

MERRILD

LAVAZZA

THE GROUP



TURNOVER FOR 2014



OVER

€1,344 MILLION

FIRST WORLDWIDE single-product **COMPANY** focusing on coffee

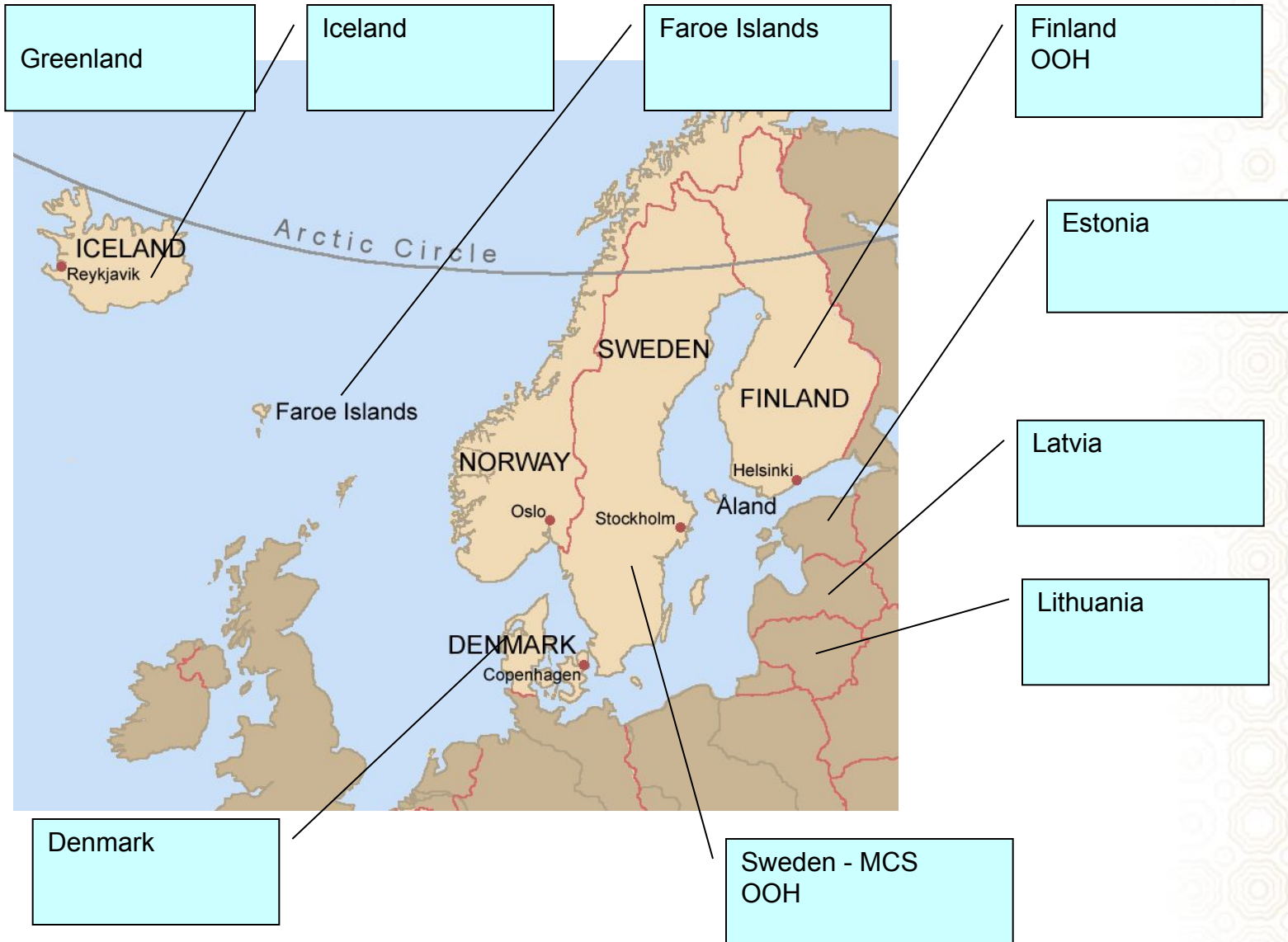
Lavazza imports over 2,400,000
60-Kg bags a year.

Lavazza produces 100,000 tons of
roasted coffee a year.



Merrild acquired by Lavazza 06.2015.

Geographical representation of brand



COFFEE

training



Coffee history



According to a coffee history legend, an Arabian shepherd named Kaldi found his goats dancing joyously around a dark green leafed shrub with bright red cherries in the southern tip of the Arabian Peninsula. Kaldi

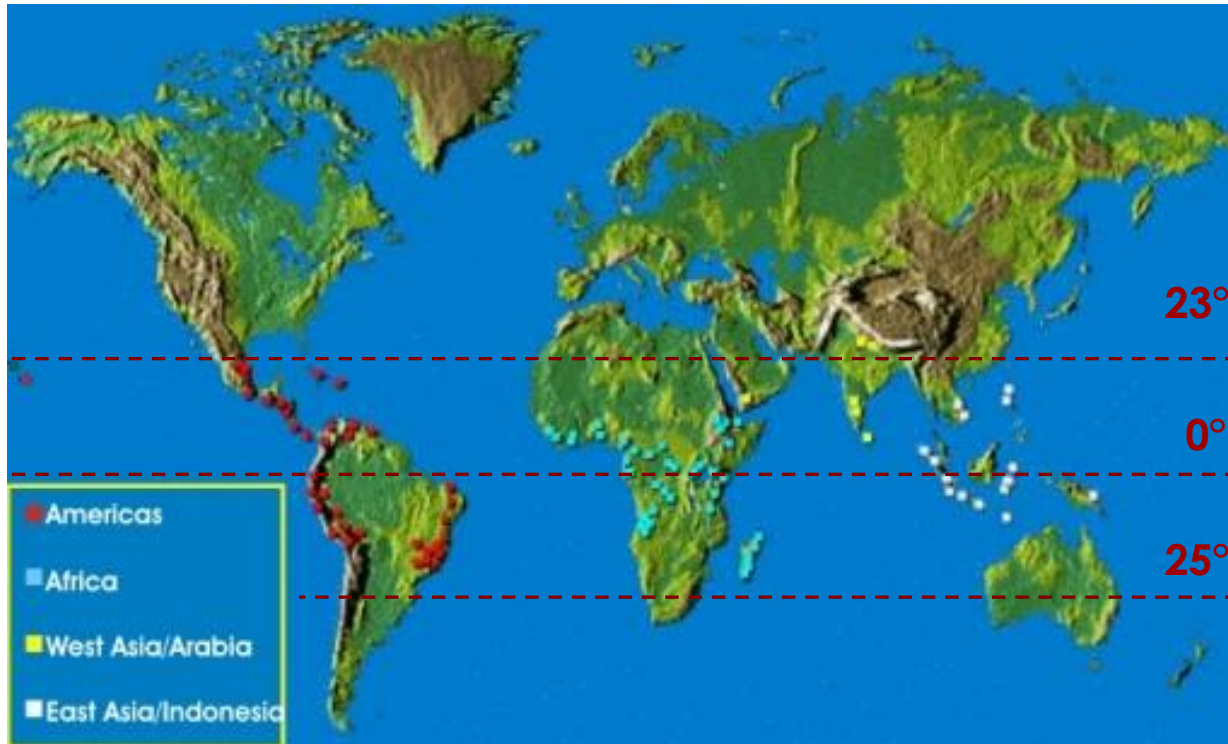
soon determined that it was the bright red cherries on the shrub that were causing the peculiar euphoria and after trying the cherries himself, he learned of their powerful effect. The stimulating effect was then exploited by monks at a local monastery to stay awake during extended hours of prayer and distributed to other monasteries around the world. Coffee was born.

