

25 Entrepreneurs

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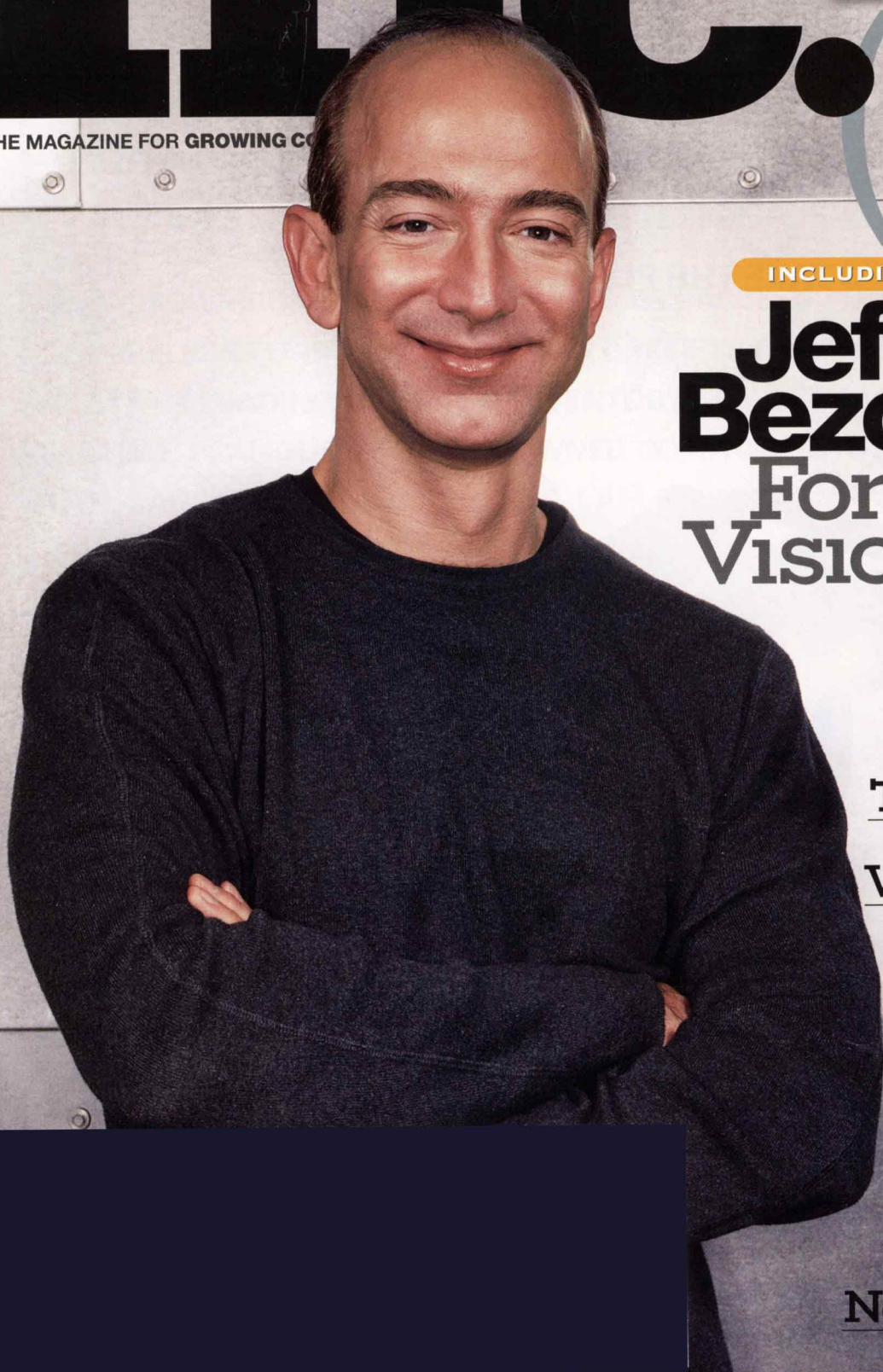
Andra Rush

Steve Jobs

Jack Stack

Stella Ogiale

David Neeleman



Priority»

“Cool is in the eye of the beholder. It’s not a top-down thing. You have to encourage the activity at the street level.”

AN EMINEM-LOVIN’ GOV, PAGE 32



The Joys and Perils of Attack Marketing

Will insulting Paul Newman help Dean's Beans sell more coffee?

“I’M NOT A marketing kind of guy,” Dean Cycon says.

