

MARKETING PLANNING AT JUST US! CAFÉS¹

Sara Loudyi, Julia Sagebien, Normand Turgeon and Ian McKillop wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On the morning of November 11, 2008, Jeff and Debra Moore, founders of Just Us! were about to hold their first meeting with Juliet, recently hired to fill the new position of marketing director. Juliet had come to Just Us! from a well-established company in the food industry in the Maritimes, where she had been brand manager for a line of gourmet instant coffees. Though her rise in the company had been swift, after several years in the same position she felt it was time to pursue other challenges. The Moores had been searching for a new marketing director and had heard about Juliet from a mutual friend. They arranged an interview and were extremely pleased with her prestigious business school degree, outstanding knowledge of the coffee market and strong marketing background. Juliet felt that even though she did not know much about the fair trade market, this was exactly the kind of challenge she had been seeking.

The Moores and the senior staff at Just Us! had been working for some time to compile the information Juliet would need for a smooth transition to her new position. Jeff Moore opened the meeting:

First of all, we would like to welcome you to our team. We are very excited to have you with us and we want to make sure that you quickly feel that you belong here. Just Us! is more than a brand, it's an ideology. Since our beginnings in 1996, we have become more than a fair trade coffee cooperative, wholesaler and retailer. People in Nova Scotia know who we are and what we stand for. Our sales are growing and we are, more than ever, making a difference with our investments in the producers and in the local community. All the same, we did face some issues with our cafés² and we hope that you will be helpful in that area. But first let me tell you a little bit about fair trade.

¹ This case is partly based on material found in the case *Just Us! Coffee Roasters* (Ivey product #9B06A027), by Julia Sagebien, Scott Skinner and Monica Weshler, published by Ivey Management Services, 2006.

² Coffee houses.

WHAT IS FAIR TRADE?

The Canadian Fair Trade Market

Fair trade is an alternative approach to conventional international trade that seeks greater equity. Producers, traders, buyers and consumers work together to form a trading partnership that provides a more equitable and sustainable form of exchange. The Alternative Trade Organizations (ATOs) buy directly from Third World producers, leaving out the middlemen. They pay the producers a fair price, and help them develop trading experience as well as market contacts. They also enter a long-term partnership.³ Through this arrangement, producers are able to raise their incomes, reduce their dependency on commercial middlemen and invest in community development. To become fair trade certified, an importer must meet stringent international criteria. These include paying a minimum guaranteed price directly to the producer cooperatives⁴ and providing much-needed credit to farmers along with technical assistance (such as help transitioning to organic farming).

Organizations like the Fairtrade Labelling Organizations International (FLO) and TransFair have been instrumental in promoting fair trade. In 2008, Canada imported fair trade certified products from 59 source countries. The number of producers and the range of products are growing annually.⁵ The fair trade certified product offerings often include cocoa and cocoa products, coffee, cotton, flowers, fresh fruit, rice, honey, shea butter, quinoa, spices, sports balls, sugar, tea and wine.⁶ There are also hundreds of composite products with fair trade certified ingredients. In addition, consumer interest in ethical products is allowing the fair trade market to break into niches like ethical fashion, where trendy clothes are made from fair trade and ecological fibres.⁷

TransFair Canada reported “exponential growth in the sales of coffee, tea, sugar and rice, spectacular starts to new products such as flowers, wine and cotton and strong reintroduction of bananas in the Canadian market.”⁸ Canadian consumers contribute significantly to these success stories. They have become more aware of the benefits of fair trade and are increasingly willing to change their shopping habits in order to be part of the solution to global trade inequities (see Exhibit 1). There were threats to the fair trade movement, however, including wild swings in commodities markets, which resulted in record high prices for food and oil, the former affecting the cost of the primary products and the latter the cost of fertilizer and transport. The move towards lessening the carbon footprint of foods also suggested a shift in green consumer preferences towards “local” foods and away from foods transported from distant regions.

The Ethical Consumer

The Canadian fair trade market is steadily gaining support from increasingly knowledgeable consumers who demand a wider and finer range of products. The market is not going mainstream yet, though it is certainly emerging as an attractive submarket of customers with very specific needs.⁹ Besides requiring high quality products, consumers want to know the story behind the products. They want to be reassured that suppliers also benefit from the exchange and that the impact on the environment is not negative.

³ <http://transfair.ca/en/standards>, accessed May 14, 2009.

⁴ *Ibid.*

⁵ <http://transfair.ca/en/sourceproducts>, accessed May 14, 2009.

⁶ *Ibid.*

⁷ www.zetika.com/mode-et-eco-design/resultat-d-une-etude-sur-la-mode-ethique-au-canada.html, accessed May 14, 2009.

⁸ http://transfair.ca/sites/transfair/files/TF_2007_2008_AR_BL_final.pdf, accessed May 14, 2009.

⁹ www.lesaffaires.com/article/0/publication-lesaffaires/2008-11-08/485158/des-produits-equitables-et-profitables.fr.html, accessed May 14, 2009.

The ethical consumer is typically young, educated and willing to pay a premium for fair trade products.¹⁰ A 2008 study sponsored by The Body Shop showed that 34 per cent of participants base their purchase decisions on the ethical behaviour of companies.¹¹ Activists in the fair trade movement are convinced that more consumers would prefer ethical products if they were better informed. The Internet has been a great tool for increasing awareness of fair trade products, along with initiatives that enhance positive word-of-mouth.¹²

COMPANY BACKGROUND

Jeff and Debra Moore both had a background in social work and community development in the Maritime provinces of Canada — Nova Scotia, Prince Edward Island and New Brunswick. For many years, Jeff also worked in adult education, notably at Acadia University in Wolfville, Nova Scotia. At a crossroads in 1995, Jeff embarked on a journey to Cuba, Mexico and Guatemala. While in Cuba, he committed himself to finding ways to help the Cuban economy at a time when the country was experiencing a severe economic downturn triggered by the collapse of the Soviet bloc, its main trade partner. He realized that he could best help Cuba by searching for new market opportunities for some of the island's products, such as coffee. As Cuba already had a good market for its coffee in Japan, Jeff began to delve into other markets. This exploration took him to Mexico, where there were other possible sources of direct and fair trade coffee from small-scale producers. Jeff returned to Canada with a secured business relationship with fair trade farmers in Oaxaca, Mexico. He subsequently imported his first shipment of fair trade coffee to Nova Scotia.

