

The Q Coffee System

*A Grading System for
Quality Coffees*



Philosophy of the Q



Quality is the primary
determiner of price.



Philosophy of the Q



To increase prices, quality must be demonstrated.



Establishing Quality



- Define
- Measure
- Standardize

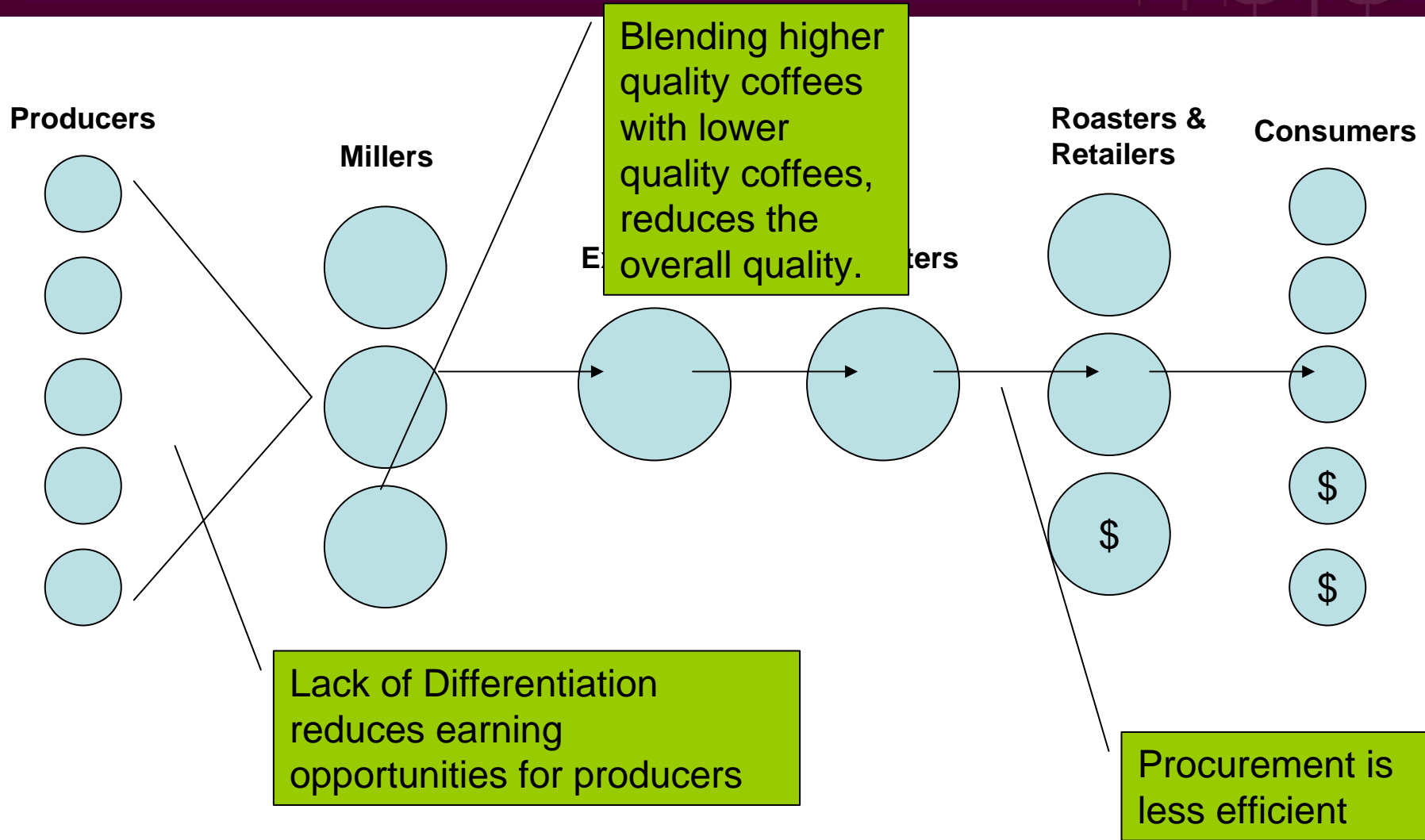


The goal of the Q

- More efficiently identify and differentiate quality coffees
- Help buyers and sellers communicate more effectively
- Create a tool for negotiating price
- Objectify quality, raising the integrity of the supply chain

