



Indsights

A Window into the Indigenous Economy

Case Study

Birch Bark Coffee

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Birch Bark Coffee

Meet Mark



Meet Mark

With a passion for entrepreneurship, Mark Marsolais-Nahwegahbow founded Birch Bark Coffee Company in March 2018. Mark is Ojibwe and a band member of Whitefish River First Nation in the Manitoulin District in Ontario. Mark's professional background is in the justice sector, and he is an instructor at Vancouver Community College. He is passionate about giving back to the community, in particular the Indigenous community. As such, he is also a Residential School Crisis Counselor and the Justice Coordinator at Odawa Native Friendship Centre in Ottawa, Ontario.

Business Development

Mark never worked in the food industry, so a coffee company might seem like a strange leap from justice. However, Birch Bark Coffee Company was created out of passion. Mark had been in Vancouver teaching during the Assembly of First Nations Water Symposium and as he had a break in his day, was able to attend the event. Mark had already been aware of some of the water and infrastructure issues facing Indigenous Communities, but his attendance at the Water Symposium impacted him greatly.

Mark left the symposium knowing that he had to do something. His entrepreneurial mind was racing as he tried to find a way that he could help with the water crisis. He and his partner are both coffee lovers, so a coffee company that doubles as a social enterprise was born. “Coffee Making a Difference” is the slogan, and that is for good reason. For each bag of coffee that is purchased from their online Shopify store, \$1.00 is put towards the purchase of a Belkraft water purification unit. For every 50 bags purchased, that means that one home can have access to clean drinking water.

The Business Plan

“Hope walks through fire and faith leaps over it,” Mark said, quoting Jim Carrey as he spoke passionately about the launch of his business.

For Mark, the creation of Birch Bark Coffee Company was very different from most businesses. He had no business plan, no marketing strategy, and no pitch deck. He knew that he couldn’t afford a brick-and-mortar location and that distribution from his

home wasn’t a practical solution either. He began his research not only on how to build a coffee company, but also on how the world of E-Commerce works.

His wife was very clear: If coffee was the plan, it had to be the best of the best. He collaborated with an organization out of Nova Scotia, Canada called Just Us! Coffee Roasters that are known for being Canada’s first organic and fair trade roastery. Next he built a relationship with Shopify, and in no time, the business was ready to go.

For new entrepreneurs, Mark would highly recommend researching Shopify as a business solution. In his experience, it has been a very user-friendly and cost-effective way to get started. Being new to the world of E-Commerce, he found Shopify’s mentors extremely knowledgeable and appreciated that he could contact them 24/7 with concerns or questions on how to enhance his business presence. Within 30 days of his launch, the owners of Shopify reached out to Mark because they wanted to highlight Birch Bark Coffee Company for an entire month.

Organizational Structure

Up until very recently, just four years after the company launched, Birch Bark Coffee Company was still really a one-person show. Mark has just added a Social Media Team of two that takes care of the company’s social media presence and website design aspects and has a Sales Manager who takes care of the company’s corporate accounts. Over the years, Mark has had the good fortune of working with several students who have done work for Birch Bark Coffee Company as part of their school projects, including one recently that compiled and presented Mark with all of the analytics and recommendations for next steps.

About the Product



SPP (Simbolo de Pequeños Productores or Small Producers Symbol)

Birch Bark Coffee Company is one of only four coffee companies in Canada that carry the SPP label. The label indicates that the coffee is organic and fair trade but also that it is grown and produced by farmers that are Indigenous descendants. Each bean is hand-picked and hand-husked by members of the cooperatives across the globe; no machines are involved.



Logo and Branding

Bringing awareness and education to Indigenous issues and culture while having a social impact was important to the brand development. Mark was deliberate in choosing white bags for his coffee after walking the coffee aisles at his local grocery stores and seeing dark bags for most of his competitors. The white bags bring a clean and bright element to the aisle. The colourful labels that were chosen for each coffee blend paid homage to Inuit, Métis, and First Nations, and each name was chosen after consultation with Indigenous communities.