On March 7, 1996, Just Us! was incorporated under the Co-operative Association Act as the first fair trade coffee roaster in Canada. Jeff came up with the name Just Us! as a play on the word “justice” and as a way to show that they were a worker-owned co-op that believed in “people and the planet before profits.” The company emerged as a worker-owned and -operated for-profit coffee co-operative that imported, roasted and sold wholesale and retail fair trade, organic coffee from fair trade certified coffee producers around the world. Its vision was “to be a leading Fair Trade business that builds on quality, professionalism and innovation for the benefit of all our stakeholders.”¹³

The company's mission statement¹⁴ was:

- To be a viable, progressive and leading Fair Trade business which serves as a model for worker (community) ownership and social and environmental responsibility.
- To serve our customers by giving them the best possible value, service and information.
- To serve the interests of Fair Trade producers by developing personal and long-term relationships that would adhere to the basic principles of Fair Trade, but more than that, would strive to help the indigenous communities move beyond the poverty level.
- To develop relationships among our co-op members, employees, business associates and the broader community based on honesty and respect and to maintain an ongoing commitment to education, innovation and collaboration.

¹⁰ www.zetika.com/mode-et-eco-design/resultat-d-une-etude-sur-la-mode-ethique-au-canada.html, accessed May 14, 2009.

¹¹ www.marketwire.com/press-release/The-Body-Shop-893831.html, accessed May 14, 2009.

¹² *Ibid.*

¹³ www.justuscoffee.com/2009.aspx, accessed May 14, 2009.

¹⁴ *Ibid.*

Just Us!'s beginnings were very humble: the first co-op members invested only \$2,500. Jeff and Debra had to put a mortgage on their house; Just Us! also secured a loan from a local bank. The co-op could then afford to purchase a house for the location, a roasting machine and all the equipment needed for a small coffee shop. Another problem they faced was that neither Jeff nor Debra had experience in the coffee industry or in the management of a coffee-roaster plant or a coffee shop. To cope with the steep learning curve, Debra took business classes at local universities. She was named Just Us!'s CEO and put in charge of everyday operations. Jeff trained to become a "Roastmaster," and took the role of development manager — the person in charge of growing the business. In 2009, Just Us! was a well-known co-operative in Nova Scotia, with 69 employees and a management team of nine.¹⁵ The business structure had also evolved: instead of concentrating decision making in place for many years, the co-operative formed functional departments with distinct responsibilities (see Exhibit 2).

Since its inception, Just Us! had experienced healthy growth, created jobs in the community and invested in environment-friendly actions.¹⁶ It had also built strong consumer loyalty and interest in its products, activities and philosophies. The company's fair trade product line had grown to include coffee, teas, sugar and chocolate. Its renovated location in Grand Pré, Nova Scotia, had an "environmentally friendly" manufacturing facility, coffee shop, gift shop and fair trade museum that included a multimedia room lit by solar panels.

CORPORATE VALUES

Just Us! had a strong value system. The company fostered social and environmental responsibility, sustainability and ethical practices in all areas of the business and in all stakeholders. Just Us!'s management believed that its mandate included helping develop, support and grow the fair trade market for producers. To nurture co-ops, the company set aside 10 per cent of its profits and, in the Grand Pré headquarters, opened a fair trade coffee museum to educate consumers about the benefits of fair trade. Co-op growers loved the idea and were impressed to see that the space was being used for education rather than for additional coffee shop sales. In order to show its support, Just Us! occasionally carried products with thin margins, such as those of "Breaking the Silence," a network of people committed to solidarity work in Guatemala, a country that had suffered heinous human rights abuses.

In 2005, Jeff and Debra started Just Us! Development & Education Society (JUDES), a non-profit organization that strived to raise awareness about "social and environmental issues related to international development, the benefits of fair trade, and the power of each consumer to make a difference." JUDES was accountable for the creation of the Just Us! museum, and worked with other fair trade and development organizations to promote conscious consumerism and responsible development.¹⁷ In doing so, it provided documentary and educational activities for schools and various organizations.¹⁸

Just Us! also had a tradition of successfully involving community organizations in its production process. "The Flower Cart," a provider of vocational services for mentally challenged adults, helped with product labelling and bagging tea and sugar for many years.

Jeff and Debra had received several awards for their work, including the prestigious President's Entrepreneurial Award from Acadia University. This award was given annually to recognize businesses in

¹⁵ www.justuscoffee.com/Resources/Docs/annual%20report%202008a.pdf, accessed May 14, 2009.

¹⁶ *Ibid.*

¹⁷ www.justuscoffee.com/developmenteducation.aspx, accessed May 14, 2009.

¹⁸ www.judesfairtrade.ca/activities/, accessed May 14, 2009.

Atlantic Canada that exemplified not only entrepreneurship but also social and environmental responsibility. Furthermore, Just Us! won the annual Human Rights Award by the Nova Scotia Human Rights Commission and the Maritime Business Ethics Award by the Better Business Bureau.

SALES GROWTH

Fair trade sales had been increasing from year to year in Canada. Jeff and Debra had successfully found new business opportunities while remaining true to fair trade and organic models (i.e. social and environmental responsibility, premium quality¹⁹). Jeff believed that this model of doing business provided the co-operative with a distinct product differentiation, thereby giving it a clear market advantage over its competitors (see Exhibit 3).

JUST US! PRODUCTS

Just Us! offered a large variety of certified organic and fairly traded products, all certified by the Fairtrade Labelling Organization, for which TransFair Canada acted as the local representative. Organic Certified Producers and Processors (OCPP) also certified the manufacturing plant in Grand Pré organic. Just Us! products were distributed through grocery chains, health food stores, universities, restaurants and coffee shops across Canada, as well as in the United States.

Coffee

Coffee was the backbone of sales at Just Us! Owing to its small size, the business could closely monitor the quality of the product at each stage of the production process: from the arrival of green coffee to the shipping of fresh, roasted product. Premium quality coffee was purchased directly from fair trade co-operatives in more than 11 countries including Mexico, Peru, Guatemala, Bolivia, Indonesia, and Colombia. To ensure the freshness of the product, only small batches were roasted, packaged in the plant and sent to customers.²⁰ Roasts ranged from light to dark, with a decaf and a green beans line.²¹ Just Us! regularly launched new specialty lines. Most of the coffee lines were available for wholesale orders.

