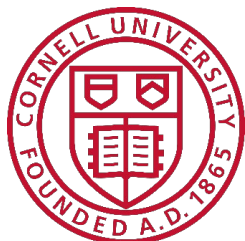


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John Whitney, Agriculture Educator



*This article is the eleventh in a series focusing on vendors who are selling their wares at the Western New York Welcome Center's **Taste NY Market**. Thank you to Warren Emblidge, III, President of S.J. McCullagh, Inc., for meeting with me to share McCullagh Coffee's story along with some marketing tips and strategies.*

Spotlight on McCullagh Coffee

Every coffee bean that makes its way into McCullagh Coffee Roasters' locally roasted and ground coffee products arrives by trucks from warehouses in New York City or New Jersey after being transported by ship from the tropical and equatorial regions where coffee is grown. As the beans move from the traditional 60-75 kilogram (132-165 lb.) jute bags into the processing phases, those beans all pass through a small, grated port in the concrete floor of McCullagh Coffee's Swan Street plant in Buffalo as they make their way into the now computer-monitored roaster.

While the computer and sensors are relatively new innovations, McCullagh Coffee has been selling teas and related products, roasting artisanal coffees, and operating as a family owned business since 1867, when Samuel J. McCullagh first opened for business on Main Street in downtown Buffalo. Samuel's tea and coffee shop has evolved over the last 150 years both in the diversity of products and outlets and in its focus on direct delivery of equipment, services and products to customers in Upstate New York, Northern Pennsylvania, and Southern Ontario, and beyond. With Canadian operations in Oakville, Ontario, the McCullagh market continues to expand. *[insert video of Warren telling story here]*

"McCullagh Coffee Roasters Est 1867" is the trademarked name for S.J. McCullagh's business, along with the trademarked logo. The business is owned by the Emblidge family (Warren's parents). Warren Emblidge, Jr., Warren's father, continues to serve as Chairman. *"I'm a hired gun at this point,"* Warren III said. Along with Warren III, S.J. McCullagh employs approximately 50 other people, including 6 or 7 manufacturer-trained service staff who install and maintain beverage equipment full-time.

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"I cut my teeth in the business." Warren said as he recalled working in the plant through high school and college. He pursued other professional interests after college until about eight years ago when he re-joined the business as his father began phasing out of his direct management functions. *"When I came back in 2012, a lot of the people who I knew when I was in college and high school in the early and mid-90s were still here."* At the ages of nine and eleven, Warren's own children are just beginning to show some interest. His nine-year-old recently helped label some bags during a brief production crunch. That's a start.

Warren said *"It's about the people. You differentiate yourself through the people."* He said coffee in many ways, *"is what the product is."* Warren added, *"In order to be successful in the kind of business that we're in, you need the right kind of people supporting your customer base."* He went on to say, *"The service component is huge."* He said, the service and delivery folks are the face of the company to the customer. *"You have to understand what the needs of the customer are, and bring the product to the customer, and help support what they need. It's not rocket science, but you have to understand the customer, and understand what they are looking for, and how they are looking for it."*

"There's a huge service component to what it is we do." Warren explained McCullagh Coffee services are customized for every client and outlet, from product delivery, to on-site stocking of the full line of beverage products, to servicing of equipment. It's not just the packaging and marketing of products.

McCullagh Coffee's web page, www.mccullaghcoffee.com, has a "sustainability" section which outlines the principles the business follows. *"It's a way to differentiate yourself, but it's also the right thing to do,"* Warren said. That includes participating in the Rain Forest Alliance's certification program, with its focus on four themes: forests, climate, human rights, and livelihoods. For McCullagh Coffee, that also means working with coffee brokers who also participate in the Rainforest Alliance programs. The Rainforest Alliance certification process, as Warren describes it, *"addresses the social welfare of the workers and their families, ensures that there's no child labor, ensures that there are educational facilities, and that there's health care for the workers. It hits environmental aspects as well, so it discourages deforestation, it discourages use of chemical pesticides, but at the same time it's practical....It's not absolute but it's about the steps you need to take."* Warren said it doesn't just make McCullagh Coffee and its customers feel better, *"it helps the farmer earn more for the product because they get a premium for that."* McCullagh Coffee then sells the certified product at a premium so it's a "win-win." *"They make more, and we can make more."* See www.rainforest-alliance.org.

While the certification program does, in some cases and with disclosure, allow coffee to be labeled as Rainforest Alliance certified with as low as 30% certified coffee, S.J. McCullagh doesn't do that with its Rainforest Alliance labeled products. *"If we're going to sell Rainforest Alliance coffee, it's going to be 100% Rainforest (Alliance Certified)."* Since it is impossible for

S.J. McCullagh to visit and independently verify the practices of every grower at every origin, Warren explained that you have to rely on the third-party certifiers. Rainforest Alliance *“comes to the top, as practical but stringent,”* in addition to being well known enough to resonate with consumers.

