

# Hawaii in a Global Market

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# Coffee

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## Coffee Utilized Production Down 1 Percent from Last Season

Hawaii utilized coffee production is forecast at 26.2 million pounds (cherry basis) for the 2019-2020 season, down 1 percent from the previous season. Bearing acreage totaled 6,900, down 200 acres from the previous year. Average yield, at 3,830 pounds (cherry basis) per acre, was down 15 pounds from the previous year.

# Coffee Bearing Acreage, Yield, Production, Price, and Value – Hawaii and United States: 2017-2018, 2018-2019, and 2019-2020

State	Bearing acreage			Yield per acre <sup>1</sup>		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
	(acres)	(acres)	(acres)	(pounds)	(pounds)	(pounds)
Hawaii .....	7,200	7,100	6,900	3,530	3,845	3,830
United States .....	7,200	7,100	6,900	3,530	3,845	3,830
State	Total production <sup>1</sup>			Utilized production <sup>1</sup>		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)
Hawaii .....	25,416	27,300	26,430	24,592	26,400	26,240
United States .....	25,416	27,300	26,430	24,592	26,400	26,240
State	Price per pound <sup>1</sup>			Value of utilized production <sup>1</sup>		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
	(dollars)	(dollars)	(dollars)	(1,000 dollars)	(1,000 dollars)	(1,000 dollars)
Hawaii .....	1.78	1.90	2.01	43,774	50,160	52,742
United States .....	1.78	1.90	2.01	43,774	50,160	52,742

<sup>1</sup> Cherry basis.

## Coffee Utilized Production and Price on Equivalent Basis – Hawaii: 2017-2018, 2018-2019, and 2019-2020

Basis and State	Utilized production			Price per pound		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(dollars)	(dollars)	(dollars)
<b>Parchment</b>						
Hawaii .....	6,050	6,850	6,340	11.10	13.40	12.30
<b>Green</b>						
Hawaii .....	4,840	5,480	5,072	17.20	19.40	17.50

# GROWN WITH ALOHA

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A GUIDE TO HAWAI'I'S COFFEE INDUSTRY:  
YESTERDAY, TODAY & TOMORROW





# HAWAI'I'S GEOGRAPHICAL GROWING REGIONS

## HAWAI'I ISLAND

(commonly known as the Big Island)



### HAMAKUA

**Farms:** 15-20

**Growing Area:** ~45 acres

**Elevation:** 350-2,500 feet

**Average farm size:** 5-7 acres

This region is a cool, high-rainfall, red soil coffee area.

**Tasting notes:** citrus, sweet cocoa, nutty. Good body and mouthfeel.



### KA'Ū

**Farms:** 80-90

**Growing Area:** 830 acres

**Elevation:** 1,100-2,700 feet

**Average farm size:** 5-10 acres

An unspoiled land, sunny climate and misty afternoons give Ka'ū coffee its characteristic deep flavors.

**Tasting notes:** chocolate, cherry, floral, citrus.

**Awards:** 2010, 2011, 2012, 2014, 2017 Hawaii Coffee Association (Grand Champion, various divisions); 2007, 2009, 2010, 2011, 2012 Roaster's Guild Coffee of the Year





## KONA

**Farms:** 900-1,000

**Growing Area:** 3,800-4,000 acres

**Elevation:** 500-3,000 feet

**Average farm size:** 2-5 acres

Kona is Hawai'i's most recognized coffee region, commanding some of the highest prices in the world. The 'Kona Typica' variety is most commonly grown here.

**Tasting notes:** floral, citrus, berry, and nutty notes in the cup with a smooth finish.

**Awards:** 2009, 2012, 2013, 2014, 2015, 2016 Hawaii Coffee Association (Grand Champion, various divisions)



## HAWAII

**Farms:** 20+ farms

**Growing Area:** 125 acres

**Elevation:** 300-2,600 feet

This region includes Puna, the wettest locale of Hawai'i Island with an average rainfall of 150" to 220" annually. Most coffee farms in this region are composed of 2-3 acres.

**Tasting notes:** honey, mineral, wine, full-bodied, peach/stone fruit, nutty overtones.

**Awards:** 2013 Hawaii Coffee Association (Grand Champion, Creative Division)

## MAUI



**Growing Area:** 600 acres

**Lahaina:** 500 acres in large commercial production

**Upcountry:** 100 acres in smaller, independently owned farms.

Maui has a large-scale commercial farm on the Lahaina side and several smaller estates in the "Upcountry" region on the slopes of Haleakalā.

**Tasting notes:** Earthy, sweet, with notes of chocolate and vanilla.

**Awards:** 2017 Hawaii Coffee Association (Grand Champion, Creative Division)

## MOLOKA'I



**Growing Area:** ~150 acres

This small island of approximately 7,500 residents has one 150-acre plantation and a mill in the village of Kualapu'u. It's the sole source of Moloka'i coffee.

**Tasting notes:** nutty, sweet, caramel, slightly herbal, full-bodied, earthy, chocolate aftertaste.

## O'AHU



**Growing Area:** ~160 acres

The majority of the acres belong to a single farm on the island's north shore. The smaller portion of acreage belongs to an agricultural research company that harvests a fraction of its fields for commercial use.

**Tasting notes:** milk chocolate, sweet, fruit, floral.

## KAUAI



**Growing Area:** ~3,000 acres

Most of the commercial coffee grown on Kauai is washed processed Arabica varieties. There are three commercial farms, with the largest coffee farm producing more than one third of all the coffee grown in the USA.

