



# WE LOVE COFFEE



**CHRIS LEITER**  
CHIEF EXECUTIVE OFFICER



**TOM QUARMBY**  
CHIEF FINANCIAL OFFICER



**MATT NASTOS**  
CHIEF MARKETING OFFICER



**FELIPE FREITAS**  
CHIEF OPERATING OFFICER

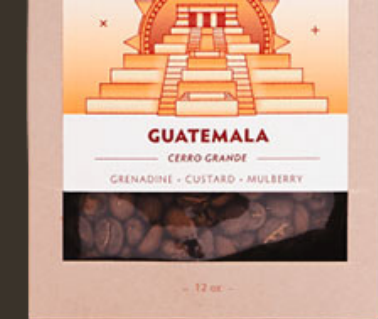




# COFFEE COLLECTIVE

THE FINEST COFFEE, DELIVERED JUST HOW YOU LIKE IT

AUGUST 2020



# PEOPLE LOVE COFFEE, ESPECIALLY MILLENNIALS

US CONSUMERS SPEND \$75 BILLION A YEAR ON COFFEE

64% OF AMERICANS DRINK A CUP EVERY DAY



**Home is where the heart is.** 79% of coffee drinkers in the U.S. drink coffee at home, and is expected to increase



**Big spenders.** Millennials spend on average \$2k a year on coffee, 70% on 'gourmet' coffee



**Local is king.** Millennial coffee drinkers shell out up to \$25 per pound as compared to a maximum of about \$20 per pound from a non-local high-end roaster.



**Organic is in.** Millennials are willing to pay almost 250% more for products with a clear country of origin and certified 'fair trade'



# PROBLEM: FRAGMENTED MARKET

## CONSCIOUS CONSUMERS ARE DRIVING CHANGE

### Consumer trends

Millennial consumers are looking for a unique coffee 'experience', not just a utility

Seeking out local, small batch roasters and coffee retailers

Want to 'feel good' by promoting local brands they know and organic small farms

Slow start culture, mindful food and drink consumption trend - uptick in drip coffee and slow brew coffee



### Current state

Discovery process for coffee is arduous, fragmented and high cost

Access to speciality and local coffee shop brands - they're not online

Coffee is ubiquitous and is dominated by major corporate brand with poor environmental track records (e.g. disposable coffee pods)

The coffee pod revolution is slowing due to environmental concerns and IP protection





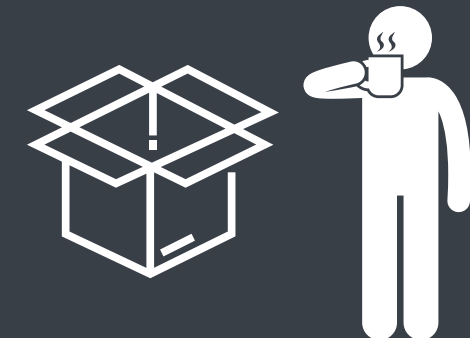
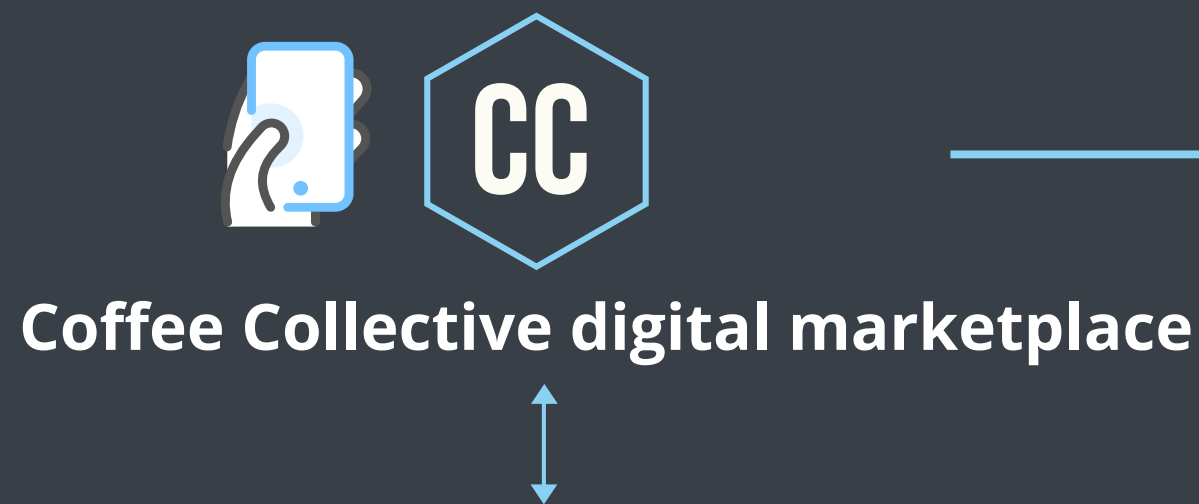
# SOLUTION: COFFEE COLLECTIVE

