

## Cerrado Mineiro Region D.O. Mark: Internationalization Strategy

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### Abstract

The specialty coffee market has been increasing consistently with growth rates above the traditional markets. The number of consumers who are willing to pay higher prices for high quality coffee has increased in recent years. The high-end independent coffee shops, known as HEICS, had spread all over the big cities such as New York, Shanghai, London and Berlin. Also, it's intense the rivalry between world producers to positioned its product as high quality coffee. Colombia coffee has been a relevant marketing case demonstrating the power of country origin image. Brazil, instead, has a powerful image as world leader coffee producer but not necessarily connected with high quality. Cerrado Mineiro Region (CMR) and its Designation of Origin (D.O.) mark could be a starting point to change this scenario. The article presents the CMR D.O. mark in the perspective of its internationalization process. CMR was the first coffee region in Brazil to obtain the Indication of Origin in 2005 and the first region in the world to issue a D.O. seal for green coffee as well for roasting coffee in 2013. In 2017, there were 57 brands using the D.O. seal in their coffee packages, including one American roaster selling at the retailer Wholefoods.

**Key-words:** coffee, internationalization, specialty coffee, designation of origin

### 1. Introduction

Although the appellations of origin are older than the world's history with examples known as Carrara marble, carpets of Persia and silk from China, it was only in the eighteenth century that formally a region was discriminated as the origin of a product. In 1756, Marques de Pombal requested the demarcation of Porto region to indicate the geographical perimeter of wine production. In Brazil, the Law No. 9.279 / 1996 determines in articles 176 to 182, the protection of geographical indications (GI) for products and services, defining the National Institute for Industrial Protection (INPI) as the body responsible for defining procedures for creating GI's and the Ministry of Agriculture and Supply (MAPA), for regulation and control.

In Brazil, INPI is also responsible to release the IO and D.O. designations. For the institution, the difference is described as follow:

*"The Designation of Origin recognizes the name of a country, city or region whose product or service has certain specific characteristics thanks to its geographical environment, including natural and human factors.*

*The Indication of Origin refers to the name of a country, city or region known as a center of extraction, production or manufacture of a particular product or service provision.” (INPI, 2018).*

In 2018, there were 49 IO's and 10 D.O.'s officially recognized by INPI representing more than 35 regional activities including coffee production. The first IO was released in 2011 for red, white and sparkling wines produced at Vale do Vinhedo Region in the South region of Brazil. Coffee production accounted for five IO's and one D.O. (INPI, 2018).

Accordingly, to Giesbrecht *et al.* (2014, p. 9) an IO mark values: “(..) a production tradition and provides public recognition that a determined region's products have unique qualities. These are characterized as being areas well known for producing, extracting or manufacturing a specific product. They protect the relationship between the product and its reputation, as a result of its specific geographic origin”.

Cerrado Mineiro was the first coffee region in Brazil to obtain the IO in 2005 and the first region in the world to issue a D.O. seal for green coffee as well for roasting coffee in 2013. In the period from 2011 to 2017, 518,000 green coffee bags were sealed with D.O. accreditation and from 2014 to 2017, 624,000 seals were issued for roasted and ground coffee. In 2014, there were 14 brands using the Cerrado Mineiro D.O. seal. In 2017, there were 57 brands using the D.O. seal in their coffee packages, among them there is one American roaster selling from high end coffee retailers United States of America. Accomplish these figures was a long path for thousands of men and women that daily work on coffee lands at Cerrado Mineiro.

They have a golden goal: to reach 500,000 green coffee bags issued with Cerrado Mineiro Region D.O. in the year of 2020. Is this goal reliable? Are they dreamers or visionaries? What are the challenges ahead?

This paper objective is focused on presenting the Cerrado Mineiro Region D.O. in the perspective of its internationalization process. The manuscript is organized into 7 sessions. After the methodology session, the third part presents the Cerrado History as a base for the appellation process start in the region. The fourth session presents the alliance formed with the coffee growers and the evolution of the D.O. standards. The sessions five and six discuss the internationalization process and the challenges presented for coffee growers to the continuity and empowerment of the appellation. The final remarks are presented in session seven.