**Yield:** 2.4 million pounds of green coffee

**Tasting notes:** chocolate, earthy, spicy, mango, mellow, delicate.



NI'HAU

KAUAI

### KAUAI COFFEE

Most of the commercial coffee grown on Kauai are washed processed Arabica varieties. There are three commercial farms, with the largest coffee farm producing more than one third of all the coffee grown in the USA.

### O'AHU COFFEE

Near O'ahu's North Shore, at 600-700 feet above sea level, between the towns of Wahiawā and Waiāluā, you'll find 155 acres of Arabica 'Typica' coffee. O'ahu coffee has been described as a smooth, mellow, well-balanced cup with a medium body, clean finish, hint of chocolate and a pleasant, lingering aftertaste.

O'AHU

MOLOKA'I

LĀNA'I

MAUI

KAHOOLAWE

### MOLOKA'I COFFEE

In central Moloka'i, in the village of Kualapu'u, lies a 115-acre coffee plantation where coffee beans thrive in the rich red volcanic soil, producing a rich bodied, medium roast coffee with mild acidity and a luscious hint of chocolate at the finish.

### MAUI COFFEE

On Maui, there are over 500 acres, cultivated by over 50 farms of varying sizes on the slopes of Haleakala and the West Maui Mountains. The industry on Maui has grown considerably in recent years, as its quality, diversity, and uniqueness has become better known.

### HAMAKUA COFFEE

The Hamakua District runs from the lush jungle and waterfalls of Hilo to the deep valley of Waipio and on to Upcountry Waimea. Hamakua coffee has flavors that are often described as dessert in nature; vanilla, caramel and rich cocoa.

### KONA COFFEE

Hawai'i's best-known coffee, asked for around the world. With almost half of the total coffee grown in Hawai'i, over 600 independent farms within the borders of North and South Kona on Hawai'i Island produce 100% Kona Coffee, with its delicate, aromatic flavor. Aficionados consider 100% Kona Coffee to be the only way to go.

HAWAII

### KA'Ū COFFEE

The district of Ka'ū spans the south side of Hawai'i Island, providing a unique climate for growing specialty coffee. The climate and soils of the region have produced some of the best coffees in the world, described as having a rich flavor, piquant acidity and intriguing hints of sweetness and spice, citrus and jasmine aroma, fresh butter undertones, hints of lime and currant, and a long spice finish.

### PUNA\*

Coffees grown in Puna are included in the the Hawai'i region. Puna is located between Hilo and Hawai'i Volcanoes National Park. It is typically full-bodied, heavy, with nutty overtones.

\*Puna is not a recognized geographic region for purposes of coffee labeling and advertising under Hawai'i law. Coffee grown in the Puna district may be labeled Hawai'i island coffee.

# Hawai'i's Distinct Growing Regions

Much/Somewhat more likely to buy	2018	2019
Base	2,737	2,815
The level of roast is specified	58	58
Grown on farms that treat workers well	49	51
Grown in an environmentally sustainable way	49	49
The company supports the communities in which the coffee is produced	45	46
Donates a percent of proceeds to a charitable cause	44	45
The grind is specified	42	44
Fair Trade Certified	40	43
Organic Certified	39	43
Recycled or compostable packaging	41	42
Coffee produced from a single origin	37	41
Free from GMOs	41	41
Rainforest Alliance Certified	37	41
Blended coffee	39	40
There is information about the region where the coffee is grown	36	40
There is information about the farm where the coffee is grown	35	37
Provides instructions for how to use the coffee for different brewing methods	36	37
Made with 100% Arabica beans	36	36
Includes added antioxidants	36	34
Conservation International Certified	29	33
Includes added vitamins	32	31
Bird Friendly Certified	28	31
Healthy ingredients like turmeric or matcha added to the coffee	28	29
Small batch	26	29
Includes added protein	28	29
Includes added Omega 3	28	28
Includes added probiotics	27	26
Made with 100% Robusta beans	24	26
Includes added cocoa flavanols	22	24
Includes added CBD (cannabidiol)	-	20
Shade Grown Certified	17	19
Utz Certified	16	17
Includes added collagen	16	17

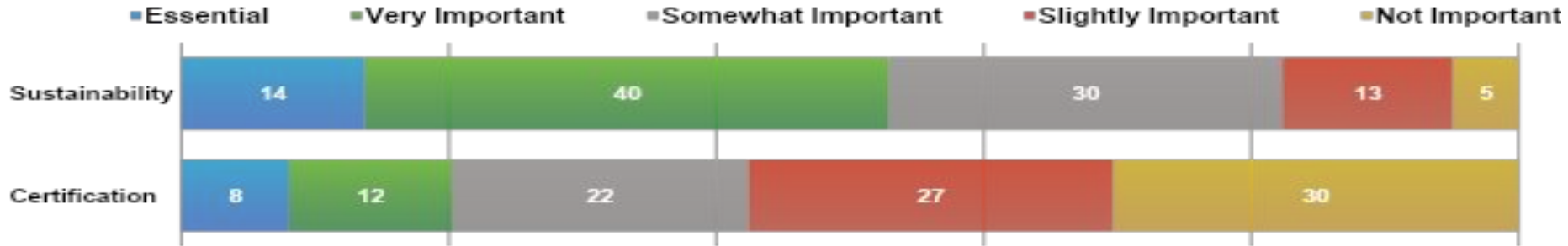
Source: NCA - 2019 NCDT: National Coffee Data Trends - The Behaviors & Perceptions of U.S. Coffee Drinkers