About the Product



Coffee Blends

- Inukshuk
- Coureurs Des Bois
- Summer Solstice
- Indigenous Espresso Roast
- Two-Spirit
- Dream Catcher (decaf blend)
- Special Blends
 - Reconciliation, which gives back to the Gord Downie and Chanie Wenjack Foundation
 - Our Sisters, which gives back to Missing & Murdered Indigenous Women

Industry Regulation

Part of the learnings that Mark undertook as he ventured into the world of food and beverage was developing an understanding of the regulations of the industry. While the industry is laden with inspections and regulations to protect the health and safety of consumers, Mark's partners at Just Us! Coffee Roasters ensure that those compliance measures are met. The roastery holds all of the necessary food handling certifications and is the one ensuring that the SPP regulations are upheld. While Mark would have liked to have found a more sustainable choice in packaging, the team at Just Us! Coffee Roasters chose the final packaging to ensure that they were top-of-the-line food-grade quality with a one-way valve designed to preserve the freshness of the beans by allowing the gasses to escape while preventing the oxygen from entering.



Risks

“Entrepreneurs are risk-takers by nature,” Mark says. “We want to challenge the way that things have always been done and make them better.”

Financial

As an entrepreneur embarking on a new venture, there are always risks associated and the first hurdle is often financing. Launching Birch Bark Coffee Company required a leap of faith, and Mark made the bold decision to invest only his own money as the seed funds required to start up.

Industry Risks

The food industry is aggressive, and margins on coffee are tight, particularly as a social enterprise looking to give back to the community. Mark really wanted to take on the big corporations to find a way to “do coffee” better than the big names, by being better community partners and taking a stand on an important social issue. Mark knew that the only way to ensure he could achieve his goals and stay competitive was to be fearless, take risks, and only look ahead to where he wanted his business to end up.

Personal finances are a common source of startup money for Indigenous-owned enterprises, according to CCAB research. In its 2016 Promise and Prosperity survey study, CCAB found that 65% of Indigenous firms reported personal savings as their major source of company finance (Promise and Prosperity: The Aboriginal Business Survey, 2016). During the last ten years of CCAB’s research on Indigenous entrepreneurship, Indigenous firms have consistently said that not having access to alternative forms of finance is a serious impediment that makes it difficult for their businesses to grow and develop.

Risks and Opportunities

Growth and Future Opportunities

“As the business evolves, the goal posts shift and change.” - Mark

The food industry is fast-moving, and there is a lot of opportunity for growth. When Mark started Birch Bark Coffee Company, he hadn't thought of being a big brand; instead, he thought he would be the “local choice.” However, what started as a small business that held the eyes and hearts of his regular customers, he started to pique the interests of large grocery chains like Metro, Independent, and Sobeys. Birch Bark Coffee Company is the very first Indigenous coffee company to go into the large supply chain food buys such as Sysco. It now has signed a deal with Chartwells, and going forward, only Birch Bark Coffee will be served at Chartwell homes across the country.

The growth opportunities are endless. Many large companies are interested in carrying this coffee brand exclusively, and those conversations and negotiations will be ongoing. With growth comes new challenges and risks and the preservation of the integrity of the brand is paramount ahead of all big growth decisions. Part of preserving the brand's reputation and identity includes ensuring the availability of the product and maintaining and upholding the quality standards that customers have come to expect. As such, consideration must be given to the capacity of the partner roastery, Just Us! Coffee Roasters, before decisions are made that would significantly upscale production and product demand.



Indigenous Values and Culture

Indigenous Values and Culture

It was the needs of Indigenous communities that made Birch Bark Coffee Company come to life, and for Mark, the teachings and values that he was raised with are ingrained in everything he does. It is extremely important to Mark, as an Indigenous entrepreneur, that he leaves footprints for others. He strives to be a mentor to other Indigenous business owners and entrepreneurs and wants to show others that a belief in yourself is the first step needed to succeed.