## **2. Design/methodology**

The research was based on exploratory qualitative approach using the triangulation method. Using the Eisenhardt (1989)'s concept of case study, this research attempt to apply a phenomenological approach but not with the aim of theory generation, rather a real-world description that allows the reflection and discussion of the challenges surrounding the studied reality.

The mix of different techniques to collect and analyze data aimed to confront evidences and enhance research credibility (Eisner, 1991). In the document analysis, private and public documents were accessed as well, media news, videos and Internet pages related to the CMR history, actual governance structure, D.O. characteristic and internationalization process. Also, there were reviewed previous articles that presented CMR history and its challenges for coffee cultivation and exportation. The responsible for the CMR D.O. promotion and internalization and, also director at CMR Growers Federation was interviewed through a semi-structured script. In addition, three coffee growers were stimulated to count their stories and relationship with the Federation and also their perception of the D.O. process in the perspective of coffee exportation.

## **3. The Cerrado History and the basis for the D.O. process**

In the 70's a Brazilian government policy helped to identify new frontiers for coffee fields. Among distinguished areas in several parts of the country, Cerrado Mineiro appeared to be the less attractive due its poor soil. Nevertheless, some pioneers were attracted by the low land costs and governmental subsidized credit line for production cost supporting. At that time, those coffee growers' entrepreneurs had few existent resources such as labor, roads, technical assistance or even, an established market to sell their harvest coffee. In the words of Mr. José

Carlos Grossi when he arrived in the region in 1972, “Cerrado was bare-wood vegetation that was worthless. To raise cattle, you needed to have 3 hectares for a head of cattle and still it could starve. Poor land, very weak soil without nutrients.”

Four decades after this scenario, the place where Mr Grossi arrived back in the 70’s named Patrocínio is considered nowadays as the major coffee grower city in the world. In 2017, the coffee farmer Gabriel Nunes, from Patrocínio, was the Cup of Excellence champion in the pulped natural category, the largest specialty coffee world competition. Also, he became the world record holder for the highest coffee 60-bag price reaching out US\$ 15,000 per bag. One of the coffee buyers was the Australian Proud Mary coffee shop chain’s owner, Mr. Nolan Hirte (Espresso, 2018).

In 2018, Cerrado Mineiro Regions was the largest coffee producer in Brazil accounting for 12,7% of the national production with 5,7 million bags with an average productivity of 35 bags/hectare. The region is formed by 55 municipalities and the coffee production occupies 200,000 hectares divided into 4,500 coffee farms (Cerrado Mineiro Federation, 2018).

The quality recognition of the coffee produced in Cerrado Mineiro region was first publicly recognized on the 1st Illy Coffee for Espresso Quality Award in 1991. Ernersto Illy was having difficulty to find coffee beans that met the company’s quality requirements and serve the Illy’s unique blend. He flew to Brazil to verify *in loco* whether the country coffee production could attend Illy’s quality criteria. Surprisingly, a coffee farmer from the region of Serra do Salitre located in Cerrado Mineiro was the final winner of the 1st Prize. The paradigm that the Cerrado Mineiro’s soil was not conducive to the production of quality coffees fell to the ground. Therefore, it was verified that Cerrado soil, when receiving adequate fertility correction and adequate cultural treatments, allied to the high-altitude characteristics and low rainfall in the harvest, could produce high quality coffee (Saes, Jayo and Silveira, 1997). It is worth mentioning that the Illy Prize is recognized by its own quality criterion that is based on the following conditions: Arabica coffee type 3 for better with a maximum of 12 defects and a maximum humidity of 11% (equivalent to 9% by ISO 6673). (Clube Illy do café, 2018).

In the 2nd Illy Prize edition, another coffee farmer from Cerrado region won the national prize. From this moment on, farmers perceived an opportunity to obtain higher prices for their product selling for international buyers such as Illy that were interested to pay more for a high-quality coffee (Neves and Farina, 1995).

Organized beneath the Association of coffee growers in the region of Patrocínio named ACARPA and led by the producer and director of the association, Mr. Aguinaldo José de Lima, the coffee farmers started to implement a strategic plan, whose main pillars were: a) adequate use of technology for coffee processing, b) creation and implementation of a marketing strategy for the region, and c) direct trade, reducing the participation of third parties in the sale and distribution of coffee. With the support of SEBRAE, a public-private entity, ACARPA committed itself to assist producers in the technical field, as well as managing market and political actions in the defense of the region's interests (Saes, Jayo and Silveira, 1997).