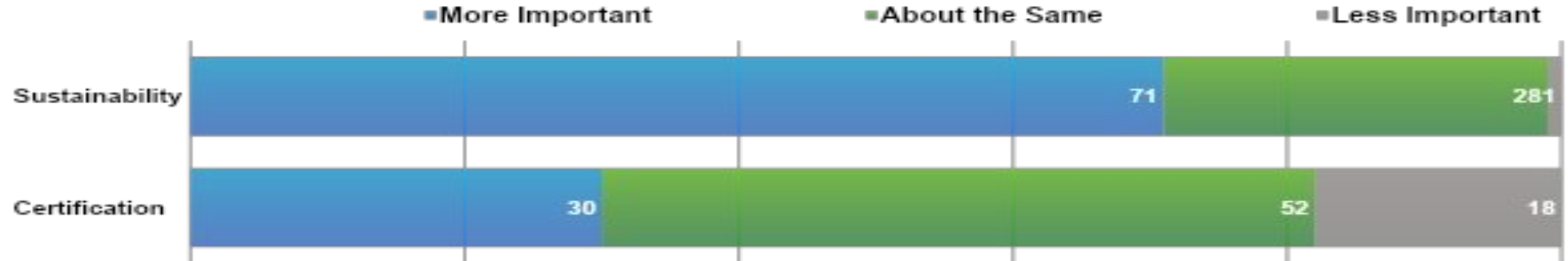
## 9 of the Top 12 Are Related to Sustainability:

- ☒ Grown on farms that treat workers well
- ☒ Donates a percentage of proceeds to a charitable cause
- ☒ Grown in an environmentally sustainable way
- ☒ Supports the communities in which the coffee is produced
- ☒ Fair Trade Certified
- ☒ Organic Certified
- ☒ Recycled or compostable packaging
- ☒ Free from GMOs
- ☒ Rainforest Alliance Certified

