supply chains or not.

Discussion, Implications and Future Research

Coffee I believe is a representative story for the globalized commodities, although it is unique in the possible emergent paths in coffee to address generational wrongs. Coffee like many other commodities was introduced to a globalized system through colonial slave plantations designed to mass produce the commodity as cheaply as possible. Slave labor was replaced by wage labor once conditions allowed for a labor class could fill the role of labor of coffee cheaper than slaves. In filling the role of slave labor, the position of these laborers would be inherently exploitative and lead farmers producers to be in insecure dependent positions. Smallholders entering the market would have to compete with a market based on these conditions and lead to their positions experience similar insecurity and dependence. These conditions are how supply chains are still able to produce cheap coffee at its current scale and inversely how demands for cheap undifferentiated commodities shape supply chains. The history of coffee production is like that of many other commodities that emerged from colonial slave production.

On the consumption side of these systems coffee was treated as a largely undifferentiable good and only being differentiated on price and thus would reinforce these production systems. In this undifferentiated system coffee is an almost textbook example of commodity fetishization, in that the consumption of coffee is largely entirely separate from the embedded relationships

involved in its production. This separation for coffee consumers and US industry members allows for exploitation to be naturalized, which again is the case with most commodities.

The coffee industry differed from many other commodity chains, quality when the dimension of quality was introduced into the coffee industry and the differentiation of coffee beyond price. The establishment of quality also meant that coffee supply chains could be organized around quality, and not just producing the cheapest possible coffee. So as consumers considered quality, their purchases also began to have more flexible prices. Consumer's considerations of quality and flexible prices led to the first endeavors into ethical supply chains with the establishment of Equal Exchange and Fair-Trade in the coffee industry. Which although fell short in many regards in its impact on growers, it did serve to build a consumer base who would consider ethics as a dimension of their coffee purchase.

This pursuit of quality coffee also led to the establishment of coffee that involved a direct relationship between roasters and producers. Through this relationship producers could have the stability and access to resources needed to produce the best possible green coffee beans. So, in this pursuit of the most quality coffee supply chain is how supply chains centered around relationships were first arrived at. Since having a holistic relationship is how roasters and producers could work together to create the highest quality coffee product. So, with the success and emergence of relationship coffee I think it represents an opportunity for these relationship

centric trade relations to be expanded beyond the pursuit of the highest quality coffee and attempted for supply chains that value cheaper coffee. To which producers and roasters could work together to make a stable, ethical efficient supply chain.

Consumer's role in the formation of this relationship centered value chain in coffee has mainly been through a willingness to pay more for high quality coffee and a desire to de fetishize their relationship. This has largely been shaped by upper class consumers who have the freedom to purchase these more expensive coffees. Currently relationship coffee is so expensive because it differs from the traditional roots of the supply chain and thus blazing the trail in new supply chain endeavors is very costly. So, the edge of this supply chain is only possible to be engaged with upper class members for the most part or those who have a limited consumption of coffee. With this upper class paying more coffee and having a desire to connect more with the places that their coffee is grown with is what made relationship coffee possible.

While consistent engagement with the most ethical of supply chains may be a luxury only afforded to the upper class, coffee amongst other products does offer cheaper access to sustainability interventions and can represent an area of focus for ethical consumption. While accessing third wave relationship is not available to all classes it does offer an array of products involving some ethical certification. This combined with the fact that coffee is connected to place through regional tastes, the thought provoking effects of caffeine, and the everyday ritual

of drinking make coffee stand out amongst options for sustainable supply chains. Then through this unique position of coffee gives consumers an area to focus desires to interact with more sustainable supply chains and to de fetishize their consumption relationships. So, while most consumers don't have the ability to make changes in all their consumption choices coffee represents an option to focus these efforts.

The focus on coffee could make it a leverage point to other colonially shaped supply chains and be an example for how other industries could better organize their supply chains. As these efforts in coffee could see possible exponential growth as well. Since with continued growth, the opportunity cost of interacting with these supply chains will decrease, and the more that these become the norm the more apparent the thought of ethical purchasing will become, and the more pressure will exist on companies to make ethical transformations. So essentially if efforts in coffee could be focused by consumers, then there is the possibility of sustainability becoming the norm rather than the exception in an industry. Change in coffee could be the transition away from instable exploitative colonial systems centered around mass low quality production towards a relationship centric system that focuses on high quality coffee. Achieving this more sustainable quality driven system seems to be more possible in coffee than in many other industries and thus could provide a model for change in other industries of how it is to be possible.

So ideally in the future there would be a coffee system centered around relationships in the supply chain but still could offer multiple price points. Having this relationship centered coffee industry would increase efficiency, quality, and stability in the supply chain. Through maintaining in contact with producers and helping them secure their inputs roasters have consistent access to a better-quality product, even if quality is not the focus the same approach could be taken towards producing efficient cheaper coffee. Consumers can help coffee get to this point by focusing their desires and efforts to have more ethical supply chains into coffee as a leverage point for change in greater colonial commodity systems.

To further research the possibilities of systemic change in the coffee system and its role in leveraging change of global colonial commodity industries, I would have like to do more research into a few final areas. I would have liked to have done more questioning on consumers thoughts on commodity fetishism and have expanded my consumer interviews to incorporate a broader pool of consumers with more consumers who strictly drank first wave coffee. I would have also liked to learn more on the position of first wave coffee roasters and the agents who work within first wave coffee and learn on their thoughts on incorporating ethics and stability into their supply chain sourcing. I also would like to incorporate the perspective of producers and processors/exporters to get a clearer understanding of the whole picture of the coffee supply chain. I also would like to do more research to understand how the story of coffee fits into

postmodern perspectives and post Fordist production systems, to understand how the position of the coffee industry fits into generational changes.

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