

# Berry & Bean

FARMERS. ROASTERS. EXPLORERS.

*Case Academy 2022 – Midway case*

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# A true coffee adventure - From plant to cup

## *LETTER FROM BERRY & BEAN*

*We are purveyors of good coffee experiences. It is not only a result of having our own farm in Northern Tanzania, growing berries in the most sustainable way or the fact that we believe in pampering you with roasters or quality equipment. It is also because we never stop exploring. We hope you can taste this – and more – in every single cup of ours.*

*We would like to invite you on a true coffee adventure. From coffee plant to coffee bag, from bean to cup. Through national borders, harvest seasons, ridges, roasting profiles, and brewing methods. We love coffee. And everything around it. The stories. The people. Passions. The tastes. To have the heart within everything we do. For the sake of the earth. And we can offer you a complete adventurous experience. Because we own the entire value chain. Right from the seed in the ground on our farm, through it's best brewing equipment on the shelves, for a visit to the farm. Create your very own coffee adventure. Come and join.*

*We team look forward to hearing your presentations.*

*Best of luck!*





# The beginning and value proposition of Berry & Bean

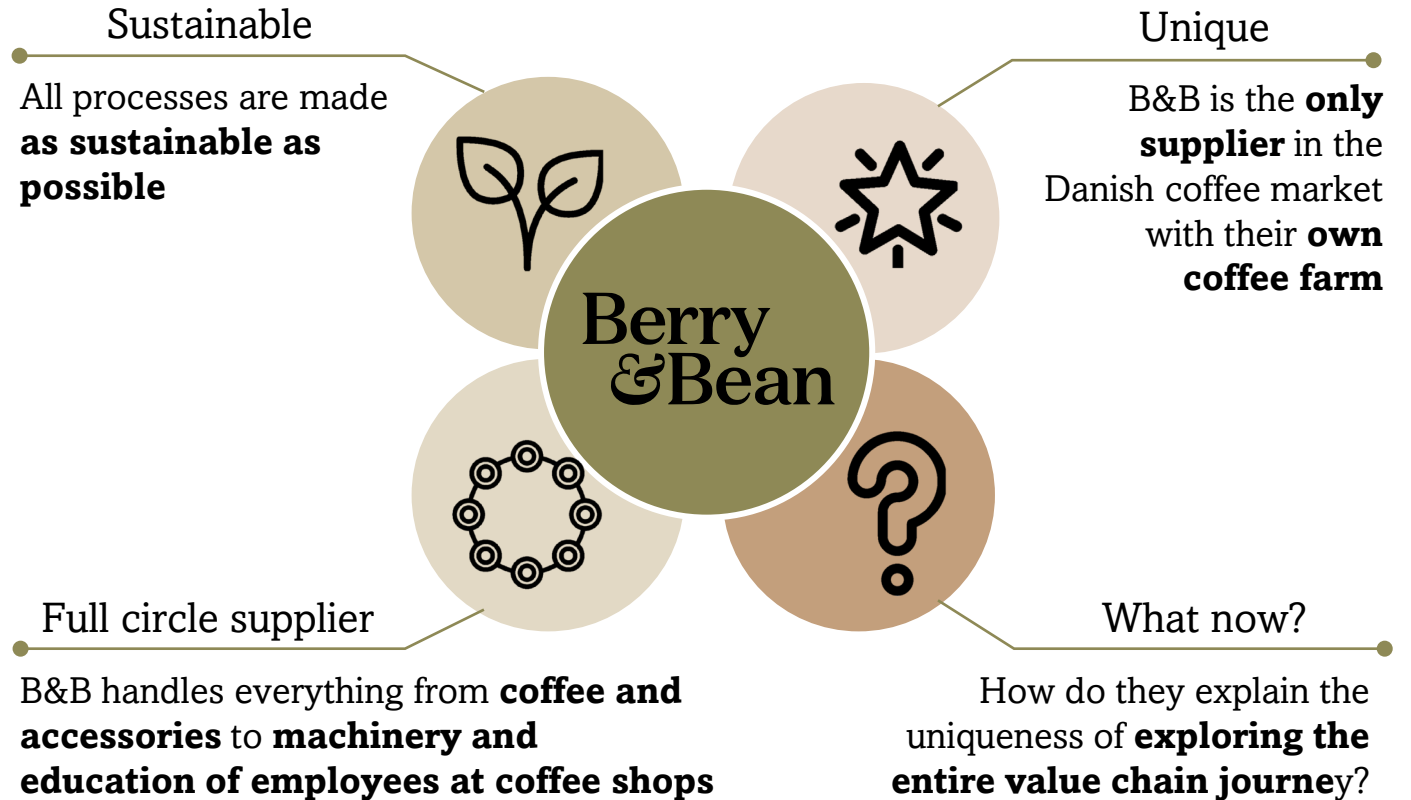
## The merger of Kirafu Coffee and KaffeMekka

The two companies merged in 2021 to find a unique spot in the Danish coffee industry. They combined their core competencies within:

- ✓ All steps of production  
e.g. roasting
- ✓ Supplying
- ✓ Service on machines

**Note:** Please note that Berry & Bean, and all the information about products, distributions channels and more is operated under “KaffeMekka” and “Kifaru coffee”. The “KaffeMekka” and “Kifaru coffee” discontinue, and their operations will continue under the new brand Berry & Bean. “The Kifaru coffee” will continue to operate as a flagship brand under Berry & Bean.

## Value proposition of Berry & Bean



**The main question, you are to answer, is as follows:**

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*“How can the new brand Berry & Bean successfully launch to the Danish market, and reach 140 million DKK in additional annual sales by 2027?”*



A large, stylized ampersand logo in a light olive green color, centered on a dark green background. The ampersand is composed of thick, rounded strokes with a classic, slightly decorative font style.

# About Berry & Bean

# Company overview

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*The team behind Berry & Bean are **coffee nerds** – they care for all details in the whole process*

## Sweet spot in the Danish market

The concept is unique. Worldwide only a few farms market their own roasted coffee, and Berry & Bean with the coffee plantation Shangri-La Estate is the only company doing so in Africa. Furthermore, Berry & Bean is the only supplier in the Danish market with their own coffee farm. Therefore, they can with their unique selling proposition tap into a sweet spot in the Danish market.

## Storytelling the whole journey

The unique concept of Berry & Bean includes control over the whole value chain. Being a full circle supplier, Berry & Bean are doing everything from the coffee to machinery, education, and all accessories. Therefore, consumers are taken on a journey all the way from production to the finished product and the service surrounding it.

## A focus on sustainability

All processes of the Berry & Bean value chain focus on being as sustainable as possible, with a simultaneous focus on professionalism. By controlling the entire value chain, Berry & Bean can provide the full story behind the production. This ensures both full traceability about the production methods, as well as the ability to focus on sustainability in all details.