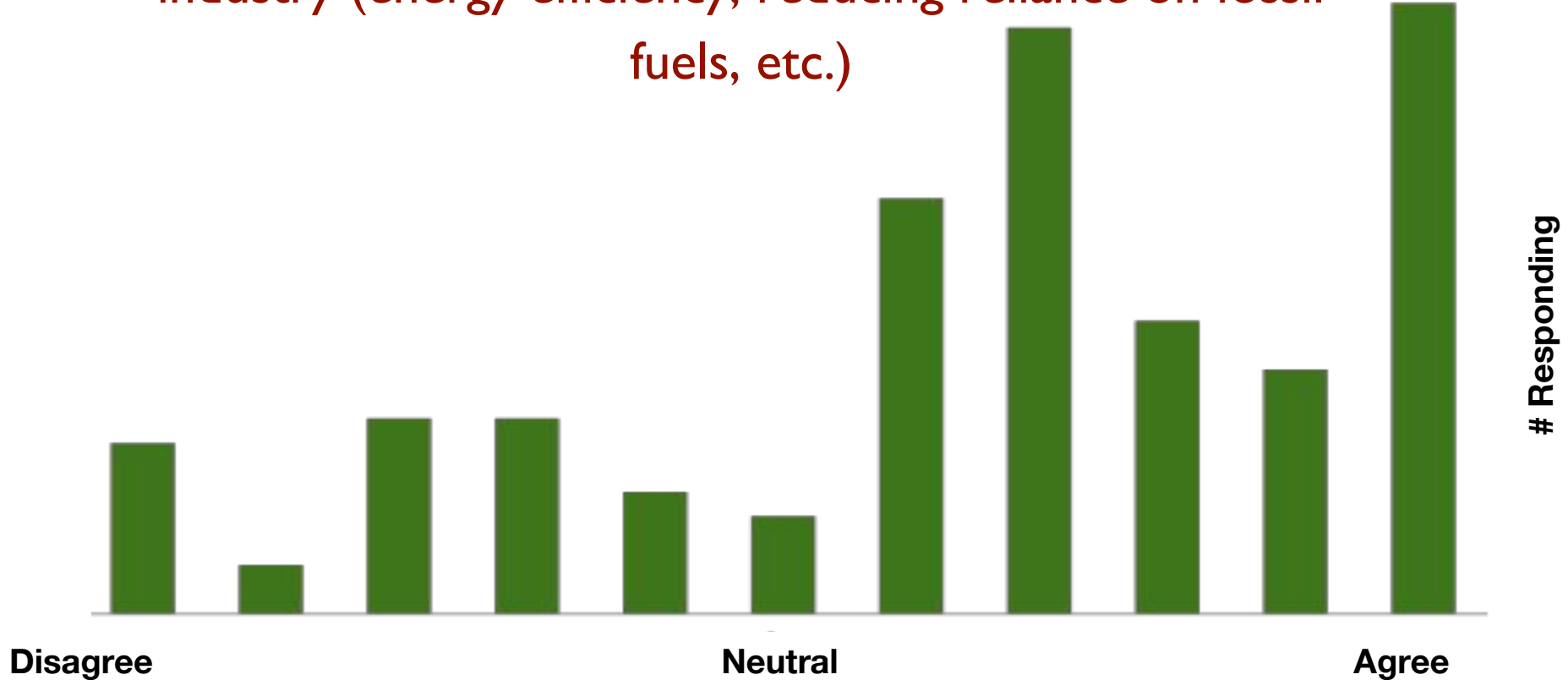
## Importance to Customers Now



## Importance In Five Years

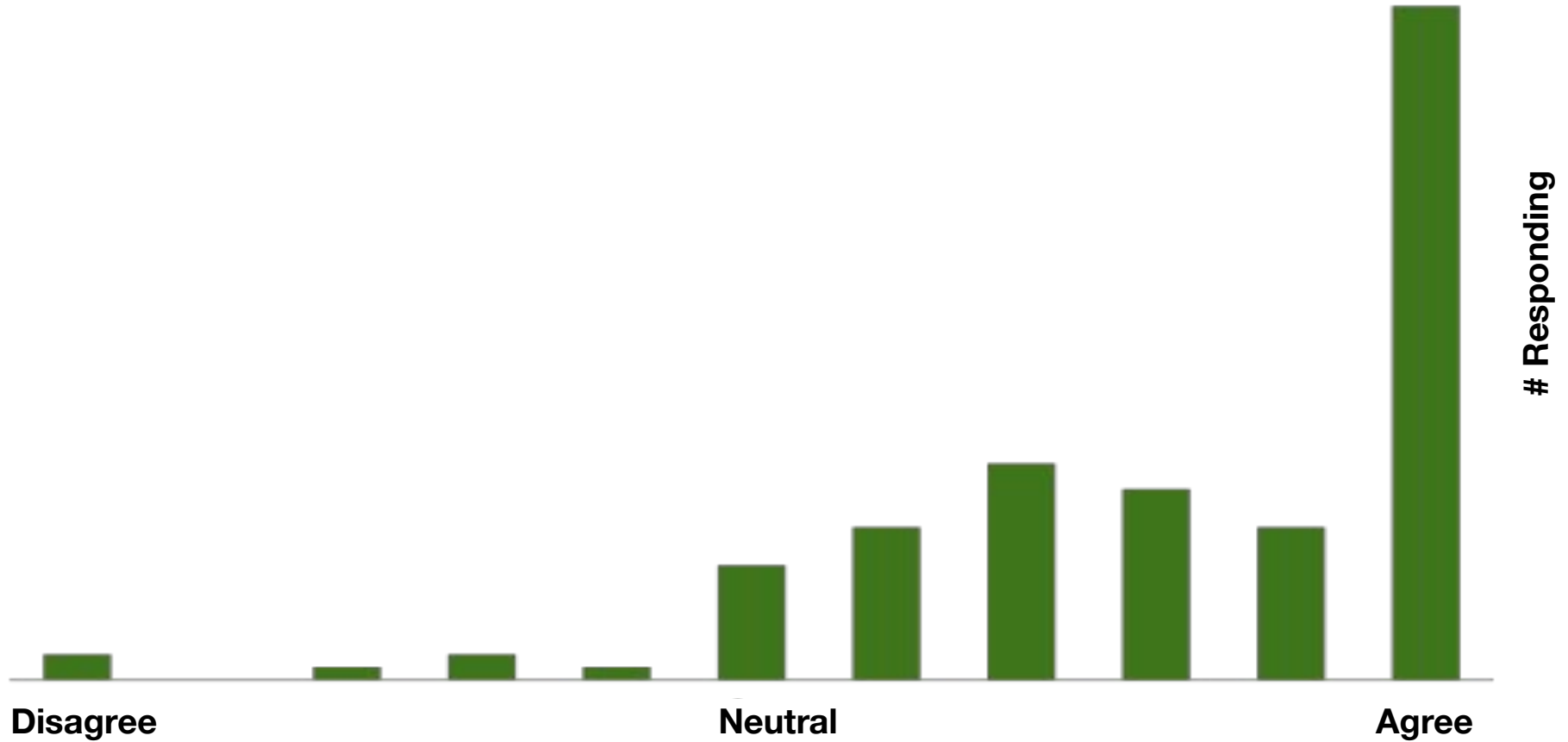


In the future specialty coffee becomes a leading "clean" industry (energy efficiency, reducing reliance on fossil fuels, etc.)

