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Value of geographical indications and intangibles in coffee, developing origin brands to enhance coffee value

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A significant portion of the coffee industry's overall value is captured in developed countries, where the big roasting industry and coffee shop chains are based. Many representatives in the producing world see the industrialization of their coffee sectors as the only option to correct this income distribution imbalance, as if the act of establishing a coffee shop, roasting coffee, or making soluble coffee will, by itself, allow farmers to become profitable. However, even successful roasters in the producing countries do not necessarily correct this income inequality, and while there are certainly good examples in different countries of vertical integration by individual farmers, and on occasions farmer associations and coops, these successes are not easy to replicate by millions of farmers in over 50 countries where coffee is produced.

Although one could argue that industrialization is always desirable, it is important to reflect on the fact that the concept of adding value should not be limited to roasting and packing coffee. In fact, in many industries -coffee included- the production and manufacturing phases along the value chain are not significant value drivers, as these activities are outsourced to third parties by brand owners. The development of third-wave coffee brands has shown that, in addition to roasting and innovation, value can also be generated from practices such as transparency, profound traceability, and origin-related narratives, which in many cases can transfer additional income to farmers more efficiently than roasting, as these attributes become significant contributors to downstream product differentiation.

An often-overlooked perspective in these discussions is the role of the different types of value chain governance existing in the coffee industry, and the role that intangibles play as a tool not only for value appropriation but also as instruments for modifying the value chain governance that makes producers more vulnerable. As I have written in the past, intangibles and intellectual property tools should be actively used as instruments of long-term farmer-driven strategies that can address the prevalent income imbalance and make more explicit, through a relational governance model, the mutual dependency between coffee brands and coffee origins.

Intangibles from coffee-producing countries are therefore a key aspect to consider as a way to make the industry more sustainable, and perhaps to show other agricultural products a less unequal way forward. Collective intangibles, such as Geographical Indications, can have a significant impact, not limited to individual and often anecdotal success cases, but as key instruments that affect communities, larger regions, and even nations. However, coffee-producing stakeholders should not forget that formal intangibles, such as trademarks, GIs, and patents, are only instruments of wider strategies, which they need to devise based on their strengths and needs and have the capacity to implement over long periods of time.