# History of Berry and Bean



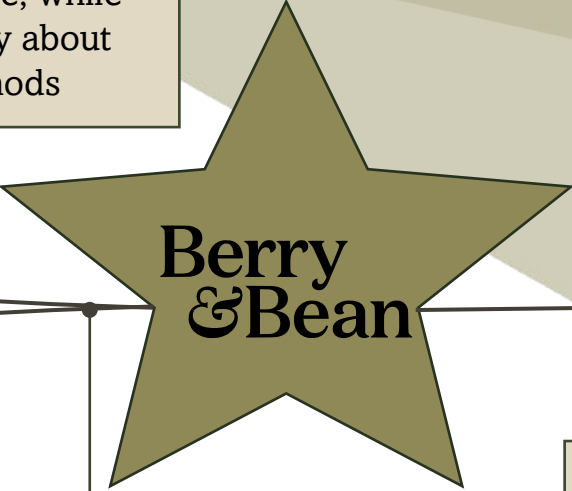
**1992:** Kifaru Coffee bought a share in the coffee plantation Shangri-La Estate

Selling roasted coffee, while ensuring traceability about production methods

Selling a large product portfolio, including coffee roasting, machinery, coffee accessories, and educating employees

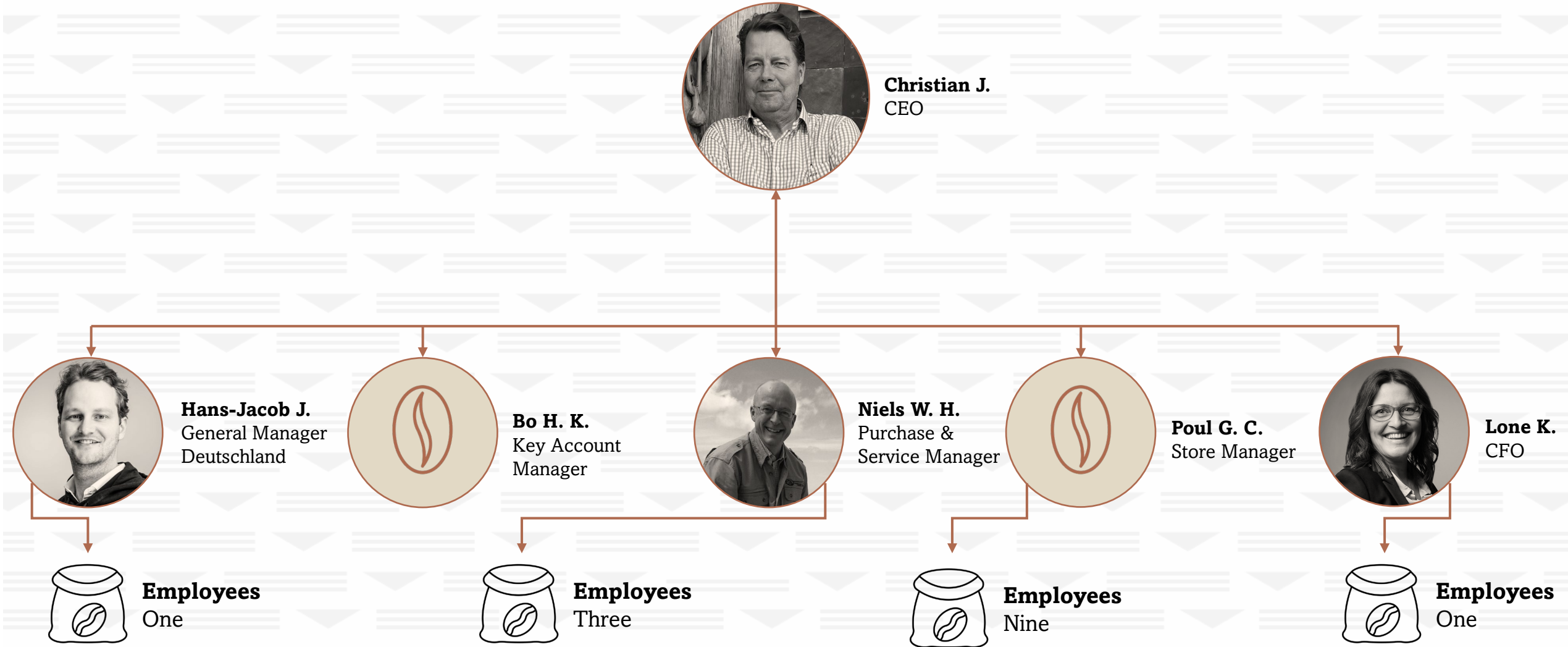


**2021:** Introducing Berry & Bean: The merger between Kifaru Coffee and KaffeMekka



**What now?**  
The entire value chain is unique, but what does that mean? How should this be emphasized to the customers?