Other local coffee farmer’s associations began to adopt the same strategic guidelines and, as collective actions were demanded among all entities, the leaders of such associations decided to form a Council of Associations named CACCER that later became the Cerrado Mineiro Coffee Growers Federation (Federation). Currently the Federation is composed of 7 associations and 9 cooperatives as shown in Figure 1. Also, one foundation is part of the Federation named FUNDACCER.

**Figure 1.** Cerrado Mineiro Coffee Growers Federation: Affiliated organizations



Source: Cerrado Mineiro Federation

#### 4. The search for an alliance: Origin of Designation Conquest

In 1993 ACARPA members drafted an initial plan to use value adding strategies to market and communicate Cerrado Mineiro coffee particularities. In April of 1995, the region was the first area in the state of Minas Gerais to have a delimited geographical area by means of a government official decree.

During more than 15 years, the same group of coffee growers along with consultants and specialists invested their time and resources in order to achieve the Indication of Origin (IO). In 2005, the region was officially delimited by INPI and was described as the following:

*The coffee of the Cerrado Mineiro Region is the result of the combination of the unique climatic conditions of the Cerrado Mineiro with the quality of coffee produced there, the result of intense and unique blooms, uniform maturity and concentrated harvest. The authentic coffee of Cerrado Mineiro brings with it intense flavors ranging from caramel to nuts, with delicately citrus acidity and long lasting chocolatey flavor.*

The technical characteristics can be summarized in the following aspects (Cerrado Mineiro, 2018):

- Altitude from 800 to 1,300 meters (2,500 up to 4,200 feet);
- Annual average temperature around 22 degrees Celsius;
- Rainfall average above 1,800 mm/year;
- Dry winter favoring the harvest period;
- Intense sunshine; and
- Plane topography, favoring mechanized harvesting.

The affiliation process to the IO begun in 2005 and had grown continually each year, but in 2012 it was stagnated with 250 coffee growers as members. The main obstacle named by the farmers was the certification protocols required by the Federation as a compliance rule for each new member. The protocol was created back in 2005 based on the UTZ guidelines for agricultural best practices and sustainability.

Concerned with the challenges ahead of the IO affiliation and searching for a protocol more adaptable for a D.O. certification, members of the Cerrado Mineiro Federation flew to Italy aiming to pursue knowledge with connoisseurs of the local D.O. in Bologna region. The group had an experiential and learning journey into the world known and prestigious Italian D.O.'s such as *Brunello Montalcino wine*, *Parmegiano Regiano*, *Prsciuto di Parma*, *Aceto balsâmico de Modena*, *Aceto de Rimini*, *Prosciuto de Modena* and *Lambrusco wine*. It was clear at the end of the trip that the certification protocol for a D.O. should be based on origin characteristics and quality standards rather than in agricultural best practices.

For Juliano Tabaral, D.O. leader at Federation: “It was our first major challenge but also presented to be an opportunity to be ready for the D.O. designation”. Thirty years after the seminal meeting at ACARPA, the D.O. was officially launched in 2013.

In March 2018, there were 833 accredited growers, 939 farms accounting for 88,240 thousand hectares and around 100,000 coffee bags. In order to achieve the right to use the Cerrado Mineiro D.O. seal, the farmer must be in compliance with the above requirements:

1. The coffee farm must be located in Cerrado Mineiro delimited area;
2. with the minimum altitude of 800 meters (2,600 feet);
3. produce only Arabica coffee;
4. be associated to one of the cooperatives and associations affiliated to the Cerrado Mineiro Federation;
5. the farmers must sign a Responsibility Term in accordance with efficient agriculture treats and respect to the Environmental and Work Brazilian law<sup>1</sup>;
6. the coffee batch must be collected at one of the accredited warehouses;
7. it should had achieved 80 points minimum at the Specialty Coffee Association of America (SCAA) sensory and quality scale;
8. the certified batch should be contained into an official coffee bag with the DO seal (Figure 2);

The D.O. accreditation addresses significant benefits for coffee growers in the region. The more notorious ones are cited above:

- 1) Cerrado Mineiro promotion through the use of the D.O. Seal in the coffee green bags or in the coffee package for final consumers;
- 2) Protection and control of the D.O. use;
- 3) Competitive Positioning through a differential strategy;
- 4) Internationalization access through specialized fair all over the world;
- 5) Technological and marketing assistance through partnerships with universities and institutions such as Sebrae;
- 6) Political and institutional representation in relevant forums and governmental organism in the coffee chain at national and international levels.