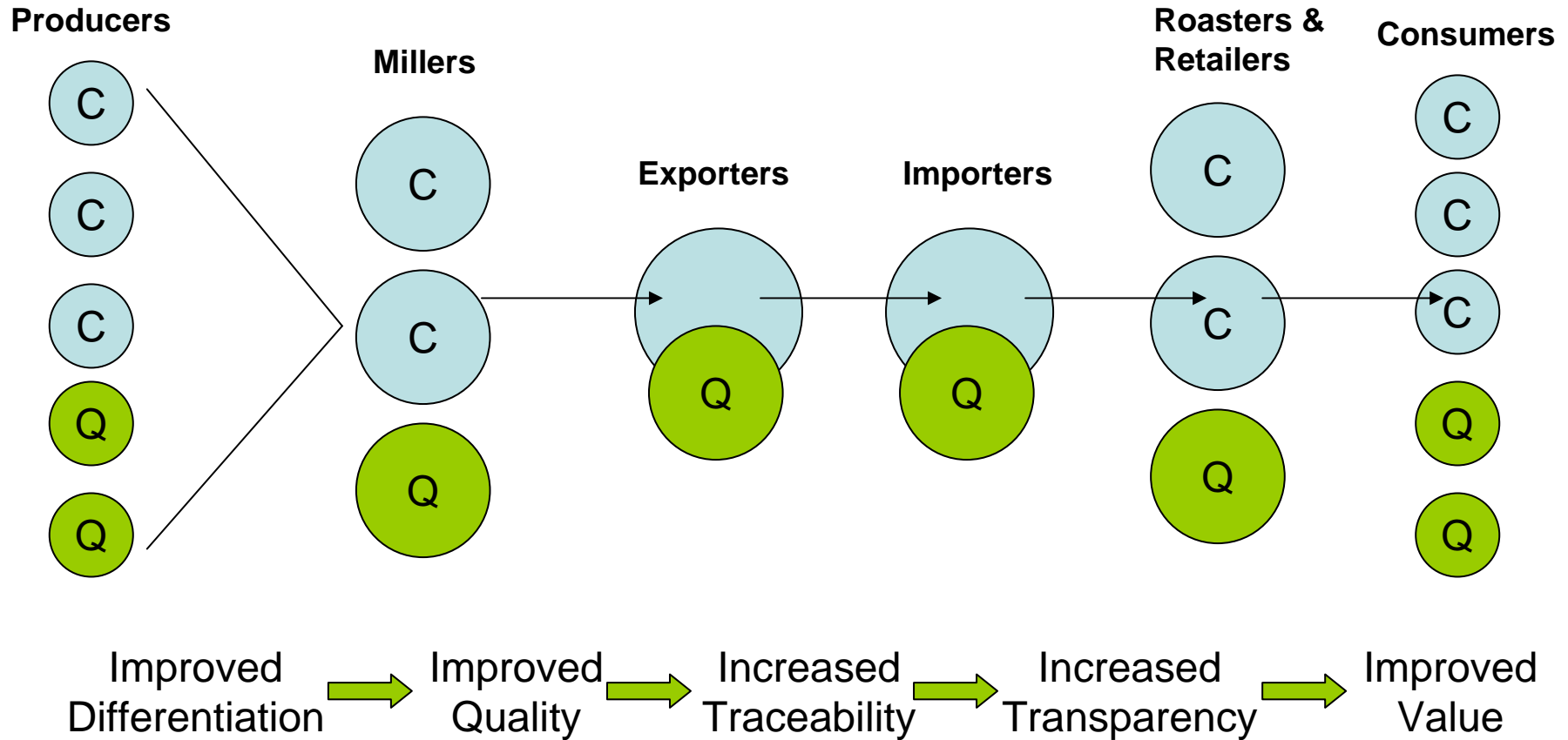


Vision of the Q System

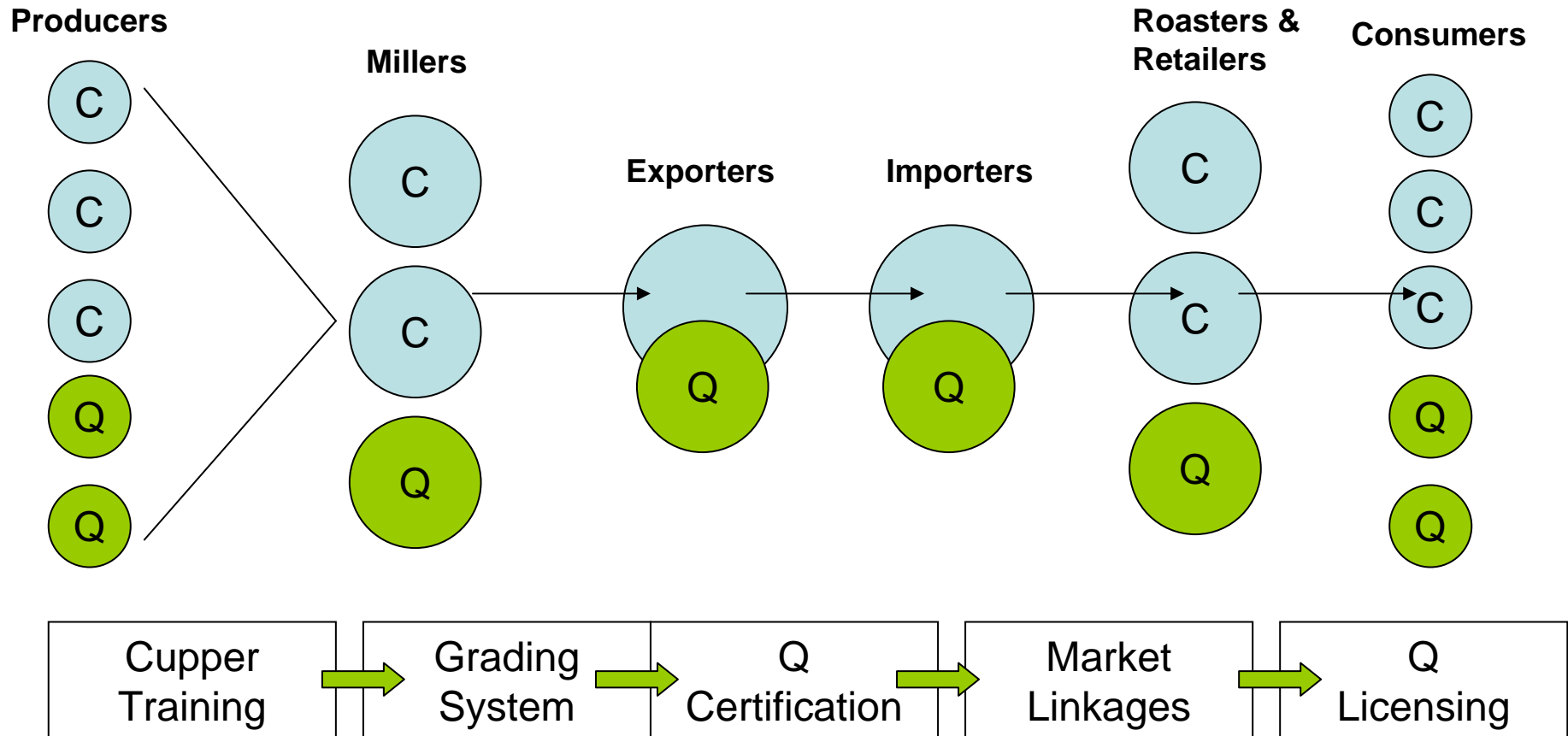


Overview of Current System

Vision of the Q System

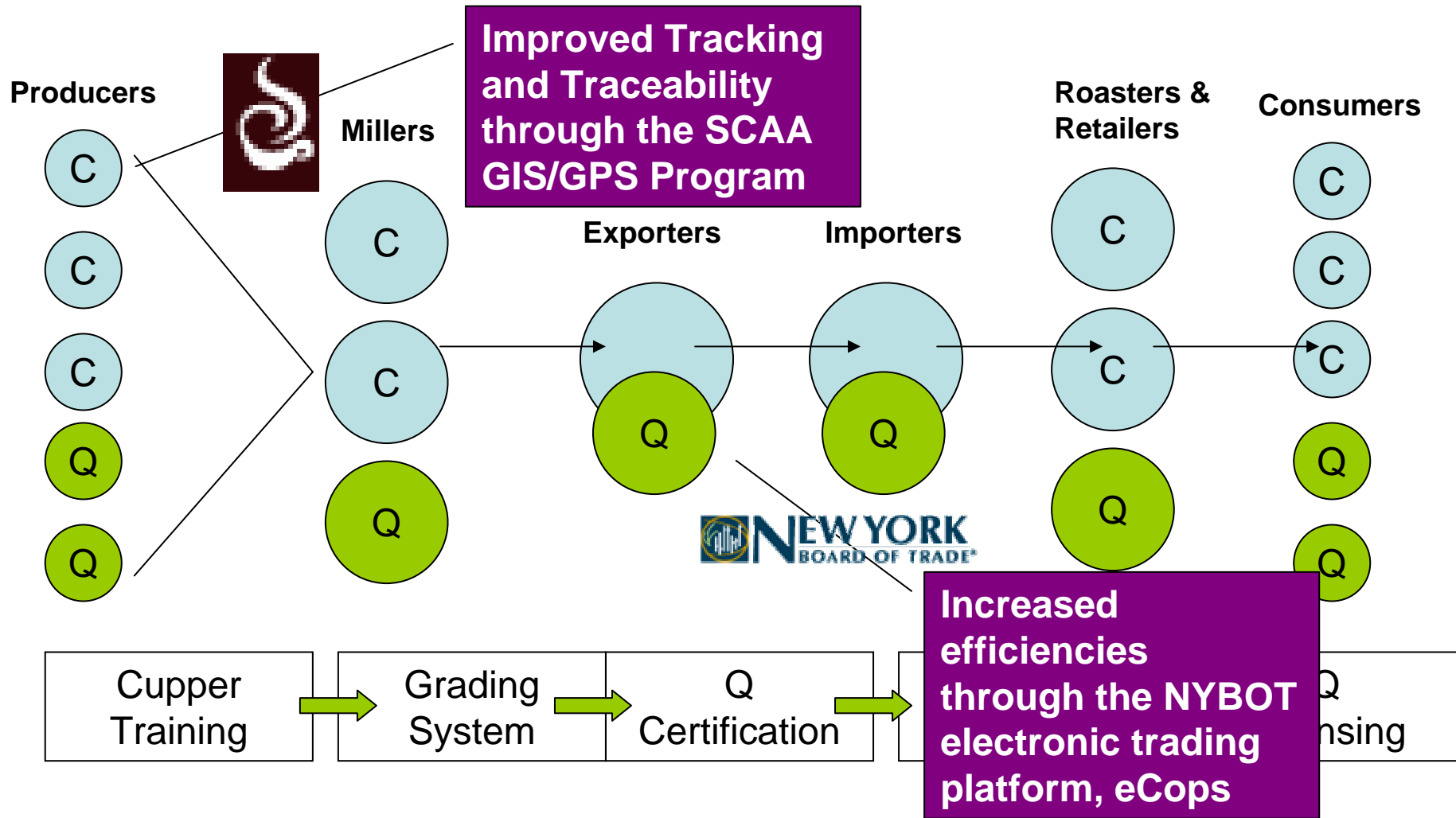


Vision of the Q System



Components of the Q Program

Vision of the Q System



Future Elements of the Q Program

Current Results



- There are 234 Licensed Q Graders worldwide
- Q Grading Services are currently offered in Central America and in the U.S.