McCullagh Coffee does *“contract forward”* buying, looking six to twelve months out as they work with their trusted brokers based on projected demand. Each futures contract is about a 40,000 lb. commitment. Coffee bags are stored in bonded warehouses in New York and New Jersey. Pre-shipment samples help ensure quality expectations and requirements. Delivery follows a call to the broker to arrange for shipment by tractor trailer from the warehouses to the Swan Street facility. Full truckloads typically work for some of the more popular origins like Brazilian, Guatemalan, Honduran, or Columbian. More specialty origin coffee beans come in by the pallet on partial truck loads.

Warren listed some of the many origins of McCullagh Coffee products: Brazil, Columbia, Honduras, Peru, Guatemala, Ethiopia, Kenya, Mexico, Tanzania, Sumatra, Jamaica, and Hawaii, among others. McCullagh Coffee focuses on both the coffee origin and flavor profiles, depending on the coffee and blend. *“The part of the market you see growing is the one where people are more interested in origin.”* For coffee, another consideration is the roast color with the associated flavor impacts. *“Some people like dark roast coffees; some people don’t. Some people like bright, acidic coffees. Some people like smoother, richer coffees. You can market that in the context of the origins because they all have unique flavor profiles that come out in a roasted product.”* Warren said, Kenyan or Tanzanian coffees may be more floral while a high altitude-grown, Central American coffee might be more acidic. *“They’re drinking the idea,”* Warren suggested as he described customer preferences, particularly in association with exotic origins.

Some coffee drinkers are more adventurous, while others stick to what they know. McCullagh Coffee works to meet both of those customer’s preferences. Product labeling and descriptions have tended to include the origin and the flavor characteristics, especially at the higher end of the market. At the lower end of the market, it’s more about describing the taste and whether it will appeal to the customer. McCullagh also does a lot of blends that don’t call out the specific origin. *“It’s an agricultural product that varies over time,”* Warren said. *“When you use blends, you have the ability to kind of pull things out and push things back in to maintain that profile you are looking for. That’s part of how we maintain flavor consistency in our blends. For example, you might use what are called ‘primary milds/higher end milds’ from Peru for part of the year and from Honduras for another part of the year. And one region for part of the year and another region for another part of the year. It all has to do with that crop cycle and when it’s fresh. And then you might add into that a Brazil, or you might add into that a Guatemalan or some other origin. You can change the blend through time to help maintain the consistency of*

the product you are selling.” Warren suggested, “In coffee, until recently I suppose, people are creatures of habit. You enjoy a particular coffee. When you wake up in the morning and you have that cup of coffee, it’s going to taste the same today as it did yesterday. That’s really important in our business – maintaining that flavor profile.”

While the branding is important in some of the product lines, the McCullagh brand is as much about the service and consistency as it is about specific coffee varieties and products. *“In a lot of the restaurants you might not even know where the coffee is from,”* Warren said. *“It’s tough to market that way, but with our growth in retail, we’ve had more opportunity to do that. That’s been a positive thing for our brand, as well as with the advent of K-cups™.”* Warren said the K-cups trend *“doesn’t really fit from a sustainability perspective but it’s something that the customer demands.”* He said, *“The consumer is looking for convenience and variety. And if you think about the office manager, who’s got to keep 50-60, however many, employees happy, K-cups are a good way of providing variety to meet everyone’s individual preferences. Compostable and recyclable K-cups are out there but that is currently green-washing,”* Warren said, as he talked about the challenges of meeting customer demands and achieving sustainability objectives. He explained, recyclable K-cups are not truly recycled with the current plastic recycling processes and the compostable K-cups require controlled, high temperature, commercial composting plants which *“are few and far between, and good luck finding one in Western New York. People also assume that compostable K-cups will compost in the landfill.”* He said the reality is, with current practices, compostable plastics contribute to methane problems, *“which is actually worse than with inert, non-compostable plastics.”* Warren said *“It’s difficult, because the consumer demand created by the convenience and variety just trumps the environmental concerns, and then the green-washing just makes people feel good about what they are buying.”*

A number of local farms use McCullagh’s coffee bean roasting byproduct as a soil amendment and the used jute bags get picked up for use as row covers among other secondary uses. That said, Warren’s father, Warren, Jr., has taken McCullagh Coffee’s sustainability and environmental stewardship commitments to another level through the founding and operation of EcoVerde Organics which works with community stakeholders to use locally-sourced food and food processing waste, livestock manure, yard waste and other natural materials to create custom tailored and tested composts for lawns, gardens, landscapes and agricultural crops. That includes coffee grounds and McCullagh Coffee’s own coffee roasting and grinding byproducts. For more information see, www.ecoverdecompost.com. In the interest of full disclosure, I’ve had many discussions with Warren Jr. and other EcoVerde staff in recent years as they have worked to move the business from concept to a sustainable operating entity.

The connection is reinforced with the Ecoverde Coffee brand, produced by McCullagh Coffee. This Rainforest Alliance Certified product uses coffee beans from Guatemala and Columbia and

packages the roasted, natural flavor encapsulated, ground coffee in compostable packaging printed with soy-based inks. Exterior packaging is Sustainable Forest Initiative (SFI) certified. This is one more big step towards McCullagh Coffee Roasters' sustainability commitments.