## FIRST PREMIUM SUBSCRIPTION MARKETPLACE FOR COFFEE

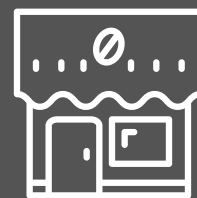
Search for your favorite local coffee roaster or allow us to send a 'curated' selection from global suppliers, all certified fairtrade organic

Choose size and packaging of coffee: raw beans, ground or pod capsules

Subscribe on a weekly or monthly recurring basis and get your curated coffee sent to your doorstep



**Matching demand with premium suppliers**



Microroasters and hyperlocal brands



Global selection of fairtrade farm to table exclusive roasts and blends

**Earn rewards** to reach tiers within Coffee Collective - accessing exclusive blends and branded 'swag'

**Personal concierge** (AI chat algorithm) to customize orders to individualized tastes

**Exclusive community** platform connecting subscribers to local roasters and community events



# BUSINESS MODEL

## CREATING A 'STICKY' CUSTOMER VALUE PROPOSITION, MATCHING SUPPLY

### Subscribers

#### Premium

\$49.99 per month  
\$499.99 per annum

*Exclusive & premium taste  
Always microbatches*

#### Ultrapremium\*

\$99.99 per month  
\$999.99 per annum

*Exotic & exciting blends  
One-off batches*

#### Ancillary revenue\*\*

30% off for new customers  
Extra rewards for referrals 10% off  
Membership reward platform  
Free shipping, always  
Exclusive local community events  
Coffee Collective 'swag'

### Suppliers

Hyperlocal urban roasters coffee shops  
Local family owned farm to table  
Global small, locally owned coffee farms

#### Marketplace fee

\$0 for first year  
\$99.99 after

#### Revenue share

25% of all sales on non-  
subscription marketplace  
sales (direct to consumer)

#### Ancillary revenue\*\*

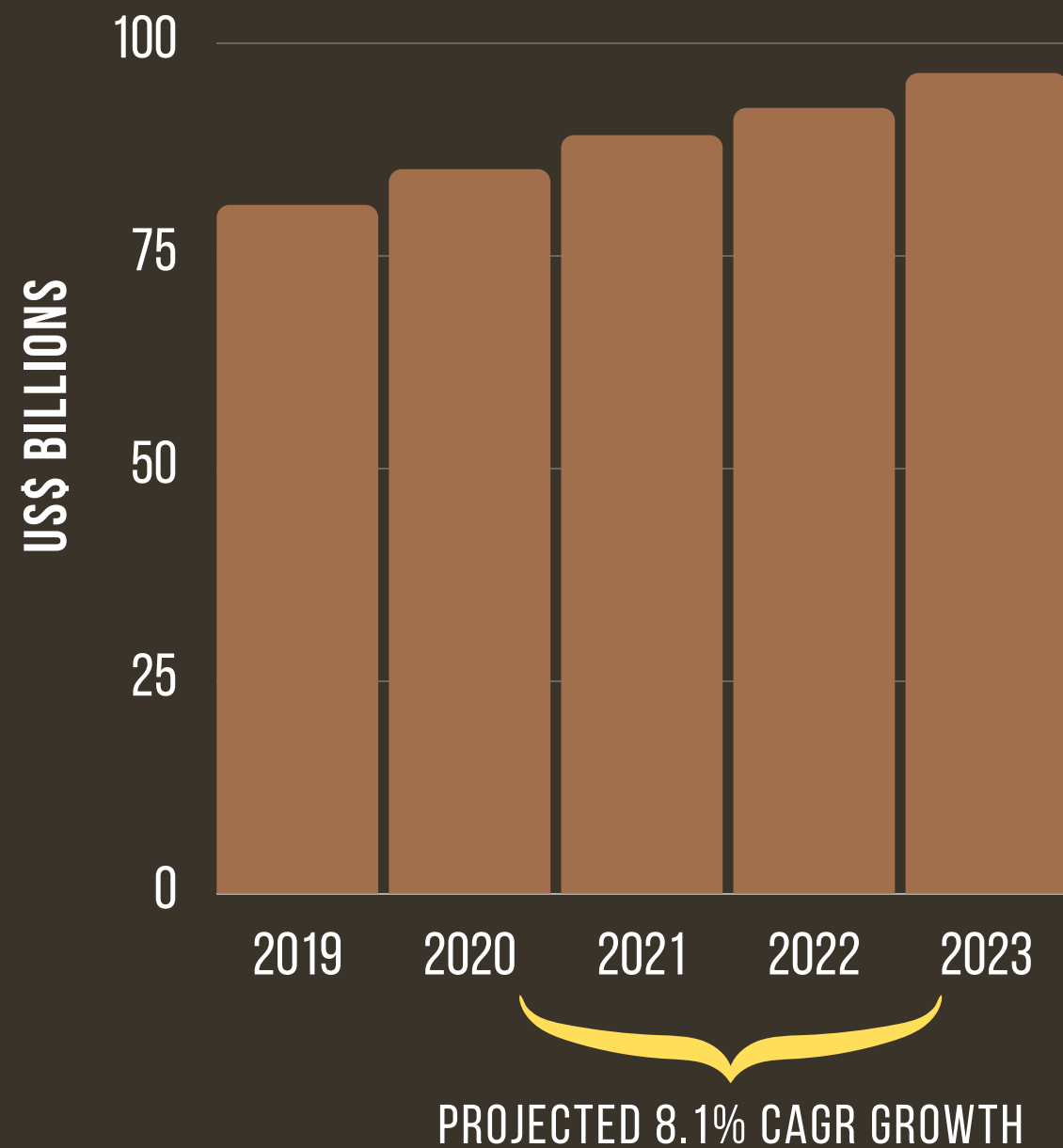
Annual membership fee waived for new  
suppliers  
Paid advert features for suppliers  
Target advertising to local subscribers  
Supplier events  
Special packaging and design  
Supplier education and optimization