**Figure 2.** D.O. Seal applications



Source: Cerrado Mineiro Federation

<sup>1</sup> The both legislation, work and environment laws, are considered very severe compared to other coffee producing countries and is aligned OCDE countries' legislation.

Still, Cerrado Mineiro Federation understands that a motivation program is necessary to convert more coffee farmers for the D.O. accreditation system. In 2016, it was launched the program “Integra Cerrado Mineiro” aiming to disseminate the D.O. philosophy for more than 1,000 coffee farmers. During 5 months, 7 agronomists visited 5 micro-regions explaining the D.O. benefits and the process to obtain the seal. In the end, around 60% of the visited growers were engaged in the accreditation process. In 2017, the Federation held a week event to deliver the certifications and individual cards for each new accredited coffee grower (Figure 3).

**Figure 3.** Farmer’s certifications and individual cards



Source: Cerrado Mineiro Federation

Coffee consumers gain confidence in the product origin due to the traceability tool. Using the QR Code, traders, retailers and final consumers can access an exclusive online page with detailed and updated information concerning the coffee sourcing and processing. The system contains information on the coffee origin such as i) the name of the coffee farmer, ii) the farm location, iii) the sensorial analysis, and iv) production and processing information (Figure 4).

**Figure 4.** Traceability system



Source: Cerrado Mineiro Federation

Totum Institute, a certification body accredited by Inmetro, a Brazilian Institute for Standardization and Safety Norms, is responsible since 2015 for an independent audit process, in charge of analyzing all documentation, processes and samples in loco at the accredit coffee growers and accredited warehouses. After several improvements, in 2016, the Federation had received from the Totum Institute the Certificate of Conformity for the whole Certification of Origin and Quality process (Agromedia, 2017).

In 2015, Cerrado Mineiro Federation publicizes its Development regional plan for sustainability and promotion of Cerrado Mineiro Region. The plan is based on 4 pillars: a) Promotion and market development, b) Certification of Origin and Quality, c) Communication and, d) Research and Development. Also, nine work groups were

formed to discuss relevant issues for the region: a) political action, b) research, c) training, d) endomarketing, e) sustainability, f) domestic market, g) international market, h) origin certification and i) new businesses.

The main value proposition issued by the plan was “integrate, develop and connect people, influencing the transformation and evolution of the coffee culture. We help the people of the coffee world to do more and better.”

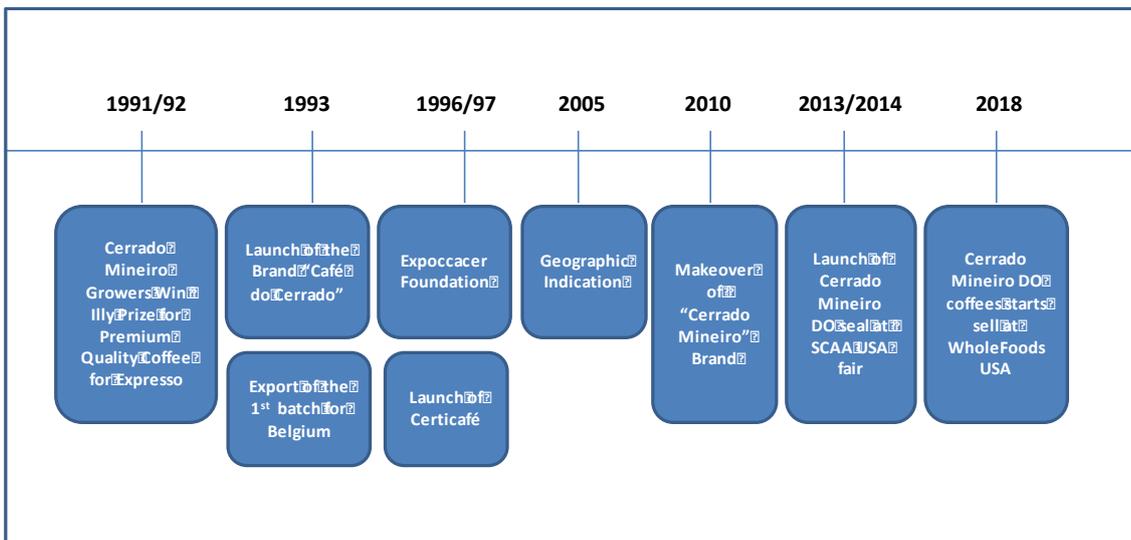
Beneath the Research and Development pillar, the institution has embraced several actions for the region sustainability development such as strategies towards expansion and maintenance of the agriculture best practices certification. Also, the partnership with SEBRAE through the conjoint program Educampo allows the farmer’s professionalization aiming for the enhancement of farm management and production cost tools.