# Berry and Bean Organizational chart





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**Berry & Bean's products**

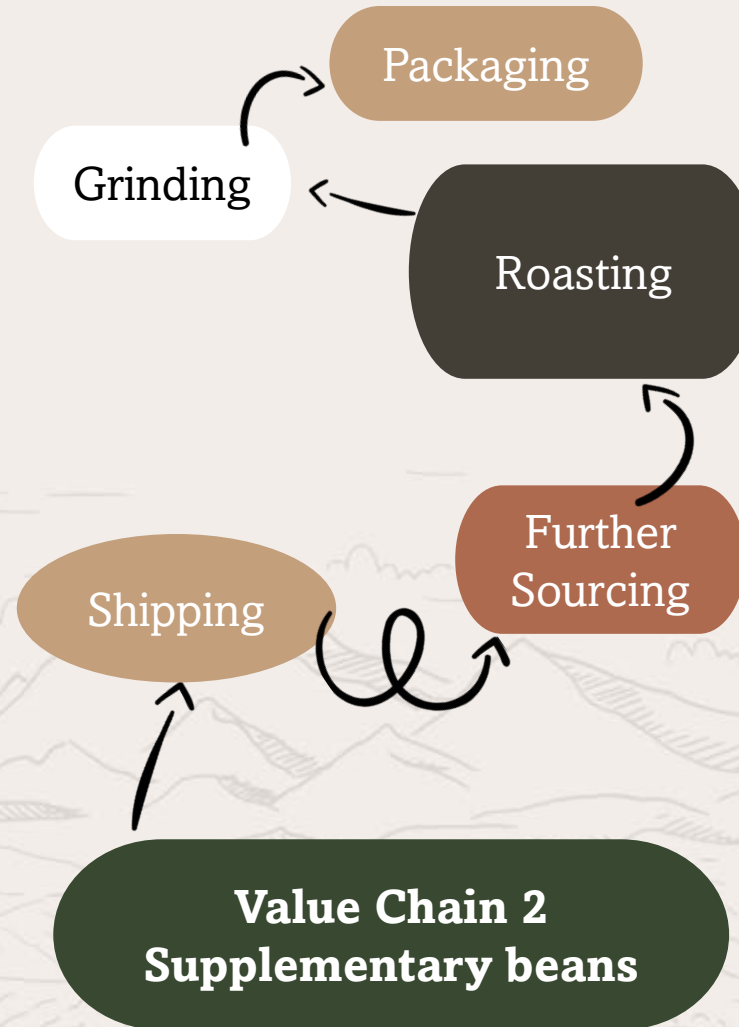
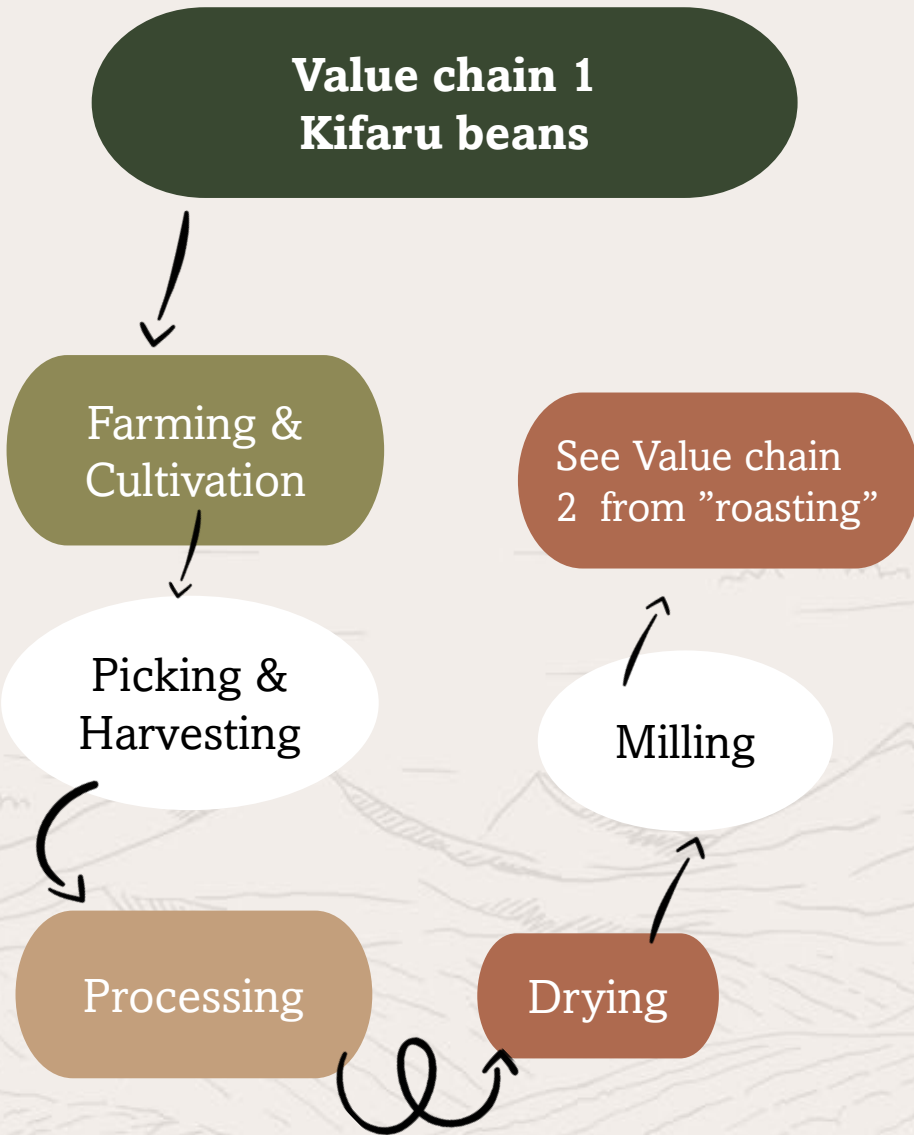
## B&B have control over all the phases in the coffee value chain

The coffee value chain is made up of the four main phases: Cultivation, Processing, Roasting, and Consumption. Each phase in the process has environmental, social, economic, and governance issues that affect the future sustainability of extracting the coffee bean.

The processing steps lie in B&B's own hands. This gives them complete control over the quality of the Coffee. Traceability of their coffee's origin through individual coffee block registrations ensures the highest transparency and quality. The direct sale does not only benefit their farm employees, who receive a fair wage but also the customers, who benefit from a shorter and more direct value chain. Their farm is Rainforest Alliance certified. The support of the Rainforest Alliance's work to protect biodiversity, conserve resources for the good of the planet and future generations, and ensure that workers, their families, and communities are treated well.

- ✓ Climate change mitigation
- ✓ Improved livelihoods and human well-being
- ✓ Respect the rights of local communities and indigenous people
- ✓ Wise use of natural resources
- ✓ Set aside a portion of land as forest reserve
- ✓ Protect endangered species and forest areas of high conservation value
- ✓ Biodiversity conservation
- ✓ Natural resource conservation
- ✓ Protect endangered species and forest areas of high conservation value

# Value chains



**Note:** The value chain for coffee is complex. For more insights, please see slide 38+39.

# B&B's coffee is in "Specialty Coffee" quality

B&B's Coffee is in "Specialty Coffee" quality, which is a standard in the coffee world that defines the finest coffee beans by Specialty Coffee Association (SCA). Specialty coffee is coffee beans that achieve at least 80 points on a scale ranging from 60 to 100 points. Regular supermarket coffee beans are around 60 points.

B&B provides a coffee subscription. With a Coffee subscription, you will never run out of your favorite coffee.



No commitment period – So you are free to stop your subscription at any time.



Subscription with B&B is free; you only pay for your coffee plus delivery.  
If the order is placed on the 15th, B&B will send it on the 15th of the following month.



Lifetime benefits – B&B will send you a gift every six months. This can be a gift voucher, coffee, or other Coffee surprises. B&B delivers freshly roasted coffee to the costumers each month.



# B&B always puts a virtue in putting quality first in all their products



## Specialty Coffee

B&B has a great selection of delicious freshly roasted specialty coffee in many flavors. You can both buy the coffee as whole beans, but they are also happy to grind the coffee beans for you. The coffee portfolio includes their own brands and supplementary beans from other brands.

\$ 210 – 800 DKK pr. kg



## Specialty Tea

The Tea is composed of a large selection of teas from all around the world, but are always carefully selected to ensure the highest quality.

\$ 480 – 1.560 DKK pr. kg



## Specialties

Coffee is the focus, but to secure the best coffee experience B&B sells delicacies for the coffee. From the syrup, that can spice up your coffee, to handmade Valrhona chocolates.

\$ 50 – 1.000 DKK



## Coffee machines

B&B has quality brewing equipment for everyone - whether you are for espresso coffee, filter coffee, cocoa / chocolate or just enjoy drinking a good cup of tea once in a while.

\$ 3.500 – 100.000 DKK



## Tourism on their farm

B&B has a farm, Shangri-La Estate which is located in Northern Tanzania. Visit the farm and experience a true passion for coffee.

\$ 700 DKK rack rate per person



## Services & consulting (*future product*)

Coffee has many brewing methods, like, percolation immersion and espresso. There is no conclusion for how a coffee should be roasted. B&B will learn customers how to get a lighter and darker degree of roasting.