The Seven Grandfather Teachings remain a central focus for Mark and the development and growth of Birch Bark Coffee Company. While some businesses choose to focus on one virtue at a time, Mark feels that each of the seven virtues need to be focused on daily:

- Humility
- Bravery
- Honesty
- Wisdom
- Truth
- Respect
- Love



Birch Bark Coffee Company is what Mark refers to as an Indigenous Inclusion Continuum Business Model; that means that everyone has the opportunity to benefit and move up the ladder. The business and the way that it was designed have a significant social impact on Indigenous communities across the globe.

The Inclusion Continuum has seven phases, ranging from indifference - where inclusion is not a part of an organization's culture, up to inclusion, in which the organization has a fully inclusive culture (Inclusion Continuum | Indigenous Works, n.d.). These seven stages can be used as a tool to diagnose the organization's abilities to successfully engage with indigenous people, businesses, and communities (Inclusion Continuum | Indigenous Works, n.d.).

When incorporating the Inclusion Continuum, organizations are primed to develop viable and successful strategies, actions and traditions that promote inclusion within their organizations (Inclusion Continuum | Indigenous Works, n.d.).

The Coffee Industry in Canada

The Coffee Industry in Canada

Canadians love coffee! Whether it be because of our colder climate or a connection to our national identity (more on that below), we drink a lot of coffee. The Coffee Association of Canada estimates that 71% of Canadians consumed a cup of coffee in the past day, topping tap water at 63% as the most consumed beverage of Canadians aged 18 to 79 (Coffee Facts - Coffee Association of Canada, (n.d.)).

As a country, Canada ranked third when comparing coffee consumption across the globe (Harris, 2016), and Canada ranked the highest in terms of the amount of coffee consumed via food service locations, such as cafes and fast food service locations (Harris, 2016).

When we think of fast food service locations, the first name that typically comes to mind is Tim Hortons. Tim Hortons is ingrained in Canadian culture and there is roughly one Tim Hortons for every 9,000 Canadians (Harris, 2016), which may account for the high amount of coffee Canadians consume. Other fast food service locations exist and are often more popular, but they simply do not hold the same tradition and cultural impact as Tim Hortons for the average Canadian consumer.

However, there has been a gradual shift in consumer behaviour to support cafes that offer specialty coffee. As a result, Canada has seen a rise in specialty coffee chains that cater to their clients by focusing on serving quality products in smaller community coffee shops that tend to resonate with consumers in ways that larger chains may not (Growth in Canadian Coffee Industry, 2020).

While coffee shops are still a key player within the coffee industry in Canada, prior to the start of the COVID-19 pandemic there had been a gradual decline in coffee consumption outside of the home, as more people were brewing their coffee in their homes. This decrease has amounted to roughly 3% annually, with more than seven in ten cups of coffee being consumed at home (Top 10 Trends in Coffee Market in Canada to Watch, 2021). The COVID-19 pandemic helped accelerate this shift, and more Canadians are now purchasing specialty brewing equipment for their homes at higher rates than in the past. This trend will likely continue as one in three homes has added new coffee-making appliances since March 2020 (Coffee Loving Canadians Are Becoming at Home Baristas, 2021).

For smaller independent coffee shops and suppliers, the potential for growth is endless. The coffee industry in Canada is currently worth \$18 billion US dollars and is expected to grow at a rate of 5% to 6% annually over the next couple of years (Canada: coffee market revenue by segment 2012-2025, (n.d.)). With the rise of in-home brewing and demand for specialty brews, there is no doubt that specialty providers can thrive. Like other industries, suppliers will need to differentiate their product, develop products with great taste, offer versatile products, and have a strong online presence to get their products to market. Doing so, will ensure that their customers will get that same coffee house experience within the comfort of their own homes (Coffee Loving Canadians Are Becoming at Home Baristas, 2021).

The Coffee Industry in Canada

Where does Canada get its coffee?

Coffee is grown in warmer climates and the majority of the coffee grown in the world is found near equatorial countries. Due to Canada's geographical location, it is nearly impossible to grow coffee in Canada. As a result, Canada's coffee is imported, and Canada is one of the world's largest coffee importers - which makes sense, considering how much coffee Canadians drink.