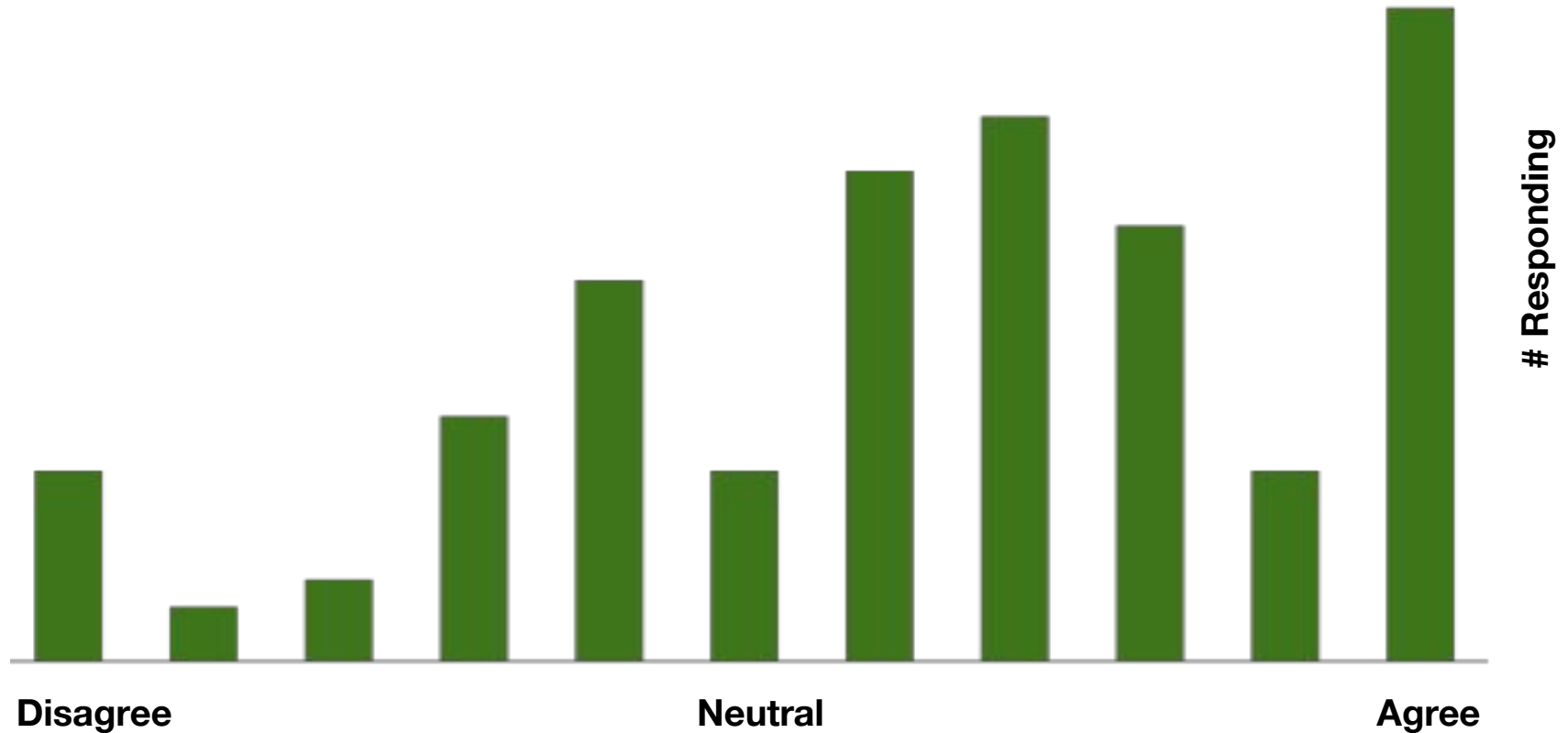




# In Five Years I Will Share My Profits With Farmers



In the future the farmer owns their brand and the added value of roasted and/or brewed coffee is shared equally



Coffee companies consolidate

- Nestlé & JAB control ~ 40% of retail market
- Coca-Cola expands in coffee, buys Costa
- Lavazza purchases Mars coffee
- Amazon purchases Whole Foods and acquires Allegro

## Has beans

Worldwide retail coffee sales, market share  
2018, %



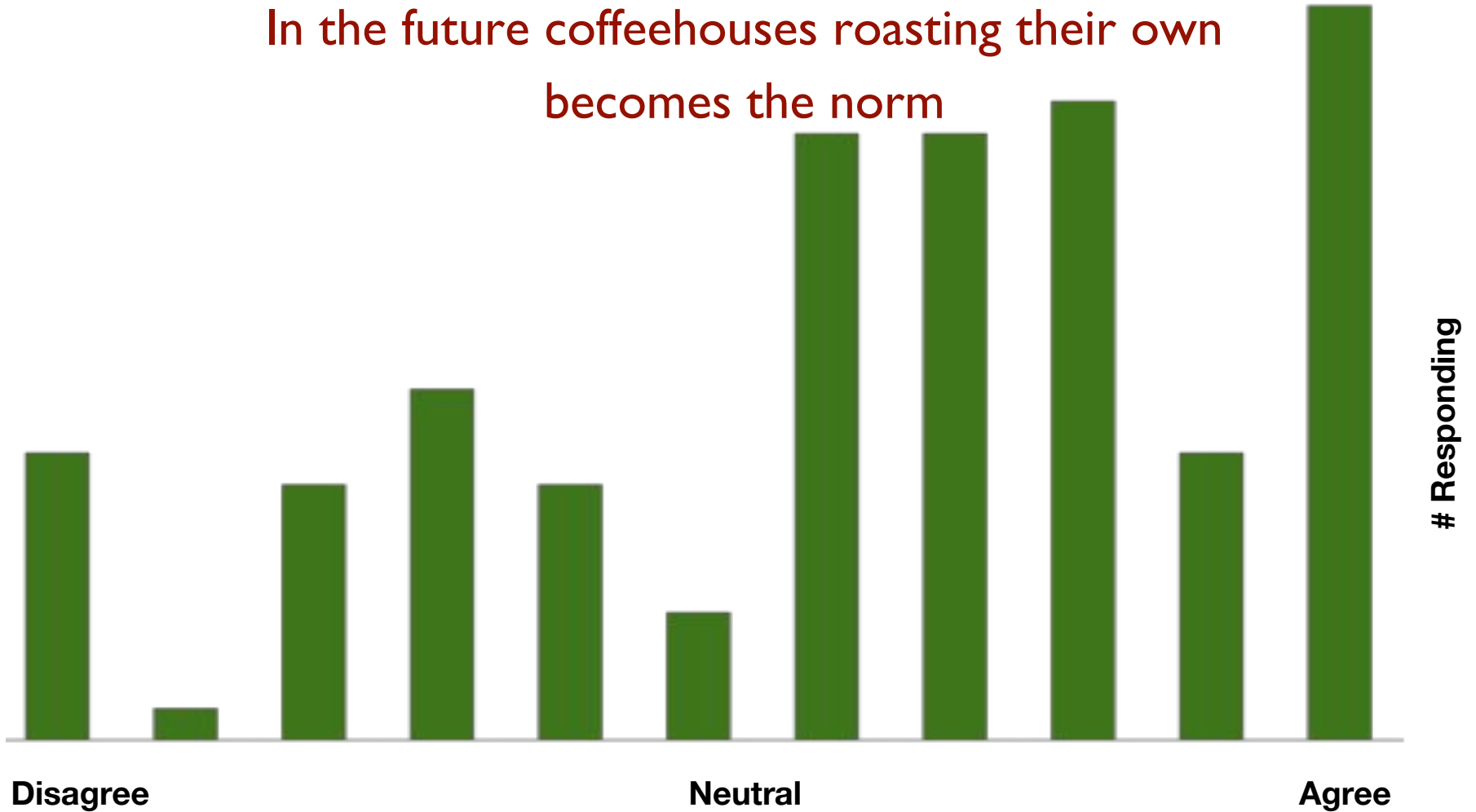
Source: Euromonitor

\*Owned by JAB Holding

The Economist



In the future coffeehouses roasting their own  
becomes the norm





An example of the sleek innovation typical of Asian coffee companies. This wall has samples of green beans and corresponding vials of roasted coffee that one can sniff, via devices that resemble a perfume atomizer with a squeeze ball.