Coffee history - timeline

- 850 – First known discovery berries in Ethiopia
- 1100 – The coffee first trees are cultivated on the Arabian peninsula.
- 1475 – The worlds first coffee shop opens in Constantinople.
- 1600 – Coffee enters Europe through the port of Venice.
1652 – the first coffeehouse opens in England
1654 - the first coffeehouse opens in Italy
- 1822 – The prototype of the first espresso machine is created in France.
- 1905 – The first commercial espresso machine is manufactured in Italy.
- 1908 – The invention of the worlds first drip coffeemaker. Melitta Bentz makes a filter using blotting paper.
- 1933 – Dr. Ernest Illy develops the first automatic espresso machine.
- 1995 – Coffee is the worlds most popular beverage. More than 400 billion cups are consumed each year. It is a world commodity that is second only to oil.
- Today – World's #3 traded commodity in value after oil and tabacco



Coffee – producing regions



Coffee grows exclusively in tropical and sub-tropical regions. About 70 countries involved in cultivation. The ideal growing conditions for coffee trees are of 17°C to 23°C.

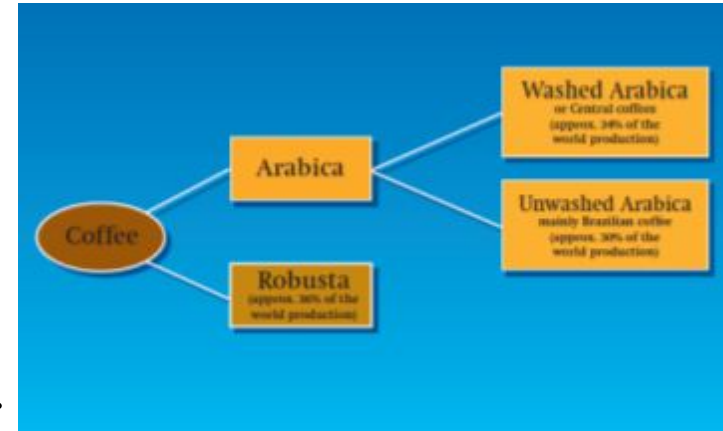
Brazil is the world's largest coffee producer (30%), Vietnam (12%), Columbia (10%), Indonesia (6%).

Coffee varieties

ARABICA and **ROBUSTA** are the two most important varieties of coffee.

WASHED ARABICA beans are rather slim and larger than Robusta beans. Their colour ranges from blue-green and olive-green with a bright silver membrane. Washed Arabica, and particularly that of highland origin is known by coffee connoisseurs for its excellent flavour.

UNWASHED ARABICA beans are smaller than Washed Arabica, and are yellow-green colour.



ROBUSTA coffee beans are smaller and rounder than Arabica beans. Robusta beans are usually irregular in colour, varying from brown to yellow-brown to yellow-white. Robusta coffee has a little less flavour and contains more caffeine than Arabica.

The cultivation of coffee



The cultivation of coffee



In the wild, coffee trees may grow to a height of 10 to 15 metres.
On the plantation trees are not taller than 1,5 to 3 meters.
Coffee trees begin to bear fruit from the third or fourth year and go on
produce an optimal crop for ten years.

The cultivation of coffee



1 tree = 500g pack



1ha = 3-4 tons green coffee

Harvest and processing



Harvest and processing



Harvest and processing – Wet processing



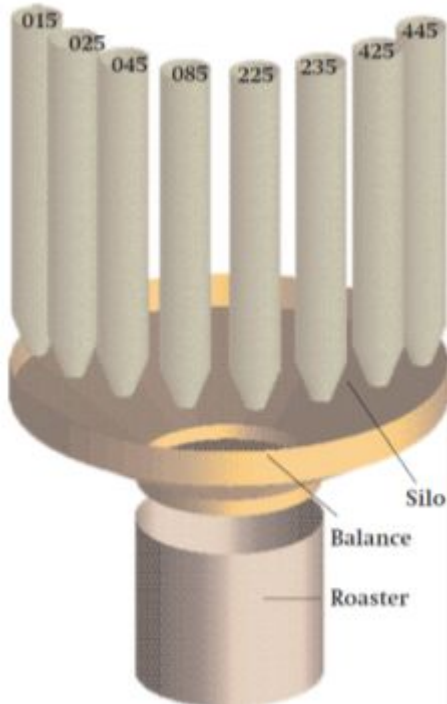
Harvest and processing – Dry processing



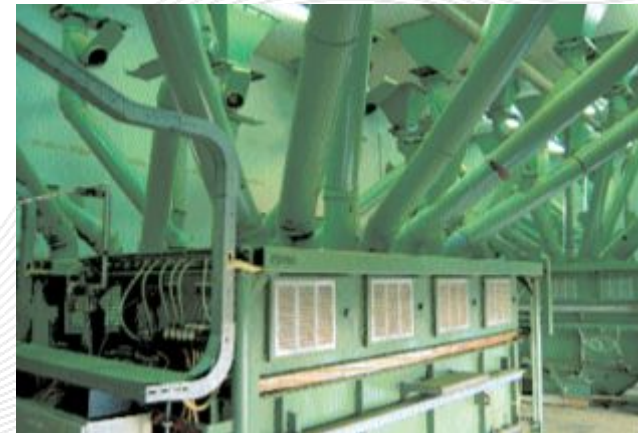
Inspection



Blending

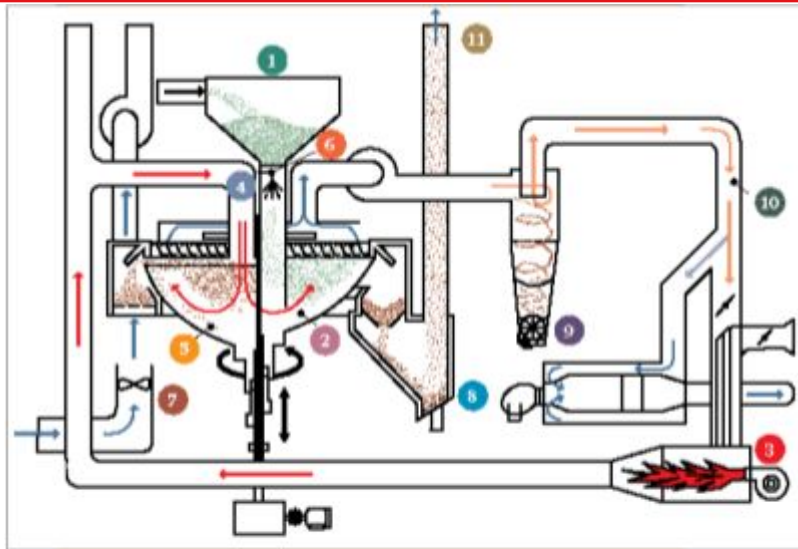


A blend is a mixture with a characteristic, flavour, made up of coffee varieties with different attributes from various regions.



Usually four or more green coffees from different countries are needed in order to achieve the required flavour. Most coffee roasters, including Merrild, mix their blends before roasting.