Tea

The teas were grown in Sri Lanka, in the world's first certified organic tea garden, as well as in India and Ecuador. Just Us! offered premium quality lines of Ceylon, green, Earl Grey, chai, lemon-honey and caffeine-free teas.²²

Other Products — Chocolate and Sugar

Research showed that fair trade chocolate was following the same upward sales trend as specialty coffee. To capitalize on this vigour, Just Us! built a small chocolate factory in Hantsport, Nova Scotia, where organic cocoa from fair trade co-operatives in Bolivia and the Dominican Republic was transformed.

¹⁹ www.justuscoffee.com/Products.aspx, accessed May 14, 2009.

²⁰ www.justuscoffee.com/coffeeroastery.aspx, accessed May 14, 2009.

²¹ www.justuscoffee.com/coffee.aspx, accessed May 14, 2009.

²² www.justuscoffee.com/Tea.aspx, accessed May 14, 2009.

Several products were offered, from creamy milk, dark and white chocolate, to handcrafted chocolates (e.g. Midnight Mint and Enerbeans) and hot chocolate mixes.²³ Like coffee, chocolate was also available for wholesale orders.

Just Us! bought sugar from a group of small cooperatives in Paraguay. It was sold in one kilogram and four kilogram packages.

Distribution

Once roasted and packaged, the coffee and other products in the Just Us! line were shipped mainly within the Maritime provinces to retail outlets, supermarket chains, health food stores, coffee shops and churches. Just Us! had a strong presence in Nova Scotia and a lesser one in the other two Maritime provinces. In other parts of Canada it was distributed mainly by “Ten Thousand Villages” stores.

A substantial portion of Just Us!’s revenue came from wholesaling to large retail stores like the Atlantic Superstore (Loblaws Maritime chain) and Sobeys. Just Us! provided supermarkets with a higher margin than other coffee because of the premium for organic, fair trade, superior quality coffee, and because the brand had enormous brand recognition and loyalty in Nova Scotia. Just Us! offered a wide selection of its products through supermarkets. The management felt it knew the grocery store sales channel very well and considered this a core competency.

Just Us! had also been successful in penetrating the local specialty food store and coffee market. Its intimate size and proximity to customers in the Maritimes helped it establish strong relationships with this sales channel. Sales to office markets and a broad network of coffee houses in the region had been hampered by the fact that a number of coffee distributors had developed their own fair trade offerings.

Current sales took place via grocery stores (40 per cent), mostly-owned coffee shops (30 per cent) and other channels (30 per cent).

COMPETITION IN THE RETAIL SECTOR

A major Canadian competitor in the retail organic fair trade coffee market was Kicking Horse, from Invermere, British Columbia, on the West Coast of Canada. In order to succeed in a very competitive market, the owners capitalized on the area’s local names and culture to distinguish the coffee from the competition’s products. The company had the endorsement of Wings over Rockies, an NGO that protected wildlife habitats and sustainable livelihoods. Kicking Horse offered products that were certified organic and fair trade, and attributed its loyal and expanding customer base of coffee shops, gourmet food stores, grocery chains and restaurants to its top quality coffee and the supportive family culture of the business. The business included an e-commerce-capable site. Once it had established a solid local client base, the company began to expand into a broader market, generating some of its revenue in the United States and Europe. Kicking Horse products were sold in Loblaws stores in Quebec and Ontario as well as in upscale food retailers such as Pete’s Frootique in Halifax.

Furthermore, the growth of fair trade product sales had prompted several major food brands to offer fair trade products, especially coffee. Kraft Foods formed a partnership with the Rainforest Alliance to support the development of sustainable coffee production in Colombia, Brazil, Central America and Mexico. The

²³ www.justuscoffee.com/Chocolate.aspx, accessed May 14, 2009.

Kraft Foodservice brand of coffee, All Life 100% Colombian, targeted college students, who were among the most environmentally and socially conscious consumers in the United States. Procter & Gamble's Millstone Coffee brand, one of the leading gourmet coffee brands sold in the United States, introduced Millstone Organic Mountain Moonlight (fair trade certified) and Millstone Rainforest Reserve (Rainforest Alliance certified). To benefit from the attractive ethical coffee segment, Nestlé had made social responsibility part of its business strategy. However, the company did not follow the principles of the Fairtrade Labelling Organizations, which would have required it to pay a guaranteed fixed price to the producers. Instead, the company provided technical assistance to farmers and invested in social programs in their communities.

In Canada, large supermarket chains such as Loblaws offered organic and fair trade private-label product lines. Jeff and Debra were initially concerned about private label/store brand competition due to the large volume of the Just Us! products sold in the supermarkets. Loblaws was still one of the company's best customers despite launching its private brand in early 2008. Nevertheless, Jeff and Debra were still anxious about the entry of new fair trade and mainstream brands because the market was still very attractive and had yet to reach its full potential. Jeff explained his concern to Juliet:

Fair trade can be used merely to increase corporate profits, or to promote intercultural understanding, grassroots development and economic justice. In order to really move fair trade forward in Canada, there needs to be a fair trade certification that is recognized by the government, as has happened in the organic movement. You can't have all these different organizations using the term fair trade and not meaning the same thing. You have to keep the movement from being self-serving and you have to keep it focused on the producers' need to tell their story and make people aware of where their money is going as consumers. The challenge for fair trade going mainstream is whether the long-term commitment is there. But the goal for FLO is to grow the market for the producers, and when a mainstream company like Starbucks carries fair trade coffee, even though it is less than a half a per cent, it is still a lot of coffee.

JUST US! SERVICES

Jeff and Debra realized long ago that it would be difficult to promote fair trade generally, and the Just Us! brand specifically, by selling to conventional retail outlets exclusively. Because retailers could not be expected to highlight the fair trade concept, the Moores had to open their own retail outlets, where they could disseminate useful information on fair trade and tell the story of Just Us!