\*Not introduced at launch, will featured ultrapremium coffee from select global farms and roasters  
\*\*Not all features introduced at launch, some service will not be revenue generating



# MARKET SHARE CAPTURE POTENTIAL

## U.S. COFFEE MARKET GROWTH 2019-23



## ANALYSIS

The National Coffee Association estimates Coffee-related economic activity comprises approximately **1.6% of the total U.S. GDP**

Coffee (especially gourmet) is a **low-technology, high margin business** at its core - innovation is non-existent and consolidation amongst major brands and producers continues

Major coffee producers and retailers **hold 80% hold on the market - room for upstart brands** - nearly four of every five US coffee shops are Starbucks, Dunkin' or JAB Brands





# MARKET RIPE FOR DISRUPTION



Coffee subscription is the fastest growing segment in the coffee industry



125% increase in local U.S. based roasters since 2016

## Impact of COVID19



Due to COVID19, **consumers have turned to online subscriptions** to get their caffeine fixes while the bulk of America's 37,000 coffee shops remain shut down – with the same expectation for customization as from their in-store baristas.

Source: <https://www.pymnts.com/subscription-commerce/2020/brewing-user-interest-coffee-subscriptions/>



Millennials want to support local, fairtrade brands



Consumers are willing to spend 3x more for coffee brands they trust, with premium packaging and brand



Consumers have taken their specialty coffee shop habits home with them by buying pricier beans and trading up to fancier Folgers. They've also been **signing up in droves for coffee subscription services that send bags of artisan beans to their doorsteps.**

Source: <https://www.cnn.com/2020/06/21/business/people-signing-up-for-coffee-subscriptions/index.html>

Source: <https://myfriendscoffee.com/usa-coffee-statistics/>

Source: <https://www.bluecart.com/blog/coffee-subscription-trends-statistics>





# USP & COMPETITIVE LANDSCAPE

Coffee Collective is targeting a select customer who values an ultra-premium product

Our target customer owns multiple coffee appliances, cares deeply about provenance, transparency, and ESG impact