\$ Varying

## B&B uses 5 main distribution channels



**Webshop (B2C):** Berry and Bean have their own webshop Direct-to-consumer (D2C) e-commerce. On their webshop, it is possible to order every product from the product portfolio. Furthermore, it is possible to subscribe to the monthly coffee.



**Stores (B2C):** Berry and Bean have a physical store in Hasselager with everything to brew the perfect cup of coffee and tea. In the store, you find espresso machines and coffee grinders in exhibitions and employees who are ready for advice and guidance. Most of the coffee in the store's selection is completely freshly roasted from their coffee roastery, which is integrated into the store at Hasselager.



**Offices (B2B):** Berry & Bean supply offices with their both their coffee and machines, which is essential for most offices nowadays.



**HOREGA (B2B):** This distribution channel includes selected partners who use B&B's beans and serves a cup of coffee. The Partnerships is with Hotels, Restaurants, Gastronomies and cafes. E.g. Berry & bean have Mols Linjen as partners who uses Berry & Beans AA-classified bourbon beans in their Barista coffee shop.



**Resellers (B2B):** Buy their products and re-sell them. „Carstensen's Te Handel,, and „Vild med Vin“sell and promotes B&B's products on their behalf.

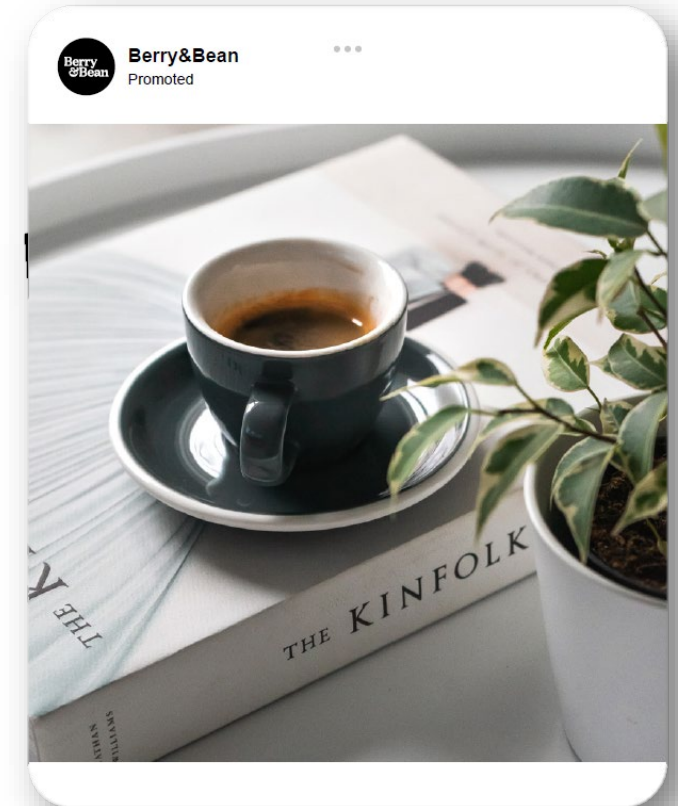
## Instagram is a key platform in adding value to the consumer

B&B uses different social media channels in their social media strategy. A mix of targeted Facebook and Instagram reels is mainly used to increase brand awareness. Instagram with product tags and prices and links to the e-commerce store is used as the main sales channel of the products.

Google as advertising form, is used to achieve results such as increased conversion, more customer inquiries, and more sales.

B&B does not only use online platforms in their social media strategy. Their strategy includes word-of-mouth to get consumers talking about their products or services with other consumers.

Instagram is a key platform for B&B, as it allows them to market their disposition towards transparency, by presenting pictures and videos of the value chain. On their Instagram, they post several times a week directly from the farm. Their platform is a unique way to add value to the existing and new customers by showing what happens behind the scenes of a coffee producer.

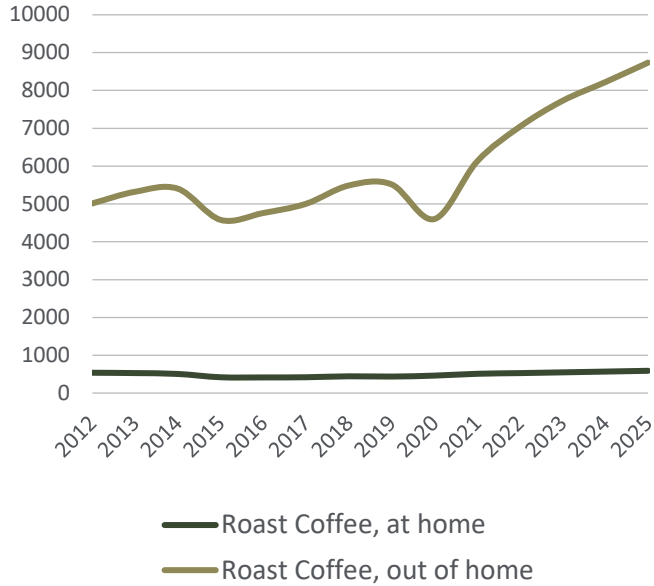




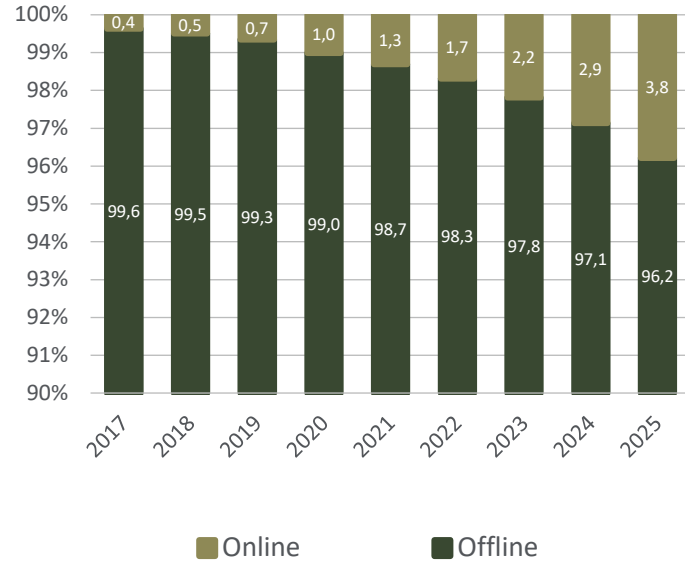
**The industry and the consumers within it**



# Industry overview in Denmark

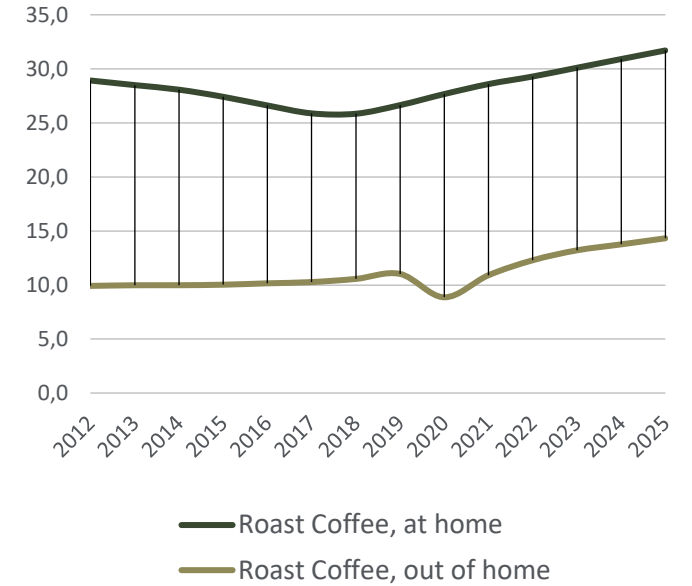


Revenue in the Danish market in the Roast Coffee segment amounts to US\$7,568.4m in 2022. The Danish market is expected to grow annually by 7.21% (CAGR 2022-2025).