The Concept

Just Us! cafés were meant to be a “‘Third Place’ — a place that was neither work nor home, but a familiar and comfortable place that acted as an incubator for the human relationships within the community.”²⁴ The cafés were a fair trade “experience” that included the coffee shop (with food — see Exhibit 4) and fair trade retail goods from Ten Thousand Villages, a program that provided a vital and fair income to Third World people by marketing their handicrafts and telling their stories in North America. The educational function of the cafés was very important to Jeff and Debra: the coffee shops were meant to be a place where customers could enjoy a cup of premium fair trade coffee or tea and more importantly gather information about fair trade. Accordingly, the cafés hosted several public lectures about fair trade: the

²⁴ www.justuscoffee.com/Cafes.aspx, accessed May 14, 2009.

managers worked closely with JUDES to invite members of the co-operatives that supplied Just Us!, together with fair trade activists (see Exhibit 5).

The cafés were managed by a highly trained staff “who is committed to preparing espresso, coffee and tea beverages in a manner that showcases the quality and care involved in the production of all Just Us! Products.”²⁵ The employees shared the values of Just Us!: they were committed to the fair trade cause, and educating consumers was a top priority. They aimed to make sure the clients understood that they were buying more than just coffee at the Just Us! cafés: they were being introduced to a whole philosophy.

Besides the fair trade certified coffees, teas, sugar and chocolate, the cafés served light lunches, muffins and sweets produced in the Just Us! bakery or at local caterers for the Halifax outlets. The food served was made from organic and/or local fresh products.

The Locations

Each of the cafés had a different atmosphere, adapted to the customers’ tastes. Just Us! did not try to standardize the locations; it preferred to have a different concept in every site, so that the cafés could be closer to the community in which they operated (see Exhibit 6).

There were four Just Us! cafés in Nova Scotia. The first one was located in Grand Pré, in front of the head office and the production facility. It provided the largest selection of Just Us! products and invited customers to visit the roastery and the fair trade museum while enjoying a cup of coffee.²⁶ The second café opened was housed in a former movie theatre in the centre of the town of Wolfville. This was a community project where Just Us! partnered with the Acadia Cinema Co-op to buy the old cinema and restore it. Just Us! set up a coffee house in the lobby. The café provided an art space to encourage the participation of Valley artists of all ages and levels of experience. By holding regular opening gala nights, the café brought under-represented artists into the public domain, where they could share their personal visions and benefit financially from their efforts.²⁷

The two other cafés, located in the Halifax area, were the newest additions to the Just Us! family. The Halifax café was situated in an old Victorian building, formerly a UNICEF office.²⁸ It was honoured by the readers of *The Coast* with the Best Café, Best Coffee (Regular), Best Coffee (Fancy) and Best Tea awards in the “2008 Best of Food Awards.”²⁹ Owing to its proximity to local universities, the café had a quiet and cozy atmosphere and hosted varied cultural events like book readings and live music. In contrast, the Barrington Street café was a busy downtown venue, close to many professional offices. As one of the managers pointed out: “It’s part of the morning routine where everything is a lot quicker.”³⁰

In addition, Just Us! had a strong presence in three major universities in Nova Scotia. First, Saint Francis Xavier (Antigonish) chose to go 100 per cent organic with its food services offering on campus, and selected the co-operative as its principal coffee supplier. At Dalhousie (Halifax), Just Us! supplied a few outlets on campus, primarily the Green Café, which served mostly Just Us! products. At Saint Mary’s

²⁵ www.justuscoffee.com/Cafes.aspx, accessed May 14, 2009.

²⁶ www.justuscoffee.com/grandpre.aspx, accessed May 14, 2009.

²⁷ www.justuscoffee.com/Resources/Docs/issue%2014%20FINAL.pdf, accessed May 14, 2009.

²⁸ www.justuscoffee.com/Resources/Docs/issue%2019-colour.pdf, accessed May 14, 2009.

²⁹ www.justuscoffee.com/springgarden.aspx, accessed May 14, 2009.

³⁰ <http://live.haligoniac.ca/component/content/article/68-coffee-shopcafe/277-Just-Us-Coffee-Roasters.html>, accessed May 14, 2009.

University (Halifax), the co-operative enjoyed great visibility with a Just Us! branded coffee kiosk. It was not an official arm, but only served the co-operative's products.

Management of the Cafés

Austin had been the café's general manager for some time now. In this position, he had been responsible for day-to-day operations, management of the supply chain, the staff and all marketing activities. After hiring the new marketing director, the Moores wanted to promptly meet with him to clarify their respective responsibilities and avoid potential sources of conflict. From now on, the Moores said, Juliet would be responsible for all the café's marketing activities. Austin quickly reassured them:

I'm very happy and relieved to hear that we will have a professional marketer on the team. I must say that with the café management I did not have much time for marketing. The cafés have tremendous potential and a new marketing director is good news for my division. We need to look at new ways of stimulating sales, and she will probably be a huge help. I would be glad to work with her until she's more familiar with the division so she could take over the marketing activities of the cafés. I will make a list of our 2008 activities for her. When is she going to join us full time?

A Difficult Expansion

As attractive and flourishing as the café business unit seemed, it was not always a success story. In the summer of 2007, Just Us! opened two cafés in Toronto, in partnership with a local businessman. Jeff and Debra saw this as an opportunity to begin expanding the business into Ontario, where the Just Us! brand was not as well-known as in Nova Scotia at the time.³¹ It was also their first attempt to license the Just Us! brand. They were convinced that a way to expand the coffee shops' market was by signing licensing arrangements and splitting the risk.

Unfortunately, the Toronto cafés did not prosper. The management team felt that the primary cause of the failure was a lack of shared goals and vision between Just Us! and the licensee, but they were still not sure why the Toronto market did not respond as well as predicted. Franchising was still an option for expansion, but Just Us! needed to clarify the responsibility agreements, legal framework and controls that characterized the franchisor/franchisee relationship.³²

Competition Around the Corner

Competition among coffee shops in Nova Scotia was heated. Competitors abounded, especially in major centres, and most were fighting to keep their market share and, even better, win new customers. Unfortunately, many new competitors tried to break into the market without fully weighing all the risks, which lead them to fail. There was still no direct competitor in Nova Scotia with the same unique concept as Just Us! However, the Just Us! cafés were facing two types of competitors: small roasting companies and independent coffee shops with a loyal customer base, and well-known chains with large financial resources and strong brand equity that were trying to tap into the "fair trade trend."

³¹ www.justuscoffee.com/Resources/Docs/issue%2019-colour.pdf, accessed May 14, 2009.