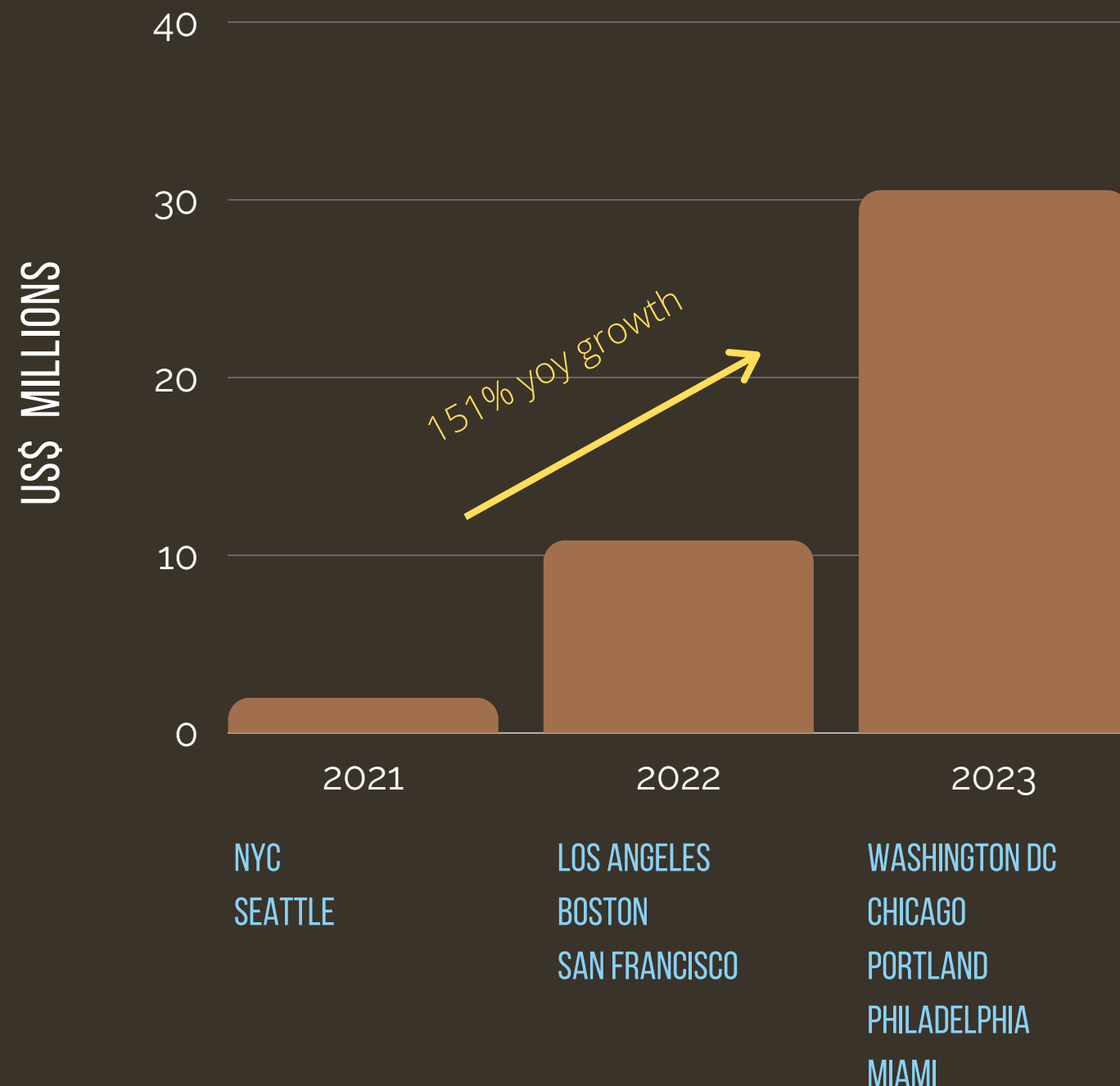




# PROJECTED REVENUE

## FOCUSED ON A METRO AREA GROWTH MODEL

### PROJECTED REVENUE



### DETAILED REVENUE FORECAST

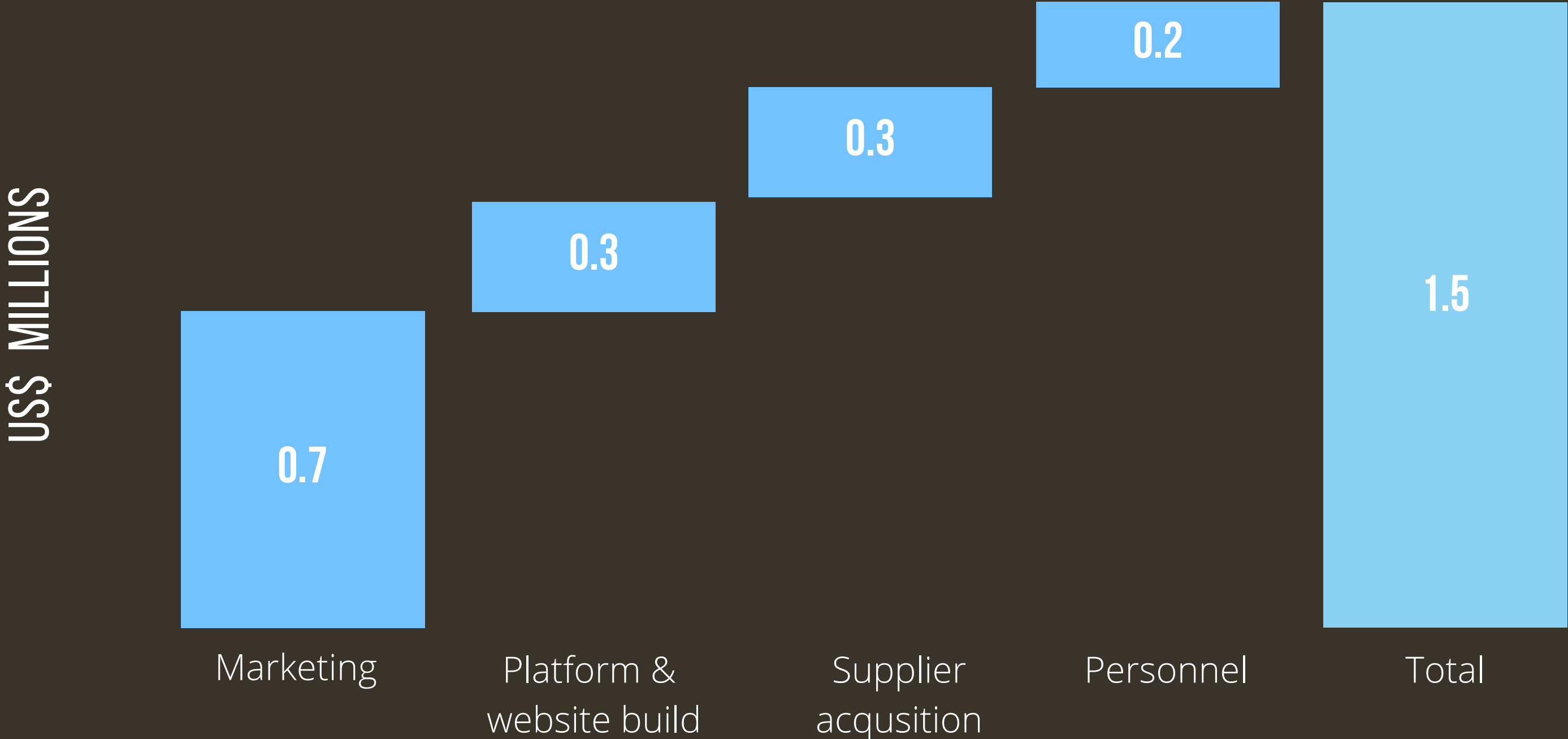
	2021	2022	2023
<b>Total subscriber / user base</b>	4,500	18,000	40,000
<b>Average Revenue Per User</b>			
~blended B2C subscription ARR	\$434	\$598	\$768
~direct marketplace sales (rev. share)	\$11	\$27	\$51
~ancillary revenue from suppliers	\$9	\$17	\$32
<b>Churn</b>	35%	29%	23%
<b>Topline revenue growth</b>	<b>\$1.95m</b>	<b>\$10.8m</b>	<b>\$30.5m</b>

Coffee is a high margin business at scale, we estimate gross margin would grow to 55% in Year 3 on an annualized basis

Management of customer churn will be key as metro territory expands, we expect this to stabilize over time as 'stickiness' takes hold