- We will launch services in Colombia, Ethiopia, and Kenya by early 2008
- Q Grader training and testing is underway in Brazil and Mexico
- By 2009, we expect to have 14 countries established with Q Grading Services

Current Results



- Approximately 70 lots were graded in Central America in 06/07 crop year
- Major buyers in the U.S. include Boyd Coffee, Diedrich, and Peerless Coffee
- In Japan, Kanematsu, Ishimitsu and Wataru
- Finalizing licensing agreements in Japan
- Promotional partnership with the Roaster's Guild and the Specialty Coffee Association of America (SCAA)

2006/07 Results



Central America Q Grading Averages

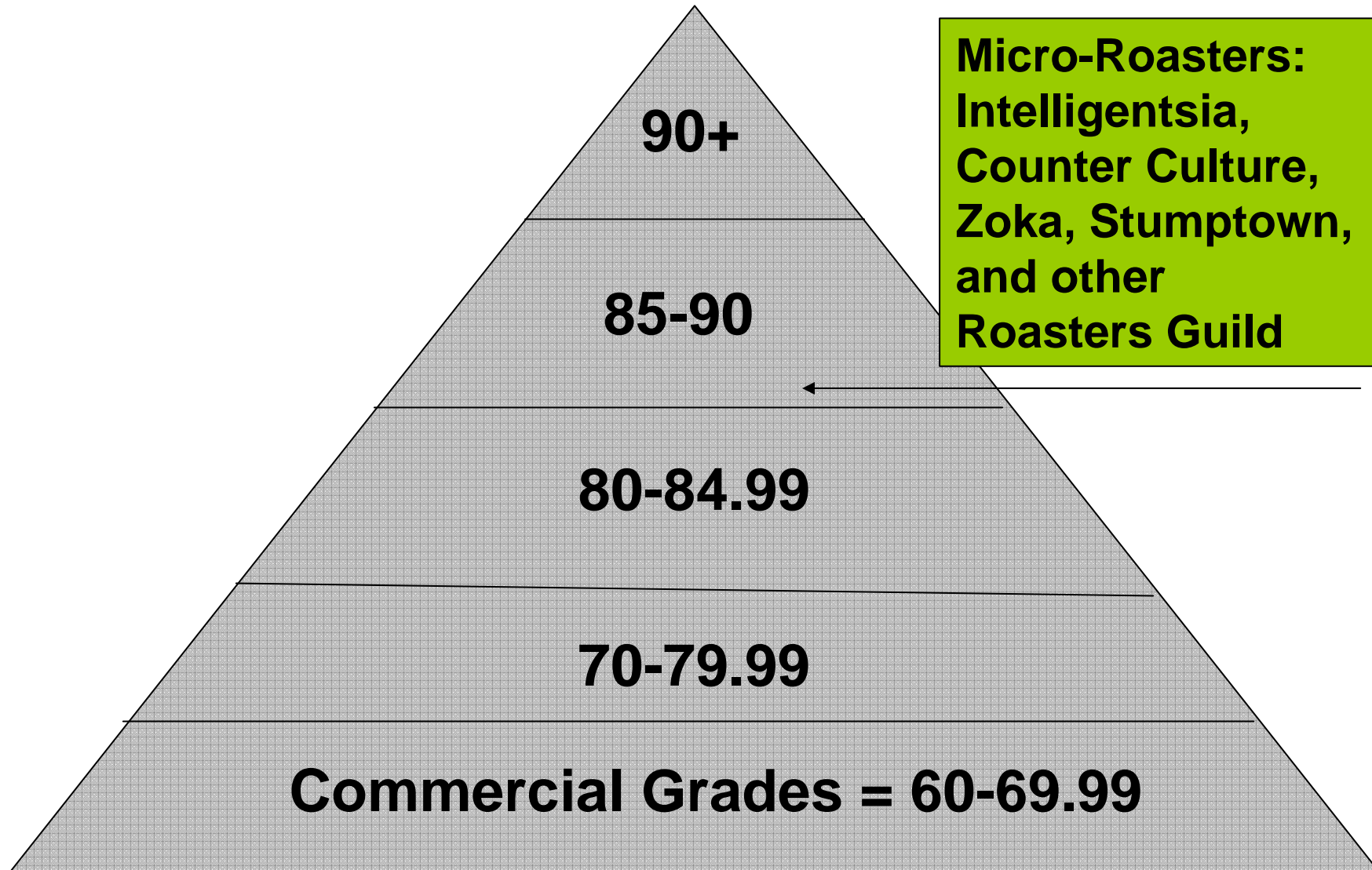
	<i># of lots</i>	<i>Avg. Score</i>
Costa Rica	8	87.23
El Salvador	17	82.21
Guatemala	32	80.17
Honduras	4	84.29
Nicaragua	8	84.58