Roasting



Schematic diagram of a batch roaster

- | | | |
|--------------------------|------------------|------------------------|
| ① Supply of green beans | ④ Hot air | ⑦ Cool air supply pipe |
| ② Rotating roasting bowl | ⑤ Roasted coffee | ⑧ Stone remover |
| ③ Heat source | ⑥ Water sprayer | ⑨ Dust filter |

the blend, the coffee beans reach a temperature of 200 to 250 °C.

The most important factors during roasting are roasting time, temperature, the amount of shrinkage (weight loss), and the volume of the beans.

the roasting time of coffee beans varies

depending on the required flavour.

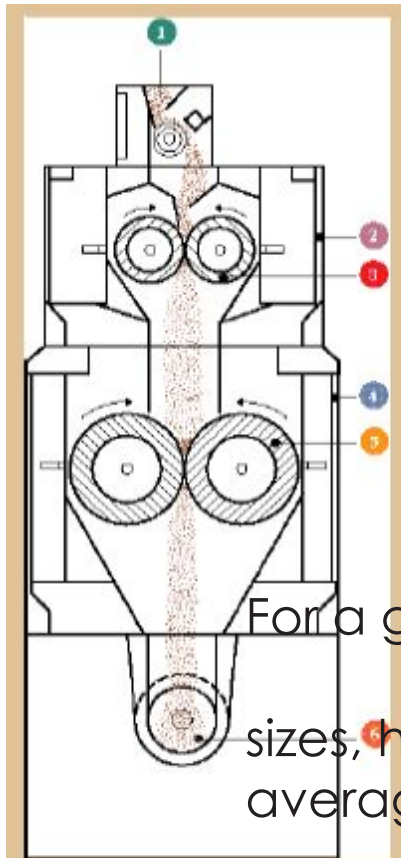
Fast-roasted bean is distinctly less brown towards the centre.

A slowly roasted bean exhibits far less colour difference.

Thus fast-roasted beans are generally intended for filter coffee, whilst slow-roasted beans are used for espresso blends which require a mild flavour.



Grinding



Schematic diagram of a coffee mill

- ① Supply of roasted coffee beans
- ② Pre-crushing section
- ③ Pre-crushing cylinders
- ④ Grinding section
- ⑤ Grinding cylinders, adjustable for various grind sizes
- ⑥ Compaction section to regulate coffee volume; transport of ground coffee

The coffee beans are grounded in so-called rolling-mills.

The grinding size of coffee depends upon the method used to make coffee.

An ideal grind must be identified for each extraction system. In order to ensure a good extraction and brewing time, the coffee is ground fairly fine.

For a given grind-courseness the coffee grounds will have a range of sizes, hence their average size is given.

Grind-courseness	Average ground size (mm)	Preparation method
Regular 2	0,94	Brewing in the pot
Drip fine 2	0,65	Round-filter machine
Fine	0,53	Some automatic machines*
Fine 2	0,50	Round-filter machine
Fine 3/4	0,39	Fast-filter machine
Fine 4	0,37	Some automatic machines*
Fine 6	0,28	Espresso machine

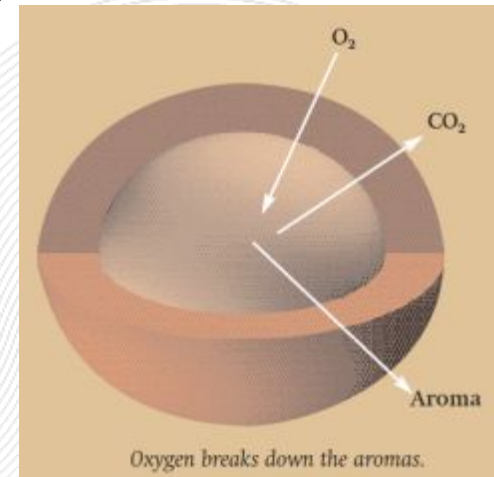
Packaging and storing coffee

Transport, protection and advertising, the three most important functions of packaging, were originally unnecessary for roasted coffee.

If the coffee comes into contact with oxygen (O_2) the deterioration is particularly evident, as oxidation reduces the quality of the coffee.

A well-designed packaging is therefore necessary
In order to guarantee that coffee leaving the factory will produce a good cup of coffee.

Whole beans release carbon dioxide much more slowly and thus require a more sophisticated packaging technique.



Packaging and storing coffee

In order to guarantee that the flavour and taste are preserved, the packaging must therefore fulfil three main criteria :

- 1) The packaging must be 'flavour-tight' in order to retain volatile aroma compounds.
- 2) The packaging should protect the coffee from both oxygen and Humidity.
- 3) The one-way valve pack must allow the release of CO₂.



Packaged coffee can be stored for months without deterioration.

Once the pack has been opened it is important that the customer stores the beans or ground coffee in the correct way.

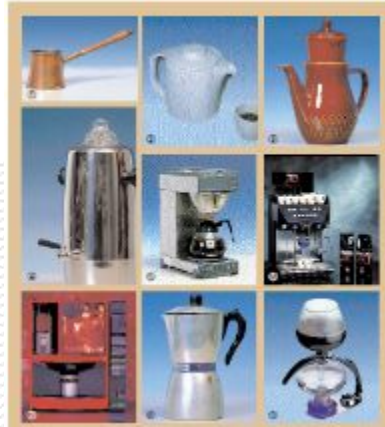
Making coffee

Ground size

For the preparation of a cup of coffee, it is most important to use the grind size appropriate to the brewing method employed.

Coffee dosage

The amount of roasted coffee used determines the strength, the aroma and the flavour of the coffee. In general the amount of ground coffee per litre of water used is between 40 and 100 grams.



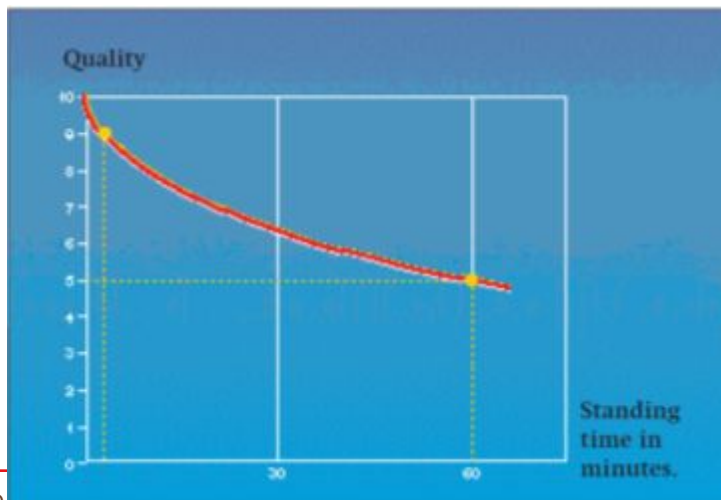
Quality and temperature

Good coffee generally consists of 98 to 99% water. Good water should be rich in minerals and oxygen, and neutral tasting. A golden rule could be: 'Don't make coffee with water which you wouldn't drink'. In practice, the brewing temperature lies between 96 and 98°C.

Coffee brewing methods



The method used to prepare the coffee has a significant influence on the flavour of the coffee.



Coffee should not be left standing for more than 30 minutes, as after this time the fine aromas are lost and the coffee takes on an unpleasant taste.