# RAISING \$1.5M SEED ROUND

9-MONTH LAUNCH RUNWAY IN SEATTLE & NYC



Source: Coffee Collective team analysis





MUCH MORE THAN JUST COFFEE

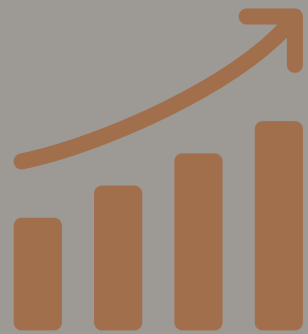




# APPENDIX



# EXIT OPPORTUNITIES



## KEY LEVERS FOR GROWTH

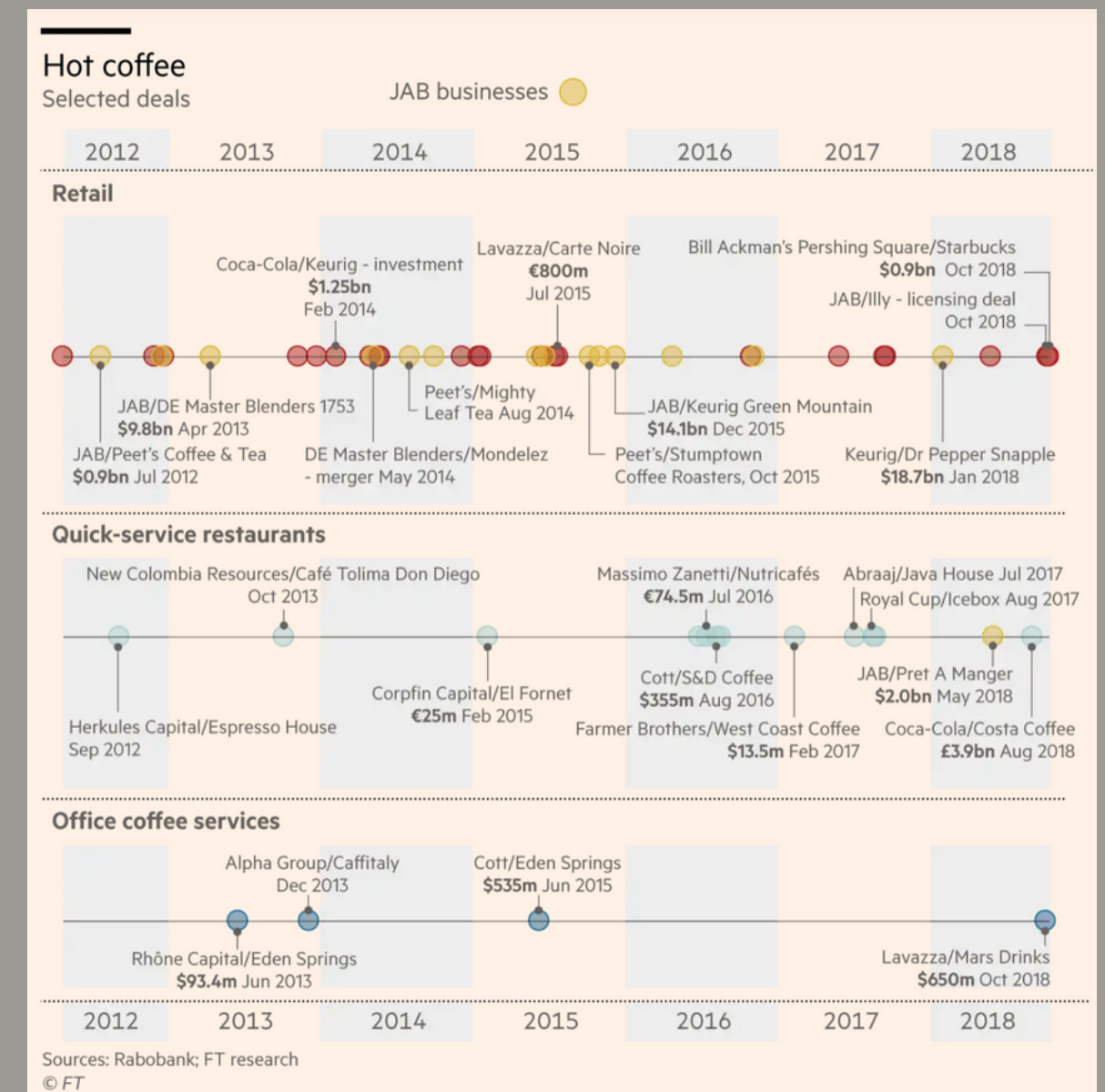
- Refine and drive higher customer LTV + margins
- Focus on last mile delivery
- Optimize customer service loyalty
- Drive consumer brand and culture



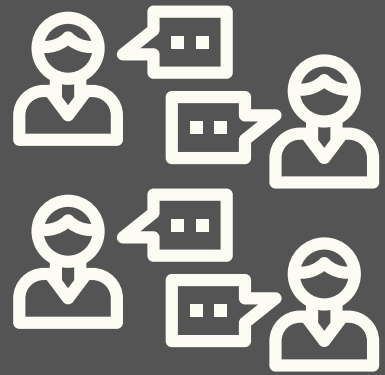
## EXIT POTENTIAL

- Global CPG player
- Amazon or other major online retailer
- Existing coffee retailer

## RECENT SECTOR M&A



# LAUNCH MARKETING



Leveraged referral mechanics to generate a network halo effect



Word of mouth and influencer referral based lead generation program with the objective of gaining >100k email opt-ins prior to site launch