**5. The internationalization strategy: the long path from Minas Gerais to the world**

The last 25 years were incredibly marked by a consistent growth path for the coffee production that culminated in the improvement of Brazil’s image in coffee production. Knowledge involvement, partnerships and collaboration were fundamental to achieve a new paradigm that resulted in more competitiveness beyond the quantity and price factors. This new paradigm consisted in change the farmers mind set into a new perspective focusing in quality and origin. Nevertheless, the shift was remarkably challenging considering the consolidated practices on coffee production, processing and marketing that were passed through thousands of families’ generations. This new mind set had as a wheel of motivation the coffee de-regulation police, the cease of the International Coffee Agreement and specially for the Cerrado Mineiro coffee growers, the perspective of a new future.

Overall the main drivers of changes were molded by 7 milestones events that are graphically presented in Figure 5.

**Figure 5.** Milestones toward the Cerrado Mineiro brand internationalization



Source: elaborated by the authors

The moment Mr. Ernersto Funaro won the very first Illy Prize for Premium Quality Coffee for Espresso, Cerrado Mineiro region started a new history. Mr. José Aparecido Naimeg, another coffee grower at Cerrado Mineiro region, portrays the situation in his words:

*“In 1991, Mr Funaro was the winner of Illy Brazil Prize for quality coffee and the coffee sector in that time was suffering with the cease of deregulation and economic crises and coffee prices were down, the coffee growers were desperate for a new path and at this moment I met Mr Funaro (...) I didn’t know him and he told me I could participate at Illy Prize. (...) then I send samples of my coffee to the person responsible to evaluate and at that year we won the 1<sup>st</sup> place at Illy Prize.”*

The fact that a well-known Italian roaster with high quality standards were achieving coffee from Cerrado Mineiro coffee growers attested the favorable conditions presented in that region to export high quality coffee to the

world. In this sense, the launch of Cerrado Mineiro Brand in July, 1993 was remarkable due the objective towards a differentiation strategy to achieve premium prices for the coffee produced in the region. The first coffee batch sold with the new brand was destined to Belgium market with an overprice of 8% related to current commodity prices (Saes, Jayo and Silveira, 1997).

In 1997, Expocaccer was founded seeking to consolidate the exports for the associations and cooperatives of CACCER. Accordingly, to the institutional Expocaccer website, it has *“a well-structured unit of warehousing to provide the best services to its members and clients. There are eight warehouses with total capacity for more than 800.000 coffee bags. Three of the warehouses are owned by Expocaccer and are located inside the cooperative complex, being the largest unit of warehousing of Patrocínio and region. All warehouses are built according to the highest quality standards and receive regular maintenance in order to preserve the best storage conditions for coffee. Expocaccer’s warehouses are certified by UTZ Certified, Café from the Cerrado Mineiro Region, Rainforest Alliance, Fairtrade, 4C’s and Inmetro”*. (Expocaccer, 2018).

The search for the D.O. seal had begun years ago when the group of coffee producers reunited at ACARPA started the movement towards quality and client acknowledgement. They also know that this search would require a collective action evolving different institutional approaches and partnerships. In 1993, the seed for the D.O. process was planted with the signature of a letter of intention along with the Minas Agriculture Institute (IMA), the Agricultural Research Company of Minas Gerais (EPAMIG), the Minas Gerais State Technical Assistance and Extension Company (EMATER-MG), the Federal University of Minas Gerais (Uberlândia) and CACCER.