Buyer Development



- Atlantic Specialty Coffee
- Atlas Coffee Importers
- Boyd Coffee Company
- Café Imports
- Caribou Coffee
- Coffee Masters
- The Coffee Source
- Coffees of the World
- Colombian Coffee Federation
- CTCS
- Diedrich Coffee
- Globus Coffee
- Horiguchi Coffee
- International Coffee Corp.
- Kato Coffee Inc.
- Louis Dreyfus Coffee
- Palm Beach Coffee Roasters
- Paragon Coffee Trading
- Port City Java
- Mercon Coffee Group
- Mr. Espresso
- RGC Coffee
- Ronnoco
- Royal Coffee Inc.
- Royal Coffee NY
- S. Ishimitsu & Co., Ltd.
- Sucafina
- Tashiro Coffee
- UCC Ueshima Coffee Co., Ltd.
- Unicafe, Inc.
- VOLCAFE Specialty Coffee
- VOLCAFE USA
- Walker Coffee Trading
- Wataru & Co., Ltd.

Buyer Development



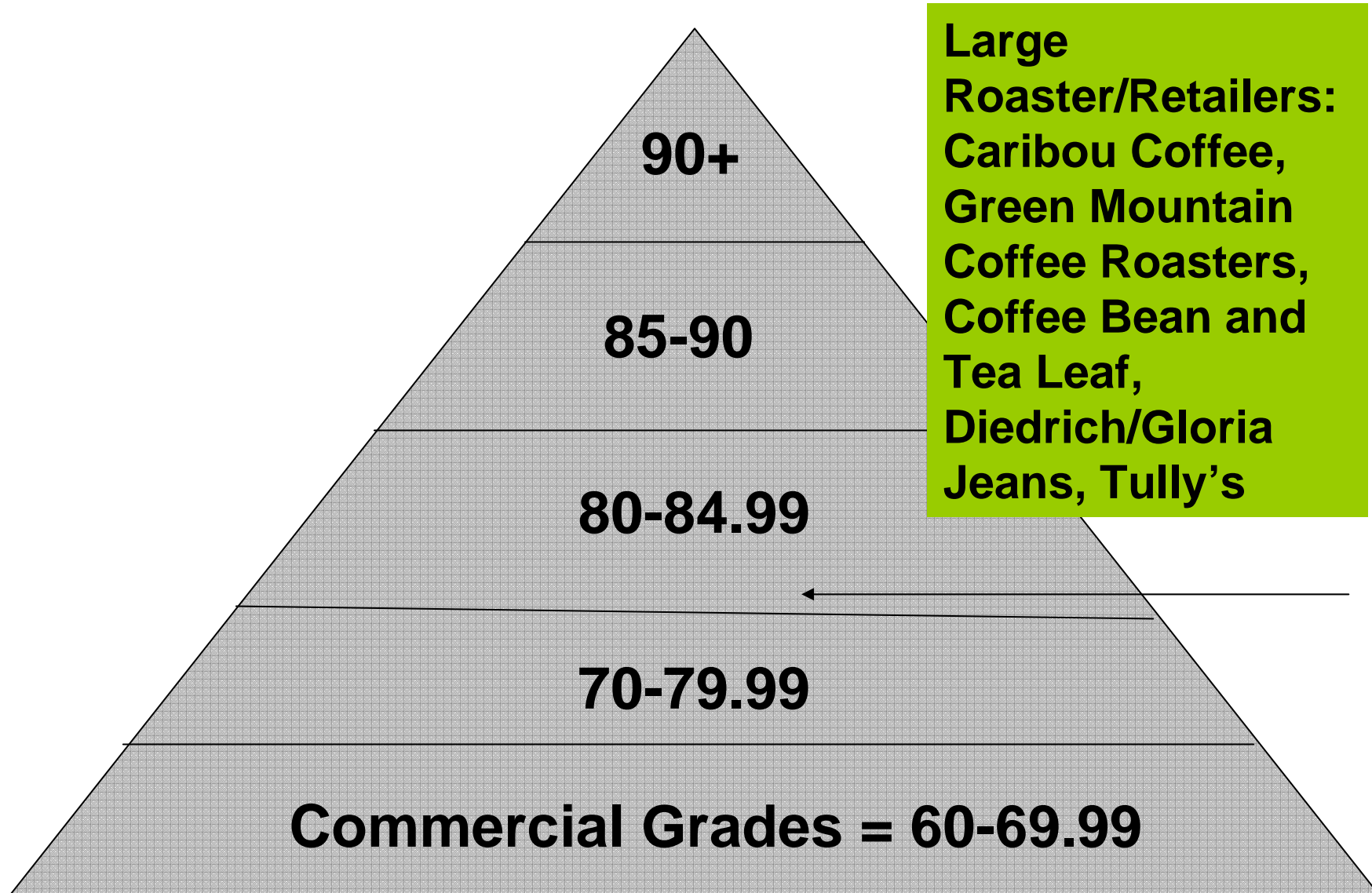
Trends with Micro-Roasters



More Interest in Single-Origin, Estate, and Prestige Coffees

- Targeting and differentiating is the underlying story
- High demand for low quantity (50 bags or less), highly differentiated coffees
- Introduction of new equipment is changing menu selection
- Cup price increases to \$3.00 - \$3.50 per cup from \$1.75