# Describe your vision for the future of specialty coffee's next wave

profits think will quality coffee lives process speciality direct trade going  
brewing practices increase involved farming come believe  
better quality coffee one works coffee industry companies pay use  
understand education produce cafes hope Greater  
roasting think quality traded price also farmers



## Describe your vision for the future of specialty coffee's next wave

The role of the roaster will be de-emphasized leading to a greater **connection between consumer and producer**. This will lead to greater awareness of the difficult situation of most coffee farmers which will lead to more socially responsible supply chains.

## Describe your vision for the future of specialty coffee's next wave

That we get better at **providing the farmers and workers with better pay**. I pay my staff **above minimum wage**. It should be the same for all farmers and their workers.

# Global Context

3 countries contain 1/2 of world's coffee farms

- Ethiopia
- Uganda
- Indonesia

Source: Scott Browning, Enveritas during a lecture at ASIC 2018

Brazil ~ 30% of global production

Vietnam ~ 19% of global production

Ethiopia, Uganda, Indonesia ~ 15% combined global production

**Hawaii ~ .04% global production**

Source: Wikipedia and ICO

# Hawaii In The Global Context

Identify unique **terroirs** and geographic flavor maps to develop **appellations** for distinct growing areas (already happening in Hawaii, Peru, Honduras, Colombia, and elsewhere).

**CAJAMARCA**  
Floral, ripe cane, chocolate, malt, molasses, citrus lime acidity, creamy body. Some of the sweetest coffee of Peru.

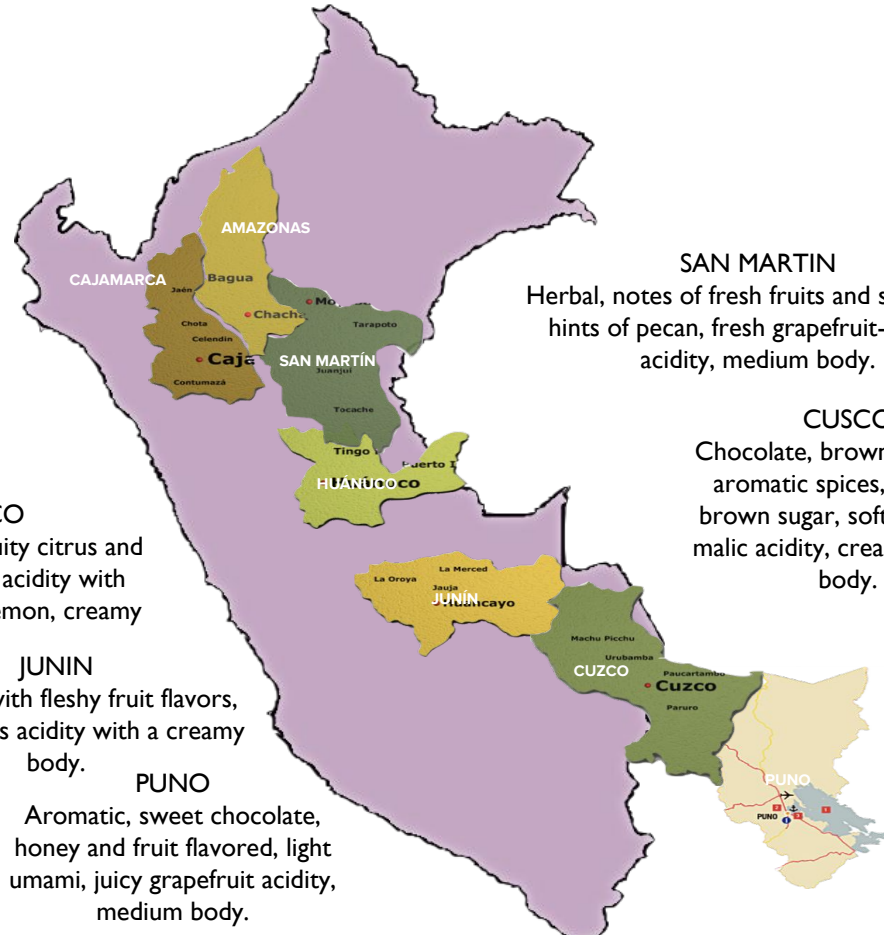
**HUÁNUCO**  
Herbal, chocolaty, fruity citrus and hints of malt, citrus acidity with lightly bright sweet lemon, creamy body.

**JUNIN**  
Fine malt, with fleshy fruit flavors, orange citrus acidity with a creamy body.

**PUNO**  
Aromatic, sweet chocolate, honey and fruit flavored, light umami, juicy grapefruit acidity, medium body.

**SAN MARTIN**  
Herbal, notes of fresh fruits and sugarcane, hints of pecan, fresh grapefruit-marked acidity, medium body.

