



Stanford eCorner

Dangers of Diluting Brand

James Freeman, *Blue Bottle Coffee*

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Video URL: <http://ecorner.stanford.edu/videos/4039/Dangers-of-Diluting-Brand>

James Freeman, founder and CEO of Blue Bottle Coffee, talks about dropping the wholesale division of his business that allowed other retailers to sell his products. He explains that the sacrifice was worth the ability to regain control of the brand and how his coffee was served, insisting that what matters most is quality and customer experience.



Transcript

- We walked away from 20% of our revenues last year. Well, that got your attention. We used to do coffee wholesale for many coffee companies. Especially very good ones, it can be 70, 80% of their revenue. It was never huge for us, it was 20%, but 20% is not nothing. I remember this moment. I was in Los Angeles. I'd stopped at a very good coffee place in Silverlake, owned and operated by a very good roastery, had a nice time. Walking back to the car, like two blocks away, and I see a Gelateria. They say, you know, proudly serving this coffee roaster's coffee, and they misspelled the name of the coffee roaster.

And yet their sign was right across the street and down. To me that really summed up the perils of trusting somebody else to care about your product. Nobody loves your coffee more than you do. That's just the way it is. So with wholesale, I was feeling more and more out of control about the experience we were giving people. You know, people start with the best of intentions. Nobody signs up with a coffee roaster with the intention, oh we're gonna serve your coffee horribly, you know. But nobody has that intention, but that's how it works out because if you stop caring just for a little, little bit, then, you know, all hell breaks loose sometimes. You get stuff like this. We confiscated that from a wholesale account.

You know, people just freelance your logo. Anyway, it seems to be much more shocking to me than to you, but trust me, it was a horrible sign that we did not want out in the world. So we made a decision, a tough decision, to walk away from wholesale, walk away from 20% of our revenue in the service of our future guests, in the service of the growers of our coffee, in the service of the people who are producing our coffee.