Buyer Development



Trends with Large Retailers

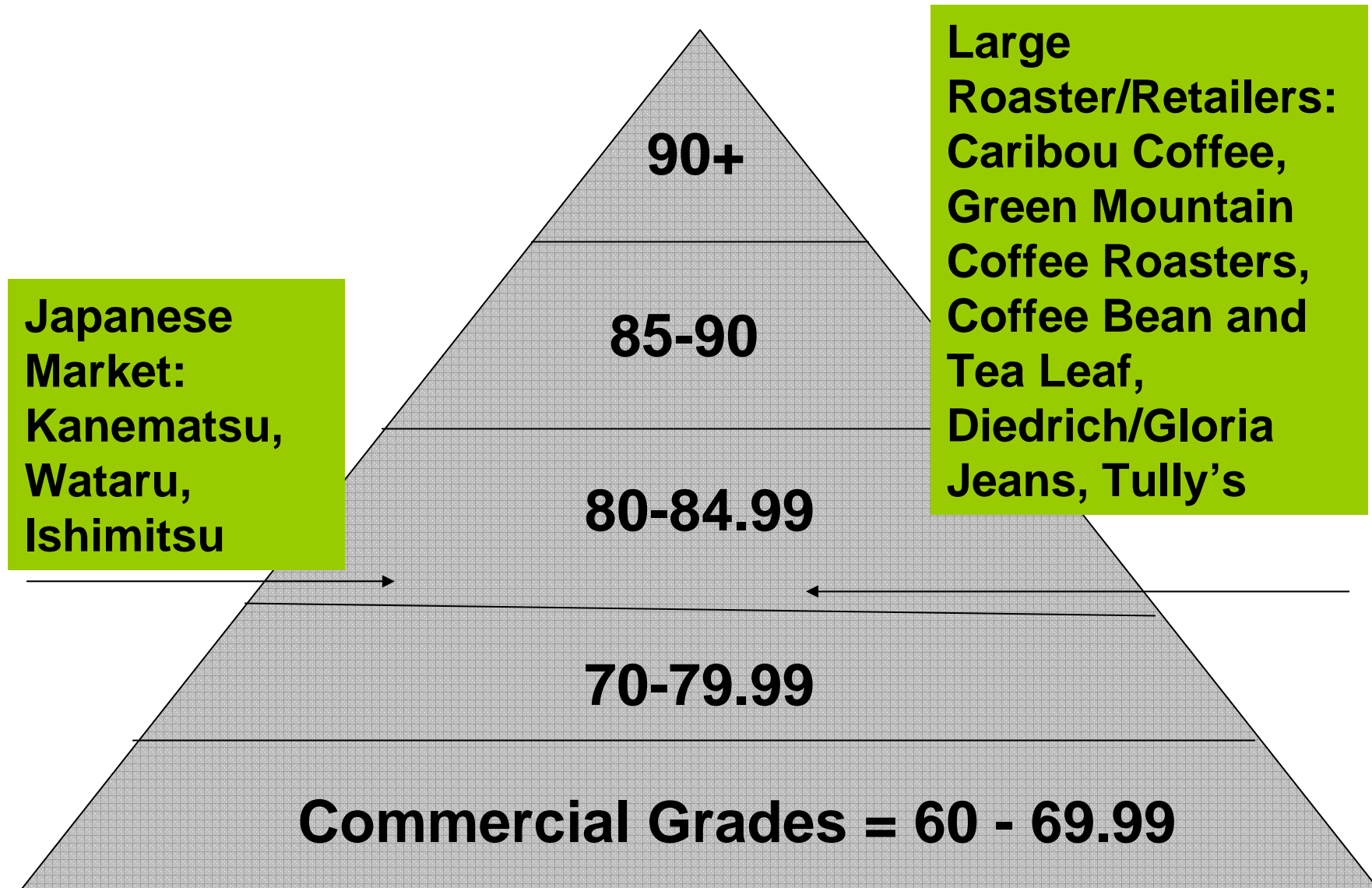


Continuing Growth

- Coffee drinks have surpassed soft drinks in daily penetration for the first time in nearly 20 years
- Daily coffee consumption continues to increase
- In 2005, the market stood at over \$19 billion
- There are 21,400 coffee houses in the U.S. with estimated sales growth of 21%

Source: National Coffee Association of U.S.A., 2007

Buyer Development



Specialty Coffee in Japan

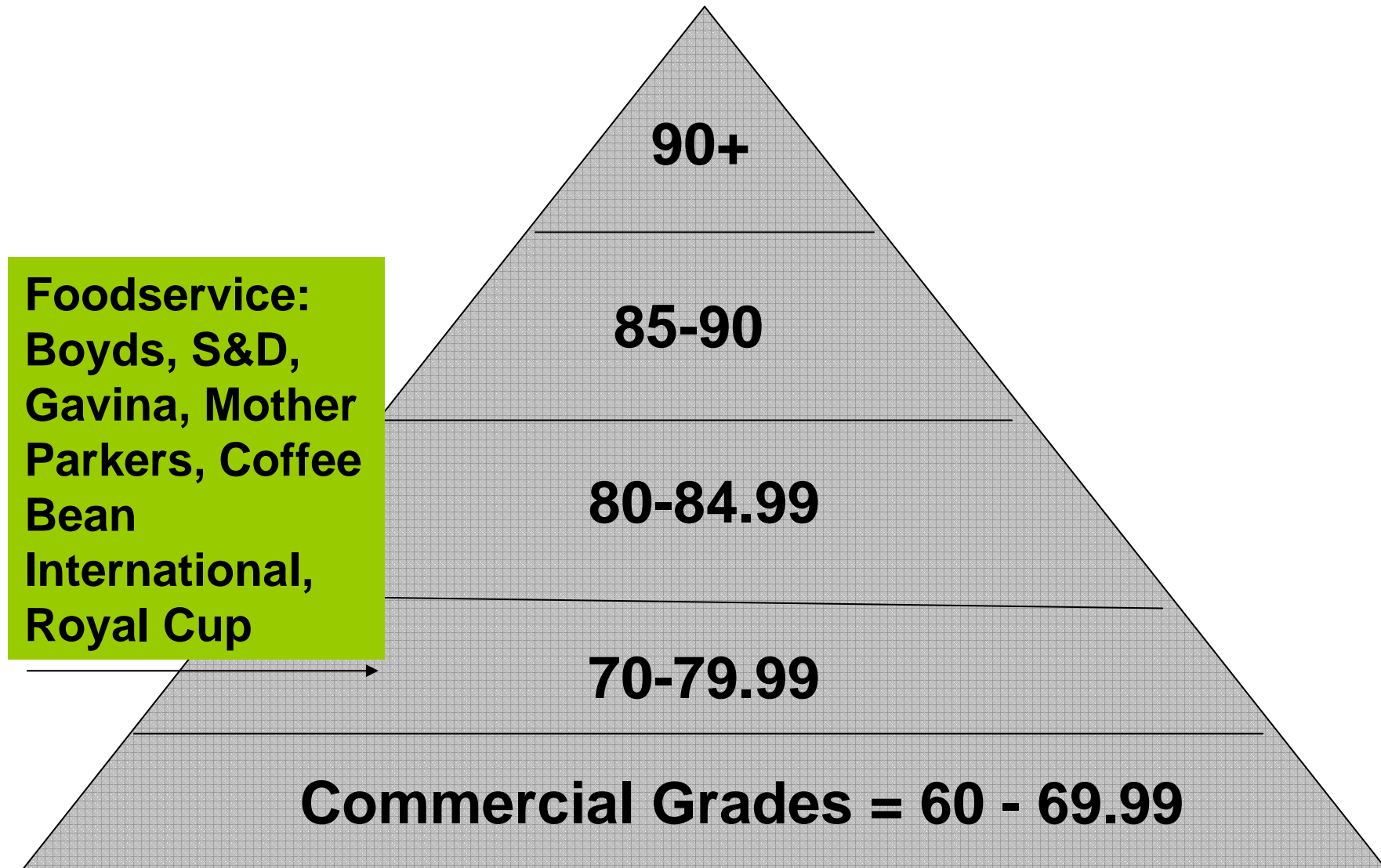


Increasing Demand and Higher Quality Standards

- 2000+ Roasters
- Total imports of 7 million bags (60kg)
- Restrictions for coffees produced with certain chemicals
- Higher demand for single-origin and certified coffees

Source: Boot Coffee Consulting

Buyer Development



Trends in Foodservice



More Players, More Competitive Pressure

- Better quality coffees are being introduced by fast-food chains, convenience stores, and other restaurants further fueling consumption in the U.S.
- McDonalds is the most aggressive of these players and with 13,700 outlets, are a major force in driving demand for specialty coffees
- There are 145,000 convenience stores in the U.S.