E-commerce becomes a more important distribution channel for coffee over the forecast period.

Consumers will increasingly order more exotic coffee blends, beans and pods online from specialist coffee sites. Similarly, subscription services are likely to proliferate, again due to the convenience they offer and their variety of products. The reopening of the Danish society provides a boost to foodservice sales while retail volume sales slow slightly.



The "Average Volume per Capita" box shows the average volume of the Danish market per person in kilogram for each year.

In the Roast Coffee segment, volume is expected to amount to 46.0mkg by 2025. The market for Roast Coffee segment is expected to show a volume growth of 4.2% in 2023.

The average volume per person in the Roast Coffee segment is expected to amount to 7.1kg in 2022.

# The intensity of competition for coffee in general

## Buyer's power:



The Main distribution channels for coffee are on-trade. Large retailers can make large purchases and thereby negotiate prices with manufacturers. Most raw materials used in the production of the coffee are usually sourced from multiple suppliers.

## Supplier power:



**Inputs** for coffee manufacturers include coffee beans, flavorings, syrup, and similar ingredients. There is a growing demand for more consumer and environmentally friendly packaging.

## New entrants:



**New entrants**, achieve small-scale success by stressing a unique production method and/or distinguishing their taste. The production process is performed by packaging partners under license, and there is a need to invest in manufacturing capacity in order to produce the concentrates.

# Consumer perception of the best coffee beans in Denmark



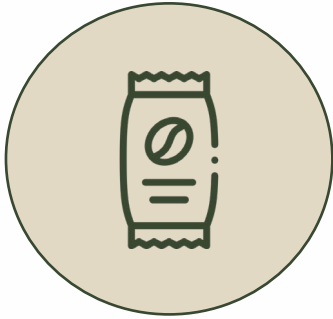
# Consumer perception of the best coffee equipment in Denmark





# There have been three main coffee trends known as 'waves' of coffee

## First wave: Start 1800



The main focus for this period was quality rather than quantity. The customers had no real interest in buying better quality beans or differentiating the origin of the coffee. The innovation of this period was processing, packaging, and marketing. The main innovations of the first wave were vacuum packing and instant coffee.

## Second wave: Around 1970



The second wave of coffee was triggered by the advent of Starbucks. The coffee began to be seen and sold as an experience rather than just a drink. The industry started to recognize and focus on the origins of coffee. Terms like espresso and latte were established together with drinks invented by Starbucks like Frappuccino.

## Third wave: Around 1980

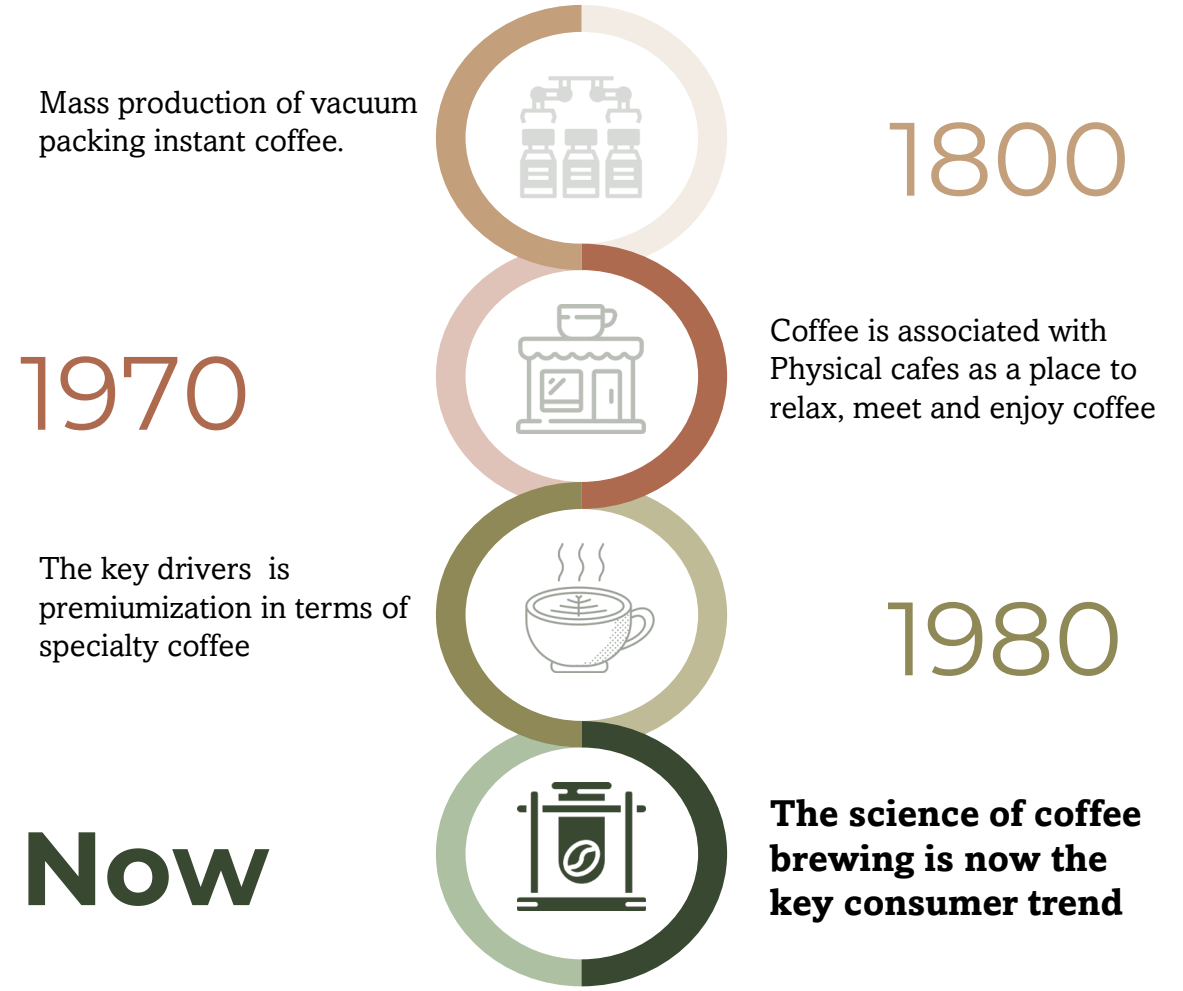


Now a desire to improve the quality of the coffee with a focus on the coffee bean itself. In 1982, Specialty Coffee Association (SCA) was founded. The customers have an interest in all parts of the process, including growing, harvesting, processing, purchasing, and brewing coffee. Coffee's third wave is one of the key drivers of premiumization in the industry.