While touring the McCullagh Coffee plant, it was fascinating to observe the coffee making process from the stacked bags of unroasted coffee beans, through the carefully monitored roasting, grinding, and packaging stages. Much of the process is automated with significant computerized monitoring. Still, the production team keeps it all running smoothly.

The procurement, shipping, roasting, quenching, grinding and packaging stages of production are only part of the story, though. As Warren said, with its focus on servicing a diverse mix of clients, much of the space in the plant is devoted to beverage equipment awaiting deployment, repair or recycling. As a full-service beverage company, through marketing and business alliances, McCullagh Coffee also stocks and distributes more than a dozen other product brands including familiar names like Lavazza, Green Mountain Coffee, Starbucks, Maxwell House, Folgers, Harney & Sons, Bigelow, Nestlé, and Lipton among others. McCullagh also stocks and distributes brewing and consumption accessories including filters, cups, napkins and other paper products, sweeteners, flavor syrups, and non-dairy creamers. Products include traditional roast and ground single origin and blended specialty grade coffees at various price points, flavored coffees, liquid shelf-stable & frozen coffee, and espresso products from Nespresso, Illy and directly from McCullagh. Bean-to-cup specialty brewers and cold brew programs are available through McCullagh Coffee. Even drinking water programs and cleaning and sanitizing supplies are among the offerings. That's all part of S.J. McCullagh's commitment to meeting the needs of every customer and clients from coffee houses, restaurants & fine dining establishments to food service, hospitality, health care and educational institutions, offices and convenience stores. S.J. McCullagh supports retailers, food service distributors, and office coffee service operators for more than 600 manufactured roast and ground coffee products.

Packaging options include retail bags and pouch products, single serve coffees & cappuccinos, four cup hotel packs, and fractional pack coffees with filters. Specially processed, quick dissolving hot chocolate is also available in K-cup packaging. McCullagh Coffee Roasters welcomes distributor arrangements and even toll and profile roasting and private label programs taking advantage of McCullagh's equipment investments and more than *"20 million pounds of roasting and grinding capacity."*

Of course, the COVID-19 pandemic has greatly impacted the business, especially during the Spring 2020 shutdown. Several of the marketing channels were greatly impacted and continue to be affected. Demand is low in the office and restaurant spaces. Warren said restaurants, in particular, have been suffering. *"It's very challenging for them and our hearts go out to them. Still, people like the normalcy and comfort of their favorite beverages. So, at the same time,*

long-term care, hospitals, convenience store and grocery sales have been very good, as has the home sales part of the business. We probably do a couple of pallets of home sales, drop shipping per day,” Warren said.

S.J. McCullagh is a “seller-fulfilled Prime” distributor through Amazon, which means, in addition to their direct processing of online, retail shop, and phone sales, they handle and ship orders placed through Amazon directly out of the Swan Street plant. “We get the Prime badge, which buyers look for, but we ship from here, so we control our own destiny,” said Warren.

Gift cards and baskets along with many other McCullagh Coffee Roasters branded or distributed products are available online or in McCullagh Coffee Roasters’ retail shop at the entrance to the 245 Swan Street facility. Coffee and espresso making equipment and supplies are also available in the retail shop. McCullagh Coffee’s web page, again at www.mccullaghcoffee.com, includes product illustrations and pricing under the “retail shop” tab. As S.J. McCullagh Coffee Chairman, Warren Emblidge, Jr. writes on the McCullagh Coffee’s History page, “... Our passion for great coffees ensures that you will get an exceptional cup of coffee, each and every time. That’s our promise to you.”

Thank you to S.J. McCullagh Coffee President, Warren Emblidge, III, for taking the time to discuss McCullagh Coffee Roasters’ historic beverage business along with some marketing experiences and strategies. You can find freshly brewed McCullagh Coffee and a selection of packaged McCullagh Coffee products at the Taste NY Market at the Western New York Welcome Center. McCullagh Coffee is also featured at the Taste NY Market Kiosk at the new Buffalo-Exchange Street Amtrak Train Station in addition to many area and regional groceries, restaurants, offices, healthcare facilities, educational institutions, coffee houses and convenience stores. McCullagh Coffee products may also arrive by drop shipment directly to your door through online sales. Whether you know it or not, McCullagh Coffee products could be in your cup or brewed with equipment provided and serviced by S.J. McCullagh. With its commitment to Rainforest Alliance certified projects, McCullagh Coffee combines a commitment to human rights and fairly traded purchasing strategies and sourcing with sustainable, resilient, environmentally responsible production techniques.

S.J. McCullagh is an example of how small businesses in Western New York and throughout the State are continually adjusting to changes in the economy and markets and is one of the many businesses working to make fresh, tasty and nutritious, locally grown or processed foods, beverages and specialty goods and services available to consumers in the region.



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Taste NY Market at the Western NY Welcome Center

1999 Alvin Road

Grand Island, New York 14072

(716) 773-0970

erietasteny@cornell.edu

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