The next step was given through the geographic delimitation defining four coffee producing regions in the state of Minas Gerais: South of Minas, Cerrado, Jequitinhonha and Mountains of Minas. In December, 1996, by Decree 38.559 of the Minas Gerais Government, a regulation was issued concerning an origin certificate, known as Certificafé, for the geographic regions. The certificate is granted by IMA that has the functions of issuing and controlling the use of the certificate (Saes, Jayo & Silveira, 1997). It’s currently issued for a great number of coffee farmers located in the delimited area and it guarantees the coffee traceability and international market access for coffee farmers as stated in Certificafé’s institutional website: *“From this program, the consumer can also demand coffee with higher quality, knowing the origin of the product, the aspects of the drink and its type that may even be predetermined in its packaging. The advantages of the program upon the adhesion of the rural producer are numerous, making it possible to add a greater unit value to the product, facilitating commercial transactions, including exports, through the recognition of the Certificate of Origin at the international level.”*(CCCMG, 2018).

After 5 years, the group felt the need to renovate the brand image of Cerrado Mineiro, mainly to be more competitive in the international market. The main idea was to associate the brand to the unique characteristics of the region such as the *altitude* and the innovative *attitude* of the local coffee farmers. In this sense, a new slogan was crafted to positioning the Cerrado Mineiro: *Coffee produced with attitude*<sup>2</sup>. The term attitude was used to express the region vocation to pursue high technology and innovation in all aspects of coffee production and quality achievement.

Three conditions were associated to the slogan promise:

- 1) ethical: high quality coffees are produced in a responsible and ethical way;
- 2) traceable: online tracking that informs when and how coffee was produced and farmer’s history.
- 3) Quality: unique and exclusive features of climate, soil and cultivation following a strict production process to ensure high quality.

Along with the branding strategy, a new website (cerradomineiro.org) was created to gather all information about the region, its history, coffee production characteristics, the region development plan and the D.O. information (Figure 6). Also, it’s possible to check any coffee traceability inserting the packaging code in the website homepage. The internet page has two language versions: Portuguese and English. The brand also has Instagram and Facebook fun

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<sup>2</sup> The marketing plan was designed by a private company named BeConsulting in 2010.

pages. In the 1<sup>st</sup> semester of 2018, two institutional films in English language were released and are available on the Cerrado Mineiro's Youtube channel.

In 2013, with D.O. seal conquest, Cerrado Mineiro Federation started a communication plan for international markets. Counting on the financial and organizational support of SEBRAE, the debut was at the Specialty Coffee Association (SCA) annual event in Seattle, United States in April, 2014. Five main actions occurred during the occasion:

- D.O. seal Official launch feast for 100 special guests among importers, exporters, roasters and press;
- Stand of 27 square meters on the convention center;
- Commercial Mission with coffee farmers and authorities from Cerrado Mineiro institutions: 54 persons
- Cuppings on the stand to demonstrate the region's coffee
- Campaign advertises in the ROAST Magazine for 1 year along with a 2-pages article about the D.O. conquest.

**Figure 6.** The Cerrado Mineiro official internet page



Source: Cerrado Mineiro Federation

Similar communication efforts were made in 2017 to launch the D.O. seal in European market with different approaches. A road show named Minas Coffee Origins was run in Berlin during the months of January and February. This marketing action was designed in partnership with the Germany roaster Wildkaffe in the department stores KaDewe. The costumers had the opportunity to prove the Brazilian coffee from three different Minas Gerais regions: Cerrado Mineiro, Mantiqueira e Mountains of Minas. The costumers could evaluate the coffee and buy the roasted grain in the store.

In April 27<sup>th</sup>, Cerrado Mineiro Federation through a partnership with Casa Brasil coffee, an American importer specialized in Brazilian coffee, started sell roasted coffee with D.O. seal at a Wholefoods store in Austin, Texas.

The internationalization strategy is targeting relevant coffee consumption markets as United States and Europe. For 2018, Federation expects to continue participating at least in two major global coffee events such as SCA and World of Coffee.

#### **6. The main challenges for the Cerrado Mineiro Accreditation in the International market**

The specialty coffee market has been increasing consistently with growth rates above the traditional markets. The number of consumers who are willing to pay higher prices for coffees of higher quality has increased in recent years. It's relevant to note that specialty coffee usually has a cupping score above 85, and it is sometimes produced in micro-

lots. This movement has been also accompanied by the proliferation of coffee bars, small and micro roasters, small local brands and baristas, all of which are characteristic of the third wave (CBI Market Intelligence, 2016).