# Current state of coffee; Alternative Approaches to Coffee Premiumization

The Industry does not agree whether the fourth wave of coffee has begun. The controversial concept of the fourth wave is the transformation of the approach to coffee from art to science. Some coffee experts argue that the changes are not so significant to establish a whole new and fourth coffee wave.

The focus is on the coffee brewing. “Coffee nerds” is a deep understanding of the properties of coffee, accurate measurement in brewing, chemical processes, optimization of water quality, development of brewing equipment, and involvement of CO2. The focus on the brewing process is aiming to optimize the roasting, extraction, origin, and varieties, to be able to get the exact coffee taste for the individual coffee lover.



# Consumer overview

*When looking into the segmentation of the consumers, the most important variables for B&B are income, lifestyle, and age*

## Income



Income has a significant effect on the willingness to buy quality products. Income is therefore relevant due to a high price of B&B's coffee.

## Lifestyle



The lifestyle factor means an interest in exploring higher-quality coffee, which includes "Coffee nerds" who have an interest in the coffee brewing process.

## Age



Age influences income. Income increases all things being equal with age, why age is a relevant factor. It is not only the elder segment who buys B&B's coffee, there has been a tendency for the younger segment to buy beans by choice which is the most exclusive specialty coffee by Berry & Bean.

**Consumer trend:** Due to Covid-19 consumers in Denmark had to spend more time at home in 2020. This resulted in many exploring higher-quality coffee, experimenting with different options in the brewing process for their home consumption. In particular, there was a greater interest for fresh coffee beans, which already was in growth.

The rise in retail volume and value sales of fresh coffee beans reflected the ongoing rise in sophistication amongst Danish coffee drinkers and the growing preference for premium coffee at home, coffee similar to that purchased prior to the pandemic in cafés and other foodservice outlets. Danes began investing in coffee grinders and at-home espresso machines, finding ways to use fresh beans to prepare their coffee.

With many Danes increasing their coffee-related knowledge via self-education in recent years, the on-trade lockdowns stimulated their desire to replicate the café experience at home. However, by 2021, off-trade sales slowed in comparison to the previous year as high-quality coffee purchases reverted to the on-trade.

# In summary, Berry and Bean needs your help to launch their brand

*The question that you must answer today is:*



*“How can the new brand Berry & Bean successfully launch in the Danish market, and reach 140 million DKK in additional annual sales by 2027?”*



Berry & Bean face difficulties with how to explain to the customers that their products represent contributions to transparency and sustainability, as Coffee from Berry & Bean closely monitors their product all the way from crop to cup. Changing this perception will be your task for this midway case.

More specifically, you must come up with a solution through a **market entry strategy** with the new brand Berry & Beans that is to be launched soon.

How will you present their unique selling proposition to the Danish market? Through this, it is essential to assess how you will present presence and customer awareness in the Danish market with this new brand.

- Is it through partnerships (and if so, with whom)?
- Targeted marketing campaigns (and if so, how and where?), or something completely different?
- Which target group will your solution cater to?

It is important that your solutions are feasible and considerate of B&B's current situation and, therefore, you should also touch upon the financials: will your solution drive the necessary impact, and is the solution in line with the current capabilities of B&B?

# Practicalities and judging criteria

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You have five hours to create a solution. Your slide deck can max consist of 10 slides apart from appendix.

The case will be judged upon the following factors:



CREATIVITY



ANALYSIS



FEASIBILITY



SLIDE DECK



PRESENTATION

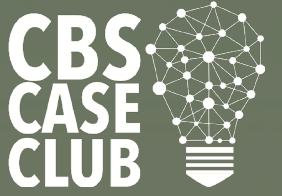


Q&A

Please send your slide deck in **.pptx** version to **[info.cbscaseclub@gmail.com](mailto:info.cbscaseclub@gmail.com)**



# Berry & Bean



**Best of luck!**



A photograph of two men standing in a coffee plantation. The man on the left is wearing a light blue and white striped shirt and khaki pants, and is gesturing with his right hand towards the coffee plants. The man on the right is wearing a green short-sleeved shirt and dark pants. They are surrounded by rows of coffee bushes under a bright sky. The text "Farmers at heart" is overlaid in white serif font across the center of the image.

# Farmers at heart





Roasters at heart



A group of hikers is shown on a trail during sunset. In the foreground, a man with a beard and a backpack is looking to the right. Behind him, a woman and another man are also hiking. The background features a cityscape and mountains under a warm, golden sky. The text "Explorers at heart" is overlaid in the center of the image.

# Explorers at heart





# Berry & Bean

FARMERS. ROASTERS. EXPLORERS.



A large, stylized ampersand (&) graphic in a light olive green color, centered on the page. The ampersand is thick and has a classic, slightly calligraphic design. The word "Appendix" is centered over the middle of the ampersand.

# Appendix

# Financial statement

B&B is financed privately. The financial statement for kaffemekka, can be used as indication for a budget range.

DKK'000	2021-06	2020-12	2019-12	2018-12	2017-12
<b>Gross profit/loss</b>	4.676	8.125	6.368	6.925	4.418
Staff costs	-2.086	-3.013	-2.947	-2.561	-2.470
Amortisation & depreciation	-218	-334	-331	-268	-280
<b>Operating profit/loss</b>	2.372	4.776	3.090	4.096	1.668
Financial income	-	2	-	2	-
Financial expenses	-237	-70	-66	-46	-47
<b>Profit/loss before tax</b>	2.135	4.708	3.024	4.051	1.621
Tax on profit/loss for the year	-489	-1.038	-666	-895	-358
<b>Profit/loss for the year</b>	1.646	3.671	2.359	3.156	1.263