INSTANT COFFEE

Instant coffee

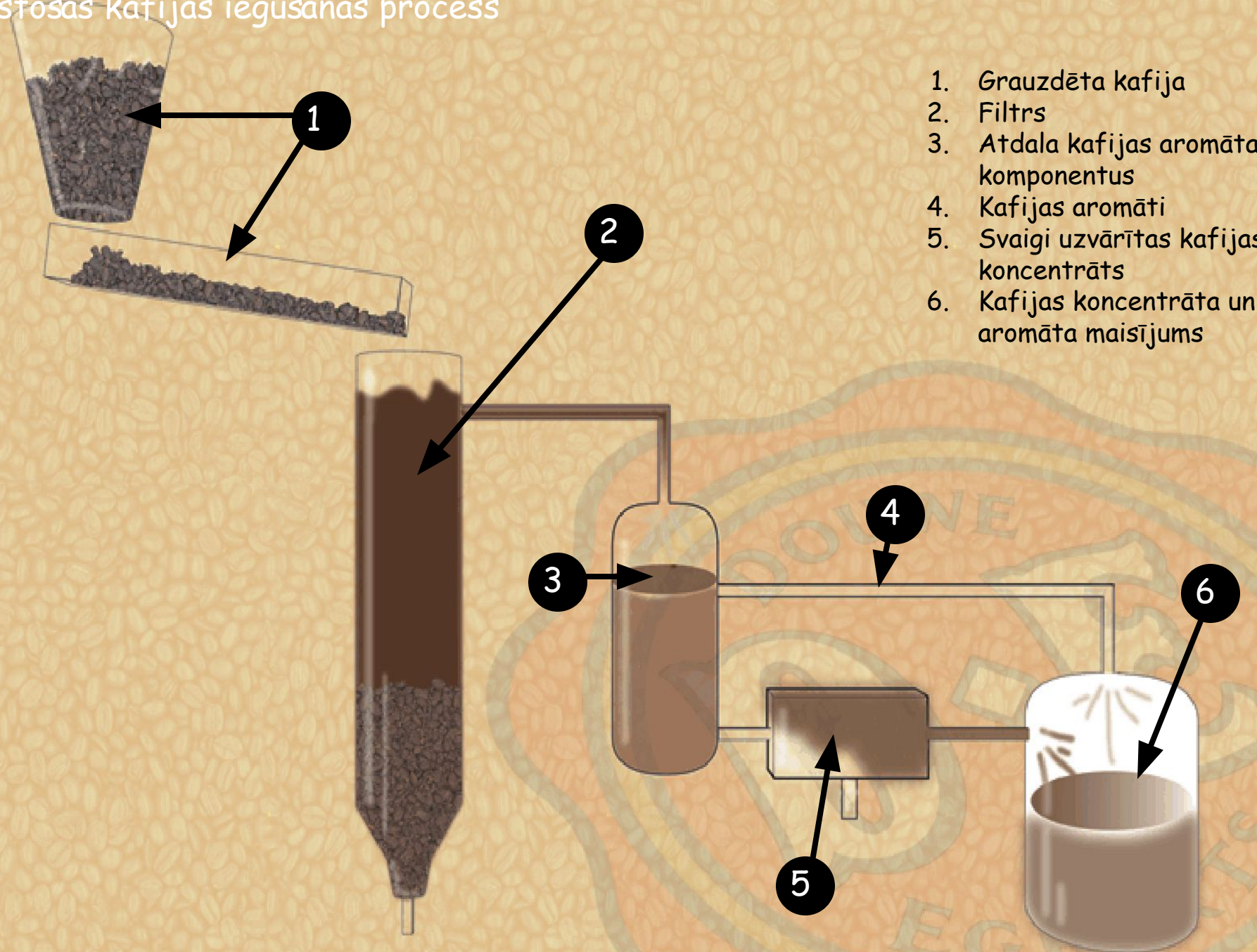
Agglomerated



Freeze dried

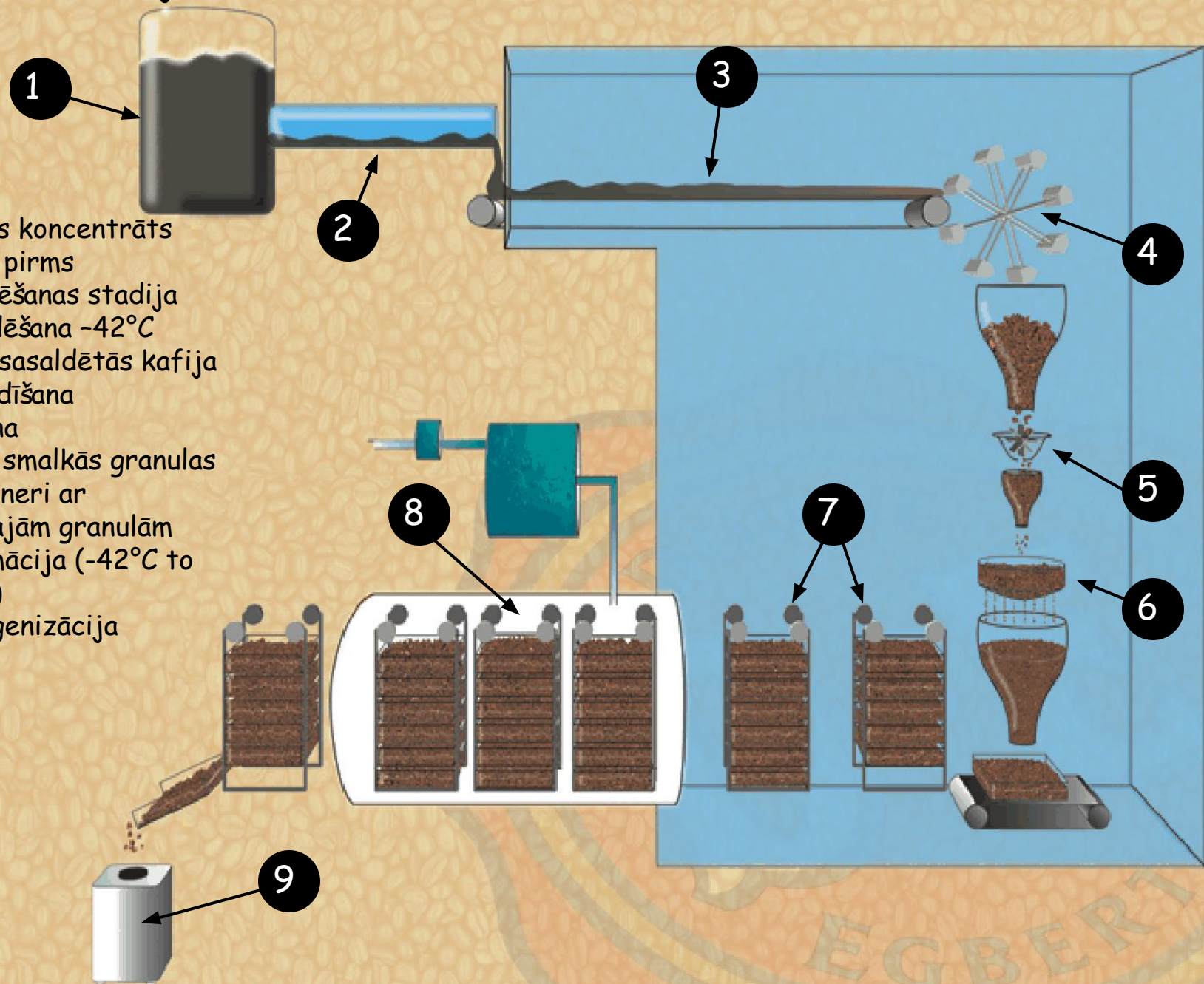


Šķīstošās kafijas iegūšanas process



1. Grauzdēta kafija
2. Filtrs
3. Atdala kafijas aromāta komponentus
4. Kafijas aromāti
5. Svaigi uzvārītas kafijas koncentrāts
6. Kafijas koncentrāta un aromāta maisījums