**CUSCO**  
Chocolate, brown sugar and aromatic spices, berries, brown sugar, soft red apple malic acidity, creamy buttery body.





# Hawaii In The Global Context

## Producer Profiles: Unique farm stories, acknowledging challenges and struggles



Since 2013 the women of Nyampinga have received training in agronomy, market access, and quality control from Sustainable Growers. The result of the farmer's hard work and enhanced knowledge of coffee production has been a resounding improvement in cup quality. Nyampinga coffees are among finest available in all of Rwanda.

One driver of better agronomic practices has been a unique program called Premium Sharing Rewards, which rewards farmers with points for attending trainings and implementing their learnings on the farm. With these points, farmers can purchase rewards from a catalog of items they have collectively chosen. The program was developed as a way to incentivize farmers in a respectful way to encourage further training and technical assistance, and implement those skills to produce better crops.



Nyampinga operates its own washing station, which processes coffee from farmers all over the area. It serves as a key component of specialty coffee infrastructure, elevating the region's cup profiles upward. At the coffee washing station the coffee is carefully depulped, fermented, washed, and dried on raised African beds. The members of the cooperative and coffee washing station diligently hand sort the coffee at each step of the way.

Tourism (Rutas del  
Café in Colombia,  
Boquete Coffee  
Tour and Kona  
Coffee Belt Driving  
Tours) - challenged  
in current and  
post-Covid19 world.

TEMAS DEL DÍA

Fenómeno del Niño

Medicamentos

Sexo

Papa Francisco

Visa

ÚLTIMAS NOTICIAS

## Rutas del Café, entre los tres mejores proyectos turísticos del mundo

Iniciativa del Quindío compite con propuestas de innovación en turismo de Portugal y Tanzania.

Por: Viajar |

© 3:35 p.m. | 23 de diciembre de 2014



Foto: Carolina Huertas/EL TIEMPO

El paisaje cultural cafetero fue declarado Patrimonio de la Humanidad por la Unesco en 20...

El desarrollo turístico implementado alrededor del Paisaje Cultural Cafetero, en el departamento del Quindío, es uno de los tres finalistas de la edición número 11 de los Premios Ulises de la Organización Mundial del Turismo (OMT) en la categoría 'excelencia e innovación'.

**Rutas del Paisaje Cultural Cafetero, proyecto liderado por la Cámara de Comercio de Armenia -que incluye destinos de Quindío, Risaralda y Caldas- compite por el galardón con el Hotel Inspira Santa Marta, de Portugal, y el Campamento Isoitok en Manyara (Tanzania).**

"Nuestros destinos y productos nacionales se están midiendo de tú a tú con otros competidores con mucha más experiencia en el mercado turístico internacional y, lo mejor, están resultando vencedores", afirmó la viceministra de Turismo, Sandra Howard Taylor.

La iniciativa colombiana fue incluida entre las mejores del mundo por desarrollar una completa y variada propuesta turística alrededor del cultivo del café. El proyecto ofrece recorridos y

283

0

3+



MÁS LEÍDO

MÁS COMPARTIDO

1 De derechas

2 ¿'Timochenko' al Senado?

3 Los audios que la 'Mata Hari' le grabó a la Corte Suprema de Justicia

4 A derrotar la maquinaria

5 ¿Dejar o no tareas? El nuevo debate en la formación infantil

VER 50 MÁS COMPARTIDAS

# Hawaii In The Global Context

Micro and nanolots  
focused on terroir,  
appellation, harvest /  
processing dates,  
variety, unique  
processing, etc.

Explore the diverse range of flavors our farm produces:



Micro and  
Nano-lot  
Auctions

Lots in this auction

Champions Reserve

# Hawaii In The Global Context

Lot	Score	Weight	Increment	Bid	Total value	Title	High bidder	Time left
GVA.RSV.1a	93.47	132.28lbs	\$0.50	\$119.50/lb	\$15,807.46	<a href="#">Surma Gesha 1931 Natural</a>	saza coffee	FINISHED
GVA.RSV.1b	93.47	132.28lbs	\$0.50	\$112.50/lb	\$14,881.50	<a href="#">Surma Gesha 1931 Natural</a>	White owl coffee roasters	FINISHED
GVA.RSV.2a	92.89	132.28lbs	\$0.50	\$41.00/lb	\$5,423.48	<a href="#">Shaya Gori Gesha Natural</a>	Cioclato & whiteowl	FINISHED
GVA.RSV.2b	92.89	132.28lbs	\$0.50	\$42.50/lb	\$5,621.90	<a href="#">Shaya Gori Gesha Natural</a>	Lost Alley	FINISHED
GVA.RSV.3a	92.37	132.28lbs	\$0.50	\$52.50/lb	\$6,944.70	<a href="#">Narsha Gesha 1931 Natural</a>	Geshary Coffee	FINISHED
GVA.RSV.3b	92.37	132.28lbs	\$0.50	\$51.00/lb	\$6,746.28	<a href="#">Narsha Gesha 1931 Natural</a>	White owl coffee roasters	FINISHED
GVA.RSV.4a	92.01	132.28lbs	\$0.50	\$38.00/lb	\$5,026.64	<a href="#">Shewa-Jibabu Gori Gesha Natural</a>	White owl coffee roasters	FINISHED
GVA.RSV.4b	92.01	132.28lbs	\$0.50	\$37.50/lb	\$4,960.50	<a href="#">Shewa-Jibabu Gori Gesha Natural</a>	RedmeowCofee, RoastWork, Favilla	FINISHED
GVA.RSV.5a	91.78	132.28lbs	\$0.50	\$42.00/lb	\$5,555.76	<a href="#">Oma Gesha 1931 Natural</a>	Cloudpink Ltd	FINISHED
GVA.RSV.5b	91.78	132.28lbs	\$0.50	\$42.00/lb	\$5,555.76	<a href="#">Oma Gesha 1931 Natural</a>	T.S.E. Custom Roastery Ltd. / HWC Taiwan	FINISHED
GVA.RSV.6a	91.14	132.28lbs	\$0.50	\$38.00/lb	\$5,026.64	<a href="#">Oma Gesha 1931 Natural</a>	Common Grounds Coffee Roaster	FINISHED
GVA.RSV.6b	91.14	132.28lbs	\$0.50	\$38.00/lb	\$5,026.64	<a href="#">Oma Gesha 1931 Natural</a>	BlendIn Coffee Club	FINISHED
GVA.RSV.7a	90.75	132.28lbs	\$0.50	\$40.00/lb	\$5,291.20	<a href="#">Surma Gesha 1931 Honey</a>	Coffee Me Up (Korea)	FINISHED
GVA.RSV.7b	90.75	132.28lbs	\$0.50	\$39.50/lb	\$5,225.06	<a href="#">Surma Gesha 1931 Honey</a>	Zephyr Coffee Japan	FINISHED