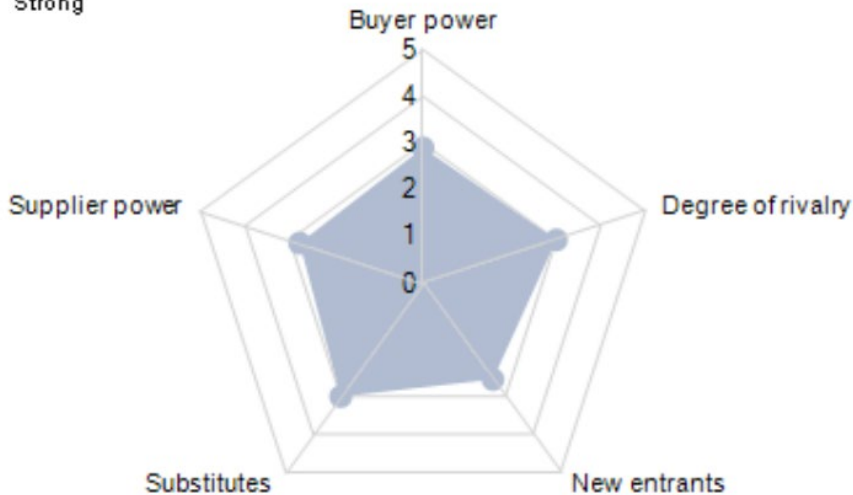
# Balance sheet – Assets

DKK'000	2021-06	2020-12	2019-12	2018-12	2017-12
<i>Goodwill</i>	2.090	-	-	-	-
<i>Other Intangible assets</i>	252	-	-	-	-
<b>Intangible assets</b>	2.342	-	-	-	-
<i>Land and buildings</i>	2.275	2.298	2.343	2.388	2.433
<i>Other tangible assets</i>	884	1.325	1.423	1.709	1.015
<b>Property, plant and equipment</b>	3.159	3.622	3.766	4.097	3.448
<i>Equity capital</i>	187	-	-	-	-
<b>Finansielle non-current assets</b>	187	-	-	-	-
<b>Non-current assets</b>	5.688	3.622	3.766	4.097	3.448
<i>Inventories</i>	12.342	7.214	7.363	7.157	5.023
<i>Trade receivables</i>	1.727	660	741	1.324	911
<i>Receivables from related parties</i>	-	-	-	-	-
<i>Other receivables</i>	196	135	64	80	34
<i>Cash at bank and in hand</i>	21	1.395	3.577	2.176	1.912
<b>Current assets</b>	14.286	9.404	11.745	10.737	7.941
<b>Assets</b>	19.975	13.026	15.511	14.833	11.389

# Balance sheet – Equity and liabilities

DKK'000	2021-06	2020-12	2019-12	2018-12	2017-12
<i>Share capital</i>	400	250	250	250	250
<i>Retained earnings</i>	3.043	1.402	11.231	10.022	6.866
<i>dividends</i>	-	6.000	1.150	-	500
<u>Equity</u> <i>Minority interest</i>	3.443	7.652	12.631	10.272	7.616
<b>Total equity</b>	3.443	7.652	12.631	10.272	7.616
<i>deferred tax</i>	375	291	295	294	140
<u>Loan</u>	2.501	193	78	-	-
<b>Non-current liabilities</b>	2.501	193	78	-	-
<i>Payables to related parties</i>	-	380	211	1.577	671
<i>Payables to real estate credit institution</i>	-	-	-	-	-
<i>Payables to bank</i>	6.116	-	-	-	-
<i>Tax</i>	397	-	-	-	-
<i>Trade payables</i>	4.139	773	562	879	1.246
<i>Other payables</i>	3.003	3.738	1.734	1.811	1.716
<b>Current liabilities</b>	13.655	4.891	2.507	4.267	3.633
<b>Equity and liabilities</b>	19.975	13.026	15.511	14.833	11.389

# Intensity of competition



In Denmark, the degree of rivalry is high. Denmark has a strong coffee culture with many different operators. In general, coffee in Denmark is high quality which means that the consumer has difficulties tasting the different quality of the coffee when the coffee reaches a sedan level of standard.



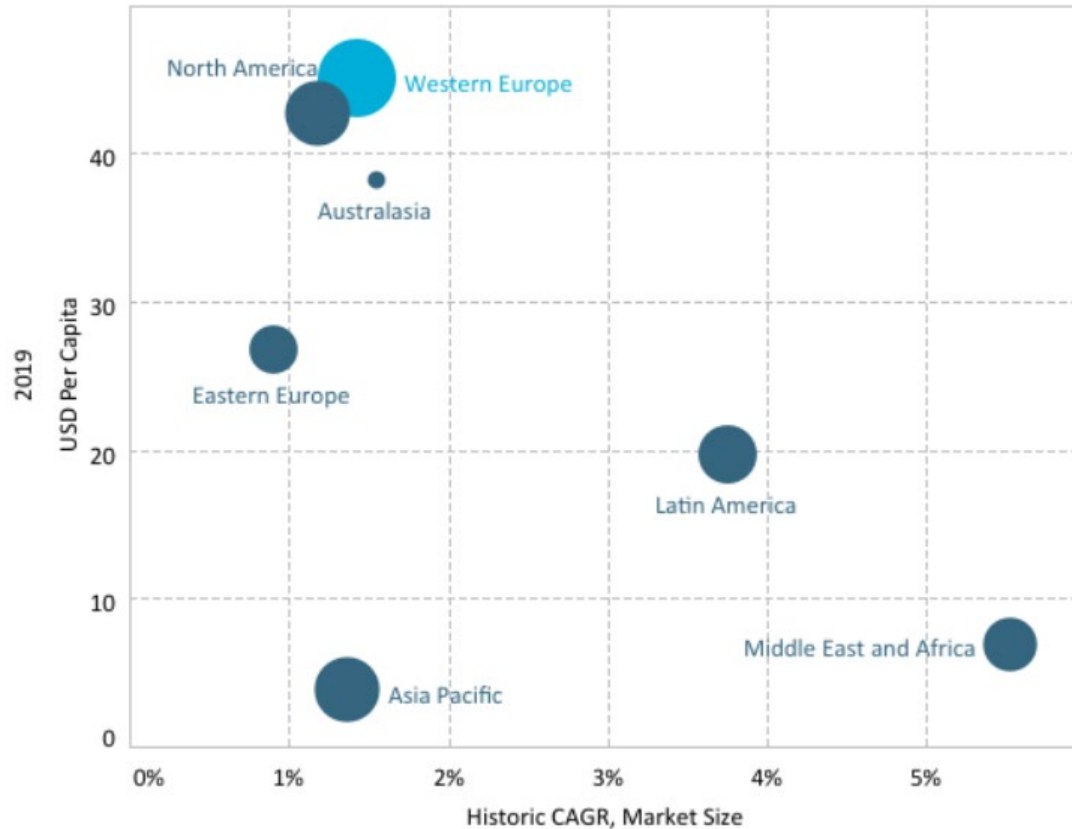
This leads to the buyer's power. As mentioned, the customer can't tell the exact difference in the quality when reaching a sudden plateau. This means that it is hard for the coffee distributors to justify an extremely high price, even though their quality is extremely high.

This results in high buyer power and strong price competition amongst the coffee suppliers.



# Western Europe is the biggest coffee market in the world

Coffee: Putting Western Europe in Context, 2014-2019  
Retail Value RSP USD million



Note: Bubble size indicates market size in USD million in 2019. Range displayed: 1,156 to 22,754 USD million.