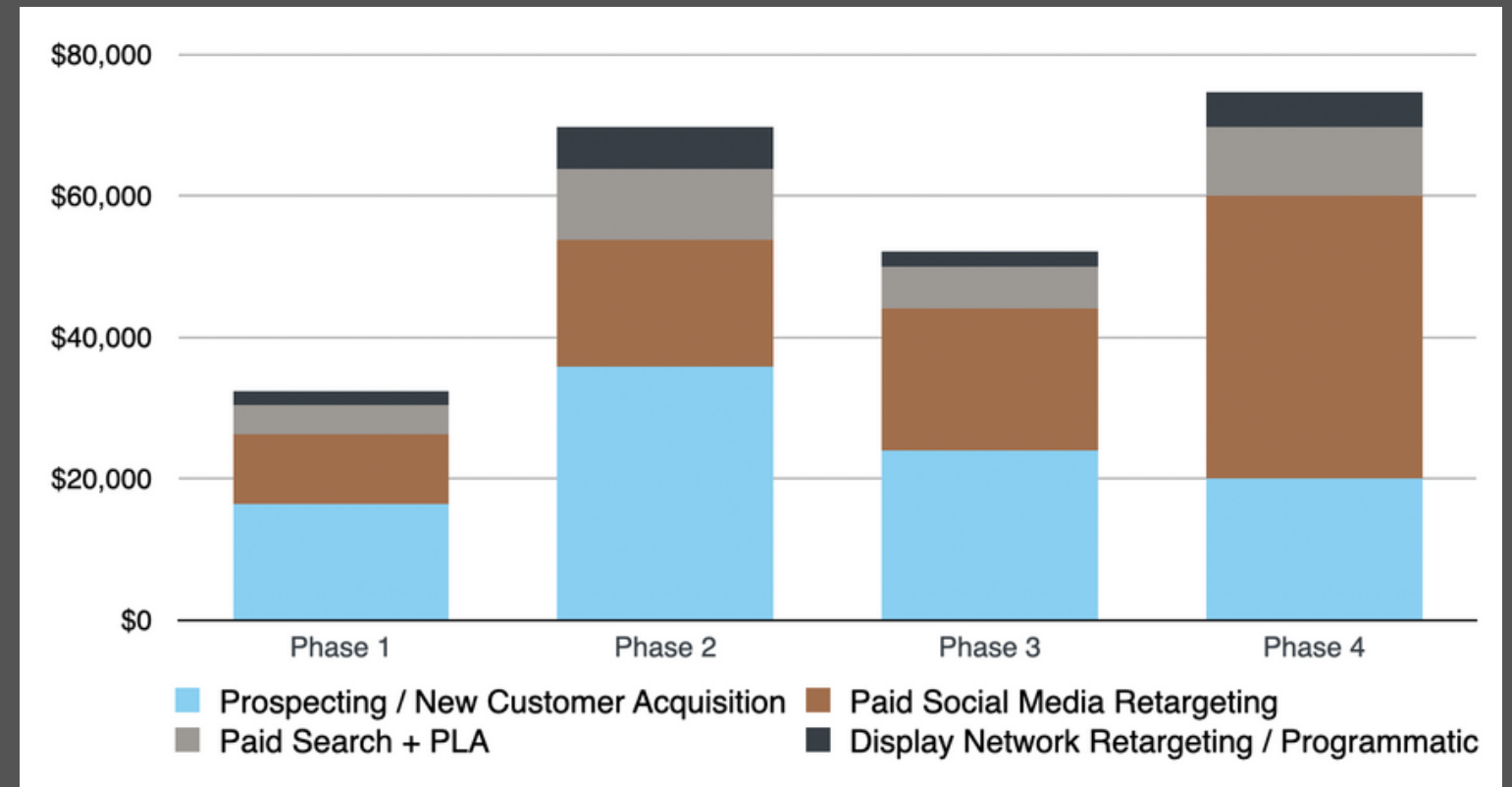
The pre-launch program will also enable Coffee Collective to begin gauging demand by target demographic, brand pillars, and messaging strategy



Initial messaging will also position CC as an invite-only membership model, similar to the launch of GILT

launch cities will be confined to NYC & Seattle with secondary cities building independent wait lists to gauge interest.