The high-end independent coffee shops, known as HEICS, had spread all over the big cities such as New York, Shanghai, London and Berlin. At HEICS, consumers and *connoisseurs* can savor different high-quality coffees prepared by well-trained baristas who can help and guide them through their tasting rituals using state-of-the-art equipment (Quintão, Brito and Russel, 2017).

In the third wave coffee movement six consumer trends are notorious as follow (CBI Market Intelligence, 2018):

- 1) Individualization of coffee consumption through the increase of the capsule consume;
- 2) Increasing demand for specialty coffee from different producing regions;
- 3) Increasing sophistication of coffee shops and baristas has led to more signature blends such as Jamaican Blue Mountain, Hawaii Kona, Top Kenya AA and Guatemalan Antiguas;
- 4) 'micro-lot' phenomenon carried on by the coffee championships such as Cup of Excellence, allowing for more direct trade between small roasters and producers, and
- 5) Coffee subscription websites: trade happens through the internet, in small packaging sizes, and it is usually linked to the dealers of coffee-roasting machines.
- 6) Certification becomes a market requirement: increasingly concerned about the social and ecological impact of coffee consumption.

Also, it's intense the rivalry between coffee producers to positioned its product as high quality coffee producer country. Colombia coffee has been a relevant marketing case demonstrating the power of country origin image. Brazil, instead, has a powerful image as world leader coffee producer but not necessarily connected with high quality.

Considering all the facts presented above, some challenges might be considered ahead for the Cerrado Mineiro's goal achievement. Nevertheless, Cerrado Mineiro Federation and its coffee farmers have shown a strong resilience to move forward to a bright future.

In summary, the main obstacles that might be faced by CMR DO in the international market are the followings:

- High level competition with other Brazilian coffee regions such as Sul de Minas and mainly with other country coffee producers more known by high quality such as Colombian coffee or Jamaican Blue Mountain
- Lower international recognition of the Brazilian coffee production and quality diversity
- In-Store battle and packaging pollution for consumer brand learning

## **7. Final remarks**

The last 25 years were marked by a consistent growth in the Brazilian coffee production and CMR accompanied vigorously this movement. In 2018, CMR was the largest coffee producer in Brazil accounting for 12,7% of the national production with 5,7 million bags.

The data collected and analyzed resulted in seven milestones events that were relevant to forge the actual internationalization strategy. The major factor that demonstrated CRM coffee internationalization potential occurred in 1991, when a CMR grower won the very first Illy café's Quality Prize for Espresso in Brazil. Since then, the growers along with the local associations reunited all efforts to organize and communicate the CRM strengths culminating in the D.O. launch in 2013.

The CRM case emerged as a well succeed collective action purely originated from growers' interests and aligned with a strong governance structure. Knowledge evolvment, partnerships and collaboration were fundamental to achieve a new paradigm that resulted in more competitiveness that goes beyond the quantity and price factors.

In order to build and internationalize the DO brand the coffee farmers had to learn some important lessons:

- Region characteristics, terroir and cultural aspects are determinants to define the issuing process instead of quality characteristics

- Participation on international coffee prizes were important to give farmers' empowerment to continue quality improvements
- The DO Brand was crafted based on authentic elements of the region : high altitude – Arabica coffee – mechanized (ethical/traceable/high quality)
- The CMR DO might be understood as a well succeed collective action purely originated from growers' interests and aligned with a strong governance structure

Still, the case shed lights on some important aspects in the international market for coffee and pose some questions to be considered by all stakeholders in the world market for coffee consumption, that are:

- As the international arena for coffee brands are full of country origin brands and the consumers are facing more and more option without much information to be educated among the differences, what should be an efficient internationalization strategy with less communication dispersion?
- What are the real consumers of a DO coffee? Are they different from the traditional consumers? If so, what are the behavioral differences in terms of consumption? Do they buy their coffee in regular supermarkets or they prefer buy at the HEICS or both?

Trade coffee as wine selling is requiring more sophisticated strategies to compete in a global arena. The DO mark might be a competitive strategy for entering in the market, but not necessarily to stay longer.

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