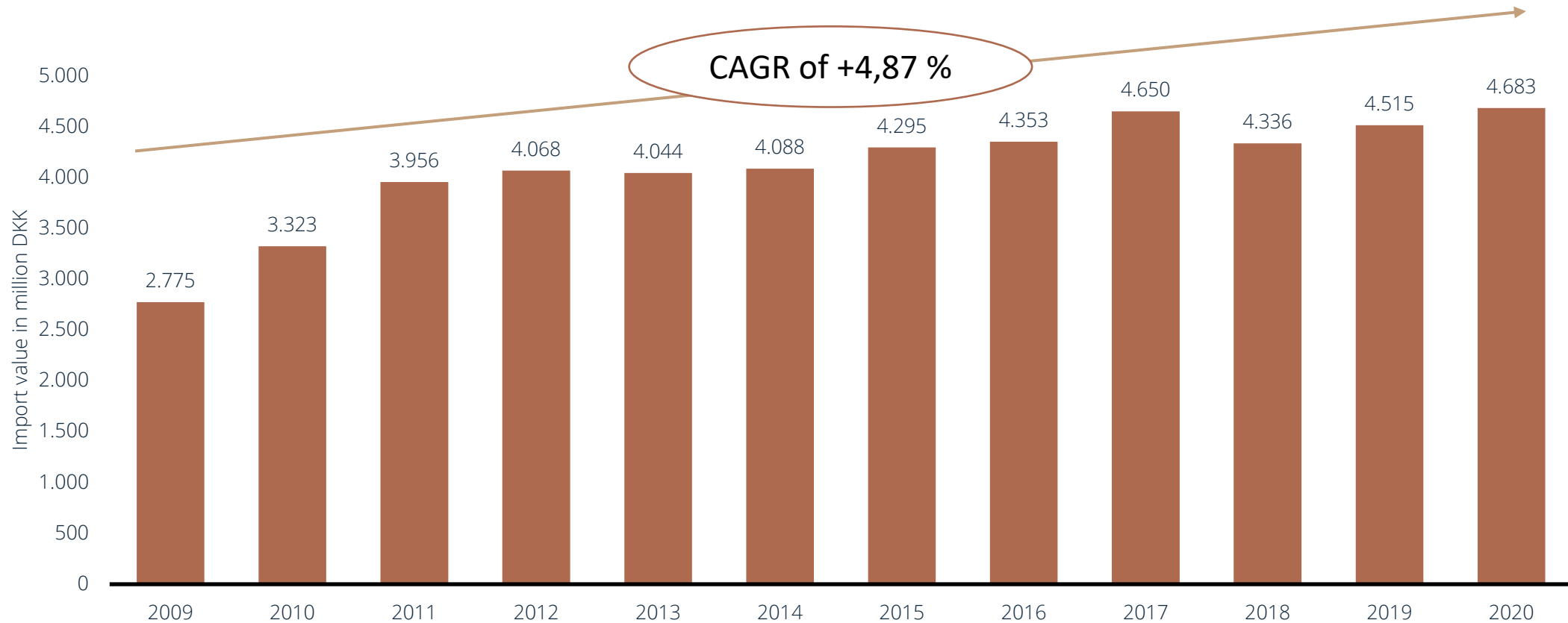
Western Europe is the biggest coffee market in the world in retail value terms, at USD22,754 million in 2019. Sales grew by a 1% CAGR over 2014-2019.



The region has a long standing and deeply embedded coffee culture, which has been amplified by a steady premiumisation trend. In addition to this, the market has seen the constant launch of innovations by major players to remain on top of the game and match consumers' growing appetite for single origin coffee, and new tastes and formats.

# The value of coffee, tea, cocoa in Denmark

Value of coffee, tea, cocoa, spices and manufactures thereof imported into Denmark increased from 2009 to 2020. In 2020, the import value amounted to roughly 4.7 billion DKK.



# A safari to the home of Berry&Bean<sup>1</sup>

*When people visit us, they have embarked on a safari into the heart of Africa. At the end of a long ride to the gates of the Serengeti, our farm awaits. Christian Jepsen discovered the farm for himself in the late 1980s, when he first traveled to the region, not knowing it was to become the beginning of a life-long safari.*

*Our farm, Shangri-La Estate, sits on the Ngorongoro crater slopes and dates back to the first coffee farmers settling in the region a hundred years ago. Some of our oldest coffee trees represent the farm's long history and the region's people, who have worked here for generations.*

*Our coffee grows on dark, red volcanic soil, under the soft shade of old jacaranda and acacia trees.*

*The name of our coffee, Kifaru, means rhino in Swahili. Just like the rhino that makes Ngorongoro region special, we believe our coffee represents all that is special about the farm, the location, and the people.*

*Every single Kifaru coffee bean you see is the result of the dedicated work of our entire team. Every day we tend to our plants, protecting them from weeds and making sure that they get the right amount of water and sunlight.*

**1)** Transcription from B&B video: Since it was prepared for VR, the information has been conveyed here to be used as for the case. The video can still be seen to get visuals on the value chain. Link: [https://www.youtube.com/watch?v=aX4IJJxZFzc8&feature=youtu.be&ab\\_channel=KifaruCoffee](https://www.youtube.com/watch?v=aX4IJJxZFzc8&feature=youtu.be&ab_channel=KifaruCoffee)



# A safari to the home of Berry&Bean<sup>1</sup>

*All of this leads up to the big moment when we harvest the coffee. People from all over the local community join us for the coffee picking. We gather every single cherry by hand, ensuring that only the good and ripe cherries are selected. We then sort the red cherries under the supervision of our experienced quality managers.*

*Afterwards, we transport it to our coffee factory. We use a gentle and traditional pulping method, washing the beans with volcanically filtered water from our natural underground water reservoirs that fill up in the rain season.*

*The washed beans are then carried on to drying beds, where they are left to rest and dry in the African heat. Once they are dry, they are hand-sorted once more, milled and prepared for the long journey to Europe, where our expert roasters complete the safari.*

*We believe that when you drink our coffee, you can experience the farm's wild and beautiful surroundings, as well as the work that is put into every single bean.*

*The soil of the Ngorongoro crater that is so essential to the taste of our coffee also gives life to one of the most spectacular sites in Africa, namely the crater itself.*

*Kifarur coffee is special because we are the farm AND the people. And every bag of Kifarur coffee is a tribute to this wonderful region. We hope to take you on your own safari, to our fields in Tanzania, while you enjoy your cup of coffee.*

**1)** Transcription from B&B video: Since it was prepared for VR, the information has been conveyed here to be used as for the case. The video can still be seen to get visuals on the value chain. Link: [https://www.youtube.com/watch?v=aX4IJJxFZc8&feature=youtu.be&ab\\_channel=KifarurCoffee](https://www.youtube.com/watch?v=aX4IJJxFZc8&feature=youtu.be&ab_channel=KifarurCoffee)

# Picture of products, logos and more



# Berry & Bean

# Berry & Bean &



# More pictures



*Their store at Hasselager*