Source: Coffeehouses and Donut Shops, U.S., February 2006, Mintel

C - Stores



How it Works



The Q Grading System:

- An in-country partner (ICP) serves as CQI's partner to manage and oversee the Q Grading Services.
- A seller submits one sample per discrete lot along with a registration form and grading fee of US\$140 (approximately \$0.37 per quintal).
- Three Licensed Q Graders, none of whom may have an ownership interest in the coffee, evaluate the sample.
- The scores are averaged and a Q Certificate or Technical report is issued.

Over 80 Score
use of Q Logo



Q GRADE CERTIFICATE



Coffee Quality Institute®

Q GRADING RESULTS

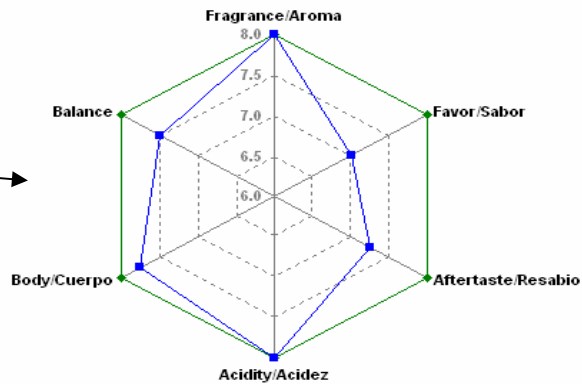
Farm name/Nombre Finca:		Number of Bags:	
Lot Number/Numero de lote:		Bag Weight:	69 kg
Mill/Beneficio:		Grading Location:	
Exporter:		Grading Date:	

DIFFERENTIATION AND QUALIFICATION

	STANDARD	LOT Q		STANDARD	LOT Q
Fragrance/Aroma	8.00	8.00	Uniformity	10.00	8.00
Favor/Sabor	8.00	7.00	Clean Cup/Limpieza	10.00	9.00
Aftertaste/Resabio	8.00	7.25	Sweetness/Dulzor	10.00	10.00
Acidity/Acidez	8.00	8.00	Cupper Points/Puntaje Catador	8.00	8.00
Body/Cuerpo	8.00	7.75		TYPE SCORE	Q LOT SCORE
Balance	8.00	7.50	TOTAL POINTS	86.00	80.50

Producer/Mill
Feedback and
Quality
Improvement


Critical Information
to buyers and
feedback loop on
cupping profile

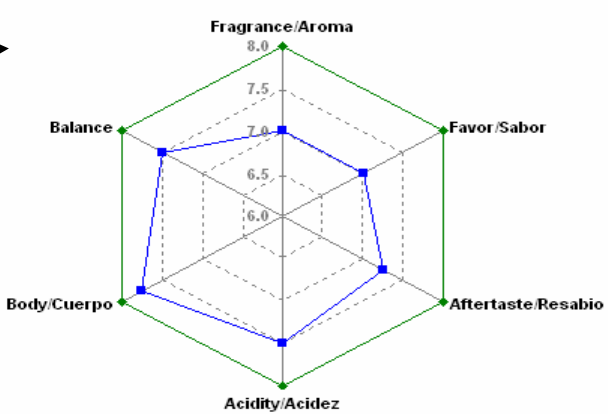


Additional Notes:					

{ICP Contact Information}

Under 80 Score
no use of Q
Logo, but valid
as a report

TECHNICAL REPORT						 Coffee Quality Institute®
GRADING RESULTS						
Farm name/Nombre Finca:			Number of Bags:			
Lot Number/Numero de lote:			Bag Weight: 69 kg			
Mill/Beneficio:			Grading Location:			
Exporter:			Grading Date:			
DIFFERENTIATION AND QUALIFICATION						
	STANDARD	SAMPLE LOT		STANDARD	SAMPLE LOT	
Fragrance/Aroma	8.00	7.00	Uniformity	10.00	7.50	
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Body/Cuerpo	8.00	7.75		TYPE SCORE	Q LOT SCORE	
Balance	8.00	7.50	TOTAL POINTS	86.00	76.00	



Information to buyers and feedback loop on cupping profile

Producer/Mill Feedback and Quality Improvement

Score Below 80

Use of CQI Logo is still valid for Technical Report

Additional Notes:

(ICP Contact Information)

The Q Program was developed by the Coffee Quality Institute | www.coffeeinstitute.org

Use of CQI Logo
is still valid for
Technical Report

Score Below 80

Producer/Mill
Feedback and
Quality
Improvement

Summary



To establish a positive relationship
between quality and price,
we must first establish quality.