Auksti kaltēta kafija

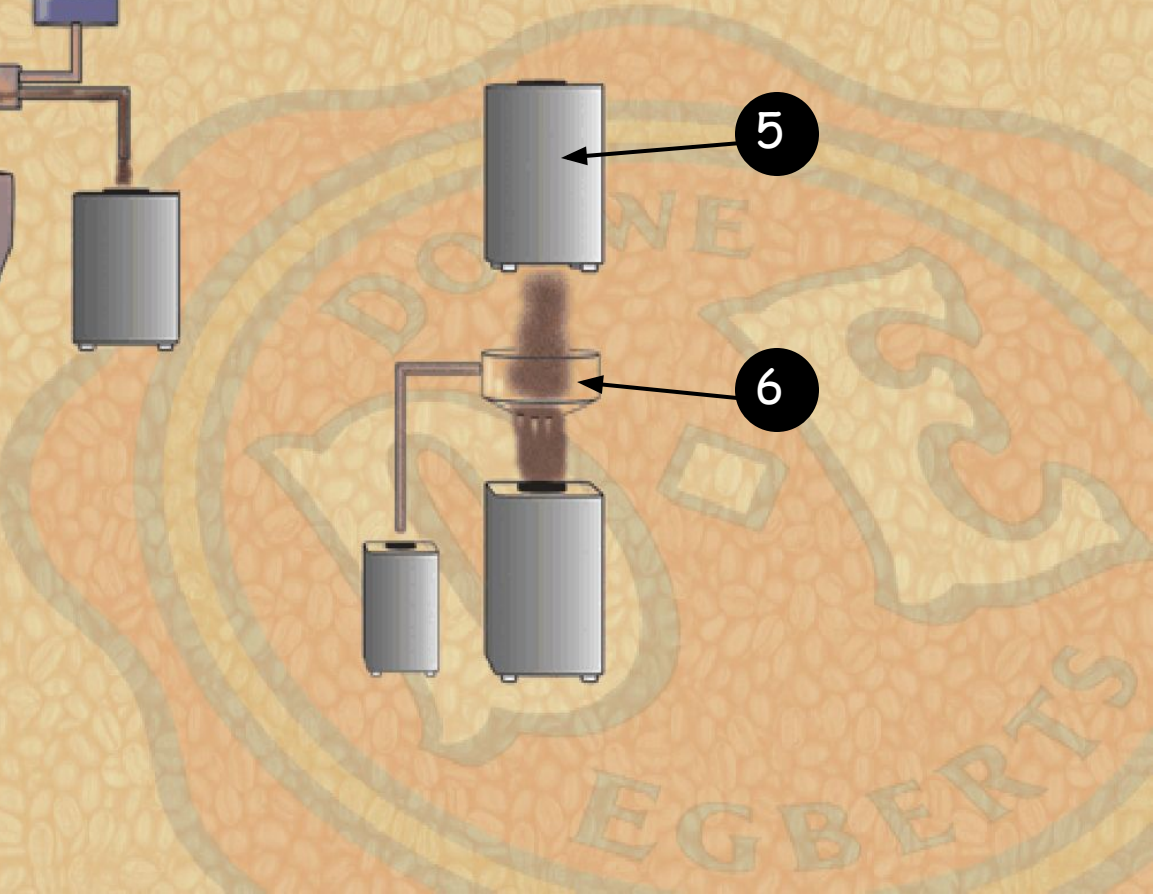
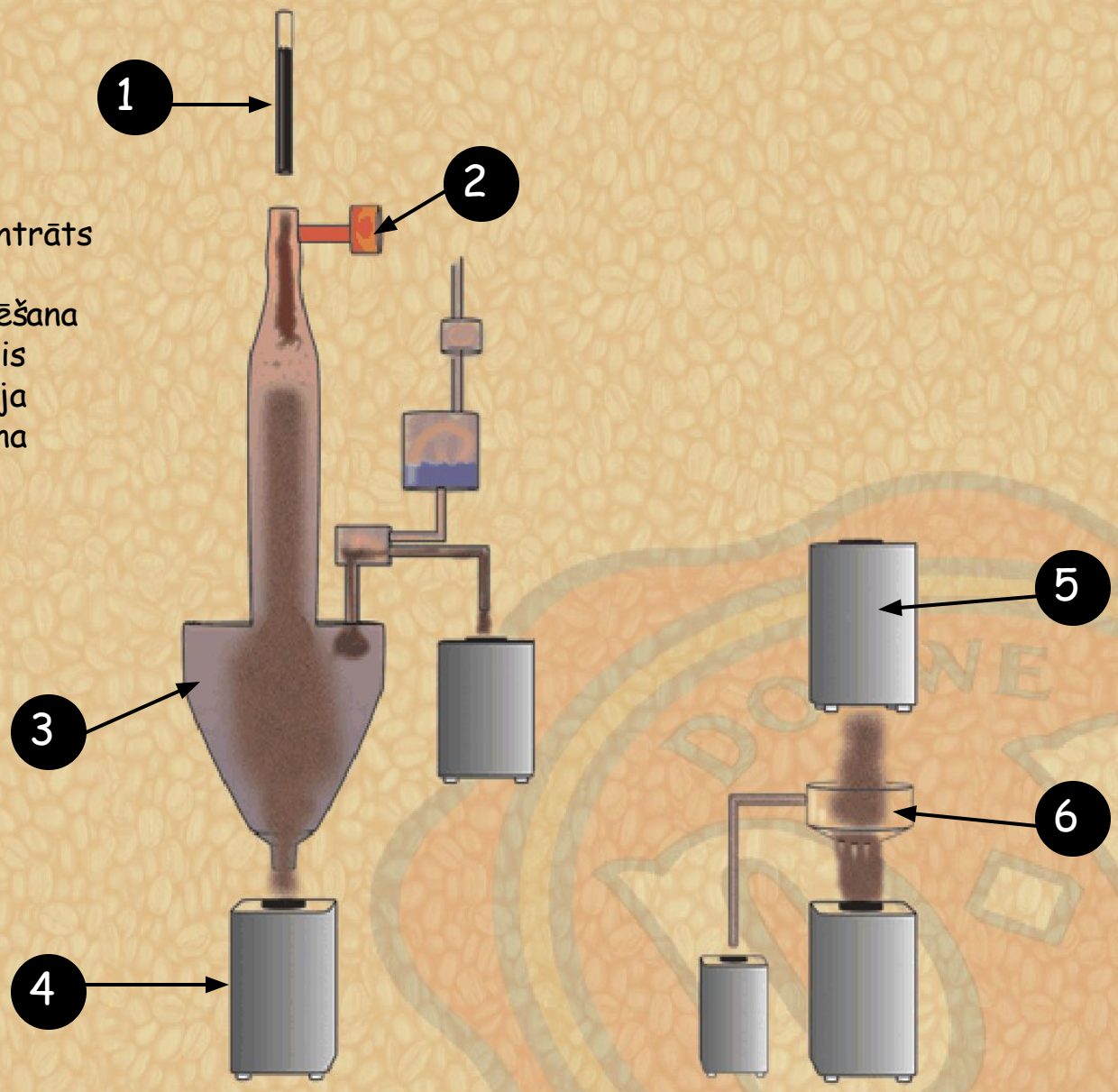