³² www.justuscoffee.com/Resources/Docs/annual%20report%202008a.pdf, accessed May 14, 2009.

During the first decade of the 2000s, consumer coffee preferences changed markedly. The number and sophistication of the “coffee lovers” segment, looking for premium quality and specialty coffees, increased. In response to this trend, the number of coffee shops grew exponentially. Coffee houses became a meeting place of choice for enjoying gourmet coffee and other hot beverages. Consequently, Just Us! faced growing competition from small, independent cafés, well-established in their communities.

The diversity and quality of the product lines varied between coffee shops. In Halifax, the closest competitor was Trident Bookseller & Café. It was both a used bookstore and a coffee shop, and it served and sold fair trade organic coffee exclusively. Java Factory, a major player in the Nova Scotia coffee roasting market, had three coffee shops to further promote its brand (in Halifax, Dartmouth and Upper Tantallon). Its offering included many types of fair trade certified and organic coffees, as well as conventional and specialty coffees and a variety of other beverages. Other independent coffee houses like Coburg Coffee also tried to appeal to ethical consumers by adding fair trade coffee to their offering.

In addition, Starbucks, a strong, world-renowned brand, was slowly expanding in Nova Scotia. Halifax had the biggest concentration of Starbucks coffee shops in the province (five out of eight).³³ Starbucks served a variety of beverages including brewed coffee, hot chocolate, espresso, teas and other specialties. Depending on the location, the shops sold a selection of pastries, salads, sandwiches, coffee merchandise and whole bean coffee.³⁴ In 2000, the company introduced its line of fair trade products. It had gradually become one of the largest buyers of fair trade certified coffee in North America, and expected to achieve similar global status by 2009.³⁵

The other well-established chain in Nova Scotia was Tim Hortons. Even though it did not appeal to the same core customers as Just Us!, with more than 170 locations in the province (two in Wolfville and 21 in Halifax), it was a competitor that Just Us! could not ignore. It was the largest quick-service restaurant chain in Canada specializing in fresh coffee, pastries and lunches. Having seen the potential of the fair trade market, the company launched its own line of sustainable coffee. The line was not fair trade certified by FLO, but Tim Hortons claimed to be “directly involved with coffee producing communities by providing direct financial assistance for technical training to improve the quantity and quality of coffee produced and assist farmers in getting their coffee to market at the best time and for the best price.”³⁶ In addition, the company assisted coffee growing communities with environmental management, education and medical care.

Second Cup was also trying to benefit from the fair trade trend. With 360 stores in Canada, the company was becoming one of the largest Canadian specialty coffee retailers (six locations in Nova Scotia, including five in Halifax).³⁷ Like Tim Hortons, Second Cup did not have a fair trade certified line of coffee, but it claimed that the “coffee growing environment is treated with the utmost respect and dignity” and that “coffee producers provide a safe and healthy work environment and employees are compensated in a fair and equitable manner. As well, Second Cup continued to provide financial remuneration for quality beans to directly benefit the farmers, workers and mills.”³⁸

³³ www.starbucks.ca/en-ca/, accessed May 14, 2009.

³⁴ www.starbucks.ca/en-ca/_Favorite+Beverages, accessed May 14, 2009.

³⁵ www.starbucks.com/aboutus/pressdesc.asp?id=929, accessed May 14, 2009.

³⁶ www.timhortons.com/en/goodwill/1521.html, accessed May 14, 2009.

³⁷ www.seconddcup.com/eng, accessed May 14, 2009.

³⁸ www.seconddcup.com/eng/coffee.php, accessed May 14, 2009.

MARKETING

Sales department

The steady growth of Just Us! prompted Jeff and Debra to put in place a more structured sales department with four employees:

- Jill, a sales representative, in charge of the Nova Scotia and the Newfoundland and Labrador territories
- Valerie, a sales representative in charge of New Brunswick and ROC (rest of Canada)
- Colleen and Liz, in charge of customer service and shipping and receiving orders
- Sarah, in charge of advertising, promotion and event planning

Advertising

Just Us! had not advertised much (see Exhibit 7). The management team lacked experience in that field and could not afford to hire an advertising agency. Jeff and Debra were hoping that the situation would change with the addition of Juliet to the team, and that she would be able to suggest more creative ways to reach the consumers with a growing, though limited budget. The advertising budget for 2008 was around \$7,000, and the budget for 2009 had been set at \$20,000, earmarked for coffee shop advertising only.

Until then, Just Us! had mainly used print media and the cafés themselves to do local advertising (see Exhibit 8). It had also received invitations from radio stations and newspapers to do interviews, along with showcases on television to advertise the brand to a larger audience. The fair trade museum was another effective communications tool for raising awareness of the Just Us! brand, especially since Wolfville had been named Canada's first fair trade town, attracting much media coverage. In the same way, many Just Us! initiatives (for example, the launch of compostable cups) and JUDES's other activities (seminars, educational programs) boosted awareness of the brand, even though it was not their primary purpose.

THE FUTURE OF THE CAFÉ DIVISION

After taking in all this information, Juliet began to grasp the many complex issues surrounding her new job. The Just Us! cafés were at a turning point, and a strategic decision had to be made: revenues were levelling off, competition was increasing and Kicking Horse was launching its own 100 per cent fair trade cafés. Should Just Us! consolidate its current operations or pursue an expansion strategy? The fair trade market was still developing and there was a massive growth opportunity for Canada to catch up with Europe or the United States.³⁹ Canadian consumers increasingly objected to unfair trade conditions, and many felt the need to be part of the solution. Thus, the demand for fair trade products was projected to rise steadily for the coming years, and other provinces seemed to be attractive markets for growth. As Jeff said:

I would love to see the coffee concept expand in Nova Scotia and Ontario, where the brand recognition is growing. We participated in the Green Living Show last year⁴⁰ and our products are distributed through Loblaws. We learned from our mistakes in Toronto and I'm sure we can make a go of it this time.

³⁹ www.fairtrade.net/fileadmin/user_upload/content/FLO_AR2008.pdf, accessed May 14, 2009.

⁴⁰ The Green Living Show was an annual exhibition in Toronto. It was the largest consumer event dedicated to promote green products.