Cycon runs a coffee-roasting company called Dean's Beans Organic Coffee Company, based in Orange, Mass. Last year the business sold about 250,000 pounds of coffee beans, all bought from Third World farmers at the “Fair Trade” price, which is more than double the market price. *All* its beans, Cycon stresses: 100%. Claiming to be a Fair Trade company while purchasing anything less than 100%, he asserts, would constitute a mere branding gimmick.

To prove this point, he took out an ad a few months ago. It was definitely an attention-getter, largely because its target was Paul Newman. The reason? Newman's Own Organics had recently launched a Fair Trade line, getting its beans from one of those less-than-100% roasters. “How,” the ad demanded of Newman, “can you partner with a company whose meager percentage of Fair Trade smacks more of marketing than sincere commitment when farmers and their families are literally being starved off their land?”

That's pretty tough stuff to aim at one of the most popular celebrities alive, not least because his side-project food company

donates millions to charity. (It's not only tough but unfair and dishonest, counters Newman's daughter Nell—but we'll get to that.)

So, is this sort of thing a good idea? Does in-your-face marketing help or hurt your cause, not to mention your brand?

First, a little background. World coffee prices have long been volatile, swinging from 50¢ to \$2 a pound, but a combination of increased output in Vietnam and increased productivity in Brazil have in recent years pushed prices to the bottom of that range, with no end in sight. For family farms in Latin America and elsewhere, it's been a catastrophe. One response: marketing. TransFair USA, a nonprofit founded in 1998 and associated with the Fair Trade Labelling Organizations network, oversees a certification process, and beans bought at the proper price (currently \$1.26 a pound) carry a “Fair Trade Certified” label—appealing to consumers who are in the know, and trying to educate those who aren't.

Dean's Beans joined TransFair. So did Green Mountain Coffee Roasters, a publicly traded company based in Vermont with a reputation as a good, even crunchy, corporate citizen. Green Mountain

sold 15.5 million pounds of coffee last year, and about a tenth of that was Fair Trade-certified. That's obviously not enough, in Cycon's view, which is why he says he was so upset when Newman's Own Organics picked Green Mountain as its Fair Trade coffee partner. Hence the ad.

But still. Attacking Paul Newman? "I was very, very nervous," Cycon admits. "And I rewrote the ad about five times." The \$1,500 ad in the coffee-shop magazine *Arthur* "just asks why [Newman] isn't using a 100% Fair Trade roaster," Cycon insists, "and urges him to urge Green Mountain to go further." After all, as Newman observed in the recent book *Shameless Exploitation in Pursuit of the Common Good*, written with business partner A.E. Hotchner, "When a shopper walks up to a shelf and says, 'Should I take this one or that one?' you've got to let her know that the money goes to a good purpose."

"I was pissed," says Nell Newman, "because it was a lot of misinformation." Going after her father is a red herring, she argues, because Newman's Own Organics is separate from his famous Newman's Own business. (Of course, his picture is on her brand's label, but perhaps that's just marketing.) Moreover, Green Mountain had distribution that no smaller 100% Fair Trade roaster could match, meaning that Newman's could get bet-

ter placement in more stores, move more coffee, and help more farmers. "I don't have to pressure anyone," she says. "I just *do business*." (A spokeswoman for Newman's Own said neither the actor nor the company would have any comment on the matter.)

After the ad ran, Cycon heard from TransFair USA, which reminded him that its licensees are not supposed to "publicly denounce or disparage" each other. Cycon's response? A second ad, this time in *The Village Voice* (cost: \$11,396). This time around, Newman wasn't mentioned, but Cycon sniped that TransFair "won't tell you" how much coffee certain "self-proclaimed 'so-

cially responsible' companies" buy at Fair Trade prices, and helpfully listed those percentages for Green Mountain (12%), Starbucks (1%), and Seattle's Best (0.5%).

By not just stating its own principles but attacking those of others, Dean's got some press attention, first in the *Valley Advocate*, a weekly in Massachusetts, and later in the *Boston Globe* (and now, obviously, in *Inc.*). Free publicity is fine, but the risk is in coming off as a rock-thrower acting out over a competitor's lucrative deal. Green Mountain CEO Bob Stiller points out that his company brings Fair Trade coffee to a wider audience. A Starbucks spokesperson adds