## Indicative \$700k budget



**Phase 1** Begin testing new customer acquisition hypotheses while developing lower funnel

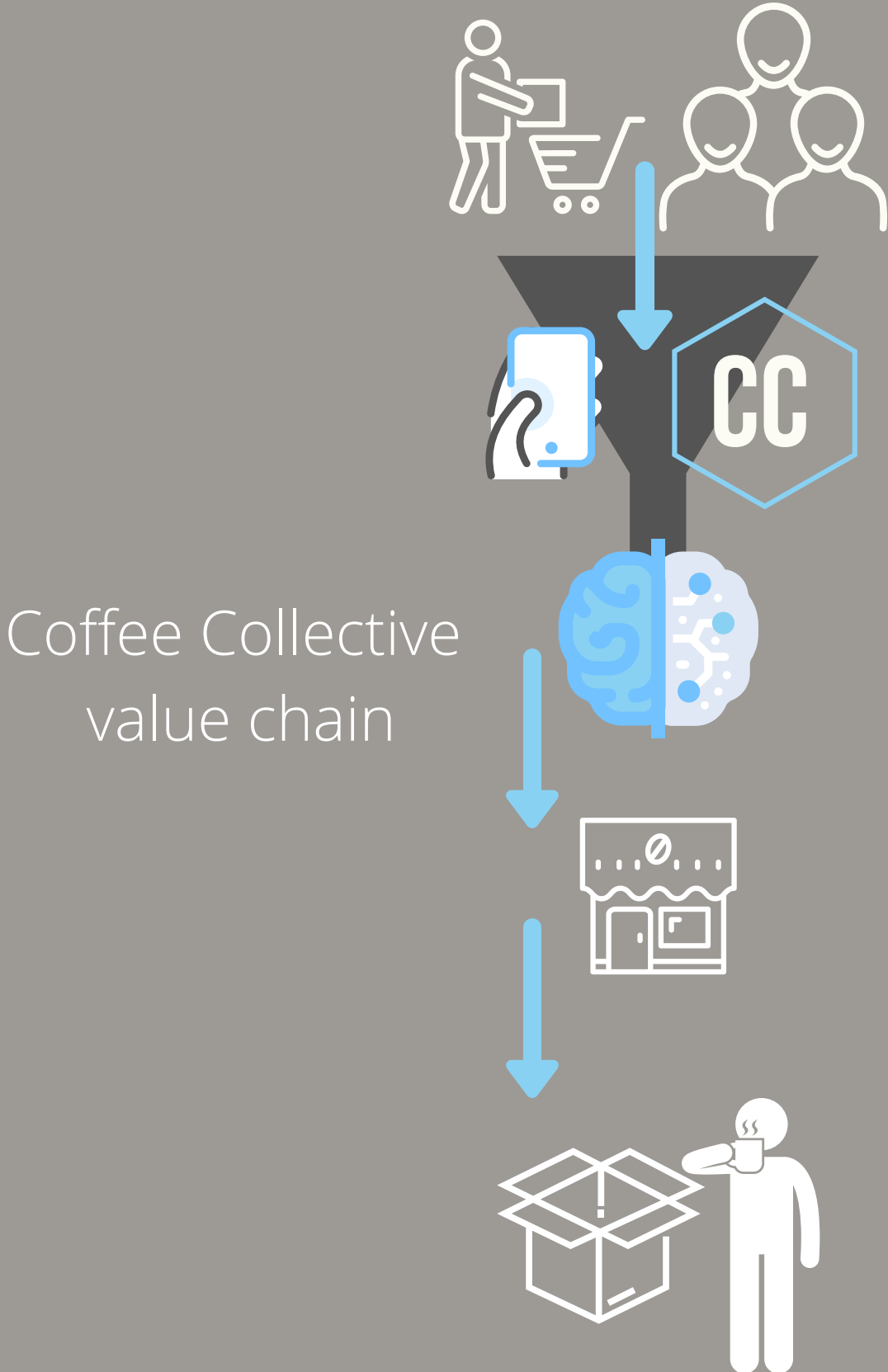
**Phase 2** Introduce lead generation and PLA program

**Phase 3** Manage seasonal consumer activity over the summer while ramping up to Holiday

**Phase 4** Significantly increase retargeting while also increasing new user acquisition for the holiday season



# DYNAMIC DISTRIBUTION MODEL



Coffee Collective will connect ultra-premium coffee suppliers with their target customer through an elevated digital experience in the form of a curated ecommerce shop.

Coffee Collective will own the customer acquisition funnel, while suppliers will oversee fulfillment with logistical support from us to ensure a consistent customer experience.

This global network of suppliers will be a key resource, as we eventually move towards exclusive distribution relationships. Additionally, by bypassing traditional inventory ownership, we will be able to manipulate a dynamic assortment to maintain customer interest, without the restriction of physical warehousing or added sell-through risk.

By not owning inventory (initially), Coffee Collective will be a demand managing engine, unburdened by typical supply-side constraints. Focusing on the ultra-premium segment with a subscription model will yield a high customer lifetime value (cLTV), providing a substantial margin for customer acquisition cost (CAC).

# COFFEE IS PERSONAL

The world consumes close to 2.25 billion cups of coffee every day, what makes your cup you?

Coffee is more than just a drink, it's your morning ritual - that time of the day you're just on your own.

**That's why we've created Coffee Collective, delivering the finest barista inspired artisan blends direct to you every week.**







# COFFEE COLLECTIVE

THE FINEST COFFEE, DELIVERED JUST HOW YOU LIKE IT

## **Problem: fragmented market and changing consumer trends**

Consumers are increasingly seeing coffee as less of a utility and more of a culture and community experience. Consumers want to know the coffee they are getting is fairtrade, organic, and speaks to their value-set. They want to support local coffee roaster and small organic farmers. But the discovery process is often offline, high opportunity cost and is unfamiliar. The coffee industry is dominated by major corporates with questionable environmental and social records.

## **Solution: Coffee Collective - a premium marketplace for coffee delivery**

*B2C:* Coffee Collective delivers an ultra premium 'coffee club' like experience, where consumers receive weekly or monthly delivery of new coffee to their door. They pay a subscription based on a unique selection criteria. Subscribers have access to exclusive roasts direct farm to table and from local neighborhood or global microbatch roasters.

*B2B2C:* Coffee Collective creates a marketplace for local coffee roasteries to expand their reach and establish global boutique brands.

**Importantly, Coffee Collective is more than just coffee - it's a community.** We generate 'stickiness' through exclusive value to consumers and suppliers through events, curated content, exotic and premium assortment and an incentivized tiered membership reward platform.