1. Kafijas koncentrāts
2. Viegla pirms sasaldēšanas stadija
3. Sasaldēšana -42°C
4. Rupja sasaldētās kafija saskaldīšana
5. Malšana
6. Izsiņā smalkās granulas
7. Konteineri ar smalkajām granulām
8. Sublimācija (-42°C to -25°C)
9. Homogenizācija

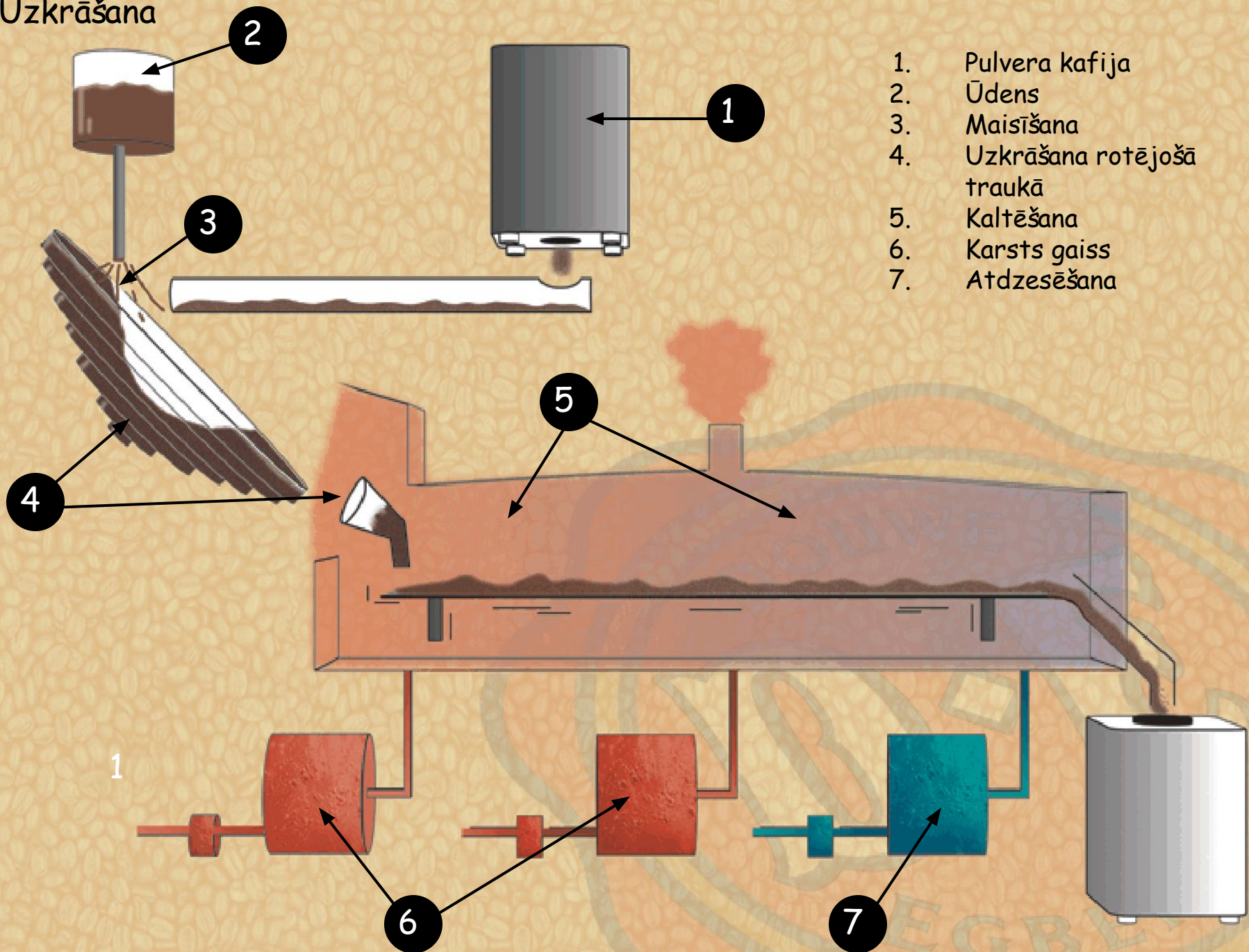
EGBERTI

Karsti kaltēta

1. Kafijas koncentrāts
2. Karsts gaiss
3. Ūdens iztvaicēšana
4. Kafijas pulveris
5. Homogenizācija
6. Kafijas sijāšana



Uzkrāšana



MARKETS & PRODUCTS

Country coffee brewing methods



ESTONIA:

- R&G MARKET
- DRIP FILTER BREWING METHOD



LATVIA:

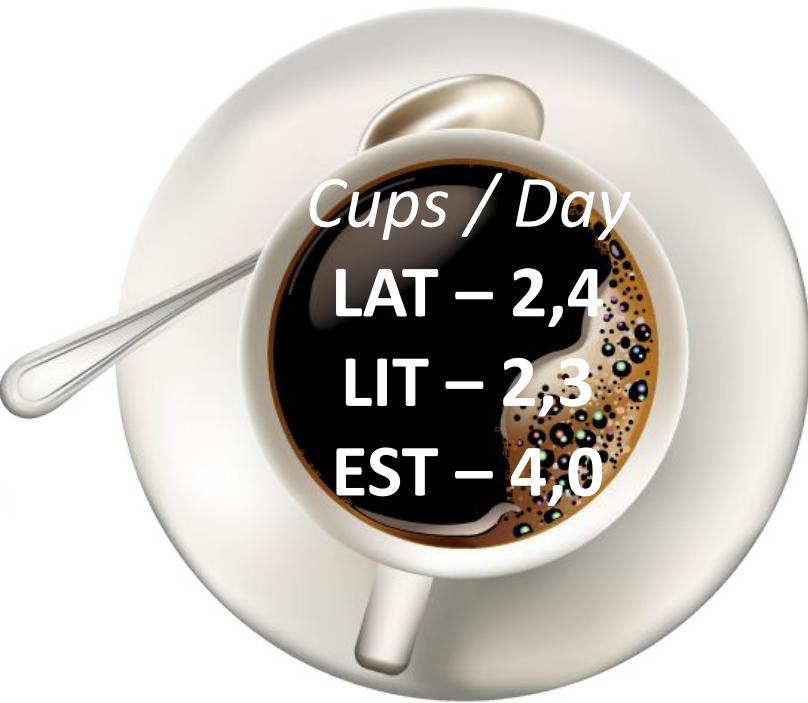
- R&G & INSTANTS MARKET 55/45
- IN-CUP BREWING METHOD



LITHUANIA:

- R&G MARKET
- IN-CUP BREWING METHOD

Drinking Habits – U&A – MILD & AROMATIC



90% Arabica market

75% In the morning

72% first cup @ home

80% brewed in-cup

68% R&G

70% Sweetened

33% Whitened

Merrild In-Cup – hero product in assortment



- 100% Arabica
- Medium roasted
- Grinding size – EXTRA fine
- Suggested brewing method:

a) In-Cup



Merrild Classic



- 100% Arabica
- Medium roasted
- Grinding size – fine
- Suggested brewing method:
 - a) French press
 - b) Drip filter machine

Whole beans



- 100% Arabica – Original
- 85% Arabica; 15% Robusta - Espresso
- Medium roasted – Original
- Dark roasted - Espresso
- Suggested brewing method:
 - a) Fully automatic espresso or manual grinding