# Hawaii In The Global Context

- Roasting and growing the local market
- Leveraging larger farms / central processors to identify the hidden gems amongst smaller growers who sell cherries to aggregators
- Quality standards for macro-lots and protecting the classic Kona Hawaii profile (and other traditional profiles)

What is the future?

**Coffee is *producer first*.**

**Coffee creates equivalent opportunities throughout the supply chain for sustainable and responsible growth, equality and quality.**

**“Businesses can lead with their values and make money, too. You don’t have to be simply profit driven. You can integrate social and environmental concerns into a business, be a caring business, be a generous business and still do very well financially”**

Jerry Greenfield, Ben and Jerry’s Ice Cream



# Passport

## **GLOBAL COFFEE: UNDERSTANDING THREATS TO GROWTH IN 2020 AND BEYOND**

January 2020

## Long-term trends could force radical changes to coffee production

### Climate change represents a potential existential threat

- Changing climate conditions are disrupting coffee's traditional growth regions
- Long-term adaptation will require significant investment, difficult for an industry still heavily reliant on relatively small farms

### Significant, ongoing upheaval among coffee growers

- Low green coffee prices globally are rendering growing numbers of small farms unprofitable
- Over time, the twin forces of climate change and structurally low prices could concentrate coffee growing in a smaller number of well-capitalised regions, such as Brazil and Vietnam

### Adaptation could mean less interesting coffee

- Much of the growth in global coffee spending over the last 10-15 years has been driven by high-quality, speciality coffee, particularly in higher-income markets
- Climate change could have a homogenising effect, which could necessitate a very different approach to marketing coffee, particularly at the high end



## A more consolidated coffee market impacts speciality sector

- Led by independent shops in markets such as North America, Australasia and Japan, speciality coffee has driven much of the ongoing premiumisation in the coffee category, particularly in higher-income markets.
- These shops championed coffee varieties from small producers in underappreciated regions, while introducing a host of new coffee-based beverages, starting with Italian-style espresso-based beverages and extending into more modern innovations such as cold-brew.
- At the core of this process has been a strong emphasis on taste. Speciality coffee, often found in a coffee shop, presented as a better-tasting alternative to other coffee, and worth paying more for.
- The growth of speciality coffee created opportunities in higher-cost, less-mechanised coffee-producing markets such as Nicaragua, with producers able to command higher prices for interesting coffee varieties that the speciality coffee industry helped to popularise.
- As climate change and low prices put more pressure on higher-cost markets, the pool of coffee producers will likely narrow, with farmers switching to different crops or emigrating, while demand from coffee buyers will shift to lower-cost producers.
- While very high-quality coffee will still command very high prices, a middle tier of speciality coffee could be squeezed out.
- Over time, this could lead to less variety in terms of coffee flavours and quality. For many consumers, this may not matter - most consumers are not coffee experts, and a vast proportion of coffee-drinking occasions are still driven by daily demand for caffeine or the desire for a coffee shop experience, less by a desire for a variety of new coffee flavours and origins.

A thriving speciality coffee sector has fuelled much of the premiumisation trend in the 21st century

## Less differentiation could drive very different strategies

- Yet there is no question that much of the growth in coffee shops and premium coffee in developed markets has been underpinned by the idea that the coffee they sell (not simply the experience) is better, in terms of taste and quality. If climate change and low prices further reduce the pool of producers, differentiating on taste could become more difficult.
- Less differentiation could potentially dampen growth in coffee value - while consumer demand for premium coffee can seem endless, ongoing value gains need to be driven by something, particularly as overall volume growth slows.
- Going forward, this may come from innovation in additives, or in formats - cold coffee, cold-brew coffee, coffee cocktails, etc. In other words, the "third wave" movement's singular focus on coffee itself (taste, varieties, brewing techniques) may have reached a high water mark, with innovation giving way to coffee as one component in a variety of beverages.
- Does this mean climate change is of no consequence to the broader coffee industry? Not at all - as noted, less acreage could push costs higher and introduce periodic supply shocks, all of which could impact profits for players up and down the coffee value chain.
- Yet it is likely the speciality segment will be most strongly impacted, and a weaker speciality coffee segment likely means the force of premiumisation becomes more muted. Coffee as an affordable luxury has driven both higher prices and higher volumes, as consumers pay more for coffee and drink more overall.

A shift from evermore premium coffee to more ubiquitous "good enough" coffee is coming