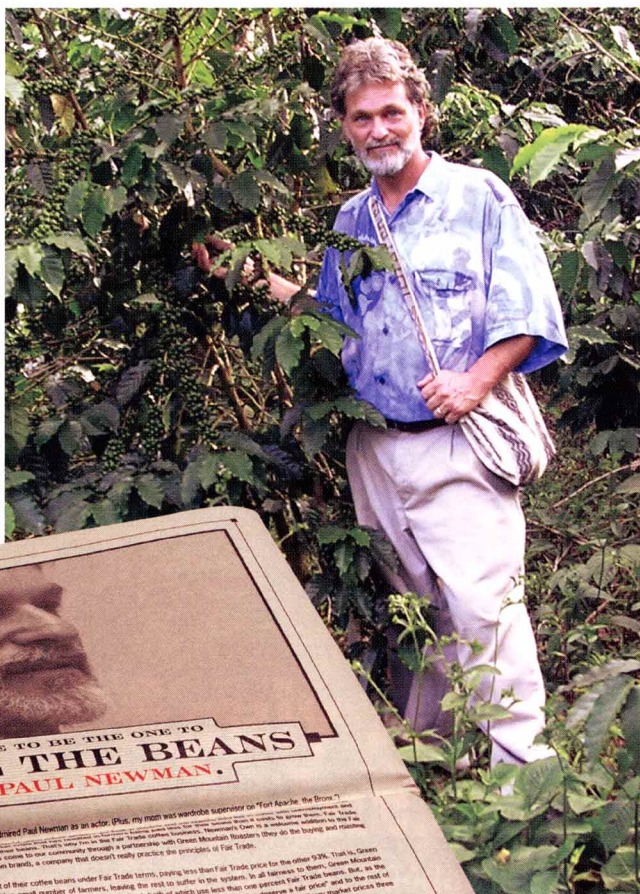
that percentages aside, Starbucks bought more than 1 million pounds of Fair Trade coffee last year—four times the amount that Dean's bought—making Starbucks one of the biggest purchasers of the stuff. And its other purchases are not low-ball. On average, Starbucks paid \$1.20 a pound for beans in 2002.

Cycon doesn't mind ticking off competitors, but he did wonder if the campaign might be too much for his customers. About 30% of his business comes from food co-ops, and those clients are completely behind him, he says. And he's heard no complaints from his institutional customers like Whole Foods and Williams College. He even says that his stance helped him score a new deal with Amherst College, and to spark talks with Deerfield Academy, the prep school, where the students like his position. "The best phone call I got," Cycon says, "was from a woman on her cell phone; she's sitting in a Starbucks in New York City, looking at the ad, and she said, 'I had no idea. I thought they were a hundred percent Fair Trade. Tell me where to go, because I'll never come in here again.' That was pretty neat."

It seems, then, that the Dean's ads work because the company is competing for a very specific niche of consumers—and

"I was very nervous, and rewrote the ad about five times."

DEAN CYCON, on the advertisement (below) that pressed actor Paul Newman on the issue of Fair Trade coffee buying.



I HAVE TO BE THE ONE TO SPILL THE BEANS ON PAUL NEWMAN.

Paul Newman

Dean

DEAN'S BEANS.
100% fair trade. 100% organic coffee.
NO MIDDLE GROUND.

1-800-323-3008

SPREAD, CLOCKWISE FROM TOP: JEAN-MARIE WALKER; KAREN T. BORCHERS/SAN JOSE MERCURY NEWS; GETTY; LUIS BRUNO ©

if doing so means alienating mainstream clients, Cycon frankly doesn't care. That's not a mindset that makes sense for a lot of brands, but it can for one that is driven by ideology. This helps explain his latest move: In early 2004, he announced he was leaving TransFair altogether to launch an alternative initiative with other small 100-percenters, who will pay a price a few cents higher than Fair Trade. TransFair's president and CEO, Paul Rice, goes out of his way not to criticize Cycon, saying that he wishes this "good man" would realize that they're on the same side. And Rice vigorously defends TransFair's strategy. In the past five years, he notes, sales of Fair Trade coffee have grown from 1 million pounds to 18.5 million pounds. "There are literally hundreds of thousands of farmers today who are eating as a result of our success," he says.

Cycon isn't wavering. And in the end, staking out unique territory within the Fair Trade movement doesn't threaten Dean's image—it *is* the company's image. "One of the good things about being an entrepreneur is you define your own bottom line," he says. "How can I look at a room full of farmers and say, you three deserve a fair



"I was pissed because it was a lot of misinformation."

NELL NEWMAN, defending her famous father and her company's deal with Green Mountain

price, and you 50 don't? That's got to be an ethical underpinning," he concludes. "Or it's just marketing." **Rob Walker**