R&G PORTFOLIO



Merrild In-Cup
500g

Merrild In-C
400g

250g

Merrild In-Cup
125g

Merrild Clas
500g

250g

BEANS PORTFOLIO



Merrild Arabica
beans
1kg

*New design in MKT
from w16 CY 2015*



Merrild Espresso
beans
1kg

*In MKT as of w16
CY 2015*

INSTANTS PORTFOLIO



Merrild Gold
100g



Merrild Gold
200g



Merrild Caramel
95g



Merrild Hazelnut
95g

Taste description

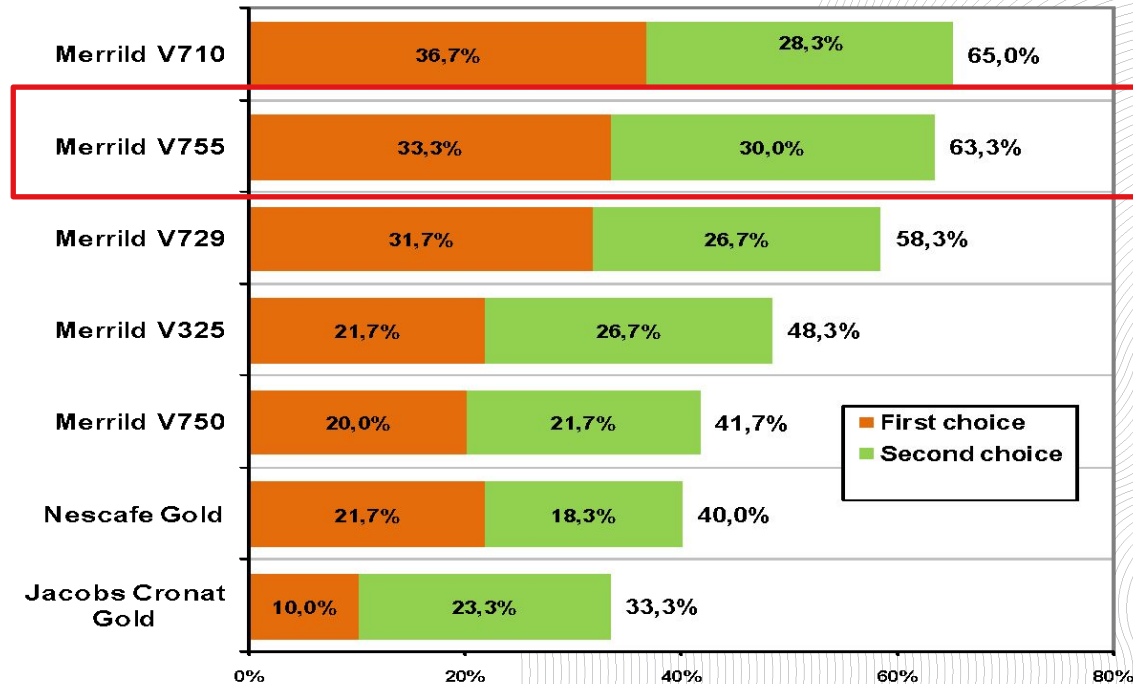


HIGH QUALITY FREEZE DRIED INSTANT COFFEE.

Medium and well balanced flavour.

Merrild Gold is made from a blend of the finest quality beans. These beans have been roasted using local expertise to give a medium and well balanced flavour make it the perfect cup of coffee at any time of the day.

And now, please, arrange all FOUR coffee samples
by how much you liked them
FIRST + SECOND CHOICE



Important coffee sales steps

MERRILD IN-STORE

WHAT SEES SHOPPER? – SHOPPER IS LAZY TO LOOK AROUND OUR TASK IS TO HELP HIM TO SEE AND FIND MERRILD!

THE BETTER WE MAKE IT, THE MORE WE WILL SELL!

- 1. PRODUCTS (Must Stock, Assortment)**
- 2. SHELF (PLACEMENT+SHELFSPACE+PLANOGRAM)**
- 3. PRICE (IT HAS TO CLEAR AND VISIBLE)**
- 4. POS**
- 5. ADDITIONAL PLACEMENTS (DISPLAYS, SHELF-ENDS ETC.)**

Products

1. Must Stock

- ✓ Check assortment / refill shelves
- ✓ Check BBD – FIFO principle

2. Sell in promo products

- ✓ Promo products must be sold-in **BEFORE** promotion
- ✓ Quality has to be enough for placements + reserve in stock

Job with store has to be completed before start of PROMOTION

OOS – it bad job done by you and makes loss to Sanitex, Merrild & store!



Shelf

1. Shelving recommendation and split between Classic & In-Cup

- ✓ Merrild share of shelf (SOS %) > 10%
- ✓ Vertical blocking or brand block on shelves

SUPERETTE (3 plaukti maltajai kafijai)					30%		
	IC	IC	IC	Classic			
	125g	250g	250g	250g			
	IC	IC	IC	Classic			
	250g	250g	250g	250g			
	IC	IC	IC	Classic			
	400g	400g	400g	500g			

Pircēju plūsma

2. Placement on shelves in stores with agreed planograms (Rimi, Maxima,!)

- ✓ Merrild shelfspace according to planogram (SOS %)
- ✓ Clear blocking (visible red block from distance - Merrild block)
- ✓ Extra facings if flexible planogram

Volume of products in store is critical to sustain planogram until your next visit! Fill the shelf!

In case of possibilities to extend Merrild shelfspace during the visit – it is your MUST TO DO!