Debra disagreed:

We are not prepared for another risky project for the next couple of years. Yes, we are well-established in Nova Scotia and our notoriety is growing outside the province, but it seems unsafe for the Just Us! cafés to start an expansion strategy when Canada is in the midst of a recession. The coffee shop market is extremely competitive, and even though we can count on a unique concept, we can't afford to take that big of a risk right now. Don't forget the fact that Just Us! is both a wholesaler and a retailer of coffee, which puts us in the unusual situation of having some of our wholesale customers, such as coffee houses, also being our competitors. Even though relations with coffee house owners are generally quite good because we share a common goal to grow the fair trade market, we have to plan our expansion extremely carefully.

Juliet strongly supported Debra's point of view. She agreed that for the next year, the café division of Just Us! should consolidate its existing operations. It needed to find ways to stimulate the sales of the four locations in Wolfville and Halifax. As soon as she left the meeting, she began organizing her thoughts:

- Considering the current and potential competition, could we target new buyers? Whom? How?
- If we wanted to enhance the café's performance, how could we improve the customer experience to become their first choice of "place outside the home to enjoy a coffee"? How could we expand the loyal customer base?
- Is the current product offering adequate? Should we consider extending our café's product line? In doing so, could we use non-fair-trade ingredients for special editions of beverages (like cinnamon or pumpkins for holiday specials)?
- The current marketing program is clearly outdated; how could we improve it so that the cafés can benefit from it? Should we integrate new media to promote the Just Us! brand?
- Our presence on campuses is clearly an opportunity to reach a highly interesting target market; are we making the most of it? Can we find ways to improve it?
- How could we use the Grand Pré location to attract visitors to the Just Us! museum as well (and the other way around)?

While contemplating the situation, Juliet remembered that, although the cafés were a strategic business unit, Just Us! was still mostly dependent on grocery stores for the sales of its products. Although she was concerned about this reliance — in retail channels the products were facing increased competition on the shelves, and Just Us! had limited control over its presentation among the competing brands — this channel was a source of substantial revenues for Just Us! so it had to be managed properly. This led her to wonder:

- Are we too dependent on our current retail distribution channel?
- What should our retail distribution goals be for the next few years? How can we achieve our sales objectives for this channel?

Because the 2009 marketing plan for the large retail distribution channel had already been developed before she came into office, her marketing plan should focus on the coffee shops' operations for now. All the same, Juliet knew that regardless of the future strategy of the Just Us! cafés, respecting the company's cultural background and values was crucial. Just Us! was first and foremost a co-operative that served the interests of its consumers and members and that actively promoted the fair trade philosophy. The coffee shops were a great setup to support the brand, but it was equally important that they serve, as well, as a location to display information about fair trade.

After a week of brainstorming, Juliet came up with several ideas for the cafés' future orientation. However, she had some concerns about the budget amount usually allotted for marketing activities. As she mentioned to Jeff and Debra:

I strongly suggest that you reconsider the \$20,000 marketing budget. We are a co-operative with over \$6 million in sales: if we want to achieve our objectives we have to invest more money. We have good brand equity, but with more money in the budget we can build a stronger brand in Nova Scotia and consolidate our brand recognition in other provinces. The fair trade market appeals to a wide range of consumers in Wolfville and Halifax. We can work on being their first choice when it comes to enjoying a coffee outside the home. And with a stronger customer base for our cafés, we can also achieve our educational objectives. Would you consider basing the budget on a percentage of the actual sales? What do you think about seven per cent of the cafés' revenues?

Although Jeff and Debra did not plan to invest that much in marketing for 2009, they were open to new ideas, so they asked Juliet to work on a marketing plan that they would all discuss at next month's management meeting.

The financial assistance of the Service de l'enseignement du marketing, HEC Montréal, in the preparation of the case is gratefully acknowledged.

Exhibit 1

FAIR TRADE OVERVIEW

Volume of Fair Trade Certified Products Sold in Canada

	2003	2004	2005	2006	2007
Coffee	663,770	938,788	1,465,199	2,361,558	3,654,521
Cocoa	53,616	115,233	225,846	430,269	428,885
Sugar	18,965	45,415	116,970	230,677	377,133
Tea	5,903	9,094	15,783	26,521	116,341

Source: TransFair Canada (2007-2008 Annual Report).

Annual Growth in Volume of Fair Trade Certified Products Sold in Canada (%)

	2004	2005	2006	2007
Coffee	41%	52%	66%	55%
Cocoa	115%	96%	91%	0%
Sugar	139%	158%	97%	63%
Tea	54%	74%	68%	342%

Source: TransFair Canada (2007-2008 Annual Report).