After crude oil, coffee is the second most popular commodity that is traded across the globe (Coffee, (n.d.)), and Canada imports over a billion dollars annually, making it the sixth-largest importer of coffee worldwide (Coffee in Canada | OEC, (n.d.)). Most of Canada's coffee comes from Brazil, Columbia, and the United States.

For suppliers, it is relatively easy to import coffee to Canada, which may explain why it is a popular commodity to trade. There are few regulations and tariffs, no licenses or permits needed, and all that is required is simple inspection by the Canadian Food Inspection Agency (CFIA) when importing coffee beans to Canada (Importing Coffee Into Canada. (n.d.)).

Many suppliers in Canada often import their coffee directly from the vendor. Coffee vendors are usually small farmers, which make up roughly 80% of the world's coffee growers (Canadian Coffee Farmers. Do they exist? 2021). These vendors are often located in underdeveloped countries, and supporting these farmers is crucial as the business generated from trading coffee helps stimulate the local economy of growers (Canadian Coffee Farmers. Do they exist? 2021).

Sustainability

Consumer behavior has shifted, and many Canadians are beginning to recognize the social aspects that their purchases affect. One of these is the concept of Fairtrade. Support for Fairtrade products helps guarantee the sustainability of the product and price for the commodity and acts as a safety net for farmers when prices are volatile (Coffee, (n.d.)). This allows farmers to earn a stable income, maintain their businesses and households, and reinvest in their communities and businesses.

Canadian importers have a role to play in sustainability and the continuity of the coffee industry. Without these measures in place, local communities often face barriers and implications that can lead to a host of issues that can impact the coffee sector locally and abroad. When consumers make decisions with these in mind, coffee farmers are better off both socially and economically.

Climate change is a driving force when it comes to the sustainability of the coffee sector. It is estimated that rising temperatures will reduce the ability to grow coffee in certain areas by 50% by 2050 (A future without coffee? Climate change could wipe out 50% of the global coffee crop by 2050. (n.d.)). Longer periods of rain and drought will also impact the ability to farm coffee in the future.

The Coffee Industry in Canada

This will have a drastic impact on local economies and regions in the south. For example, the coffee industry employs approximately 14 million people in Latin America, and the effects will be largely felt by small producers and their families (A future without coffee? Climate change could wipe out 50% of global coffee crop by 2050. (n.d.)).

As Canada continues to import larger volumes of coffee, particularly from South American countries, it is important to keep these considerations in mind. By advocating for social change and providing products that align with these values, Canadian coffee suppliers can do their part to help mitigate these risks that may arise in the future.

Challenges

There are two challenges that directly impact the coffee industry within Canada: market saturation and labour shortages.

The coffee industry is heavily saturated in both coffee shops and wholesale coffee suppliers. A quick Google search for coffee suppliers in Canada returns page upon page of results for various suppliers across the country. Furthermore, cafes and smaller independent coffee shops often contend with larger chains like Tim Hortons and Starbucks. These larger chains control the market share, mainly because of their presence and availability. For example, for every 9,000 Canadians, there is a Tim Hortons, and for every 26,000 Canadians, there is a Starbucks location (Harris, 2016). This heavy saturation can make it difficult for smaller independent shops and suppliers to survive and compete with these larger chains.

The service industry has been hit hard by COVID-19, resulting in a large exodus of employees leaving the industry in search of more stable work. As mandates slowly ended and businesses gradually reopened to pre-pandemic levels, the service industry has faced challenging labour shortages affecting all types of business across Canada. Smaller coffee shops and suppliers have found it difficult to attract talent, often leaving businesses understaffed and forcing them to adjust their operating hours (“We just don’t have enough workers”: Restaurants rocked by labour shortage, inflation, 2022). This can have a devastating effect on these businesses as they may not have the capital or capacity to bring on workers needed to ensure the business operates at peak operational capacity. This impact was also felt in larger chains, as demonstrated by the announcement in the spring of 2021 that Starbucks was closing cafes across Canada (Starbucks to close up to 300 locations in Canada by the end of March, 2021).

Final Thoughts

“Don’t be afraid to reach out to the people who can help you make a difference in the world” - Mark

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