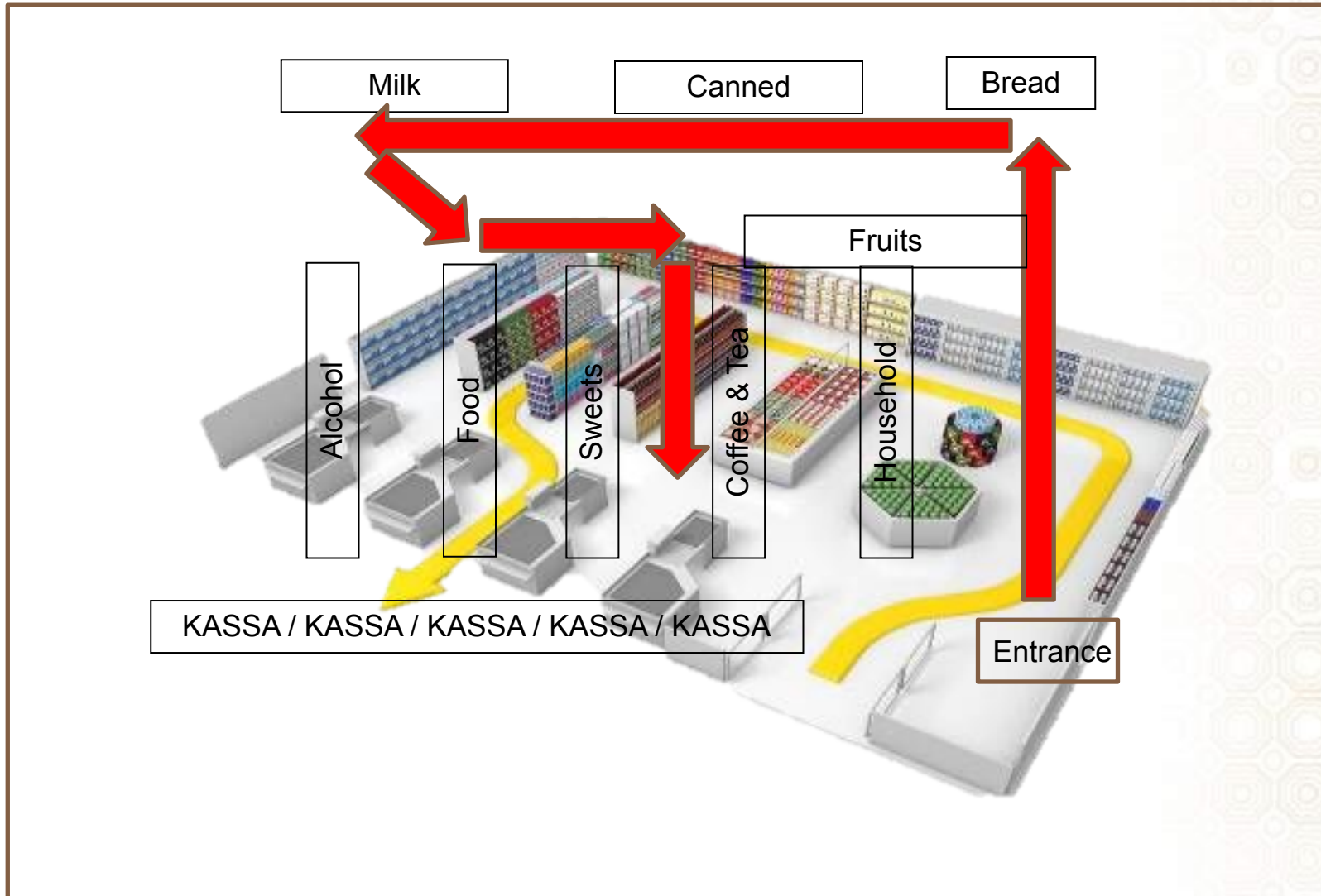
Right placements

1. Placements to be located in the heavy traffic area before category – **TOP priority**
2. Placements in gondola ends or pallets accoring normal standards (in_cup vs. Classic) or full pallets!
3. On the placement only valid promo products to be displayed!

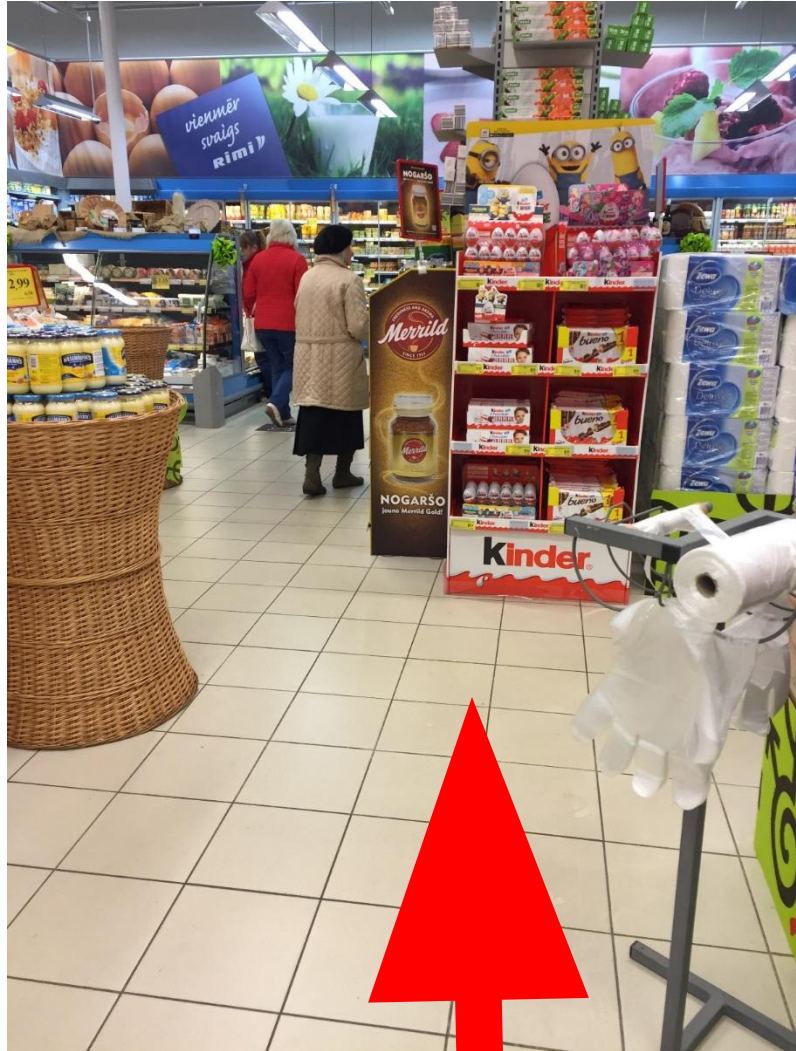
**Additional placement helps to sell additional volume and increase visibility – more we sell into store and put on placements the more we sell-out!
It is the golden rule for coffee!**

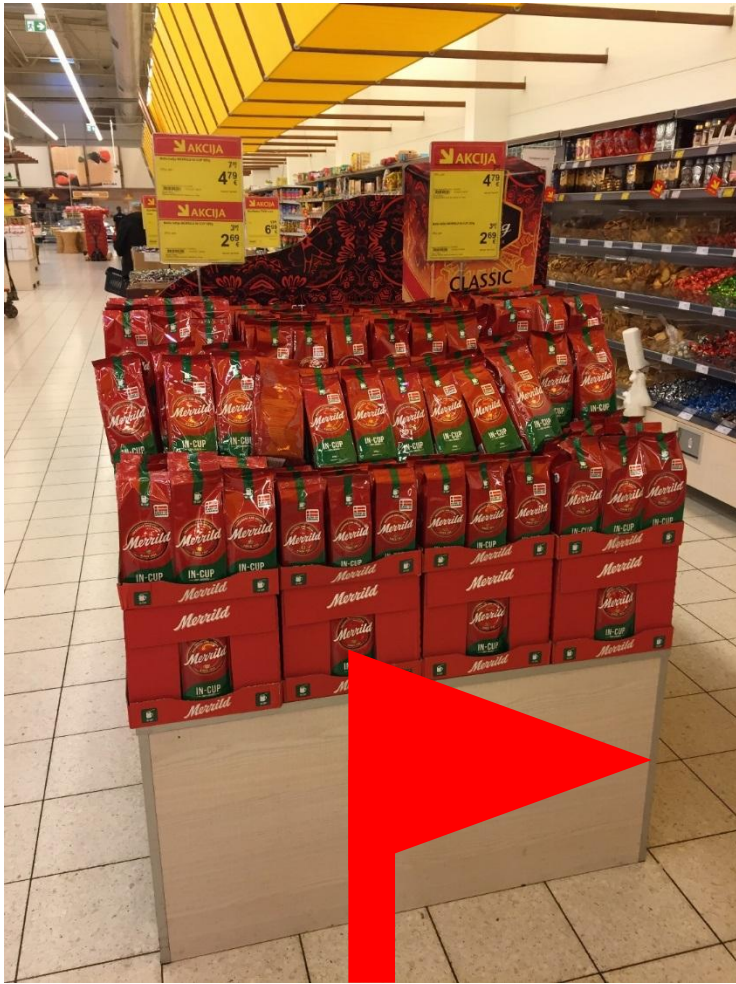


Shoppers traffic / where to catch them?









Shelf efficiency index

	Pārdošanas indekss	
Plaukts nr.6	100	
Plaukts nr.5	130	
Plaukts nr.4	170	
Plaukts nr.3	130	
Plaukts nr.2	70	
Plaukts nr.1	50	