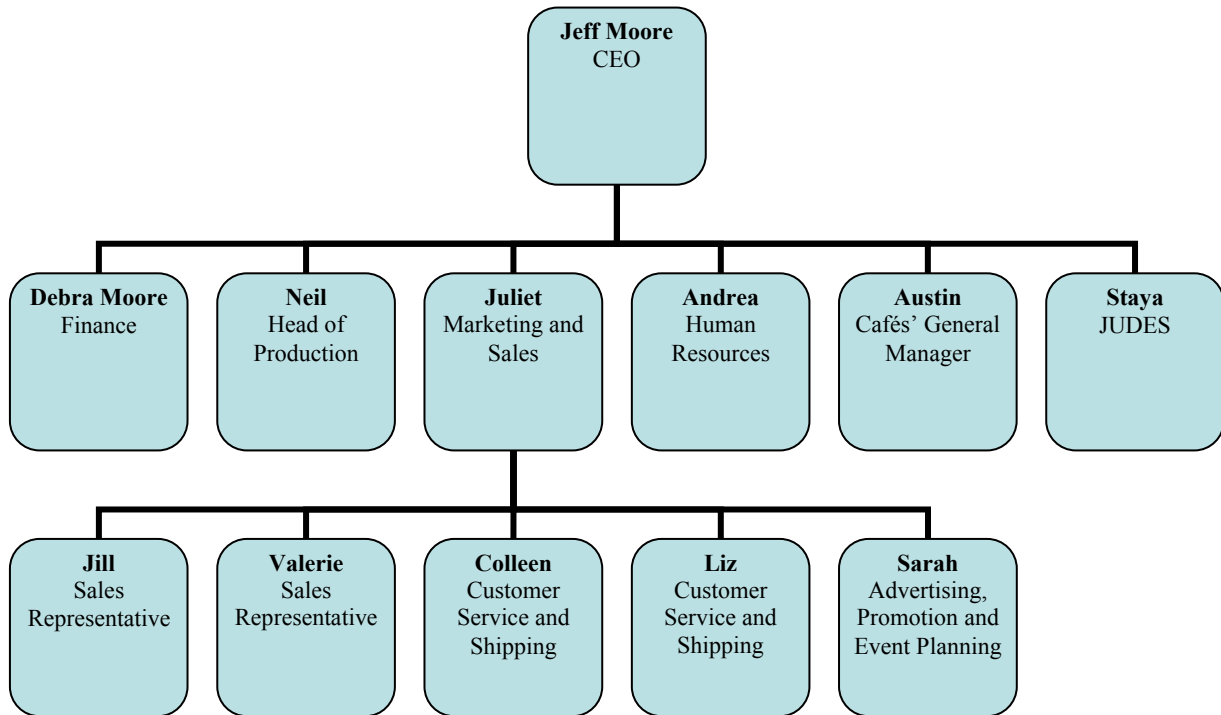
TransFair Licensed Companies

	2004	2005	2006	2007
Total of Licensees	124	145	185	239
Number of New Licensees for the Year	12	24	45	59

Source: TransFair Canada (2007-2008 Annual Report).

Exhibit 2

JUST US! FLOW CHART



Source: Adapted from Just Us!

Exhibit 3

JUST US! REVENUES
2002-2008

	2002	2003	2004	2005	2006	2007	2008
Roasted Sales	\$1,161,435	\$1,353,279	\$1,581,123	\$1,819,994	\$2,260,442	\$2,827,220	\$3,278,530
Cafés	\$281,020	\$434,658	\$681,228	\$986,216	\$1,368,230	\$1,810,985	\$2,303,956
Chocolate Factory	-	-	-	\$24,239	\$84,011	\$132,488	\$144,501
Other	\$226,499	\$319,877	\$434,959	\$439,483	\$600,059	\$773,734	\$809,888
Total	\$1,668,954	\$2,107,814	\$2,697,310	\$3,269,932	\$4,312,742	\$5,544,427	\$6,536,875

Source: Just Us!

Notes:

1. "Roasted Sales" refers to Just Us!'s sales of coffee beans by every channel (cafés, grocery stores, other coffee shops, etc.).
2. "Cafés" refers to the café division's sales.
3. "Chocolate Factory" refers to handcrafted and bulk chocolate sales.
4. "Other" includes chocolate bars, teas, sugar, gift baskets, books and all other Just Us! merchandise.
5. Sales growth targets for 2009 were set at 12 per cent. Profit targets were set at six per cent.

Exhibit 4

CAFÉ MENU

BAKED BY JUST US!	FRESH FROM OUR KITCHEN	SPECIAL FEATURES	ESPRESSO BAR SPECIALTIES	COFFEE	CHILLED
Muffins 1.60	Soup of the Day ... 3.95 with homemade bread		Cappuccino 2.50	Regular 12oz 1.40	Italian Soda 2.00
Cookies ..... .75 or 2 for 1.25	.....		Caffè Latte 2.50 / 3.00	Large 16oz 1.67	Blueberry Blaster 2.50
Lemon squares 1.25	.....		Mochaccino ... 2.85 / 3.50	Enviro mug / refill 1.27	Key Lime Quencher 2.50
Brownies 2.00	.....		Café Mocha 2.50 / 3.00	Café au Lait 2.50	Iced Americano ... 2.00
Date Squares 1.75	Grilled Panini Sandwich		☺ Soy Cappuccino 3.00	Espresso 1.55 / 2.00	Café Glacé 2.50
Carrot Cake 2.95	with side salad .. 6.95		☺ Soy Latte 3.00 / 3.50	Americano 2.00	Funky Monkey 2.50
Pie 2.50	.....		☺ Soy Mochaccino 3.25 / 3.75	Red Eye 2.40	Iced Latte 2.50 / 3.00
	.....		Hot Chocolate ... 2.50 / 3.00 milk, dark or mexican	Con Panna 2.25	Iced Mochaccino 2.85 / 3.50
☺ Vegan Friendly	☺ ☺ ☺ ☺ ☺ ☺		☺ Vegan Hot Chocolate 3.75	Machiato 2.25	Iced Tea 1.50
	☺ ☺ ☺ ☺		Steamer 2.40		Bottled Drinks ... 1.14 - 2.06
			BARISTA SPECIAL-TEAS	TEAS	ADD-ONS
			London Fog 3.25	Cup 1.32 / 1.53	+ espresso shot 1.00
			Baby Roo 3.25	Tea Pot 2.50	+ flavour shot .50
			Green Lantern 2.00	Chai Latte 2.90	+ real whipped cream .50
			Uwamohoro 2.00		+ upgrade to soy .50

Note: Offering may vary depending on the season.

Exhibit 5

CAFÉ'S MARKETING ACTIVITIES (2008)

Type of Activity	Examples
Social	Public speaking events ¹ by: <ul style="list-style-type: none"> - Members of producer cooperatives, like Tedesse Meskata from Ethiopia. - Fair trade experts like Frans Van Der Hoff, cofounder of the movement.
Cultural	<ul style="list-style-type: none"> - The Halifax café hosted live music every Monday night, showcasing local musicians from various genres.² - The Wolfville café had an art space where local artists could display their work.³

Note: The public speaking events were usually organized in collaboration with JUDES.

¹ <http://live.haligoniac.ca/component/content/article/68-coffee-shopcafe/277-Just-Us-Coffee-Roasters.html>, accessed May 14, 2009.

² Ibid.

³ www.justuscoffee.com/wolfvillecafe.aspx, accessed May 14, 2009.

Exhibit 6

JUST US! CAFÉS REVENUES

Table 1 — Cafés Revenues (2008)

	Grand Pré	Wolfville	Barrington	Spring Garden	Total
Jan.	\$42,342	\$39,907	\$31,831	\$40,849	\$154,929
Feb.	\$47,541	\$41,493	\$30,182	\$41,064	\$160,280
Mar.	\$44,742	\$42,512	\$28,549	\$41,796	\$157,599
Apr.	\$51,744	\$47,461	\$32,537	\$49,115	\$180,857
May	\$61,623	\$46,301	\$36,503	\$50,382	\$194,809
June	\$61,850	\$45,136	\$35,837	\$48,859	\$191,682
July	\$67,890	\$45,132	\$36,737	\$46,677	\$196,436
Aug.	\$79,159	\$47,902	\$36,015	\$46,679	\$209,755
Sept.	\$68,860	\$49,950	\$39,752	\$59,402	\$217,964
Oct.	\$75,790	\$44,780	\$40,229	\$61,334	\$221,133
Nov.	\$57,545	\$43,571	\$34,476	\$56,973	\$192,565
Dec.	\$80,338	\$45,854	\$36,437	\$62,318	\$224,947
Total	\$739,424	\$539,999	\$419,085	\$605,448	\$2,303,956

Source: Just Us!

Note: No numbers were provided for universities because these outlets were not operated by Just Us!.

Exhibit 6 (continued)

Table 2a — Actual Revenues by Café and Product Category (2008)

	Grand Pré	Barrington	Wolfville	Spring Garden
Coffee	\$268,066	\$54,969	\$56,364	\$79,252
Drinks	\$152,307	\$150,449	\$208,967	\$201,775
Just Us! Products	\$89,028	\$16,443	\$23,958	\$25,771
Merchandise	\$90,914	\$14,486	\$11,072	\$22,504
Bodum	\$20,410	\$3,048	\$3,009	\$5,559
Lunches	\$56,452	\$58,307	\$52,743	\$108,870
Bakery	\$56,646	\$27,044	\$44,365	\$30,571
Other	\$5,600	\$(216)	\$10,658	\$119
Total Revenue	\$739,424	\$324,535 ⁽¹⁾	\$411,136 ⁽²⁾	\$474,421 ⁽³⁾

Source: Adapted from Just Us!

Notes:

1. Sales by product category were not reported for January, February and April (2008) for Barrington. Monthly Total Revenues are \$31,831, \$30,812 and \$32,537 respectively, and, therefore, Total Revenue should not be \$324,535 but \$419,085, as indicated in Table 1.
2. Sales by product category were not reported for January, February and April (2008) for Wolfville. Monthly Total Revenues are \$39,907, \$41,493 and \$47,461, respectively, and, therefore, Total Revenue should not be \$411,136 but \$539,999, as indicated in Table 1.
3. Sales by product category were not reported for January, February and April (2008) for Spring Garden. Monthly Total Revenues are \$40,849, \$41,064 and \$49,115, respectively, and, therefore, Total Revenue should not be \$474,211 but \$605,448.

Table 2b — Budgeted Revenues per Café and Product Category (2008)

	Grand Pré	Barrington	Wolfville	Spring Garden
Coffee	\$280,088	\$68,682	\$71,014	\$87,404
Drinks	\$140,044	\$183,155	\$289,520	\$245,820
Just Us! Products	\$108,921	\$22,894	\$27,312	\$32,777
Merchandise	\$132,263	\$11,447	\$21,849	\$32,777
Bodum	\$15,560	\$3,815	\$5,462	\$5,462
Lunches	\$46,680	\$41,975	\$65,551	\$81,939
Bakery	\$54,462	\$49,607	\$65,551	\$60,090
Other	-	-	975	-
Total Revenue	\$778,017	\$381,575	\$546,267	\$546,269

Source: Adapted from Just Us!

Notes:

1. "Coffee" refers to coffee beans sold in the cafés for home consumption.
2. "Drinks" refers to all the beverages sold in the cafés like coffee, tea, bottled drinks (see Exhibit 4).
3. "Just Us! Products" refers to all the cooperative's products, other than coffee, sold for home consumption (tea, sugar, chocolate bars and products of the chocolate factory).
4. "Merchandise" refers to books, candles and a selection of other small crafted items purchased locally by Just Us!.
5. "Bodum" refers to coffee and tea accessories made by the famous Danish brand, sold in the cafés.
6. "Other" refers to gift baskets, gift cards, event tickets, etc.

Exhibit 7

SAMPLE ADVERTISEMENTS



100% ORGANIC & FAIR TRADE
COFFEE, TEA, CHOCOLATE & SUGAR

Putting people and the planet before profits



Visit one of our Café locations

1678 Barrington St., Halifax
5896 Spring Garden Rd., Halifax

11865 Hwy.#1, Grand Pré
450 Main St., Wolfville

www.justuscoffee.com
1-888-NOT-THEM

Exhibit 7 (continued)

Celebrate the Season of Light

*Enjoy quality Just Us!
Organic Fair Trade ingredients
for your holiday treats*

**Coffee, Tea, Chocolate,
Cocoa & Sugar**



Visit a location near you
Halifax Café, 1678 Barrington St.
Grand Pré Café, 11865 Hwy #1
Hantsport Chocolate Factory,
35 William St.

Wolfville Café, 450 Main St.

*You'll also find Fair Trade Gifts at
our Halifax and Grand Pré Cafés*

Learn more at
www.justuscoffee.com

Exhibit 8
MEDIA PLAN (2008)

	Newspaper	Magazines	Outdoor Advertising	Point-of-purchase Advertising	Internet	Sales Promotion	PR, Events, Sponsorship
Jan.	Coast		Board in Grand Pré	Valentine specials	Website	Reduced Christmas merchandise	
Feb.	Coast		Board in Grand Pré	Valentine specials	Website		CEDIF meeting
Mar.	Coast		Board in Grand Pré	Easter specials	Website		
Apr.	Coast		Board in Grand Pré	Easter specials	Website		
May	Coast		Board in Grand Pré		Website		
June	Coast		Board in Grand Pré	Summer chocolates	Website		
July	Coast		Board in Grand Pré	Summer chocolates	Website		
Aug.	Coast	Student magazines Discount coupons	Board in Grand Pré	Summer chocolates	Website		
Sept.	Coast		Board in Grand Pré		Website		
Oct.	Coast		Board in Grand Pré	Christmas specials	Website		
Nov.	Coast		Board in Grand Pré	Christmas specials	Website		
Dec.	Coast		Board in Grand Pré	Christmas specials	Website		

Source: *Just Us!*

Notes:

1. The board in Grand Pré was an outside sign in the *Just Us!* headquarters.
2. CEDIF stands for "Community Economic Development Investment Fund."